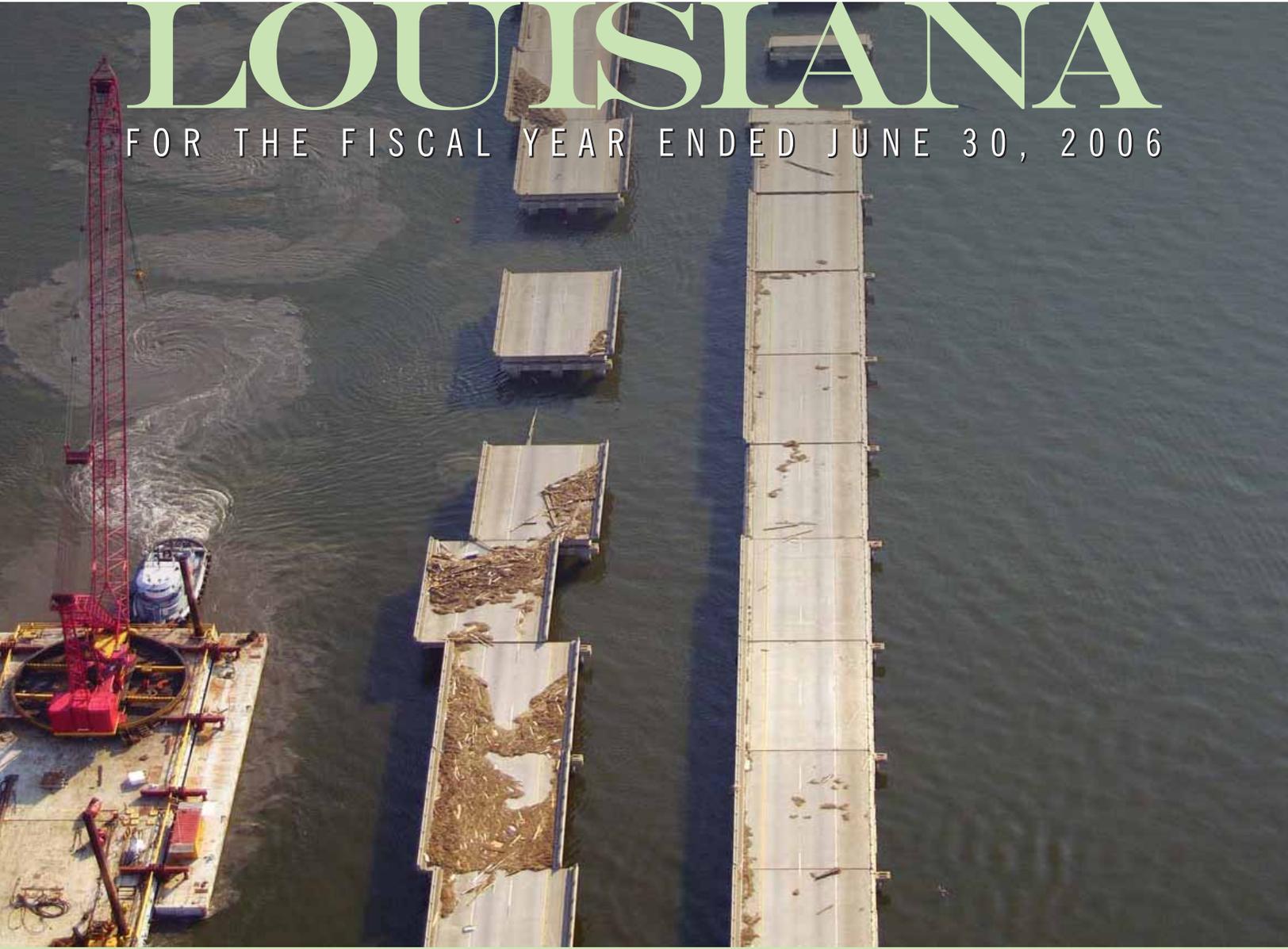


COMPREHENSIVE ANNUAL FINANCIAL REPORT

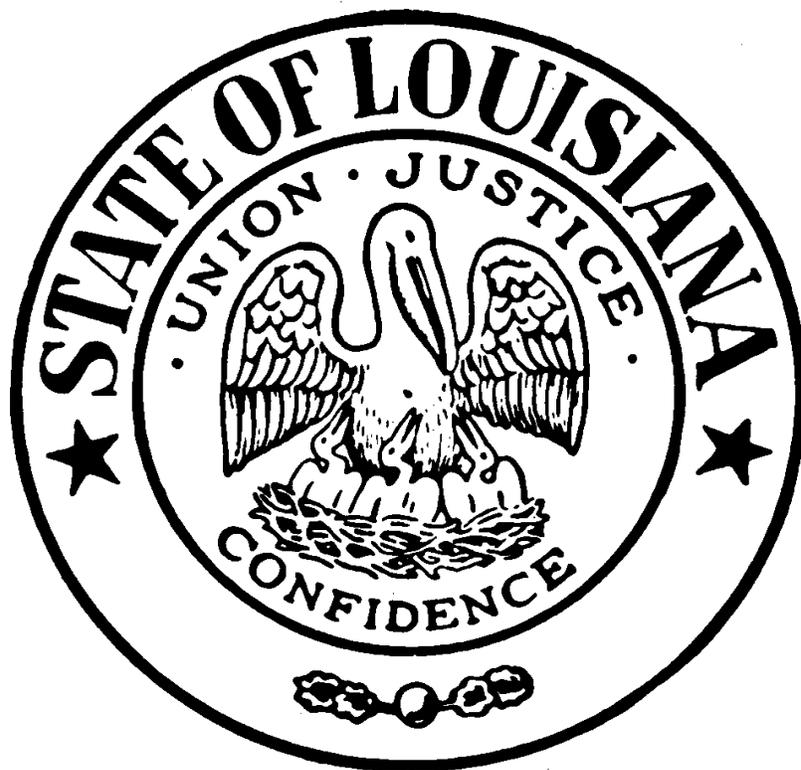
REBUILDING LOUISIANA

FOR THE FISCAL YEAR ENDED JUNE 30, 2006



**State of Louisiana
Comprehensive Annual Financial Report
for the Year Ended June 30, 2006**

KATHLEEN BABINEAUX BLANCO
Governor



Prepared By
DIVISION OF ADMINISTRATION
JERRY LUKE LEBLANC
Commissioner

On the Cover

Hurricane Katrina, one of the worst natural disasters ever to occur in the United States, caused unprecedented flooding and destruction along the Gulf Coast. Many died and hundreds of thousands of residents have been displaced and relocated to cities across the country. Entire communities must be repaired or replaced – something that will take Louisiana years to rebuild.

The ‘twin spans’, a 5.4-mile-long twin bridge, was built in 1963. It links Slidell to New Orleans across Lake Pontchartrain. Each span was constructed with 433, 65-foot concrete segments, for a total of 866 segments. Hurricane Katrina’s storm surge knocked a total of 435 segments out of alignment with 64 of them so badly damaged they had to be discarded. The damaged 435 segments weighed 309 tons and shifted 5 feet atop their supports during the storm.

Each day an average of nearly 55,000 vehicles travel the bridge across Lake Pontchartrain on the twin spans. At one point during Hurricane Katrina the mayor of New Orleans, Mayor Nagin, reported the twin spans were completely gone. This was probably because they were entirely submerged in the water for a while and could not be seen. When the storm surge receded, it exposed a heavily damaged eastbound span. The westbound span sustained less damage, but was not navigable.

The twin spans were reconstructed in three phases for a total of approximately \$35 million. The reopening of the two lanes of the New Orleans Twin Spans was accomplished sixteen days ahead of schedule and only 47 days after the destruction by Hurricane Katrina.



Kathleen Babineaux Blanco

Governor

State of Louisiana

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State of Louisiana

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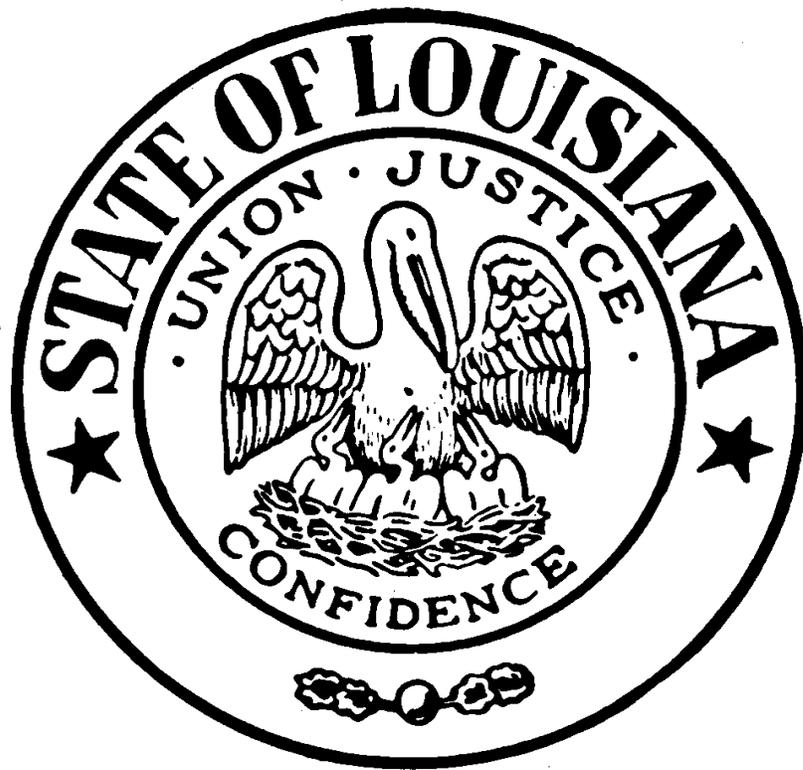
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Hurricanes: Severe Weather

What are Hurricanes?

A hurricane is a tropical cyclone with winds greater than 74 miles (119 kilometers) per hour (mph). Wind speeds reach over 190 mph (289 kph) per hour in some hurricanes. The term is often restricted to those storms occurring over the Atlantic Ocean, the Gulf of Mexico or Caribbean Sea. Hurricanes have a life span of 1 to 30 days; they rapidly decay after moving over land areas.

Formation of Hurricanes

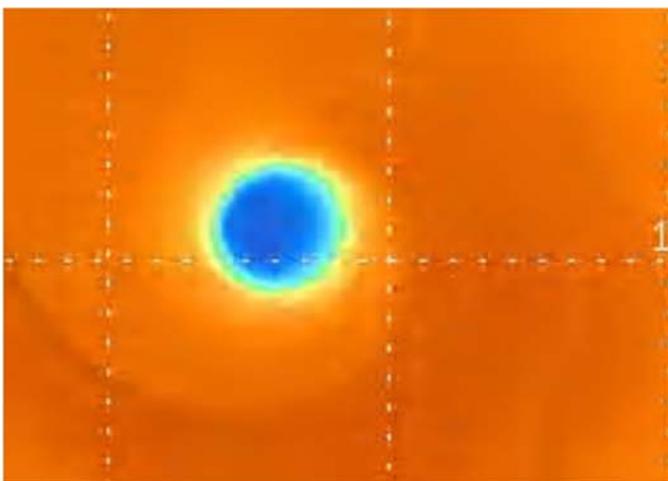
Hurricanes begin as tropical storms over the warm moist waters of the Atlantic and Pacific Oceans near the equator. As the moisture evaporates it rises until enormous amounts of heated moist air are twisted high in the atmosphere. The winds begin to circle counterclockwise north of the equator or clockwise south of the equator. The peaceful center of the hurricane is called the eye. The upward velocity of the air and subsequent condensation make the



Hurricane Katrina - visible satellite view

eye wall the region of heaviest precipitation and highest clouds. Because the outward increase in pressure is greatest there, the eye wall is also the region of maximum wind speed.

By contrast, the hurricane eye is almost calm, experiences little or no precipitation, and is often exposed to a clear sky. Around this center winds move at speeds between 74 and 200 mph. As long as the hurricane remains over waters of 79F or warmer, it continues to pull moisture from the surface and grow in size and force. When a hurricane crosses land or cooler waters, it loses its source of power, and its winds gradually slow until they are no longer of hurricane force - less than 74 mph.



Eye of a hurricane - infrared view

Hurricanes: Severe Weather

Naming Hurricanes

Every hurricane is now named in advance, thanks to a practice that began with George R. Stewart's 1941 novel *Storm* in which a California weatherman named a storm Maria. The names used to be all female, but now they alternate between male and female, going down the alphabet each year. The name lists, which have been agreed upon at international meetings of the World Meteorological Organization, have a French, Spanish, Dutch, and English flavor because hurricanes affect other nations and are tracked by the public and weather services of many countries. Particularly strong storms are honored by having their names retired.

Damage Caused by Hurricanes

High winds are a primary cause of hurricane-

inflicted loss of life and property damage. Another cause is the flooding resulting from the coastal storm surge of the ocean and the torrential rains, both of which accompany the storm. The Saffir-Simpson scale is the standard scale for rating the severity of a hurricane as measured by the damage it causes. It classifies hurricanes on a hierarchy from category 1 (minimal), through category 2 (moderate), category 3 (extensive), and category 4 (extreme), to category 5 (catastrophic).

Only three category 5 storms have hit the United States since record-keeping began: the 1935 Labor Day hurricane, which devastated the Florida Keys, killing 600; Hurricane Camille in 1969, which ravaged the Mississippi coast, killing 256; and Andrew in 1992, which leveled much of Homestead, Florida.

Source: Wikipedia

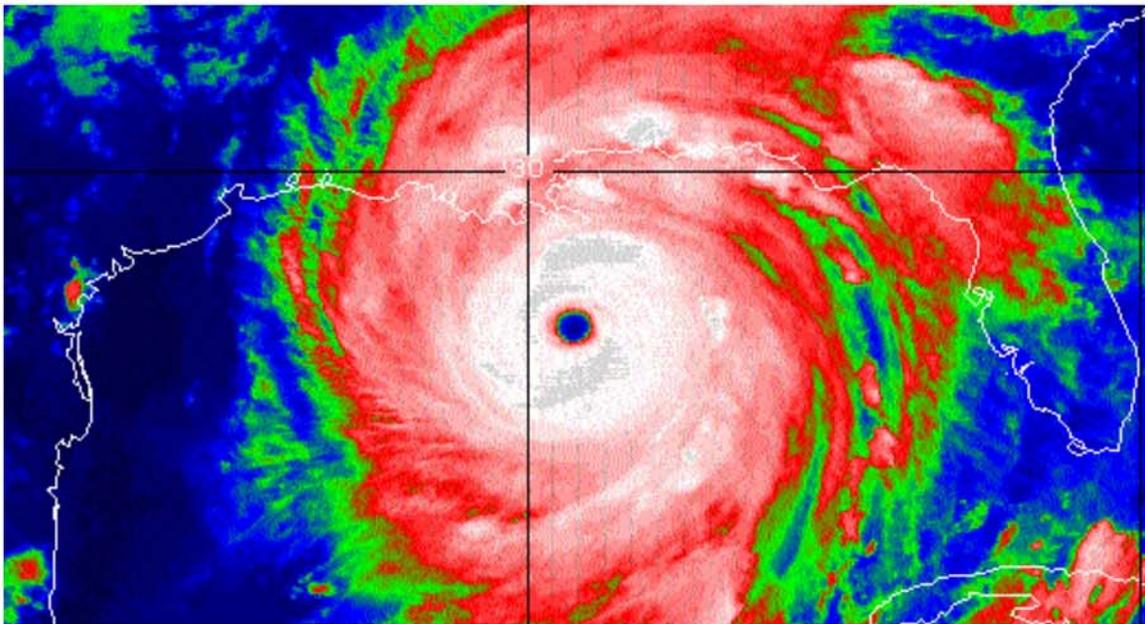


Eye of a hurricane - visible satellite view

The Story of Hurricane Katrina

Hurricane Katrina was possibly the largest hurricane of its strength to approach the United States in recorded history; its sheer size caused devastation over 100 miles from the center. The storm surge caused catastrophic damage along the coastlines of Louisiana, Mississippi, and Alabama, including the cities of Mobile, Alabama, Biloxi and Gulfport,

Mississippi, and Slidell, Louisiana. Severe wind damage was reported well inland. Katrina is estimated to be responsible for \$75 billion (2005 US dollars) in property damages, making it the costliest hurricane in U.S. history. At least 1,604 people were killed as a result of the storm, making it the deadliest U.S. hurricane since the 1928 Okeechobee Hurricane.



Hurricane Katrina - infrared satellite view

Storm History

Hurricane Katrina formed as a tropical depression over the southeastern Bahamas on August 23, 2005. The system was upgraded to a Tropical Storm on August 24 and became a hurricane only two hours before it made landfall on August 25 over Florida. The storm weakened over land, but it regained hurricane status about one hour after entering the Gulf of Mexico.

The storm rapidly intensified during its first 24 hours after entering the Gulf. On August 27, the storm reached Category 3 intensity, becoming the third major hurricane of the season. It

doubled in size attaining Category 5 status on August 28 with maximum sustained winds of 175 mph. Katrina made its second landfall on August 29 as a Category 3 Hurricane with sustained winds of 125 mph near Buras-Triumph, Louisiana. At landfall, hurricane-force winds extended outward 120 miles from the center. A few hours later it made its third landfall near the Louisiana/Mississippi border producing record storm surges along the entire Mississippi and Alabama coastlines. Katrina maintained hurricane strength well into Mississippi, finally losing hurricane strength more than 150 miles inland, near Jackson, Mississippi.

New Orleans Preparations

Eighty percent of the New Orleans metropolitan area is below sea level along Lake Pontchartrain. Since the storm surge was forecast to be 28 feet, emergency management officials in New Orleans feared that it could go over the tops of levees protecting the city, causing major flooding. New Orleans mayor Ray Nagin ordered the first ever mandatory evacuation of the city, calling Katrina, "a storm that most of us have long feared". The government also established several "refuges of last resort" for citizens who could not leave the city, including the massive Louisiana Superdome, which

sheltered approximately 26,000 people and provided them with food and water for several days as the storm came ashore.

The Louisiana State Evacuation Plan left the means of evacuation up to individual citizens, parish governments, and private caretakers. Fuel and rental cars were in short supply and many forms of public transportation had been shut down well before the storm arrived. The end result was that thousands of Orleans residents and tourists were unable to evacuate.

Impact

On August 29, Katrina's storm surge caused several breaches in levees around New Orleans. Roughly 80% of the city was subsequently flooded, as the breached drainage and navigation canals allowed water to flow from Lake Pontchartrain into low areas of the city and Saint Bernard Parish. The official combined (direct and indirect) death toll now stands at 1,604. This is behind the Galveston Hurricane of 1900, the Okeechobee Hurricane of 1928, the 1893 Chenier Caminanda Hurricane, and possibly the 1893 Sea Islands Hurricane.

The total damage caused by Katrina is estimated to be about \$75 billion. Federal disaster declarations covered 90,000 square miles of the United States, an area almost as large as the United Kingdom. The hurricane left an estimated three million people without electricity. On September 3, 2005, Homeland Security Secretary Michael Chertoff described the aftermath of Hurricane Katrina as, "probably the worst catastrophe, or set of catastrophes," in the country's history, referring to the hurricane itself plus the flooding of New Orleans.



Hurricane Katrina destruction - I-10 "twinspan"

Costliest U.S. Hurricanes (Property Damage)

<u>Hurricane</u>	<u>Season</u>	<u>Cost (2005 USD)</u>
Katrina	2005	\$75 billion
Andrew	1992	\$44.9 billion
Charley	2004	\$15.4 billion
Ivan	2004	\$14.6 billion
Hugo	1989	\$12.6 billion

Death Toll

As of March 20, 2006, the confirmed death toll stood at 1,604, mainly from Louisiana (1,292) and Mississippi (238). However, since 705 people remain categorized as "missing" in Louisiana, this number was not final even six months after the storm.

In hard-hit St. Bernard Parish, which was flooded in its totality by Katrina, the official missing list in the Parish stood at 47 as of December 2005. It was feared that shrimpers and oystermen who usually ride out storms in their boats may have been swept into the marshes by the surge.

Deaths by State

<u>State</u>	<u>Deaths</u>
Alabama	2
Florida	14
Georgia	2
Kentucky	1
Louisiana	1292
Mississippi	238
Ohio	2
Unknown	53
Total	1604

Federal Response

On September 2, Congress authorized \$10.5 billion in aid for victims. A few days later, on September 7, another \$51.8 billion in aid was approved, bringing the total to \$62.3 billion. Additionally, President Bush enlisted the help of former presidents Bill Clinton and George H.W. Bush to raise additional voluntary contributions. FEMA has provided housing assistance to over

700,000 applicants - families and individuals. As of September 26, 2005, only one-fifth of the trailers requested in Orleans Parish had been supplied resulting in an enormous housing shortage in the city of New Orleans. To provide for additional housing, FEMA paid for the hotel costs of 12,000 individuals and families displaced by Katrina through February 7, 2006.



Hurricane Katrina - "blue roof program"



Hurricane Katrina relief effort

States' Response

The majority of the evacuees were taken to Texas, with over 230,000 people taking shelter in Houston by September 5, 2005. Two weeks after the storm, over half of the States were involved in providing shelter for evacuees. By four weeks after the storm, evacuees had been registered in all 50 states and in 18,700 zip codes - half of the nation's residential postal zones. Most evacuees had stayed within 250 miles, but 240,000 households went to Houston and other cities over 250 miles away. Another 60,000 households were sheltered over 750 miles away.

International Response

Over seventy countries pledged monetary donations or other assistance. Kuwait made the largest single pledge, \$500 million; other large donations were made by Qatar (\$100 million); India, China (both \$5 million) and Bangladesh (\$1 million). Russia's offer of two jets was declined by the U.S. State Department.



Katrina electricity repairs

Economic Effects

As of April 2006, the Bush Administration has sought \$105 billion from Congress for repairs and reconstruction in the region. This did not account for damage to the economy caused by interruption of the oil supply and exports of commodities such as grain. The storm also affected the casino and entertainment industry; many of the Gulf Coast's casinos were destroyed or damaged following the storm.

Hundreds of thousands of local residents were left unemployed, which will have a trickle-down effect as less taxes are paid to local governments. Before the hurricane, the region supported approximately one million non-farm jobs, with 600,000 of them in New Orleans. It is estimated that the total economic impact may reach as high as \$200 billion.

Name Retirement

Due to the large loss of life and property along the Gulf Coast, the name Katrina was officially retired on April 6, 2006 by the World Meteorological Organization at the request of the U.S. National Hurricane Center. It was

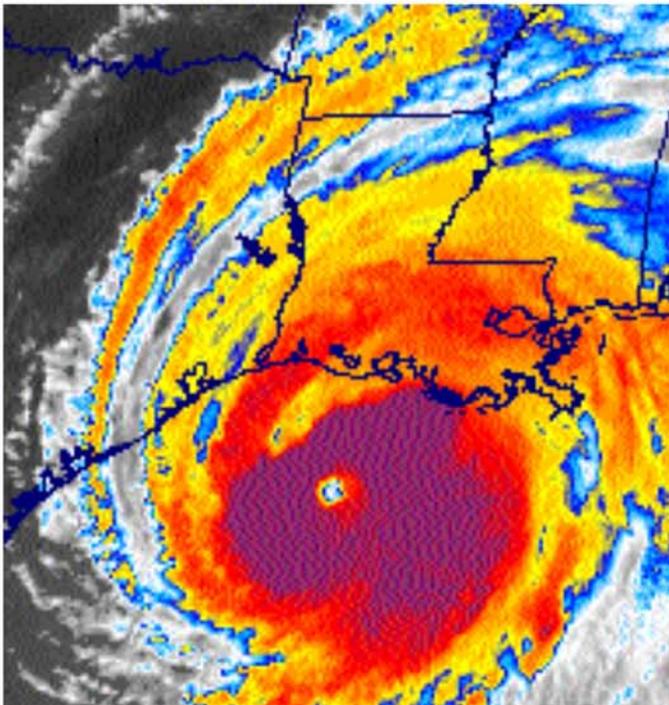
replaced by Katia on List III of the Atlantic hurricane naming lists, which will be used in the 2011 Atlantic hurricane season.

Source: Wikipedia

Hurricane Rita

Hurricane Rita was the fourth-most intense Atlantic hurricane ever recorded and the most intense tropical cyclone observed in the Gulf of Mexico. It caused \$10 billion in damage on the U.S. Gulf Coast.

It made landfall between Sabine Pass, Texas, and Johnson's Bayou, Louisiana on September 24, 2005 as a category 3 Hurricane with winds at 115 mph. Rita lost both hurricane and tropical storm status the day of landfall. It continued through parts of southeast Texas. The storm surge of 15 - 20 feet caused extensive damage along the southwestern Louisiana and extreme southeastern Texas coasts, completely destroying some coastal communities.



Hurricane Rita - infrared satellite view



Hurricane evacuation route sign

Impact: In Cameron Parish, the communities of Holly Beach, Hackberry and Cameron were essentially destroyed. It is estimated that well over two million customers lost electricity. The storm killed seven people directly; many others died in evacuations and from indirect effects. Total damage is estimated at \$10 billion, making Rita the ninth-costliest storm in U.S. history.

The name Rita was retired in the spring of 2006 and will never be used again for an Atlantic hurricane. It was replaced by Rina, which will be used in the 2011 season.

Source: Wikipedia

* * * * *

The 2005 hurricane season was the most destructive on record and the busiest in 154 years of storm tracking, with a record 28 named storms and a record 15 hurricanes.

Road to Recovery

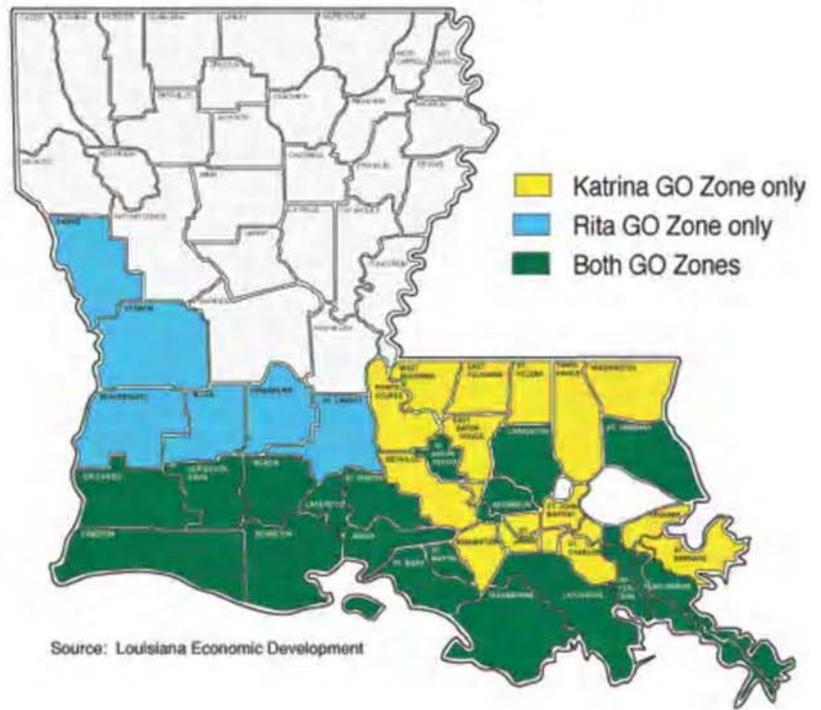
Gulf Opportunity Zone

The Gulf Opportunity Zone Act of 2005 (H.R. 4440 passed by Congress on Dec. 16, 2005, and signed by President Bush on Dec. 21, 2005) establishes tax incentives and bond provisions to rebuild the local and regional economies devastated by hurricanes Katrina and Rita. The act is commonly referred to as the "GO Zone Act."

For more information on the "GO Zone", access the online resources at:

<http://gozoneguide.com/>

Gulf Opportunity Zone Eligibility



Katrina Gulf Opportunity Zone - 31 parishes eligible

Rita Gulf Opportunity Zone - 23 parishes eligible

(note: some of these are also eligible for Katrina zone provisions)

Total of 37 parishes eligible for some provisions of the Gulf Opportunity Zone Act

Louisiana Disaster Recovery Foundation

The Louisiana Disaster Recovery Foundation (LDRF) was established in the aftermath of hurricanes Katrina and Rita to provide resources for the relief, recovery, and betterment of Louisiana's people and communities, building upon its residents' strength of spirit to transform the disaster into unprecedented opportunity. The foundation supports and works with private, nonprofit organizations in the areas of economic development, housing, education, health care, and legal services that are focused on building back better, resulting in an equitable Louisiana that offers all people - regardless of race, economic status, and gender - the opportunity for full participation in its economy and society.

Louisiana Disaster Recovery Foundation
525 Florida Street, 2nd Floor
Baton Rouge, LA 70801

<http://louisianahelp.org/>



I. INTRODUCTORY SECTION



State of Louisiana

DIVISION OF ADMINISTRATION OFFICE OF THE COMMISSIONER

KATHLEEN BABINEAUX BLANCO
GOVERNOR

JERRY LUKE LEBLANC
COMMISSIONER OF ADMINISTRATION

December 31, 2006

To: The Honorable Kathleen Babineaux Blanco, Governor,
Members of the Legislature, and the
People of the State of Louisiana

It is my privilege to present the Comprehensive Annual Financial Report (CAFR) on the financial condition of the State of Louisiana for the fiscal year ended June 30, 2006. The report was prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and Louisiana Revised Statutes.

The Division of Administration, Office of Statewide Reporting and Accounting Policy prepared the CAFR, with the objective of reporting the government's operations as a single unified entity, in addition to providing traditional fund-based financial statements.

The Division of Administration is responsible for the accuracy, completeness and fair presentation of the data, representations and disclosures presented in the CAFR. To the best of our knowledge and belief, the data presented are accurate in all material respects, reported in a manner designed to fairly present the financial position and results of operations and provide disclosures necessary to enable the reader to gain an understanding of the financial activities and condition of the State.

The reporting entity of the State includes all primary government funds, plus the activity of component units for which the State is financially accountable. Determination of the component units to be included in the CAFR was made in accordance with criteria established by GASB and is presented in Note 1A to the financial statements.

The CAFR is organized as follows:

- Introductory section containing background and organizational information on the State and summaries of some current initiatives.
- Financial section including the independent auditor's report, Management's Discussion and Analysis (MD&A), Government-Wide Financial Statements, Fund Financial Statements, Notes to the Basic Financial Statements and Required Supplementary Information. The financial section also includes the combining statements of the individual funds.
- Statistical section presenting financial, demographic, economic, and operational data for Louisiana.

GASB requires that management provide a narrative introduction, overview and an analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.

INDEPENDENT AUDIT

The State of Louisiana's basic financial statements have been audited by the Office of Legislative Auditor. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the State for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates

made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the basic financial statements of the State of Louisiana was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited internal controls of the government and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the separately issued Single Audit Report for the State of Louisiana.

ACCOUNTING AND BUDGETARY CONTROL

Management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to provide for the preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. We believe that the internal accounting controls of the State adequately safeguard assets and provide reasonable assurance of proper recording and reporting of financial transactions.

Final financial control is exercised through the budgetary system. Financial statements are presented in conformity with GAAP and are also presented on a non-GAAP budgetary basis to demonstrate legal compliance. Variances between the GAAP and non-GAAP budgetary presentations are caused by differences in reporting entity, accounting basis, and timing. The budgetary process is further described in Note 1 to the basic financial statements and a reconciliation between GAAP and non-GAAP budgetary basis fund balances is presented as required supplemental information.

PROFILE OF THE GOVERNMENT

Located on the Gulf of Mexico and bounded by Arkansas, Texas and Mississippi, Louisiana serves a population of 4,524,000. The Executive, Judicial and Legislative Branches govern the State as provided by the Louisiana Constitution of 1974.

The State provides a variety of services to citizens including education, health care, public safety, road and highway development and maintenance, and recreation. These services are financed primarily through taxes, fees, mineral royalties and federal revenues, which are accounted for by various funds (general fund, special revenue funds, capital project funds, etc.).

The State financial reporting entity includes 54 active component units, which are reported discretely in the financial statements. These component units include colleges and universities, boards and commissions, ports, levee districts, and other special purpose authorities.

This is the first year that the Louisiana Citizens Property Insurance Corporation is included as a component unit of the State of Louisiana, and the financial information contained within the Component Unit Financial Statements section of the Comprehensive Annual Financial Report of the State of Louisiana is unaudited. However, the debts, claims, obligations, and liabilities of the corporation, whenever and however incurred, are the debts, claims, obligations, and liabilities of the corporation only, and not of the State, its agencies, officers, or employees.

CASH MANAGEMENT

The State Treasurer is responsible for managing all cash and investments, with the exception of certain component units included in the reporting entity that have independent powers to manage and

invest their funds. During fiscal year 2006, cash management and investment transactions managed by the State Treasurer included checking accounts, certificates of deposit, U.S. government and agency obligations, commercial paper, repurchase agreements, and security lending agreements. Legal requirements for the investment of funds maintained by the State Treasurer are discussed in Note 2 to the basic financial statements.

For fiscal year 2006, the Treasury earned \$161,324,115 on its fixed-income investments for the General Fund. The investments earned a cash rate of return of 3.61% during fiscal year 2006, which is a 16.4% increase from the 3.10% rate that earned \$88,636,079 in the previous year. By comparison, the thirty-day Treasury Bill yield averaged 3.96% and the two-year Treasury Note averaged 1.46% during the same period.

The investments of the Louisiana Education Quality Trust Fund earned a fixed income rate of return of -1.96% and a 9.62% return on equities for the 2006 fiscal year. The fund total return for 2006 was 1% with a cash yield of 5.54%, which is an increase of 6.4% from 2005.

RISK MANAGEMENT

The primary government, through the Office of Risk Management, retains risk for property, casualty, and worker's compensation insurance, as well as coverage for all State property, with virtually no upper limits. Auto liability, comprehensive, and collision coverage is provided for the State fleet and other coverage, such as bonds, crime, aviation, and marine insurance, is provided as needed.

PENSIONS

State employees may be eligible to participate in the Louisiana State Employees' Retirement System, the Teachers' Retirement System of Louisiana, the Louisiana School Employees' Retirement System, or the Louisiana State Police Retirement System, depending on their employing agency. Further information on the retirement systems can be found in Note 6 to the basic financial statements.

ECONOMIC OUTLOOK

Louisiana has been in recovery mode from the worst natural disasters it has faced in modern history, Hurricanes Katrina and Rita. These two storms changed the landscape across Louisiana and rendered over 210,000 houses un-inhabitable, with the damage and aftermath heavily concentrated in the New Orleans and Lake Charles Metropolitan Statistical Areas (MSAs).

Since the hurricanes hit last fall, the amount of oil shut-in in the Gulf of Mexico has fallen from 100% down to 12.1%. Comparable shut-in statistics for natural gas show a drop from 100% down to 9.3%. Also, Louisiana's non-farm employment fell by 196,100 jobs after the storms. As of July, 21,500 of those jobs have been recovered.

Louisiana's recovery depends on a number of factors beyond the control of policy makers in Louisiana. Some expectations over the next two years are as follows: (1) the growth rate of the national economy will slow to approximately 1.0%, due to a weakening housing market; (2) the long-term interest rates will rise just over one percentage point, but still remain low by historical standards; (3) the exchange value of the dollar will fall, thus improving the foreign market for Louisiana export goods and services; (4) the price of oil will fall slightly to near \$65 per barrel; and (5) the price of natural gas will begin to stabilize in the \$9.25 to \$10 per mmbtu range.

The New Orleans MSA was by far the most heavily damaged by the storms. New Orleans employment had fallen by 215,100 jobs by October and by July was still down by 173,000 jobs. Speed of recovery of housing will largely determine how quickly this MSA recovers these lost jobs. It is expected that this MSA's repopulation growth rate will slow over the next two years, and it is projected that this MSA will add 34,300 more jobs in 2007 and 23,000 in 2008. Even with these additions, New Orleans will remain almost 120,000 below its 2004 level.

Unlike New Orleans, the Lake Charles MSA, hammered hard by Rita, has virtually returned to its pre-Rita employment level. Lake Charles had virtually no flood waters, so homeowners insurance became readily available for the rebuild effort. The construction dollars, plus the building of the new Sugar Bay Casino Resort and several LNG import terminals should help the MSA add 1,000 new jobs a year over 2007-2008.

Baton Rouge experienced a huge influx of evacuees after the storms (about 250,000 or 34% of the MSA's population), and as a result there was a boom in the region's housing market and retail sectors. Since then, there has been an equally impressive out-migration of evacuees. Therefore, the recent estimates are that the region's population is up only 5.3%. Because of the evacuees in/evacuees out phenomenon, it is projected that the Baton Rouge MSA's growth rate will slow over the next two years. Still, several large construction projects in the area will help drive employment up by 7,600 jobs in 2007 and another 7,400 jobs in 2008.

Non-farm employment in the Lafayette MSA spiked upward by 9,400 jobs just after the storms as this region experienced a significant influx of evacuees and as fabricators and service firms geared up to rebuild the destruction to the energy infrastructure in the Gulf. It is forecasted that there will be 3,600 new jobs in 2007 and an additional 3,400 new jobs in 2008 for this MSA. Employment will be boosted by continuation of the rebuilding effort in the Gulf, NuComm's new 1,000-person call center, and the re-opening of the old Fruit-of-the-Loom facility as the Louisiana International Trade Center. Employment growth will be tempered compared to 2006 by an out-migration of evacuees, just as was experienced by Baton Rouge.

The extraction-dependent MSA of Houma saw some increase in its employment post-storms. There was an influx of about 62,810 evacuees, but a lack of available housing has caused that number to drop substantially. It is estimated that the Houma MSA will continue on its recent growth track and add 1,900 jobs a year over the next two years, a growth rate of 2.2% annually. Expansions in both Bollinger and Edison Chouest Shipyards will drive this growth, along with construction work on LA. 1.

The Alexandria MSA had an excellent year in 2006 with a 4.5% growth rate, the best in the state. It is expected that this MSA will add 1,500 new jobs in 2007 and another 1,000 in 2008. This excellent performance will be driven by construction of the Rodemacher Power Plant, additional hiring at the Union Tank Car facility, and major expansions at two of the region's hospitals.

The third largest MSA in the State, Shreveport/Bossier enjoyed enviable job growth in 2006, adding 5,200 jobs (3% increase). It is estimated that this MSA will add 1,900 jobs over 2007-08. More jobs are projected at Steelscape and from construction of a new SWEPCO power plant in the region. On the negative side, the workforce at GM will drop by 974, Barksdale AFB may lose a contingent of B-52 bombers, and the region's casino industry is being threatened by the opening of Indian casinos in Oklahoma.

The weakest performance in the state is projected to be in the Monroe MSA. Employment in 2006 appears to be up a moribund 800 jobs, driven by an influx of evacuees. It is estimated that employment in the Monroe MSA will remain flat over 2007-08, primarily because of the expected closure of one of the area's largest employers, Delphi Lighting.

It is estimated that within the rural area of Louisiana, a conglomerate of 35 parishes, employment will rise 2,000 a year over 2007-08. Most of that growth will be focused in two parishes, Tangipahoa and St. Mary.

The projection for the state as a whole is the addition of 53,800 jobs in 2007 (3% increase) and another 42,000 jobs in 2008 (2.3% increase). It is important to note that these growth rates are from a disaster-induced low point in 2006, and that nearly 66% of the new jobs projected for 2007 and just over half for 2008 will come from recovery in New Orleans. This will bring the State back to the employment levels of 1998.

State government revenue projection for the past fiscal year occurred in an extremely uncertain, difficult, and unusual environment. Initially, it was thought the original budget estimate of \$9 billion would plummet to \$8.2 billion. However, extra spending caused by the storms plus high oil and natural gas prices actually caused the state to collect almost \$9.2 billion. The fiscal year ending 06-07 budget is based on a revenue forecast of \$8.72 billion, a decline of about \$470 million or 5.1%.

The economic discussion is an excerpt from the executive summary of The Louisiana Economic Outlook: 2007 and 2008 25th Annual Edition, by Loren C. Scott and James A. Richardson, published in October 2006.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Louisiana for its CAFR for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation in government financial reporting.

In order to be awarded a Certificate of Achievement, a government must publish a CAFR that is easily readable and efficiently organized, and whose contents conform to program standards. The CAFR must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

ACKNOWLEDGEMENTS

In conclusion, I wish to express my appreciation to the staff of the Office of Statewide Reporting and Accounting Policy for their professionalism, dedication, and expertise in preparing this report, as well as their commitment to maintaining the highest standards of accountability in financial reporting. I also wish to thank the agency fiscal officers and accountants whose contributions helped make this report possible.

Sincerely yours,



Jerry Luke LeBlanc
Commissioner of Administration

JLL:AA

**CERTIFICATE OF
ACHIEVEMENT**

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



President

Executive Director

State of Louisiana

PRINCIPAL STATE OFFICIALS

Executive (Elected)

Kathleen Babineaux Blanco
Governor
Mitchell J. Landrieu
Lieutenant Governor
Jay Dardenne
Secretary of State
Charles C. Foti, Jr.
Attorney General
John Neely Kennedy
Treasurer
Bob Odom
Commissioner of Agriculture and Forestry
James J. Donelon
Commissioner of Insurance
Lawrence C. St. Blanc
Secretary of Public Service Commission

Legislative (Elected)

Joe R. Salter
Speaker of the House of Representatives
Donald E. Hines, M.D.
President of the Senate

Judicial (Elected)

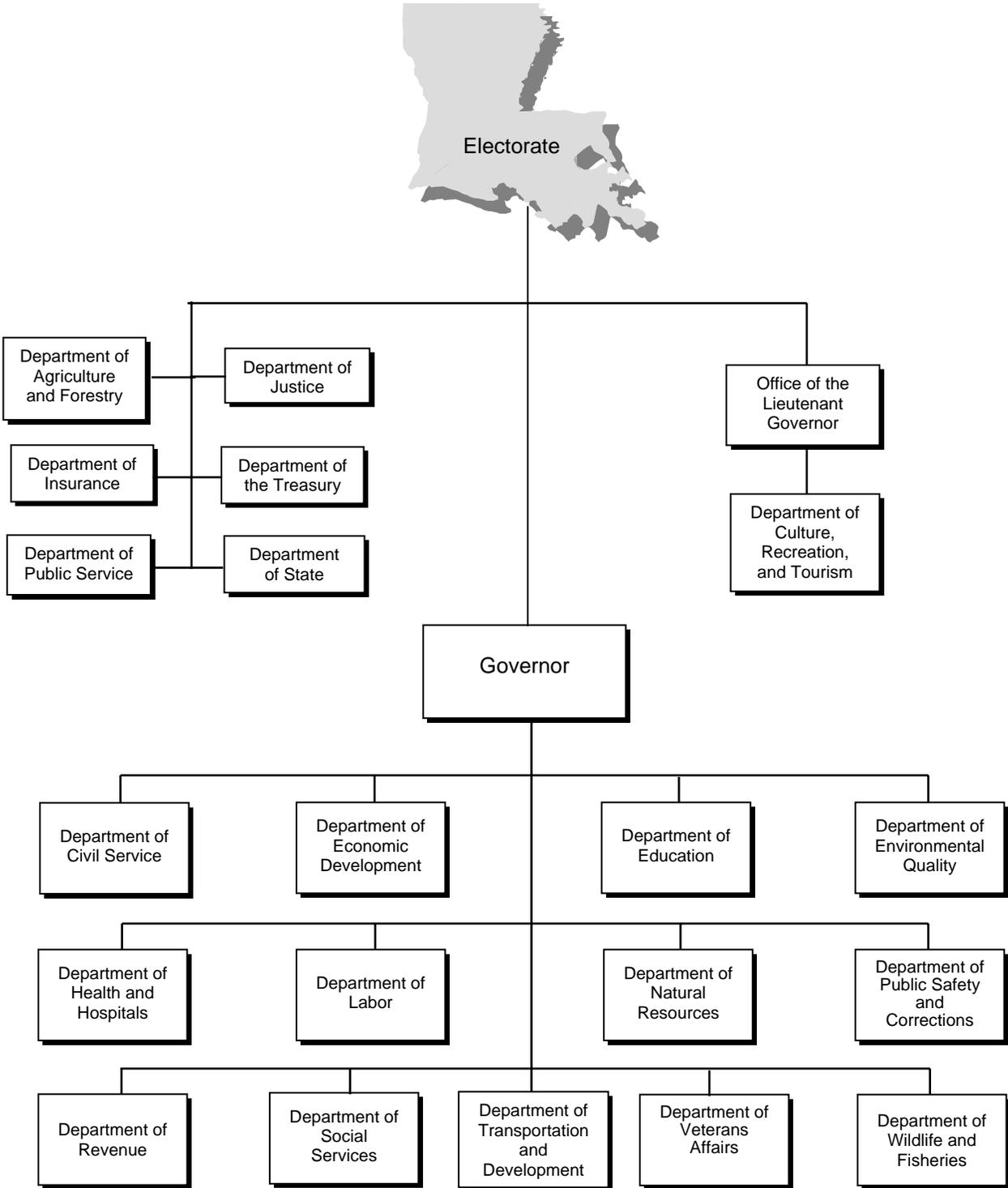
Pascal F. Calogero, Jr.
Chief Justice of the Supreme
Court of Louisiana

Executive (Appointed)

Cecil J. Picard
State Superintendent of Education
Michael J. Olivier
Secretary of Economic Development
Angèle Davis
Secretary of Culture, Recreation, and Tourism
Dr. Mike D. McDaniel, Ph.D.
Secretary of Environmental Quality
Frederick P. Cerise, MD, MPH
Secretary of Health and Hospitals
Ann S. Williamson
Secretary of Social Services
John Warner Smith
Secretary of Labor
Scott A. Angelle
Secretary of Natural Resources
Richard L. Stalder
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Colonel Henry L. Whitehorn
Deputy Secretary Public Safety and Corrections
Superintendent, Office of State Police
Cynthia Bridges
Secretary of Revenue
Johnny B. Bradberry
Secretary of Transportation and Development
Hunt Downer, Brigadier General ARNG
Secretary of Veterans Affairs
Bryant Hammett
Secretary of Wildlife and Fisheries
Anne Soileau
Director of State Civil Service

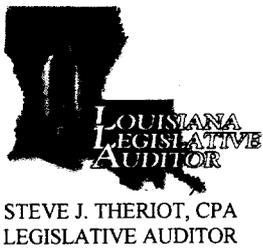
State of Louisiana

STATE ORGANIZATIONAL CHART





II. FINANCIAL SECTION



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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December 31, 2006

Independent Auditor's Report

Honorable Kathleen B. Blanco, Governor
Honorable Donald E. Hines, President, and
Members of the Senate
Honorable Joe R. Salter, Speaker, and
Members of the House of Representatives
State of Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Louisiana, as of and for the year ended June 30, 2006, which collectively comprise the state's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management of the State of Louisiana. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain pension trust funds, enterprise funds, and component units of government included within the basic financial statements of the State of Louisiana, which represent the following percentages of their related opinion units:

<u>Opinion Unit</u>	<u>Percentage of Total Assets</u>	<u>Percentage of Net Assets or Fund Balance</u>	<u>Percentage of Revenues (including Additions)</u>
General Fund	1.4%	4.9%	0.6%
Business-Type Activities	2.0%	1.6%	4.1%
Aggregate Discretely Presented Component Units	14.9%	20.7%	5.6%
Aggregate Remaining Funds	74.2%	76.2%	51.5%

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the previously mentioned pension trust funds, enterprise funds, and component units, are based solely upon the reports of the other auditors.

LEGISLATIVE AUDITOR

December 31, 2006

Page Two

Except as described in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the LSU Foundation and the Pennington Medical Foundation, both component units of the Louisiana State University System (major component unit); the University of Louisiana at Monroe Foundation, the University of Louisiana Monroe Facilities, Inc., the McNeese State University Foundation, and the University Facilities, Inc., all component units of the University of Louisiana System (major component unit); and the Southern University System Foundation, a component unit of the Southern University System (major component unit), which were audited by other auditors upon whose reports we are relying, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

The financial statements of the Louisiana Citizens Property Insurance Corporation (Corporation), a component unit of the State of Louisiana, for the year ended December 31, 2005, have not been audited, and we were not engaged to audit the Corporation's financial statements as part of our audit of the State of Louisiana's basic financial statements. The Corporation's financial activities are included in the state's basic financial statements as a discretely presented component unit and represent 4 percent, 27 percent, 5 percent, and 16 percent of the assets, liabilities, revenues, and expenses, respectively, of the state's aggregate discretely presented component units.

In our opinion, based on our audit and the reports of the other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Louisiana Citizens Property Insurance Corporation's financial statements been audited, the financial statements referred to previously present fairly, in all material respects, the financial position of the aggregate discretely presented component units of the State of Louisiana, as of June 30, 2006, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, based on our audit and the reports of the other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of Louisiana, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

LEGISLATIVE AUDITOR

December 31, 2006

Page Three

The Louisiana Citizens Property Insurance Corporation's financial audit for the year ended December 31, 2005, was delayed because of the effects of hurricanes Katrina and Rita. The Corporation was granted an extension for submitting its audited financial statements until December 31, 2006, by the Louisiana Legislative Audit Advisory Council. As of December 31, 2006, an additional extension for submitting the Corporation's audited financial statements will be requested. Furthermore, although required by Governmental Accounting Standards Board (GASB) Statement No. 14 to be reported as a discrete component unit of the State of Louisiana, the enabling legislation for the Corporation, Louisiana Revised Statute 22:1430.2 states, in part, ". . . the debts, claims, obligations, and liabilities of the corporation shall not be considered to be a debt of the state or a pledge of its credit."

The State of Louisiana suffered considerable damage from two major hurricanes, Katrina and Rita, during August and September of 2005, resulting in the President of the United States declaring Louisiana a major disaster area. Because of the severity of these two separate events and the resulting losses sustained, it is unknown exactly what economic impact recovery will have on state and local governmental operations in Louisiana. Although the State of Louisiana is taking steps to address recovery including executive and legislative initiatives, the long-term effects of these events on the State of Louisiana cannot be determined at this time.

As disclosed in note 5C and 11K of the financial statements, the State of Louisiana implemented GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*; GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*; GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*; and GASB Statement No. 47, *Accounting for Termination Benefits*, for the year ended June 30, 2006.

During the fiscal year ended June 30, 2006, the Office of Legislative Auditor (OLA) provided certain non-audit services for the State of Louisiana directed toward assisting the state's Department of Military Affairs and the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) relative to their administration of the Federal Emergency Management Agency's (FEMA) Public Assistance program. The OLA provided the Department of Military Affairs and GOHSEP with assistance in reviewing documents submitted by applicants and reviewing the application and payment process to provide recommendations to GOHSEP for meeting its responsibility for compliance with FEMA and state regulations. To maintain independence for audit purposes while providing these non-audit services, the OLA has met the criteria and requirements set forth in *Government Auditing Standards: Temporary Exemptions and Guidance in Response to Hurricanes Katrina and Rita*, issued by the Government Accountability Office in November 2005.

LEGISLATIVE AUDITOR

December 31, 2006

Page Four

In accordance with *Government Auditing Standards*, a report on our consideration of the state's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants will be issued under separate cover in the *State of Louisiana Single Audit Report*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report, upon its issuance, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the budgetary comparison information presented on pages 15 through 26 and 93 through 94, respectively, are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Louisiana's basic financial statements. The accompanying introductory section, the budgetary comparison schedule - major debt service fund, the combining and individual fund statements and schedule - nonmajor funds section, and the statistical section listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedule - major debt service fund and the combining and individual fund statements and schedule - nonmajor funds section have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section listed in the table of contents have not been subjected to the procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

JMR:THC:DGP:ss

CAFR06

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) of the financial performance of the State of Louisiana presents a narrative overview and analysis of the financial activities of the State for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts. Read this document in conjunction with the additional information contained in the transmittal letter presented on pages 1 - 5 and the financial statements of the State, which begin on page 27.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Net Assets – The assets of the State exceeded its liabilities at the close of the fiscal year by \$16.7 billion, a 9% increase from the prior fiscal year. This amount includes \$8.4 billion, which is restricted and not available to pay the general obligations of the State.

Changes in Net Assets – Net assets of governmental activities increased by \$1.5 billion (11%), while net assets of the business-type activities decreased by \$105 million (5%).

General Fund – On the fund statements, the unreserved undesignated fund balance for the General Fund (the primary operating fund of the State) reflects an increase of \$178 million from the previous fiscal year.

Long-term Obligations – The long-term obligations (as restated) for governmental activities decreased by \$22 million (less than 1%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the basic financial statements of the State of Louisiana, which is comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

This report also contains required supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the finances of the State of Louisiana in a manner similar to a private sector business. The statements provide both short-term and long-term information about the financial position of the State, which assist in assessing the economic condition of Louisiana at the end of the fiscal year. These reports are prepared using the flow of economic resources measurement focus and the accrual basis of accounting, methods that are similar to those used by most businesses by taking into account all revenues earned and expenses incurred in the fiscal year regardless of when cash is received or paid.

The government-wide financial statements include the following two statements:

The Statement of Net Assets (page 27) presents the current and long-term portions of the assets and liabilities of the State separately and is the basic government-wide statement of position at fiscal year end. Using the format of assets minus liabilities equal net assets, this statement reports the governmental activities separately from its business-type activities. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The Statement of Activities (page 28) presents information showing how the net assets of the State changed as a result of current year operations and how those operations were financed. This statement presents expenses before revenues to emphasize the fact that revenues are generated expressly for providing services, rather than as an end in themselves. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused leave).

State of Louisiana

Both government-wide statements report three types of activities:

Governmental Activities – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal grants). Most services normally associated with State government fall into this section and they include general government; culture, recreation and tourism; transportation and development; public safety; health and welfare; corrections; conservation and environment; and education.

Business-type Activities – These activities normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities operated by the State include the Unemployment Trust Fund, among others.

Component units – Component units are legally separate organizations for which the elected officials of the government are financially accountable or have significant influence in governing board appointments. Among the component units included are public colleges and universities and the Louisiana Stadium and Exposition District. For a list of some of the component units included in the government-wide statements, see Note 1 of the notes to the basic financial statements.

Fund Financial Statements

The fund financial statements begin on page 29 and provide more detailed information than the government-wide statements by providing information about the most significant funds of the State. A fund is a grouping of related accounts used to maintain control over resources, which are segregated for specific activities or objectives. The State of Louisiana uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For governmental activities, fund financial statements indicate how these services were financed in the short-term as opposed to the government-wide statements, which present a long-term view of the State finances. The three categories into which the funds of the State can be classified are governmental funds, proprietary funds, and fiduciary funds.

Governmental funds account for most of the functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on short-term inflows and outflows of expendable resources and the balances of these resources available at fiscal year end. Such information may be useful in evaluating the current financing requirements of the State. Governmental funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

GASB Statement 34 has shifted the focus of governmental fund financial statements from fund types to major funds. Louisiana accounts for its activities in 236 active funds; of this total, 201 are governmental funds, 20 are proprietary funds, and 15 are fiduciary in nature. Information is presented separately on the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance for the funds determined to be major funds; the remaining governmental funds are presented in a single column on these statements. Combining statements for these funds are presented on pages 98 - 129 of this report.

Proprietary funds encompass enterprise funds and internal service funds. When the State charges customers for the services it provides, whether to outside customers (enterprise funds) or to other state agencies (internal service funds), the services are generally reported in the proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds apply the accrual basis of accounting utilized by private sector businesses. Internal service funds are used to accumulate and allocate costs internally among the various functions of the State. Because the internal service funds mainly benefit governmental rather than business-type functions, they are included in the governmental activities in the government-wide financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support State programs. The State is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The fiduciary fund category includes pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-91 of this report.

Required Supplementary Information (RSI)

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules for the General Fund, which can be found on page 93 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The State's overall financial position and results of operations for the past two years for the primary government are summarized in the following statements based on the information included in the government-wide financial statements:

Statement of Net Assets						
(in thousands)						
	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 12,485,185	\$ 10,366,930	\$ 2,185,284	\$ 2,309,091	\$ 14,670,469	\$ 12,676,021
Capital assets	12,795,826	12,145,768	28,500	20,526	12,824,326	12,166,294
Total assets	<u>25,281,011</u>	<u>22,512,698</u>	<u>2,213,784</u>	<u>2,329,617</u>	<u>27,494,795</u>	<u>24,842,315</u>
Other liabilities	3,356,190	2,040,298	59,390	52,151	3,415,580	2,092,449
Long-term debt outstanding	7,091,898	7,113,787	257,344	275,883	7,349,242	7,389,670
Total liabilities	<u>10,448,088</u>	<u>9,154,085</u>	<u>316,734</u>	<u>328,034</u>	<u>10,764,822</u>	<u>9,482,119</u>
Invested in capital assets, net of related debt	11,304,859	10,982,851	22,353	20,251	11,327,212	11,003,102
Restricted	6,988,644	6,825,025	1,407,337	1,547,700	8,395,981	8,372,725
Unrestricted	(3,460,580)	(4,449,263)	467,360	433,632	(2,993,220)	(4,015,631)
Total net assets	<u>\$ 14,832,923</u>	<u>\$ 13,358,613</u>	<u>\$ 1,897,050</u>	<u>\$ 2,001,583</u>	<u>\$ 16,729,973</u>	<u>\$ 15,360,196</u>

State of Louisiana

Net Assets:

As noted earlier, the overall financial position for the State improved from the previous year as reflected in the increase in net assets to \$16.7 billion (9%). Net assets for governmental activities increased by \$1.5 billion (11%), while net assets for business-type activities decreased by \$105 million (5%). The largest portion of the net assets of the State, \$11.3 billion (68%), reflects investment in capital assets (e.g., land, roads, buildings, machinery, and equipment). These assets are used to provide services to residents of the State, and consequently are not available for future spending. Capital assets increased by \$658 million (5%), due mainly to infrastructure improvements under the Louisiana Transportation Infrastructure Model for Economic Development (TIMED) Program discussed in more detail in the capital asset section of the MD&A.

In contrast, current and other assets (e.g., cash, investments, receivables, and inventory) totaled \$15 billion (53% of total assets) at fiscal year end, and the State uses these resources to repay debt associated with capital assets. The current and other assets of the State at June 30, 2006 represent an increase of 16% from the prior fiscal year. Cash has increased by \$1.1 billion (23%), in part due to the State setting aside money in two new funds. The FEMA Reimbursement Fund, with a cash balance of \$428 million, was created to provide funds to pay the State's portion of any amount due the United States under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The State Emergency Response Fund, with a cash balance of \$141 million, was created to provide a source of funds to pay expenses incurred for preparation and response to an emergency or declared disaster. In addition, sales tax revenue has increased by \$626 million, resulting in an increase in cash.

Restricted net assets represent those assets not available for spending as a result of legislative or constitutional requirements, donor agreements, or grant requirements. Restricted net assets increased by \$122 million (2%) from the previous fiscal year for governmental activities, reflecting in part an increase in the unreserved/undesignated fund balances of the Special Revenue funds of \$567 million. These fund balances are restricted in the Statement of Net Assets. Included in this increase are the fund balances of the FEMA Reimbursement Fund, with a fund balance of \$89 million, and the State Emergency Response Fund, with a fund balance of \$140 million. Restricted net assets decreased by \$140 million (9%) for business-type activities, caused by the large increase in unemployment claims following Hurricanes Katrina and Rita, resulting in an increase in expenses of \$560 million for the Unemployment Trust Fund.

For fiscal year 2006, unrestricted net assets increased by \$1 billion (23%) from 2005 for governmental activities. A large portion of this increase is due to an increase in sales tax revenue, which resulted from the construction boom and the increase in purchases of consumable goods following Hurricanes Katrina and Rita. Unrestricted net assets increased by \$34 million (8%) for business-type activities reflecting increases in net assets of two Enterprise Funds. The Municipal Facilities Revolving Loan Fund has an increase of \$19 million in net assets because of an increase in the loan portfolio, resulting in higher revenues and receivables. The Drinking Water Revolving Loan Fund has an increase in net assets of \$9 million, reflecting an increase in notes receivable and cash.

The State, like many other state and local governments, issues general obligation debt and distributes the proceeds to local governments and component units. The proceeds are used to expand universities and colleges, fund capital maintenance, build local schools, and for various other projects. The balance sheets of the component units and local government recipients reflect ownership of the related constructed capital assets, but not the debt obligation. The State is able to receive more attractive financing arrangements to fund the projects of the local governments and component units; however, the State is left to reflect significant liabilities on its statement of net assets (balance sheet) which are reflected in the unrestricted net asset component since there are no offsetting capital assets.

Consistent with last year, the major reason for the deficit in the unrestricted net assets for governmental activities is that the State reports general obligation debt for capital assets, which are reported on the financial statements of local governments and component units, as mentioned above. Additionally, the State records the unreserved/undesignated fund balances of the special revenue funds as restricted net assets.

Changes in Net Assets:

See the following page.

Changes in Net Assets

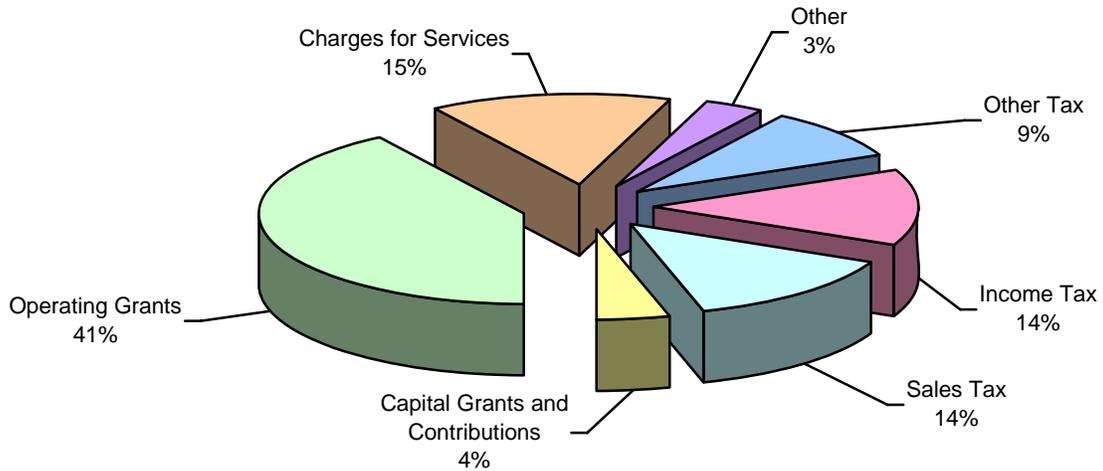
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 3,329,854	\$ 3,370,623	\$ 686,838	\$ 652,911	\$ 4,016,692	\$ 4,023,534
Operating grants and contributions	9,323,509	7,052,411	419,438	7,104	9,742,947	7,059,515
Capital grants & contributions	978,072	520,376	16,588	21,188	994,660	541,564
General revenues:						
Income taxes	3,129,906	3,030,085	--	--	3,129,906	3,030,085
Sales and use taxes	3,108,824	2,483,101	--	--	3,108,824	2,483,101
Other taxes	2,093,453	2,066,637	--	--	2,093,453	2,066,637
Other	811,143	708,735	13,505	3,232	824,648	711,967
Total revenues	<u>22,774,761</u>	<u>19,231,968</u>	<u>1,136,369</u>	<u>684,435</u>	<u>23,911,130</u>	<u>19,916,403</u>
Expenses:						
Governmental activities						
General government	4,806,262	2,655,471	--	--	4,806,262	2,655,471
Culture, recreation & tourism	66,927	69,415	--	--	66,927	69,415
Transportation and development	1,054,044	835,901	--	--	1,054,044	835,901
Public safety	301,338	271,118	--	--	301,338	271,118
Health and welfare	7,412,815	7,458,289	--	--	7,412,815	7,458,289
Corrections	550,627	664,961	--	--	550,627	664,961
Youth Services	116,975	--	--	--	116,975	--
Conservation and environment	283,692	297,097	--	--	283,692	297,097
Education	5,514,318	5,310,194	--	--	5,514,318	5,310,194
Other	26,251	33,833	--	--	26,251	33,833
Intergovernmental	1,037,043	375,373	--	--	1,037,043	375,373
Interest on long-term debt	230,976	216,750	--	--	230,976	216,750
Business-type activities:						
Unemployment Trust Fund	--	--	823,987	264,458	823,987	264,458
Other	--	--	298,879	274,268	298,879	274,268
Total expenses	<u>21,401,268</u>	<u>18,188,402</u>	<u>1,122,866</u>	<u>538,726</u>	<u>22,524,134</u>	<u>18,727,128</u>
Net Increase before extraordinary items and transfers	1,373,493	1,043,566	13,503	145,709	1,386,996	1,189,275
Extraordinary Item - Gain (Loss) on impairment	(24,464)	--	186	--	(24,278)	--
Transfers	119,977	108,582	(119,977)	(108,582)	--	--
Net increase (decrease)	<u>1,469,006</u>	<u>1,152,148</u>	<u>(106,288)</u>	<u>37,127</u>	<u>1,362,718</u>	<u>1,189,275</u>
Net Assets—Beginning, as restated	13,363,917	12,206,465	2,003,338	1,964,456	15,367,255	14,170,921
Net Assets—Ending	<u>\$ 14,832,923</u>	<u>\$ 13,358,613</u>	<u>\$ 1,897,050</u>	<u>\$ 2,001,583</u>	<u>\$ 16,729,973</u>	<u>\$ 15,360,196</u>

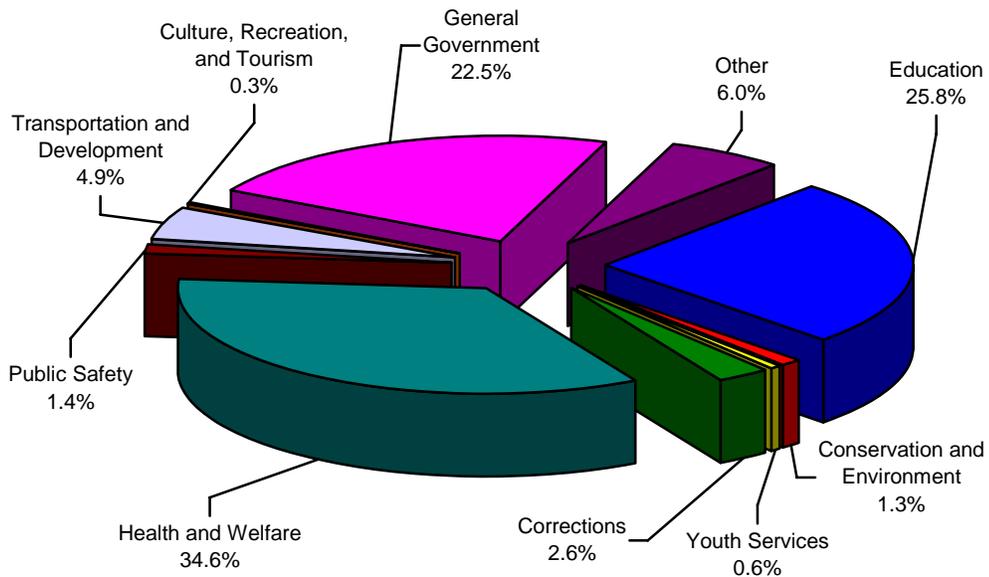
State of Louisiana

Governmental Activities - Net assets increased by \$1.5 billion from prior year, with a \$3.5 billion increase in total revenue and a \$3.2 billion increase in total expenses. Approximately 41% of the total revenue came from operating grants and contributions, 15% from charges for goods and services, and 37% from taxes (see chart below). Sales tax collections have increased by \$626 million from the prior year. The largest expenses were for health and welfare (34%) and education (26%) as depicted in the second chart below. In 2006, governmental activities expenses exceeded program revenues, requiring the use of approximately \$7.8 billion in general revenues to support governmental programs.

The following chart depicts the governmental activities' revenues by source for the fiscal year:

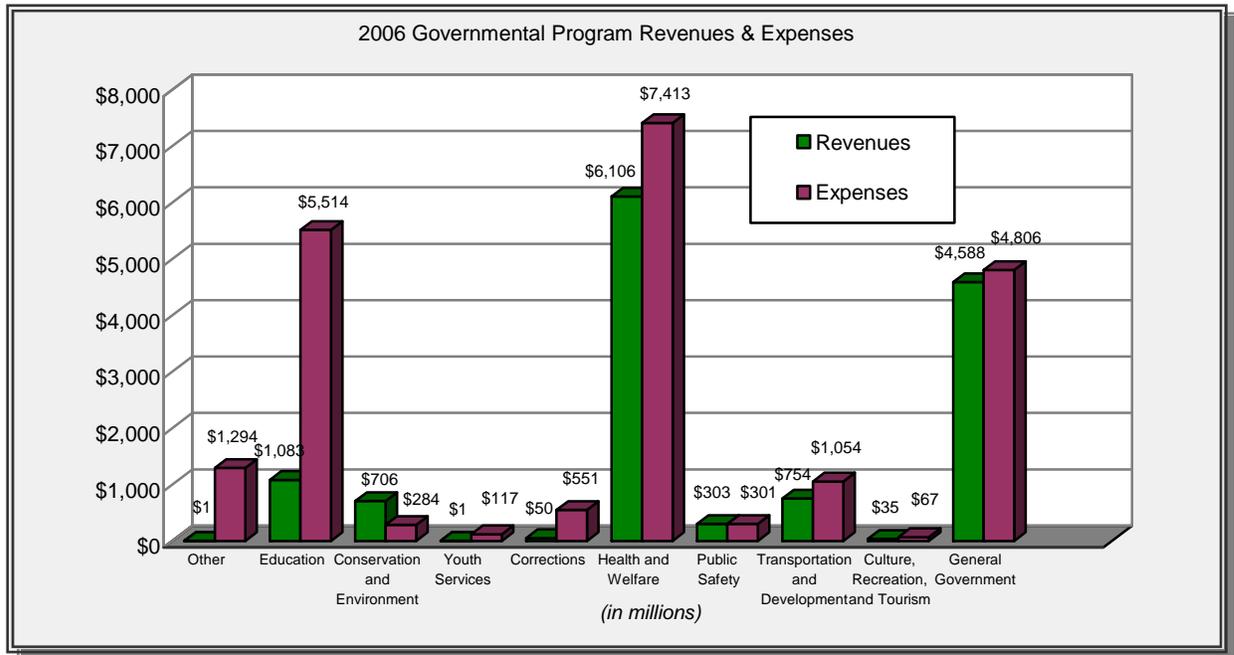


The following chart depicts the governmental activities' expenses for the fiscal year:



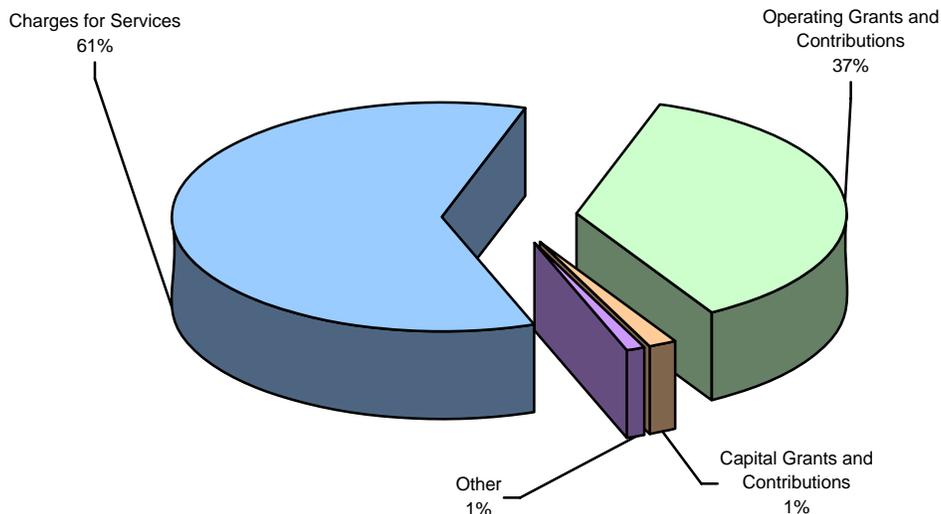
State of Louisiana

The following chart depicts the governmental activities' program revenues and expenses for the 2006 fiscal year:



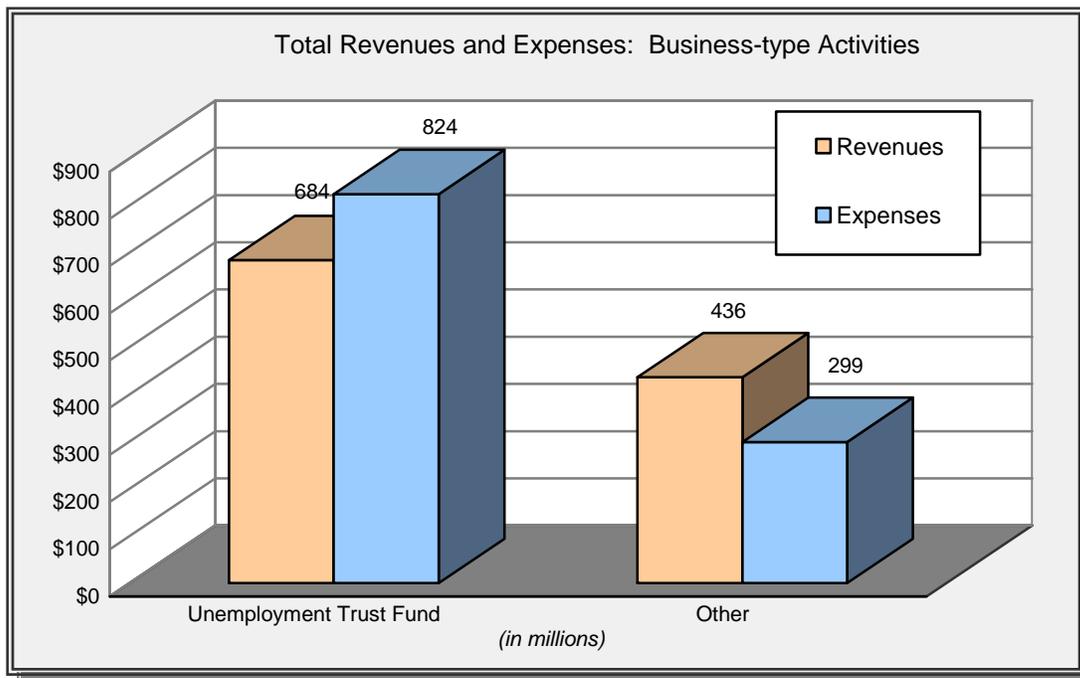
Business-Type Activities – Net assets decreased by \$105 million (5%) from the prior year balance. Charges for Services of \$687 million accounted for much of the total revenue (61%), while Operating Grants and Contributions provided \$419 million (37%) of the total revenues. The largest component of business-type activity expenses was for the Unemployment Trust Fund (73%). For fiscal year 2006, business-type activity revenues exceeded expenses by \$14 million (a 91% decrease from last year).

The following chart depicts business-type activities' revenues for the 2006 fiscal year:



State of Louisiana

The following chart depicts the business-type activities' revenues and expenses for fiscal year 2006:



In conclusion, the State government's financial position improved over last year, with an increase in the net assets of governmental activities of \$1.5 billion resulting mainly from increases in sales taxes, and a \$105 million decrease in the net assets of business-type activities. Information presented below provides further insight into the reasons behind these changes.

FINANCIAL ANALYSIS OF THE FUNDS OF THE STATE

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and to assist in the management of its budgetary operations.

Governmental Funds

As the State completed the year, its governmental funds (as presented in the balance sheet on page 29) reported a total fund balance of \$7.6 billion (a 3% increase from the prior year balance). Unreserved/undesignated fund balance constitutes 66% of this total, which is available for spending in the coming year. The remainder of this fund balance is reserved to indicate it is not available for spending because it has already been committed. The major governmental funds are the General Fund, Bond Security and Redemption Fund, and Louisiana Education Quality Trust Fund.

The General Fund is the chief operating fund of the State. The overall performance of the General Fund increased by \$206 million and the unreserved/undesignated fund balance increased to a balance of \$442 million (67%). With Hurricanes Katrina and Rita striking opposite sides of the State in the early days of the fiscal year, most of the increase in revenues of \$1.8 billion (25%) resulted from the massive recovery efforts that took place in the final three quarters of the year. As storm damaged items were replaced, sales taxes rose substantially in categories related to the rebuilding efforts. Corporate income was bolstered by high energy prices following the storms. With the destruction of the gaming industry along the Mississippi coast and higher wages due to manpower shortages, gaming categories were substantially higher as well. The following table ranks the revenue sources with the largest percentage growth and a \$10 million or higher increase over the prior year during Fiscal Year 2006:

Revenue Increases Greater than \$10 Million

Revenue Source	Growth in Million \$	Growth in %
General Sales Tax	399.5	17.2
Corporate Income Tax	154.0	43.7
Vehicle Sales Tax	86.1	29.2
Riverboat Gaming	64.1	18.9
Video Draw Poker	30.3	16.5
Interest Earnings to State General Fund	16.8	47.1
Vehicle Licenses	16.4	19.6

General Fund expenditures have increased by \$2.6 billion (16%). The major portion of this increase can be attributed to \$1.4 billion of FEMA expenditures relating to the clean up, restoration, and assistance provided due to the damages caused by the hurricanes.

The Bond Security and Redemption Fund revenues increased by \$840 million (8%) in fiscal year 2006, mainly because of an increase in tax revenue. The Louisiana Education Quality Trust Fund reported interest earnings of \$18.1 million (a 3% decrease) and market losses of \$7.3 million.

Proprietary Funds

The only major enterprise fund of the State is the Unemployment Trust Fund. This fund accounts for 74% of the net assets of the enterprise funds. Combined net assets for the enterprise funds decreased by \$105 million compared to the prior fiscal year's restated ending balance. In addition to this major fund, enterprise funds also include the Louisiana Lottery Corporation, the Municipal Facilities Revolving Loan Fund, the Drinking Water Revolving Loan Fund, and 8 other non-major enterprise funds.

The Unemployment Trust Fund accounts for the Unemployment Insurance Program in the State. Revenues increased by over \$409 million (149%). The increase in revenues is primarily due to a one time remittance of federal funds of \$400 million to pay unemployment claims. Expenses for the Unemployment Trust Fund increased by approximately \$560 million (212%), due to the additional unemployed workers who received unemployment benefits during the aftermath of Hurricanes Katrina and Rita. The state experienced an enormous increase in unemployment benefit claims from approximately 25,000 claims a week pre-Katrina and Rita to over 300,000 after Katrina and Rita.

GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental appropriations are usually passed before the end of the fiscal year based on revisions to estimated revenues by the Revenue Estimating Conference and the needs of various departments and programs. These supplemental appropriations are included in the final budget, but are not in the original budget. Final budgeted revenues were approximately \$3.9 billion greater than originally budgeted and final budgeted expenditures were approximately \$4.1 billion greater than originally budgeted. Transfers in from other funds make up the difference between revenues and expenditures. Final budgeted revenues and expenditures in excess of original budgeted revenues and expenditures include \$2.3 billion of federal funds from FEMA for hurricane relief and \$244 million in Community Development Block Grants for hurricane disaster recovery.

Actual revenues were \$2.4 billion less than the final budgeted revenues and actual expenditures were \$2.9 billion less than final budgeted expenditures. The majority of this difference is due to unexpended monies being carried forward to the next fiscal year.

State of Louisiana

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets						
(net of depreciation, in thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Land	\$ 1,968,397	\$ 1,890,175	\$ 3,807	\$ 3,807	\$ 1,972,204	\$ 1,893,982
Buildings and Improvements	1,005,434	893,005	12,193	9,582	1,017,627	902,587
Equipment	143,317	145,138	6,176	6,696	149,493	151,834
Infrastructure	9,486,175	9,079,366	--	--	9,486,175	9,079,366
Construction-in-Progress	192,503	138,084	6,324	441	198,827	138,525
Total	\$ 12,795,826	\$ 12,145,768	\$ 28,500	\$ 20,526	\$ 12,824,326	\$ 12,166,294

Capital Assets

Investment in capital assets for governmental and business-type activities of the State as of June 30, 2006, totaled approximately \$12.8 billion and \$28.5 million (net of accumulated depreciation) respectively. Approximately 85% of the capital assets are depreciable. Investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The increase in investment in governmental capital assets for the current fiscal year is \$650 million (5%). The majority of the increase in land and infrastructure can be attributed to the TIMED Program. This \$4.7 billion improvement program involves specific transportation projects that include widening over 500 miles of state highways from two to four lanes to make Louisiana more attractive for companies moving goods from, into, and through the State; widening and/or new construction on three major bridges to expand shipping options; and improvements to the Port of New Orleans and Louis Armstrong International Airport to promote increased trade with Central and South American markets. An additional benefit of the TIMED Program is the improvement of north-south evacuation routes for southeast and southwest Louisiana.

Construction-in-progress for governmental activities increased by \$54.4 million over last year, in part due to an increase in construction-in-progress for Office Facilities Corporation of \$25.7 million, reflecting completion of the Bienville and Iberville buildings in the Louisiana Capitol Park for the Department of Health and Hospitals and the Department of Social Services. Construction-in-progress also increased because \$7.9 million in reconstruction of infrastructure impaired by Hurricanes Katrina and Rita is reported as construction-in-progress, instead of being capitalized as part of the current year's infrastructure, as is normally recorded using the Wooster Method of accounting for the State's infrastructure. Also, construction-in-progress for governmental activities reflects \$1.6 million in restoration projects for buildings damaged by the hurricanes.

The investment in capital assets for business-type activities increased by \$7.9 million over fiscal year 2005, in large part because of \$5.9 million in construction-in-progress begun by the Louisiana Transportation Authority for improvement of Louisiana Highway 1 to enhance road accessibility to the Gulf of Mexico, one of the nation's major offshore oil and gas fields. The Louisiana Transportation Authority was created for the purpose of developing, improving, and maintaining an efficient intermodal transportation system in the State to promote the State's economic growth and ability to compete in regional, national, and global markets.

Refer to Note 5 – "Capital Assets" for more details of the changes in capital assets.

Outstanding Debt
General Obligation and Revenue Bonds
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 2,038,810	\$ 2,121,610	\$ --	\$ --	\$ 2,038,810	\$ 2,121,610
Revenue bonds and notes	2,295,000	2,341,432	163,805	161,163	2,458,805	2,502,595
Total	\$ 4,333,810	\$ 4,463,042	\$ 163,805	\$ 161,163	\$ 4,497,615	\$ 4,624,205

Debt Administration

The State authorizes, issues, and sells debt obligations. General obligation bonds issued by the State are backed by the full faith and credit of the State. The State also issues revenue obligations, which are secured by a pledge of revenues or property derived from the operations of a program funded by the issuance of the obligations.

There was no new debt issued during the year.

Debt authorization and limitations are discussed in Note 8. Bond ratings for general obligation debt are "A" as rated by Standard and Poor's and Fitch, and remained at "A2" for Moody's. Refer to Note 8, Long-Term Obligations, for more details on long-term debt.

ECONOMIC FACTORS

(Selected excerpts under "Economic Factors" are taken from the Louisiana Economic Outlook: 2006-2007, by Loren Scott and James A. Richardson, published in October 2006.)

The most dramatic economic events in Louisiana's economic history occurred in August and September 2005 when two highly destructive hurricanes hit Louisiana. The New Orleans tourist industry was temporarily shut down; major employers such as Shell Oil Company, private and public universities, and hospitals and medical providers closed; most law firms were forced to leave the city; and Louisiana citizens were scattered across the country. Louisiana's land-based casino and three riverboats located in New Orleans were closed temporarily. In Lake Charles two riverboats were severely damaged and the three others were closed temporarily.

The State Legislature held a special session in November 2005 to address the revision in the official forecast for the State and balanced the budget by cutting over \$600 million in expenditures, retrieving money from the Revenue Stabilization Fund, making use of a surplus from fiscal year 2004-05, and using the higher revenue from higher than expected oil and gas prices.

In response to the destruction caused by the hurricanes, Governor Kathleen Babineaux Blanco created the Louisiana Recovery Authority (LRA) by executive order in October of 2005. The LRA was created to plan for the recovery and rebuilding of Louisiana. It is working with Governor Blanco to plan for Louisiana's future, coordinate across jurisdictions, support community recovery and resurgency, and ensure integrity and effectiveness, working in collaboration with local, state, and federal agencies. The LRA is addressing short-term recovery needs while simultaneously guiding the long-term planning process, and has recommended the use of an additional \$350 million in Community Development Block Grants for economic recovery.

State of Louisiana

The Governor, in conjunction with the State Legislature and the LRA, has created the Road Home program to assist residents in returning to their homes and re-establishing their lives in Louisiana. Under this program, homeowners may receive up to a \$150,000 incentive grant for rebuilding their homes. The grant is based on the pre-hurricane value of the home times the percent of the home destroyed less any insurance payments and FEMA assistance received. Homeowners can also apply for a mitigation grant of up to \$30,000. The grant can be used to elevate a home to meet federal flood regulations.

Governor Blanco has called a special legislative session to be held in December 2006 to decide how to spend an \$827 million surplus from fiscal year 2006. Areas that the Governor wants to address include insurance rate relief, tax cuts for families and businesses, and investment in statewide road improvements.

As a result of the damage caused by Hurricanes Katrina and Rita, the State has seen remarkable demand on the construction industry. Army Corps of Engineers' construction projects include debris removal, demolition, and flood control projects in the New Orleans Area. As part of the TIMED program, widening of the Huey P. Long Bridge in New Orleans has begun, and construction of the new John James Audubon Bridge over the Mississippi River near St. Francisville is underway. Once completed, the John James Audubon Bridge will be the longest cable-stayed bridge in North America at 1,582 feet. Other major construction projects beginning during the next two years include a new 6-lane twin span over Lake Pontchartrain between New Orleans East and Slidell, and expansion of the D-Day Museum in New Orleans.

Requests for Information

This financial report is designed to provide a general overview of the State's finances for interested parties. Questions concerning any of the information provided in this report or requests for additional financial information may be obtained by writing to the Office of Statewide Reporting and Accounting Policy, P.O. Box 94095, Baton Rouge, LA 70804-9095 or by telephoning (225) 342-0708. The component units of the State issue their own audited financial reports. Telephone numbers for these entities can also be obtained from the Office of Statewide Reporting and Accounting Policy. This report is available on our website at <http://www.doa.la.gov/osrap/cafr-2.htm>.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

State of Louisiana

STATEMENT OF NET ASSETS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT	
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 4,465,996	\$ 1,515,468	\$ 5,981,464	\$ 1,308,129
INVESTMENTS	4,025,574	296,971	4,322,545	1,331,925
RECEIVABLES (NET)	2,327,382	78,379	2,405,761	527,218
AMOUNTS DUE FROM PRIMARY GOVERNMENT	--	--	--	86,289
AMOUNTS DUE FROM COMPONENT UNITS	4,129	--	4,129	--
DUE FROM FEDERAL GOVERNMENT	1,461,785	1,377	1,463,162	73,993
INTERNAL BALANCES	12,153	(12,153)	--	--
INVENTORIES	71,988	6,535	78,523	42,638
PREPAYMENTS	31	574	605	14,442
NOTES RECEIVABLE	--	285,605	285,605	154,560
OTHER ASSETS	116,147	12,528	128,675	175,574
CAPITAL ASSETS (NOTE 5)				
LAND	1,968,397	3,807	1,972,204	265,920
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	1,005,434	12,193	1,017,627	2,190,955
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	143,317	6,176	149,493	410,919
INFRASTRUCTURE (NET OF DEPRECIATION)	9,486,175	--	9,486,175	318,398
CONSTRUCTION IN PROGRESS	192,503	6,324	198,827	361,840
TOTAL ASSETS	25,281,011	2,213,784	27,494,795	7,262,800
LIABILITIES				
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	2,080,129	14,798	2,094,927	664,039
ACCRUED INTEREST ON BONDS	23,946	--	23,946	--
AMOUNTS DUE TO PRIMARY GOVERNMENT	--	--	--	4,129
AMOUNTS DUE TO COMPONENT UNITS	86,289	--	86,289	--
DUE TO FEDERAL GOVERNMENT	448,932	740	449,672	138
DUE TO LOCAL GOVERNMENTS	328,464	--	328,464	--
UNEARNED REVENUE	249,224	3,901	253,125	231,725
AMOUNTS HELD IN CUSTODY FOR OTHERS	--	110	110	--
OTHER LIABILITIES	139,206	39,841	179,047	718,541
CURRENT PORTION OF LONG-TERM LIABILITIES (NOTE 8):				
COMPENSATED ABSENCES	15,281	683	15,964	17,428
CAPITAL LEASE OBLIGATIONS	9,670	71	9,741	7,789
AMOUNTS HELD IN CUSTODY FOR OTHERS	--	--	--	16,682
NOTES PAYABLE	667	19	686	29,166
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	--	1,656	1,656	8,893
BONDS PAYABLE	216,005	--	216,005	35,327
ESTIMATED LIABILITY FOR CLAIMS	233,931	--	233,931	18
UNAMORTIZED BOND PREMIUM	9,953	--	9,953	--
OTHER LONG-TERM LIABILITIES	--	--	--	13,762
NONCURRENT PORTION OF LONG-TERM LIABILITIES (NOTE 8):				
COMPENSATED ABSENCES	172,137	1,501	173,638	167,628
CAPITAL LEASE OBLIGATIONS	42,468	109	42,577	85,333
AMOUNTS HELD IN CUSTODY FOR OTHERS	--	--	--	17,587
NOTES PAYABLE	1,755	54	1,809	84,317
BONDS PAYABLE	4,117,805	162,149	4,279,954	1,297,892
ESTIMATED LIABILITY FOR CLAIMS	2,124,633	--	2,124,633	27,143
UNAMORTIZED BOND PREMIUM	147,593	--	147,593	--
OTHER LONG-TERM LIABILITIES	--	91,102	91,102	78,780
TOTAL LIABILITIES	10,448,088	316,734	10,764,822	3,506,317
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	11,304,859	22,353	11,327,212	2,276,445
RESTRICTED FOR:				
CAPITAL PROJECTS	587,489	--	587,489	8,731
DEBT SERVICE	174,577	--	174,577	14,227
UNEMPLOYMENT COMPENSATION	--	1,304,692	1,304,692	--
OTHER PURPOSES	3,974,524	102,645	4,077,169	91,823
PERMANENT FUNDS AND ENDOWMENTS:				
NONEXPENDABLE	954,587	--	954,587	606,102
EXPENDABLE	1,297,467	--	1,297,467	619,039
UNRESTRICTED	(3,460,580)	467,360	(2,993,220)	140,116
TOTAL NET ASSETS	\$ 14,832,923	\$ 1,897,050	\$ 16,729,973	\$ 3,756,483

The notes to the financial statement are an integral part of this statement.

State of Louisiana

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

FUNCTIONS/PROGRAMS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS							
	EXPENSES	PROGRAM REVENUES			PRIMARY GOVERNMENT			COMPONENT UNITS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES:								
GENERAL GOVERNMENT	\$ 4,806,262	\$ 2,017,870	\$ 2,199,203	\$ 375,366	\$ (213,823)		\$ (213,823)	
CULTURE, RECREATION, AND TOURISM	66,927	30,531	4,516	--	(31,880)		(31,880)	
TRANSPORTATION AND DEVELOPMENT	1,054,044	79,099	87,042	587,341	(300,562)		(300,562)	
PUBLIC SAFETY	301,338	276,020	26,496	--	1,178		1,178	
HEALTH AND WELFARE	7,412,815	187,920	5,918,404	--	(1,306,491)		(1,306,491)	
CORRECTIONS	550,627	33,926	1,502	14,917	(500,282)		(500,282)	
YOUTH SERVICES	116,975	513	459	--	(116,003)		(116,003)	
CONSERVATION AND ENVIRONMENT	283,692	653,286	52,440	367	422,401		422,401	
EDUCATION	5,514,318	49,735	1,033,447	81	(4,431,055)		(4,431,055)	
OTHER	26,251	--	--	--	(26,251)		(26,251)	
INTERGOVERNMENTAL	1,037,043	954	--	--	(1,036,089)		(1,036,089)	
INTEREST ON LONG-TERM DEBT	230,976	--	--	--	(230,976)		(230,976)	
TOTAL GOVERNMENTAL ACTIVITIES	21,401,268	3,329,854	9,323,509	978,072	(7,769,833)		(7,769,833)	
BUSINESS-TYPE ACTIVITIES:								
UNEMPLOYMENT TRUST FUND	823,987	264,349	419,375	--	\$ (140,263)		(140,263)	
NONMAJOR ENTERPRISE FUNDS	298,879	422,489	63	16,588	140,261		140,261	
TOTAL BUSINESS-TYPE ACTIVITIES	1,122,866	686,838	419,438	16,588	(2)		(2)	
TOTAL PRIMARY GOVERNMENT	\$ 22,524,134	\$ 4,016,692	\$ 9,742,947	\$ 994,660	(7,769,833)	(2)	(7,769,835)	
COMPONENT UNITS:								
STATE UNIVERSITIES:								
LOUISIANA STATE UNIVERSITY SYSTEM	\$ 2,703,247	\$ 1,542,654	\$ 485,647	\$ 82,334				\$ (592,612)
UNIVERSITY OF LOUISIANA SYSTEM	867,705	341,938	202,848	28,155				(294,764)
SOUTHERN UNIVERSITY SYSTEM	211,901	48,960	67,858	11,310				(83,773)
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM	330,114	43,299	119,410	17,362				(150,043)
BOARD OF REGENTS	155,762	1,137	77,080	--				(77,545)
AUTHORITIES:								
LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION (UNAUDITED)	914,769	85,906	--	--				(828,863)
LOUISIANA STADIUM AND EXPOSITION DISTRICT	52,381	6,390	--	--				(45,991)
NONMAJOR COMPONENT UNITS	355,111	61,018	142,274	13,058				(138,761)
TOTAL COMPONENT UNITS	\$ 5,590,990	\$ 2,131,302	\$ 1,095,117	\$ 152,219				(2,212,352)
GENERAL REVENUES:								
INCOME TAXES					3,129,906		3,129,906	
SALES TAXES					3,108,824		3,108,824	
FRANCHISE TAXES					262,392		262,392	
GASOLINE TAXES, restricted for transportation					621,683		621,683	
TOBACCO TAXES					96,872		96,872	
MISCELLANEOUS TAXES					1,112,506		1,112,506	
TOBACCO SETTLEMENT, restricted for education, health and welfare					50,102		50,102	
GAMING					711,378		711,378	
UNRESTRICTED INVESTMENT EARNINGS					25,739		25,739	
MISCELLANEOUS					--		--	1,323,455
OTHER					23,924	13,505	37,429	689,896
EXTRAORDINARY ITEM - Gain (Loss) on impairment of capital assets					(24,464)	186	(24,278)	(53,615)
TRANSFERS					119,977	(119,977)	--	--
TOTAL GENERAL REVENUES AND TRANSFERS					9,238,839	(106,286)	9,132,553	1,959,736
CHANGE IN NET ASSETS					1,469,006	(106,288)	1,362,718	(252,616)
NET ASSETS - BEGINNING, as restated					13,363,917	2,003,338	15,367,255	4,009,099
NET ASSETS - ENDING					\$ 14,832,923	\$ 1,897,050	\$ 16,729,973	\$ 3,756,483

The notes to the financial statements are an integral part of this statement.

**GOVERNMENTAL FUND
FINANCIAL STATEMENTS**

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Funds

GENERAL FUND

The General Fund, the principal operating fund of the State, was established administratively to provide for the distribution of funds appropriated by the State Legislature for the ordinary expenses of state government. Transactions related to resources that are not accounted for in other funds are accounted for in the General Fund. Revenues are provided from the direct deposit of federal grants and the transfer of state revenues from the Bond Security and Redemption Fund after debt service requirements have been met.

BOND SECURITY AND REDEMPTION FUND

This fund is used to provide for the collection of all money deposited into the State Treasury except federal funds, donations or other forms of assistance when the terms and conditions of the related agreements require otherwise.

Each fiscal year, an amount is allocated from this fund sufficient to pay all obligations secured by the full faith and credit of the state, due and payable, within the current fiscal year, including principal, interest, premiums, and sinking or reserve funds. Except as otherwise provided by law, money remaining in the fund is credited to the General Fund.

LOUISIANA EDUCATION QUALITY TRUST FUND

Once requirements of the Bond Security and Redemption Fund have been met, certain funds received from the federal government attributable to mineral production or leases on the outer continental shelf pending a settlement between the United States and Louisiana are deposited by the Treasurer in this fund. The funds are held in a trustee capacity to be used for various educational purposes.

State of Louisiana

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	GENERAL FUND	BOND SECURITY AND REDEMPTION FUND	LOUISIANA EDUCATION QUALITY TRUST FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 891,363	\$ 343,799	\$ --	\$ 3,159,524	\$ 4,394,686
INVESTMENTS	29,562	--	952,754	3,007,728	3,990,044
RECEIVABLES (NET)	127,457	1,378,779	--	57,545	1,563,781
DUE FROM OTHER FUNDS	1,347,952	180,230	809	535,518	2,064,509
AMOUNT DUE FROM COMPONENT UNITS	4,129	--	--	--	4,129
DUE FROM FEDERAL GOVERNMENT	973,635	--	--	83,727	1,057,362
INVENTORIES	67,909	--	--	--	67,909
OTHER ASSETS	7,660	--	--	3,787	11,447
TOTAL ASSETS	\$ 3,449,667	\$ 1,902,808	\$ 953,563	\$ 6,847,829	\$ 13,153,867
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ 1,308,973	\$ 95	\$ --	\$ 206,080	\$ 1,515,148
OTHER PAYABLES	72,235	217,677	--	--	289,912
DUE TO OTHER FUNDS	321,442	1,087,050	12,626	630,734	2,051,852
AMOUNTS DUE TO COMPONENT UNITS	30,528	--	--	21,041	51,569
DUE TO FEDERAL GOVERNMENT	448,932	--	--	--	448,932
DUE TO LOCAL GOVERNMENTS	--	--	--	47,547	47,547
DEFERRED REVENUES	250,896	597,986	--	--	848,882
ESTIMATED LIABILITY FOR CLAIMS	233,931	--	--	--	233,931
OTHER LIABILITIES	--	--	--	40,173	40,173
TOTAL LIABILITIES	2,666,937	1,902,808	12,626	945,575	5,527,946
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	134,412	134,412
INVENTORIES	67,909	--	--	--	67,909
ENCUMBRANCES	96,215	--	--	51,505	147,720
CONTINUING PROJECTS	--	--	--	280,936	280,936
CONSTRUCTION	--	--	--	740,768	740,768
TRUST PRINCIPAL	--	--	940,937	13,650	954,587
OTHER SPECIFIC PURPOSES	176,260	--	--	88,407	264,667
UNRESERVED / DESIGNATED, REPORTED IN:					
SPECIAL REVENUE FUNDS	--	--	--	13,469	13,469
CAPITAL PROJECTS FUNDS	--	--	--	21	21
PERMANENT FUNDS	--	--	--	5,545	5,545
UNRESERVED / UNDESIGNATED, REPORTED IN:					
GENERAL FUND	442,346	--	--	--	442,346
SPECIAL REVENUE FUNDS	--	--	--	3,369,694	3,369,694
PERMANENT FUNDS	--	--	--	1,203,847	1,203,847
TOTAL FUND BALANCES	782,730	--	940,937	5,902,254	7,625,921
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,449,667	\$ 1,902,808	\$ 953,563	\$ 6,847,829	\$ 13,153,867

The notes to the financial statements are an integral part of this statement

State of Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

(Expressed in Thousands)

Total Fund Balances - Governmental Funds \$ 7,625,921

Amounts reported for governmental activities in the Statement of Net Assets are different due to the following:

Capital assets used in governmental activities are not financial resources and are not reported in the fund financial statements. These assets consist of the following:

	Land	\$ 1,968,096	
	Buildings and Improvements	1,471,043	
	Machinery and Equipment	638,202	
	Infrastructure	17,749,074	
	Construction in Progress	111,925	
	Accumulated Depreciation	<u>(9,228,460)</u>	12,709,880

Net assets of the Internal Service Funds are reported separately in the proprietary funds, but are consolidated for the government-wide statements. 41,483

Commodities inventory is not reported in the funds. Ending inventory must be reported on the government-wide statements. 2,952

Bonds issued by the State have associated costs that are paid from current available financial resources in the funds. These costs are deferred on the Statement of Net Assets. 100,413

The annual required contributions of certain pension trust funds have been under-funded, creating a year-end liability, which is not reported in the funds. (55,917)

Some liabilities are not due and payable in the current period and are not reported in the funds. These liabilities consist of the following:

	Compensated Absences	(186,713)	
	Capital Lease Obligations	(52,138)	
	Bonds Payable	(4,218,810)	
	Estimated Liabilities for Claims	(2,124,633)	
	Unamortized Bond Premium	(157,546)	
	Accrued Interest Payable	(23,946)	
	Due to Component Units	(34,720)	
	Due to Local Governments	<u>(280,917)</u>	(7,079,423)

Some of the State's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and are deferred or not reported in the funds. Those revenues consist of the following:

	Due From Federal Government	404,423	
	Accounts Receivable	751,867	
	Deferred Revenues	<u>600,390</u>	1,756,680

Some payables do not meet the criteria for reporting under the modified accrual basis of accounting and are not reported in the fund level statements. (269,066)

Net Assets of Governmental Activities \$ 14,832,923

The notes to the financial statements are an integral part of this statement.

State of Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	GENERAL FUND	BOND SECURITY AND REDEMPTION FUND	LOUISIANA EDUCATION QUALITY TRUST FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
INTERGOVERNMENTAL REVENUES	\$ 8,854,240	\$ 8,273	\$ --	\$ 865,449	\$ 9,727,962
TAXES	--	8,058,590	--	59,958	8,118,548
GAMING	--	715,446	--	--	715,446
TOBACCO SETTLEMENT	--	52,781	--	79,171	131,952
USE OF MONEY AND PROPERTY	4,990	771,635	(7,277)	(59,108)	710,240
LICENSES, PERMITS, AND FEES	--	528,680	--	59,354	588,034
SALES OF COMMODITIES AND SERVICES	--	1,320,721	--	--	1,320,721
OTHER	40,091	372,376	--	25,250	437,717
	<u>8,899,321</u>	<u>11,828,502</u>	<u>(7,277)</u>	<u>1,030,074</u>	<u>21,750,620</u>
TOTAL REVENUES					
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	4,373,467	--	--	--	4,373,467
CULTURE, RECREATION, AND TOURISM	61,264	--	--	--	61,264
TRANSPORTATION AND DEVELOPMENT	350,486	--	--	--	350,486
PUBLIC SAFETY	303,951	--	--	--	303,951
HEALTH AND WELFARE	7,386,464	--	--	--	7,386,464
CORRECTIONS	542,143	--	--	--	542,143
YOUTH SERVICES	115,369	--	--	--	115,369
CONSERVATION AND ENVIRONMENT	235,235	--	--	--	235,235
EDUCATION	5,253,731	--	--	--	5,253,731
OTHER	6,359	385	--	204,437	211,181
INTERGOVERNMENTAL	754,737	--	--	95,414	850,151
CAPITAL OUTLAY	--	--	--	1,621,367	1,621,367
DEBT SERVICE:					
PRINCIPAL RETIREMENT	22,235	82,800	--	26,800	131,835
INTEREST AND FISCAL CHARGES	22,695	106,508	--	101,943	231,146
	<u>19,428,136</u>	<u>189,693</u>	<u>--</u>	<u>2,049,961</u>	<u>21,667,790</u>
TOTAL EXPENDITURES					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,528,815)</u>	<u>11,638,809</u>	<u>(7,277)</u>	<u>(1,019,887)</u>	<u>82,830</u>
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN	12,156,184	163,036	18,140	4,772,713	17,110,073
TRANSFERS OUT	(1,433,269)	(11,801,845)	--	(3,754,982)	(16,990,096)
OTHER	4,534	--	--	--	4,534
	<u>10,727,449</u>	<u>(11,638,809)</u>	<u>18,140</u>	<u>1,017,731</u>	<u>124,511</u>
TOTAL OTHER FINANCING SOURCES (USES)					
NET CHANGE IN FUND BALANCES	198,634	--	10,863	(2,156)	207,341
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	569,636	--	930,074	5,904,410	7,404,120
INCREASE IN RESERVES FOR INVENTORIES	14,460	--	--	--	14,460
FUND BALANCES AT END OF YEAR	<u>\$ 782,730</u>	<u>\$ --</u>	<u>\$ 940,937</u>	<u>\$ 5,902,254</u>	<u>\$ 7,625,921</u>

The notes to the financial statements are an integral part of this statement

State of Louisiana

Reconciliation of the Change in Fund Balances of Governmental Funds to the Statement of Activities

(Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds \$ 207,341

Amounts reported for governmental activities in the Statement of Activities are different due to the following:

Governmental funds report capital outlays as expenditures. In the Statements of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. Those capital outlay expenditures consist of the following:

	Land	\$ 75,140	
	Buildings and Improvements	92,037	
	Machinery and Equipment	(9,537)	
	Infrastructure	411,518	
	Construction in Progress	<u>74,722</u>	643,880

Revenues and expenses in the statement of activities that do not provide current financial resources are not reported as revenues and expenditures in the funds. 458,069

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets. 132,090

The net results of current year operations of internal service funds is included in the net income of the proprietary funds, but is presented as part of the primary government for government-wide statements. 1,395

Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported on the Statement of Net Assets and have been eliminated from the Statement of Activities. Those expenditures consists of:

	Compensated Absences	1,095	
	Capital Lease Obligations	3,052	
	Estimated Liabilities for Claims	3,947	
	Unamortized Bond Premium	9,964	
	Deferred Charges - Issuance Costs	<u>(5,910)</u>	12,148

Revenues and expenses relating to changes in inventory are not reported in the funds. Current year inventory activity must be reported on the government-wide statements. 14,083

Change in Net Assets of Governmental Activities \$ 1,469,006

The notes to the financial statements are an integral part of this statement.

**PROPRIETARY FUND
FINANCIAL STATEMENTS**

PROPRIETARY FUND FINANCIAL STATEMENTS

Major Fund

UNEMPLOYMENT TRUST FUND

This fund accounts primarily for the unemployment contributions from employers for the payment of unemployment benefits to eligible claimants.

State of Louisiana

BALANCE SHEET

PROPRIETARY FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNEMPLOYMENT TRUST FUND	OTHER ENTERPRISE FUNDS	TOTAL	
ASSETS				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,356,245	\$ 158,048	\$ 1,514,293	\$ 71,310
INVESTMENTS	--	63,844	63,844	3,103
RECEIVABLES (NET)	61,605	16,690	78,295	11,734
DUE FROM FEDERAL GOVERNMENT	41	1,336	1,377	--
INVENTORIES	--	6,535	6,535	1,127
PREPAYMENTS	--	574	574	31
NOTES RECEIVABLE	--	13,452	13,452	--
OTHER CURRENT ASSETS	--	51	51	1,263
TOTAL CURRENT ASSETS	<u>1,417,891</u>	<u>260,530</u>	<u>1,678,421</u>	<u>88,568</u>
NONCURRENT ASSETS:				
RESTRICTED ASSETS				
CASH	--	1,175	1,175	--
INVESTMENTS	--	232,469	232,469	32,427
RECEIVABLES	--	84	84	--
INVESTMENTS	--	658	658	--
NOTES RECEIVABLE	--	272,153	272,153	--
CAPITAL ASSETS (NOTE 5)				
LAND	--	3,807	3,807	301
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	--	12,193	12,193	8
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	--	6,176	6,176	5,059
CONSTRUCTION IN PROGRESS	--	6,324	6,324	80,578
OTHER NONCURRENT ASSETS	--	12,477	12,477	3,024
TOTAL NONCURRENT ASSETS	<u>--</u>	<u>547,516</u>	<u>547,516</u>	<u>121,397</u>
TOTAL ASSETS	<u>\$ 1,417,891</u>	<u>\$ 808,046</u>	<u>\$ 2,225,937</u>	<u>\$ 209,965</u>
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUALS	\$ 2,544	\$ 12,254	\$ 14,798	\$ 6,003
DUE TO OTHER FUNDS	--	12,153	12,153	504
DUE TO FEDERAL GOVERNMENT	732	8	740	--
DEFERRED REVENUES	--	3,714	3,714	732
AMOUNTS HELD IN CUSTODY FOR OTHERS	--	110	110	--
OTHER CURRENT LIABILITIES	8,582	31,259	39,841	4,080
CURRENT PORTION OF LONG-TERM LIABILITIES:				
COMPENSATED ABSENCES PAYABLE	--	683	683	60
CAPITAL LEASE OBLIGATIONS	--	71	71	--
NOTES PAYABLE	--	19	19	667
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	--	1,656	1,656	--
BONDS PAYABLE	--	--	--	4,370
OTHER LONG-TERM LIABILITIES	--	--	--	40
TOTAL CURRENT LIABILITIES	<u>11,858</u>	<u>61,927</u>	<u>73,785</u>	<u>16,456</u>
NONCURRENT LIABILITIES:				
NON-CURRENT PORTION OF LONG-TERM LIABILITIES:				
COMPENSATED ABSENCES PAYABLE	--	1,501	1,501	645
CAPITAL LEASE OBLIGATIONS	--	109	109	--
DEFERRED REVENUES	--	187	187	--
NOTES PAYABLE	--	54	54	1,755
BONDS PAYABLE (NET OF UNAMORTIZED DISCOUNTS)	--	162,149	162,149	110,630
OTHER LONG-TERM LIABILITIES	--	91,102	91,102	38,996
TOTAL NONCURRENT LIABILITIES	<u>--</u>	<u>255,102</u>	<u>255,102</u>	<u>152,026</u>
TOTAL LIABILITIES	<u>11,858</u>	<u>317,029</u>	<u>328,887</u>	<u>168,482</u>
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	--	22,353	22,353	2,946
RESTRICTED FOR DEBT SERVICE	--	--	--	36,405
RESTRICTED FOR UNEMPLOYMENT COMPENSATION	1,304,692	--	1,304,692	--
RESTRICTED FOR OTHER SPECIFIC PURPOSES	101,341	1,304	102,645	--
UNRESTRICTED	--	467,360	467,360	2,132
TOTAL NET ASSETS	<u>1,406,033</u>	<u>491,017</u>	<u>1,897,050</u>	<u>41,483</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,417,891</u>	<u>\$ 808,046</u>	<u>\$ 2,225,937</u>	<u>\$ 209,965</u>

The notes to the financial statements are an integral part of this statement.

State of Louisiana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNEMPLOYMENT TRUST FUND	OTHER ENTERPRISE FUNDS	TOTAL	
OPERATING REVENUES:				
SALES OF COMMODITIES AND SERVICES	\$ --	\$ 381,027	\$ 381,027	\$ 62,881
INTERGOVERNMENTAL REVENUES	419,375	--	419,375	--
ASSESSMENTS	198,263	4,042	202,305	--
USE OF MONEY AND PROPERTY	66,086	12,866	78,952	14,614
LICENSES, PERMITS, AND FEES	--	23,023	23,023	--
OTHER	--	2,032	2,032	17
TOTAL OPERATING REVENUES	<u>683,724</u>	<u>422,990</u>	<u>1,106,714</u>	<u>77,512</u>
OPERATING EXPENSES:				
COST OF SALES AND SERVICES	--	234,629	234,629	47,224
ADMINISTRATIVE	--	49,558	49,558	26,807
DEPRECIATION	--	2,130	2,130	1,837
AMORTIZATION	--	581	581	132
UNEMPLOYMENT INSURANCE BENEFITS	823,987	--	823,987	--
TOTAL OPERATING EXPENSES	<u>823,987</u>	<u>286,898</u>	<u>1,110,885</u>	<u>76,000</u>
OPERATING INCOME (LOSS)	<u>(140,263)</u>	<u>136,092</u>	<u>(4,171)</u>	<u>1,512</u>
NONOPERATING REVENUES (EXPENSES):				
INTERGOVERNMENTAL EXPENSES	--	(1,034)	(1,034)	--
USE OF MONEY AND PROPERTY	--	8,351	8,351	18,277
GAIN ON DISPOSAL OF FIXED ASSETS	--	72	72	--
LOSS ON DISPOSAL OF FIXED ASSETS	--	(381)	(381)	(22)
FEDERAL GRANTS	--	6	6	--
INTEREST EXPENSE	--	(6,487)	(6,487)	(19,485)
OTHER REVENUES	--	4,638	4,638	1,113
OTHER EXPENSES	--	(4,079)	(4,079)	--
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>--</u>	<u>1,086</u>	<u>1,086</u>	<u>(117)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS, EXTRAORDINARY ITEM, AND TRANSFERS	<u>(140,263)</u>	<u>137,178</u>	<u>(3,085)</u>	<u>1,395</u>
CAPITAL CONTRIBUTIONS	--	16,588	16,588	--
EXTRAORDINARY ITEM - Gain on impairment of capital assets	--	186	186	--
TRANSFERS OUT	--	(119,977)	(119,977)	--
CHANGE IN NET ASSETS	<u>(140,263)</u>	<u>33,975</u>	<u>(106,288)</u>	<u>1,395</u>
TOTAL NET ASSETS - BEGINNING AS RESTATED	<u>1,546,296</u>	<u>457,042</u>	<u>2,003,338</u>	<u>40,088</u>
TOTAL NET ASSETS - ENDING	<u>\$ 1,406,033</u>	<u>\$ 491,017</u>	<u>\$ 1,897,050</u>	<u>\$ 41,483</u>

The notes to the financial statements are an integral part of this statement.

State of Louisiana

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNEMPLOYMENT TRUST FUND	OTHER ENTERPRISE FUNDS	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES:				
CASH RECEIVED FROM CUSTOMERS	\$ 190,346	\$ 226,252	\$ 416,598	\$ 78,199
CASH PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	--	(71,210)	(71,210)	(63,892)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	--	(28,067)	(28,067)	(10,300)
CLAIMS PAID TO OUTSIDERS	(825,279)	(34,816)	(860,095)	--
OTHER OPERATING REVENUES	487,035	3,579	490,614	48
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(147,898)</u>	<u>95,738</u>	<u>(52,160)</u>	<u>4,055</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
PROCEEDS FROM SALE OF BONDS	--	3,928	3,928	--
PRINCIPAL PAID ON BONDS	--	(4,500)	(4,500)	--
INTEREST PAID ON BOND MATURITIES	--	(3)	(3)	--
TRANSFERS IN	--	114	114	5,950
TRANSFERS OUT	--	(118,556)	(118,556)	--
OTHER	--	(1,817)	(1,817)	15
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>--</u>	<u>(120,834)</u>	<u>(120,834)</u>	<u>5,965</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
PRINCIPAL PAID ON BONDS	--	--	--	(16,520)
INTEREST PAID ON BOND MATURITIES	--	(6,476)	(6,476)	(17,950)
PROCEEDS FROM ISSUANCE OF NOTES PAYABLE	--	--	--	937
PRINCIPAL PAID ON NOTES PAYABLE	--	(22)	(22)	(867)
INTEREST PAID ON NOTES PAYABLE	--	(9)	(9)	(58)
ACQUISITION/CONSTRUCTION OF CAPITAL ASSETS	--	(5,814)	(5,814)	(31,352)
PROCEEDS FROM SALE OF CAPITAL ASSETS	--	853	853	--
CAPITAL CONTRIBUTIONS	--	13,629	13,629	--
OTHER	--	13	13	23,389
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>--</u>	<u>2,174</u>	<u>2,174</u>	<u>(42,421)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
PURCHASES OF INVESTMENT SECURITIES	--	(9,364)	(9,364)	(31,983)
PROCEEDS FROM SALE OF INVESTMENT SECURITIES	--	26,982	26,982	54,996
INTEREST AND DIVIDENDS EARNED ON INVESTMENT SECURITIES	--	8,906	8,906	5,169
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>--</u>	<u>26,524</u>	<u>26,524</u>	<u>28,182</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(147,898)	3,602	(144,296)	(4,219)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,504,143</u>	<u>155,621</u>	<u>1,659,764</u>	<u>75,529</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,356,245</u>	<u>\$ 159,223</u>	<u>\$ 1,515,468</u>	<u>\$ 71,310</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
OPERATING INCOME (LOSS)	\$ (140,263)	\$ 136,092	\$ (4,171)	\$ 1,512
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION/AMORTIZATION	--	2,131	2,131	1,968
PROVISION FOR UNCOLLECTIBLE ACCOUNTS	--	(128)	(128)	133
OTHER	--	(876)	(876)	(447)
CHANGES IN ASSETS AND LIABILITIES:				
(INCREASE)DECREASE IN ACCOUNTS RECEIVABLE	(11,749)	(3,104)	(14,853)	(52)
(INCREASE)DECREASE IN DUE FROM OTHER FUNDS	43	(958)	(915)	--
(INCREASE)DECREASE IN PREPAYMENTS	--	27	27	(15)
(INCREASE)DECREASE IN INVENTORIES	--	(466)	(466)	40
(INCREASE)DECREASE IN OTHER ASSETS	--	(23,634)	(23,634)	461
INCREASE(DECREASE) IN ACCOUNTS PAYABLE	2,544	1,178	3,722	(181)
INCREASE(DECREASE) IN ACCRUED PAYROLL AND RELATED	--	110	110	--
INCREASE(DECREASE) IN COMPENSATED ABSENCES PAYABLE	--	(20)	(20)	(27)
INCREASE(DECREASE) IN DUE TO OTHER FUNDS	704	1,339	2,043	--
INCREASE(DECREASE) IN DEFERRED REVENUES	--	327	327	673
INCREASE(DECREASE) IN OTHER LIABILITIES	823	(16,280)	(15,457)	(10)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (147,898)</u>	<u>\$ 95,738</u>	<u>\$ (52,160)</u>	<u>\$ 4,055</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

State of Louisiana

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	2006
LOUISIANA STATE BOARD OF DENTISTRY FIXED ASSET RETIREMENTS	3
LOUISIANA LOTTERY CORPORATION NET DECREASE IN FAIR VALUE OF INVESTMENTS	1,015
INTEREST ACCRUED ON DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	376

(Concluded)

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUND
FINANCIAL STATEMENTS

FIDUCIARY FUND FINANCIAL STATEMENTS

FIDUCIARY FUNDS

By definition, these funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds, and cannot be used to address activities or obligations of the government. There are four types of fiduciary funds:

- *Pension trust funds* account for resources held in trust for members and beneficiaries of the four employee pension plans.
- *Investment trust funds* account for the portion of the government's investment pools that belong to others. The Louisiana Asset Management Pool is the only investment trust fund of the State.
- *Private-purpose trust funds* report all other trust arrangements benefiting those outside the government. Currently, the Louisiana Education Tuition and Savings Fund is the only

private-purpose trust fund Louisiana maintains.

- *Agency funds* contain resources held by the government in a temporary, purely custodial capacity and do not involve measurement of results of operations. Among the largest of the agency funds are the Escrow Fund, Insurance Trusts, Payroll Clearing Fund, and the Miscellaneous Agency Funds.

Four separate pension trust funds are maintained for state government employees, teachers, and law enforcement officers. The pension funds are as follows:

- Louisiana School Employees' Retirement System
- Louisiana State Employees' Retirement System
- Louisiana State Police Retirement System
- Teachers' Retirement System of Louisiana

State of Louisiana

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	PENSION TRUST FUNDS	INVESTMENT TRUST FUND *	PRIVATE PURPOSE TRUST FUND	AGENCY FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 140,311	\$ 7,361	\$ 11,201	\$ 328,092
RECEIVABLES:				
EMPLOYER CONTRIBUTIONS	122,464	--	--	--
MEMBER CONTRIBUTIONS	63,219	--	--	--
INVESTMENT PROCEEDS	412,254	--	--	--
INTEREST AND DIVIDENDS	80,452	255	--	--
OTHER	33,505	--	1	157,117
TOTAL RECEIVABLES	711,894	255	1	157,117
INVESTMENTS (AT FAIR VALUE):				
SHORT TERM INVESTMENTS	568,862	255,061	--	--
U. S. GOVERNMENT AND AGENCY OBLIGATIONS	1,628,171	72,965	49,229	--
BONDS - DOMESTIC	2,355,726	--	--	--
BONDS - INTERNATIONAL	1,001,604	--	--	--
MARKETABLE SECURITIES - DOMESTIC	10,128,178	--	--	--
MARKETABLE SECURITIES - INTERNATIONAL	4,731,538	--	--	--
ALTERNATIVE INVESTMENTS	3,022,246	--	--	--
COLLATERAL HELD UNDER SECURITIES LENDING PROGRAM	3,144,900	--	--	--
REPURCHASE AGREEMENTS	--	610,101	--	--
OTHER	48,516	--	45,596	177,146
TOTAL INVESTMENTS	26,629,741	938,127	94,825	177,146
OTHER ASSETS	--	9	--	640
PROPERTY, PLANT AND EQUIPMENT (NET)	18,489	24	--	--
TOTAL ASSETS	27,500,435	945,776	106,027	662,995
LIABILITIES				
ACCOUNTS PAYABLE	25,956	117	152	--
INVESTMENT COMMITMENTS PAYABLE	417,130	--	--	--
AMOUNTS HELD IN CUSTODY FOR OTHERS	--	--	--	501,174
OBLIGATIONS UNDER SECURITIES LENDING PROGRAM	3,144,900	--	--	--
REFUNDS PAYABLE AND OTHER	11,950	26	--	--
OTHER LIABILITIES	--	--	--	161,821
TOTAL LIABILITIES	3,599,936	143	152	662,995
NET ASSETS				
HELD IN TRUST FOR:				
EMPLOYEES' PENSION BENEFITS	23,900,499	--	--	--
INVESTMENT POOL PARTICIPANTS	--	945,633	--	--
INDIVIDUALS, PRIVATE ORGANIZATIONS, AND OTHER GOVERNMENTS	--	--	105,875	--
TOTAL NET ASSETS	\$ 23,900,499	\$ 945,633	\$ 105,875	\$ --

The notes to the financial statements are an integral part of this statement.

* Louisiana Asset Management Pool has a December 31 fiscal year end.

State of Louisiana

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	PENSION TRUST FUNDS	INVESTMENT TRUST FUND *	PRIVATE PURPOSE TRUST FUND
ADDITIONS			
CONTRIBUTIONS:			
EMPLOYER	\$ 1,032,943	\$ --	\$ --
MEMBERS	445,636	--	--
POOL PARTICIPANTS (DEPOSITS)	--	2,023,294	--
TOTAL CONTRIBUTIONS	<u>1,478,579</u>	<u>2,023,294</u>	<u>--</u>
INVESTMENT INCOME:			
NET INCREASE (DECREASE) IN FAIR			
VALUE OF INVESTMENTS	2,059,543	(100)	(334)
INTEREST AND DIVIDENDS	559,927	21,284	3,497
ALTERNATIVE INVESTMENT INCOME	153,988	--	--
LESS ALTERNATIVE INVESTMENT EXPENSES	(29,014)	--	--
GAIN (LOSS) ON SALE OF INVESTMENT	--	29	(35)
SECURITIES LENDING INCOME	40,718	--	--
LESS SECURITIES LENDING EXPENSES	(31,855)	--	--
OTHER INVESTMENT INCOME	1,645	9,992	--
LESS INVESTMENT EXPENSE OTHER THAN			
SECURITIES LENDING	(74,478)	--	--
NET INVESTMENT INCOME	<u>2,680,474</u>	<u>31,205</u>	<u>3,128</u>
OTHER INCOME	<u>88,526</u>	<u>--</u>	<u>29,448</u>
TOTAL ADDITIONS	<u>4,247,579</u>	<u>2,054,499</u>	<u>32,576</u>
DEDUCTIONS			
RETIREMENT BENEFITS	1,971,840	--	--
REFUNDS OF CONTRIBUTIONS	83,649	--	--
ADMINISTRATIVE EXPENSES	32,338	1,432	--
DEPRECIATION EXPENSE	1,379	--	--
DISTRIBUTIONS TO POOL PARTICIPANTS	--	1,971,590	--
OTHER	778	--	3,587
TOTAL DEDUCTIONS	<u>2,089,984</u>	<u>1,973,022</u>	<u>3,587</u>
CHANGE IN NET ASSETS HELD IN TRUST FOR:			
EMPLOYEES' PENSION BENEFITS	2,157,595	--	--
INVESTMENT POOL PARTICIPANTS	--	81,477	--
INDIVIDUALS, PRIVATE ORGANIZATIONS, AND OTHER GOVERNMENTS	--	--	28,989
NET ASSETS - BEGINNING OF YEAR	<u>21,742,904</u>	<u>864,156</u>	<u>76,886</u>
NET ASSETS - END OF YEAR	<u>\$ 23,900,499</u>	<u>\$ 945,633</u>	<u>\$ 105,875</u>

The notes to the financial statements are an integral part of this statement.

* Louisiana Asset Management Pool has a December 31 fiscal year end.

**COMPONENT UNIT
FINANCIAL STATEMENTS**

COMPONENT UNIT FINANCIAL STATEMENTS

Major Component Units

COLLEGES AND UNIVERSITIES

The College and University Funds are used to account for all transactions relating to public institutions of higher education. The public institutions of higher education are reported in the following systems:

- Louisiana State University System includes Louisiana State University and A&M College at Baton Rouge, Louisiana State University Agricultural Center at Baton Rouge, Louisiana State University at Alexandria, Louisiana State University at Eunice, Louisiana State University Medical Center at New Orleans, Louisiana State University Medical Center at Shreveport, University of New Orleans at New Orleans, Paul M. Hebert Law Center at Baton Rouge, and Pennington Biomedical Research Center at Baton Rouge. The Board of Supervisors of Louisiana State University also operates the general medical facilities in the state.
- Southern University System includes Southern University and A&M College at Baton Rouge, Southern University at New Orleans, and Southern University at Shreveport.
- University of Louisiana System includes the regional colleges and universities of Grambling State University at Grambling, Louisiana Tech University at Ruston, McNeese State University at Lake Charles, Nicholls State University at Thibodaux, University of Louisiana at Monroe, Northwestern State University at Natchitoches, Southeastern Louisiana University at Hammond, and University of Louisiana at Lafayette.
- Board of Regents is the policy making board for Louisiana State University

Board of Supervisors, Louisiana State University Systems, Southern University Board of Supervisors, Southern University Systems, University of Louisiana System Board of Supervisors, University of Louisiana Systems, Board of Supervisors of the Louisiana Community and Technical Colleges and Louisiana Community and Technical College System.

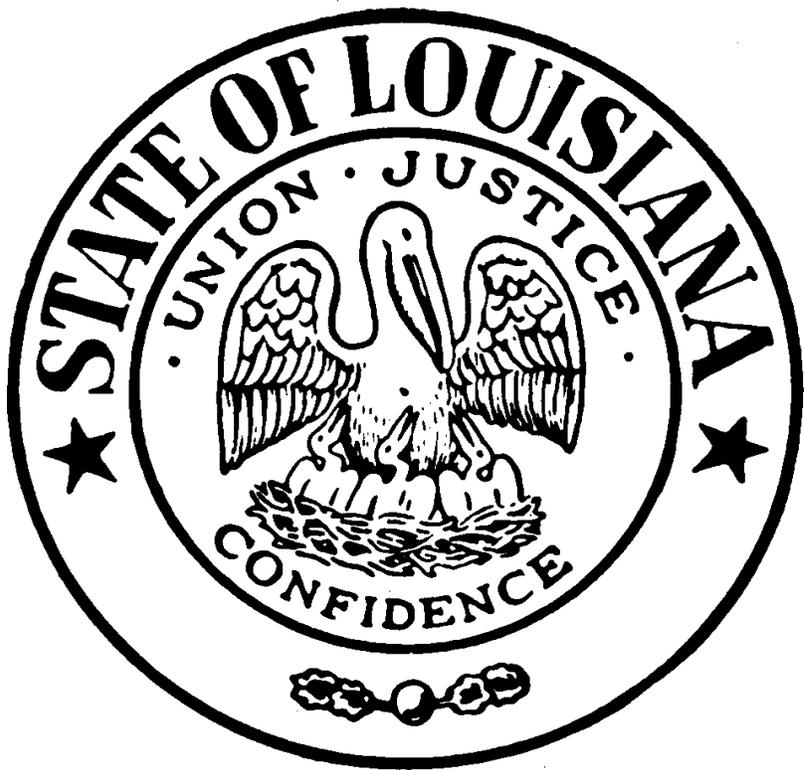
- Louisiana Community and Technical College System includes seven community colleges, two technical community colleges and one technical college with forty campuses.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION (UNAUDITED)

The Louisiana Citizens Property Insurance Corporation is a nonprofit corporation that was created effective August 15, 2003 to operate insurance plans and provide essential property insurance for residential and commercial property, solely for applicants who are in good faith entitled, but are unable to procure insurance through the voluntary market. The insurance plans that this entity is responsible for operating are the Coastal Plan and the FAIR Plan.

LOUISIANA STADIUM AND EXPOSITION DISTRICT

The purpose of the district is to plan, finance, construct, develop, maintain, and operate an enclosed and covered stadium, as well as coliseums, sports arenas, sports pavilions, exposition sites, field houses, or other buildings or structures for holding sports events, athletic contests, contests of skill, exhibitions, spectacles, and other public meetings. The District is responsible for servicing and retiring the principal and interest on all bonds issued.



State of Louisiana

COMBINING BALANCE SHEET

COMPONENT UNITS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	LOUISIANA STATE UNIVERSITY SYSTEM	UNIVERSITY OF LOUISIANA SYSTEM	SOUTHERN UNIVERSITY SYSTEM
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 381,910	\$ 159,187	\$ 22,262
INVESTMENTS	299,652	16,955	673
RECEIVABLES (NET)	252,358	64,046	13,069
PLEDGES RECEIVABLE (NET)	9,269	659	--
AMOUNTS DUE FROM PRIMARY GOVERNMENT	34,295	243	754
DUE FROM FEDERAL GOVERNMENT	--	633	22,011
INVENTORIES	30,921	7,316	310
PREPAYMENTS	4,662	7,555	831
NOTES RECEIVABLE	7,169	4,198	502
OTHER CURRENT ASSETS	13,312	5,304	51
TOTAL CURRENT ASSETS	1,033,548	266,096	60,463
NONCURRENT ASSETS:			
RESTRICTED ASSETS:			
CASH	76,604	77,683	22,049
INVESTMENTS	441,194	228,431	3,892
RECEIVABLES (NET)	39	1,447	--
NOTES RECEIVABLE	23,435	24,712	--
OTHER	8,140	268	--
INVESTMENTS	96,541	23,832	--
NOTES RECEIVABLE	253	18	--
PLEDGES RECEIVABLE (NET)	11,151	2,360	--
CAPITAL ASSETS (NOTE 5)			
LAND	120,045	44,776	7,477
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	997,163	599,581	104,899
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	279,501	60,297	10,581
INFRASTRUCTURE (NET OF DEPRECIATION)	35,319	2,089	2,493
CONSTRUCTION IN PROGRESS	113,952	85,397	11,698
OTHER NONCURRENT ASSETS	30,969	7,329	--
TOTAL NONCURRENT ASSETS	2,234,306	1,158,220	163,089
TOTAL ASSETS	\$ 3,267,854	\$ 1,424,316	\$ 223,552
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND ACCRUALS	\$ 330,531	\$ 37,647	\$ 19,952
AMOUNTS DUE TO PRIMARY GOVERNMENT	83	18	--
DUE TO FEDERAL GOVERNMENT	--	--	--
DEFERRED REVENUES	103,408	21,013	8,393
OTHER CURRENT LIABILITIES	--	--	--
CURRENT PORTION OF LONG-TERM LIABILITIES			
CONTRACTS PAYABLE	--	--	--
COMPENSATED ABSENCES PAYABLE	9,303	3,058	594
CAPITAL LEASE OBLIGATIONS	3,995	494	--
ESTIMATED LIABILITY FOR CLAIMS	--	--	18
AMOUNTS HELD IN CUSTODY FOR OTHERS	10,964	4,028	58
NOTES PAYABLE	19,990	694	74
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	--	--	--
BONDS PAYABLE	16,727	5,687	221
OTHER LONG-TERM LIABILITIES	7,417	1,528	2,968
TOTAL CURRENT LIABILITIES	502,418	74,167	32,278
NONCURRENT LIABILITIES:			
NONCURRENT PORTION OF LONG-TERM LIABILITIES			
CONTRACTS PAYABLE	--	--	--
COMPENSATED ABSENCES PAYABLE	110,164	26,269	12,027
CAPITAL LEASE OBLIGATIONS	58,961	8,825	--
ESTIMATED LIABILITY FOR CLAIMS	240	--	--
AMOUNTS HELD IN CUSTODY FOR OTHERS	12,328	4,160	1,099
NOTES PAYABLE	38,288	4,188	1,822
BONDS PAYABLE	398,462	241,766	1,445
OTHER LONG-TERM LIABILITIES	28,180	845	--
TOTAL NONCURRENT LIABILITIES	646,623	286,053	16,393
TOTAL LIABILITIES	1,149,041	360,220	48,671
NET ASSETS:			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,073,663	539,760	134,333
RESTRICTED FOR:			
CAPITAL PROJECTS	--	--	--
DEBT SERVICE	--	--	--
NONEXPENDABLE	385,486	206,983	10,072
EXPENDABLE	350,840	199,704	25,574
OTHER PURPOSES	--	--	--
UNRESTRICTED	308,824	117,649	4,902
TOTAL NET ASSETS	2,118,813	1,064,096	174,881
TOTAL LIABILITIES AND NET ASSETS	\$ 3,267,854	\$ 1,424,316	\$ 223,552

* As of December 31, 2005.

The notes to the financial statements are an integral part of this statement.

State of Louisiana

LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM	BOARD OF REGENTS	LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION * (UNAUDITED)	LOUISIANA STADIUM AND EXPOSITION DISTRICT	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
\$ 42,886	\$ 2,635	\$ 242,360	\$ 22,618	\$ 162,049	\$ 1,035,907
--	--	--	--	116,489	433,769
25,195	689	49,015	5,071	58,186	467,629
--	--	--	--	--	9,928
208	20,065	--	763	29,961	86,289
22,025	26,942	--	--	2,382	73,993
1,374	--	--	23	2,694	42,638
680	9	--	9	696	14,442
--	--	--	--	1,920	13,789
--	--	--	--	777	19,444
<u>92,368</u>	<u>50,340</u>	<u>291,375</u>	<u>28,484</u>	<u>375,154</u>	<u>2,197,828</u>
16,267	--	--	64,573	15,046	272,222
2,927	--	--	--	34,850	711,294
--	--	--	75	34,589	36,150
24	--	--	--	88,702	136,873
--	--	--	--	--	8,408
--	--	--	--	66,489	186,862
--	--	--	--	3,627	3,898
--	--	--	--	--	13,511
15,898	--	--	13,944	63,780	265,920
184,146	--	--	160,525	144,641	2,190,955
25,723	9,075	--	2,917	22,825	410,919
--	--	--	--	278,497	318,398
10,014	--	--	85,303	55,476	361,840
1,401	--	--	--	108,023	147,722
<u>256,400</u>	<u>9,075</u>	<u>--</u>	<u>327,337</u>	<u>916,545</u>	<u>5,064,972</u>
<u>\$ 348,768</u>	<u>\$ 59,415</u>	<u>\$ 291,375</u>	<u>\$ 355,821</u>	<u>\$ 1,291,699</u>	<u>\$ 7,262,800</u>
\$ 30,458	\$ 49,413	\$ 141,484	\$ 19,199	\$ 26,366	\$ 655,050
20	8	--	1,270	2,730	4,129
8	--	--	--	130	138
12,346	--	81,025	3,089	2,451	231,725
--	--	715,752	--	2,789	718,541
--	--	--	--	1,168	1,168
2,204	24	--	160	2,085	17,428
1,702	1,212	--	--	386	7,789
--	--	--	--	--	18
1,632	--	--	--	--	16,682
--	--	--	--	8,408	29,166
--	--	--	--	8,893	8,893
2,055	--	--	--	10,637	35,327
120	--	--	--	1,729	13,762
<u>50,545</u>	<u>50,657</u>	<u>938,261</u>	<u>23,718</u>	<u>67,772</u>	<u>1,739,816</u>
--	--	--	--	7,821	7,821
13,138	722	--	--	5,308	167,628
7,964	9,235	--	--	348	85,333
--	--	--	--	26,903	27,143
--	--	--	--	--	17,587
--	--	--	7,500	32,519	84,317
136,278	--	--	270,433	249,508	1,297,892
--	--	--	--	49,755	78,780
<u>157,380</u>	<u>9,957</u>	<u>--</u>	<u>277,933</u>	<u>372,162</u>	<u>1,766,501</u>
<u>207,925</u>	<u>60,614</u>	<u>938,261</u>	<u>301,651</u>	<u>439,934</u>	<u>3,506,317</u>
100,332	(1,372)	--	46,186	383,543	2,276,445
--	--	--	--	8,731	8,731
--	--	--	13,270	957	14,227
3,561	--	--	--	--	606,102
15,938	26,983	--	--	--	619,039
--	--	--	3,036	88,787	91,823
21,012	(26,810)	(646,886)	(8,322)	369,747	140,116
140,843	(1,199)	(646,886)	54,170	851,765	3,756,483
<u>\$ 348,768</u>	<u>\$ 59,415</u>	<u>\$ 291,375</u>	<u>\$ 355,821</u>	<u>\$ 1,291,699</u>	<u>\$ 7,262,800</u>

State of Louisiana

COMBINING STATEMENT OF ACTIVITIES

COMPONENT UNITS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	PROGRAM REVENUES				NET (EXPENSE) REVENUE
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
COMPONENT UNITS:					
LOUISIANA STATE UNIVERSITY SYSTEM	\$ 2,703,247	\$ 1,542,654	\$ 485,647	\$ 82,334	\$ (592,612)
UNIVERSITY OF LOUISIANA SYSTEM	867,705	341,938	202,848	28,155	(294,764)
SOUTHERN UNIVERSITY SYSTEM	211,901	48,960	67,858	11,310	(83,773)
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM	330,114	43,299	119,410	17,362	(150,043)
BOARD OF REGENTS	155,762	1,137	77,080	--	(77,545)
LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION * (UNAUDITED)	914,769	85,906	--	--	(828,863)
LOUISIANA STADIUM AND EXPOSITION DISTRICT	52,381	6,390	--	--	(45,991)
NONMAJOR COMPONENT UNITS	355,111	61,018	142,274	13,058	(138,761)
TOTAL COMPONENT UNITS	<u>\$ 5,590,990</u>	<u>\$ 2,131,302</u>	<u>\$ 1,095,117</u>	<u>\$ 152,219</u>	<u>\$ (2,212,352)</u>

	GENERAL REVENUES		EXTRAORDINARY ITEM	CHANGE IN NET ASSETS	NET ASSETS	NET ASSETS END OF YEAR
	PAYMENTS FROM PRIMARY GOVERNMENT	OTHER GENERAL REVENUES	GAIN (LOSS) ON IMPAIRMENT OF CAPITAL ASSETS		OF YEAR AS RESTATED	
COMPONENT UNITS:						
LOUISIANA STATE UNIVERSITY SYSTEM	\$ 635,604	\$ 208,608	\$ (14,370)	\$ 237,230	\$ 1,881,583	\$ 2,118,813
UNIVERSITY OF LOUISIANA SYSTEM	307,145	66,753	11,131	90,265	973,831	1,064,096
SOUTHERN UNIVERSITY SYSTEM	77,403	20,843	(5,978)	8,495	166,386	174,881
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM	148,675	13,441	(11,988)	85	140,758	140,843
BOARD OF REGENTS	75,620	871	--	(1,054)	(145)	(1,199)
LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION * (UNAUDITED)	--	175,858	--	(653,005)	6,119	(646,886)
LOUISIANA STADIUM AND EXPOSITION DISTRICT	--	110,491	(27,471)	37,029	17,141	54,170
NONMAJOR COMPONENT UNITS	79,008	93,031	(4,939)	28,339	823,426	851,765
TOTAL COMPONENT UNITS	<u>\$ 1,323,455</u>	<u>\$ 689,896</u>	<u>\$ (53,615)</u>	<u>\$ (252,616)</u>	<u>\$ 4,009,099</u>	<u>\$ 3,756,483</u>

* For the period ending 12/31/05.

The notes to the financial statements are an integral part of this statement.

NOTES TO THE BASIC
FINANCIAL STATEMENTS

Note 1	Summary of Significant Accounting Policies
Note 2	Deposits and Investments
Note 3	Accounts Receivable and Accounts Payable
Note 4	Interfund Accounts and Transfers
Note 5	Capital Assets
Note 6	Employee Benefits
Note 7	Leases
Note 8	Long-Term Obligations
Note 9	Contingencies
Note 10	Fund Balance/Net Assets Disclosures
Note 11	Other Disclosures
Note 12	Subsequent Events

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the State of Louisiana (State) have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements present the financial position and results of operations of the various funds of the State and the cash flows of the proprietary funds as of and for the year ended June 30, 2006.

A. REPORTING ENTITY

The State reporting entity consists of the various departments, agencies, activities, and organizational units that are within the control and authority of the Louisiana Legislature and/or constitutional officers of the State. The State, like that of the United States, has three branches of government – legislative (bicameral), executive and judicial.

As required by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, a legally separate entity is considered to be a component unit of the State if at least one of the following criteria is met:

- The State appoints a voting majority of the organization's governing body and is either able to impose its will on the organization or there is a potential financial benefit/burden to the State.
- The entity is fiscally dependent on the State.
- The nature and significance of the relationship between the State and the entity is such that exclusion would cause the financial statements of the State to be misleading or incomplete.

Depending upon the closeness of their relationship with the State, some component units are blended with the State reporting entity, while others are discretely reported.

The following potential component units were evaluated to identify those entities whose financial activities should be blended with the primary government, discretely reported, disclosed in the Notes to the Basic Financial Statements as a related organization, or excluded from the State reporting entity:

Blended Component Units

A component unit is considered blended and therefore would be included in the reporting entity's financial statements if the component unit's governing body is substantively the same as the governing body of the primary government, the component unit provides services exclusively, or almost exclusively, to the primary government, or there is a financial benefit/burden relationship with the primary government. The following blended component units: the Louisiana Lottery Corporation, Tobacco Settlement Financing Corporation, Louisiana Correctional Facilities Corporation, Louisiana Office Building Corporation, Office Facilities Corporation, the various retirement systems, and the Louisiana Recovery Authority provide services almost exclusively to the primary government.

Louisiana Lottery Corporation, 555 Laurel Street, Baton Rouge, LA 70801-1813, a nonprofit corporation, conducts and administers the State lottery to ensure the integrity of the lottery and maintain the dignity of the State and the general welfare of its people. The board of directors consists of nine members appointed by the Governor.

Tobacco Settlement Financing Corporation, P. O. Box 44154, Baton Rouge, LA 70804-4154, a special purpose, public corporate entity, is responsible for financing, purchasing, owning, and managing 60% of the tobacco assets and related incidental activities for the state of Louisiana. The board of directors consists of twelve members, seven appointed by the Governor.

Louisiana Correctional Facilities Corporation, P.O. Box 94095, Baton Rouge, LA 70804-9095, a nonprofit corporation, acquires and finances correctional facilities for lease to the State and is authorized to issue revenue bonds for its purposes. The board of directors consists of five members appointed by the Governor.

Louisiana Office Building Corporation, P.O. Box 94095, Baton Rouge, LA 70804-9095, a nonprofit quasi-public corporation, was created to construct, acquire and lease buildings and facilities on behalf of and for the benefit of the State and may finance such acquisitions by issuing revenue bonds.

Office Facilities Corporation, P.O. Box 94095, Baton Rouge, LA 70804-9095, a nonprofit corporation, finances the acquisition or construction of public facilities for lease to the State through the issuance of revenue bonds. The board of directors consists of five members appointed by the Governor.

Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, LA 70804-4516, was

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established in 1947 for the benefit of persons employed as school bus drivers, school janitors, school custodians, and school maintenance employees.

Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, LA 70804-4213, was established in 1947 to benefit all State employees except those excluded by statute.

Louisiana State Police Retirement System, 3100 Brentwood Drive, Suite B, Baton Rouge, LA 70809-1752, was established in 1938 for the benefit of commissioned law enforcement officers and the Superintendent of the Office of State Police.

Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123, was established in 1936 for the benefit of public school teachers.

Louisiana Recovery Authority, 150 Third Street, Suite 200, Baton Rouge, LA 70801, is the planning and coordinating body created in the aftermath of hurricanes Katrina and Rita to plan for the recovery and rebuilding of Louisiana.

Discretely Presented Component Units

Discretely presented component units are reported in separate columns to emphasize that they are legally separate from the State. The voting majority of the following major discretely presented component units' board members are appointed by the State and the State is able to impose its will on the organizations through budgetary oversight.

Board of Regents, 1201 North Third Street, Suite 6-200, Baton Rouge, LA 70802, is the policy making board for the four higher education systems of the State.

Board of Supervisors of the Louisiana State University System, 3810 West Lakeshore Drive, Baton Rouge, LA 70808, is the managing and supervising board for the Louisiana State University System (LSU), which includes the following campuses:

- LSU and A&M College at Baton Rouge
- LSU Agricultural Center at Baton Rouge
- LSU at Alexandria
- LSU at Eunice
- LSU Health Sciences Center at New Orleans
- LSU Health Sciences Center at Shreveport
- LSU at Shreveport
- University of New Orleans at New Orleans
- Paul M. Hebert Law Center at Baton Rouge
- Pennington Biomedical Research Center at Baton Rouge

The Board of Supervisors of LSU also operates the following general medical facilities in the State:

- Dr. Walter O. Moss Regional Medical Center at Lake Charles
- Earl K. Long Medical Center at Baton Rouge
- Huey P. Long Medical Center at Pineville
- Lallie Kemp Regional Medical Center at Independence
- Medical Center of Louisiana (Charity Hospital) at New Orleans including University Hospital
- Leonard J. Chabert Medical Center at Houma
- University Medical Center at Lafayette
- Bogalusa Medical Center

Board of Supervisors of the University of Louisiana System, 1201 North Third Street, Suite 7-300, Baton Rouge, LA 70802, is the managing and supervising board for the following regional universities:

- Grambling State University at Grambling
- Louisiana Tech University at Ruston
- McNeese State University at Lake Charles
- Nicholls State University at Thibodaux
- University of Louisiana at Monroe
- Northwestern State University at Natchitoches
- Southeastern Louisiana University at Hammond
- University of Louisiana at Lafayette

Board of Supervisors of the Southern University System, P.O. Box 10878, Baton Rouge, LA 70813, is the managing and supervising board of the Southern University System, which includes the following campuses:

- Southern University and A&M College at Baton Rouge
- Southern University at New Orleans
- Southern University at Shreveport
- Southern University Law Center
- Southern University Agricultural Research and Extension Center

Board of Supervisors of the Louisiana Community and Technical Colleges, 265 S. Foster Drive, Baton Rouge, LA 70806, is the managing and supervising board of the seven community colleges, two technical community colleges and one Louisiana Technical College with 40 branch campuses.

The boards of the remaining major discretely presented component units are appointed by and serve at the pleasure of the governor.

Louisiana Stadium and Exposition District, Sugar Bowl Drive, New Orleans, LA 70112-1010 is responsible for financing and operating an enclosed covered stadium, as well as other related facilities and structures for holding

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sporting events, athletic contests, exhibitions, and other public meetings.

The voting majority of the following nonmajor discretely presented component units' board members are appointed by the State and the State is able to impose its will on the organizations.

Capital Area Human Services District, 4615 Government Street, Bldg. 2, Baton Rouge, LA 70806, was established to direct the operation of community-based programs and services to public health, mental health, developmental disabilities, and addictive disorder services for the parishes of Ascension, East Baton Rouge, East Feliciana, Iberville, Pointe Coupee, West Baton Rouge, and West Feliciana.

Greater New Orleans Expressway Commission, P.O. Box 7656, Metairie, LA 70010, was created to construct, operate, and maintain the Greater New Orleans Expressway. The fiscal year end of the commission is October 31.

Levee Districts provide services necessary to ensure adequate drainage control and to protect lands within their respective districts from damage by flood and include:

- Atchafalaya Basin, P.O. Box 170, Port Allen, LA 70767
- Amite River Basin Drainage and Water Conservation District, 3535 S. Sherwood Forest Blvd., Suite 135 Baton Rouge, LA 70816
- Bossier, P.O. Box 189, Benton, LA 71006
- Caddo, P.O. Box 78282, Shreveport, LA 71137-8282
- East Jefferson, 203 Plaque Ct., Harahan, LA 70123
- Fifth Louisiana, 222 N. Cedar St., Tallulah, LA 71282
- Lafourche Basin, P.O. Box 670, Vacherie, LA 70090. The District has a December 31 fiscal year end.
- Lake Borgne Basin, P.O. Box 216, Violet, LA 70092
- Natchitoches Levee and Drainage District, P.O. Box 1209, Natchitoches, LA 71458
- Nineteenth Louisiana, P.O. Box 267, Colfax, LA 71417
- North Bossier, P.O. Box 338, Benton, LA 71006
- North Lafourche Conservation, Levee and Drainage District, P.O. Box 230, Raceland, LA 70394. The District has a December 31 fiscal year end.
- Orleans Levee District, 6920 Franklin Avenue, New Orleans, LA 70122
- Pontchartrain, P.O. Box 426, Lutcher, LA 70071
- Red River, Atchafalaya, and Bayou Boeuf, Rt 2. Box 240D, Bunkie, LA 71322
- Red River Levee and Drainage District, P.O. Box 433, Coushatta, LA 71019
- South Lafourche, P.O. Box 426, Galliano, LA 70354
- Tensas Basin, P.O. Box 68, Rayville, LA 71269
- West Jefferson, 7001 River Road, Marrero, LA 70072

- Bayou D'Arbonne Lake Watershed District, P.O. Box 1613, Ruston, LA 71273-1613. The District has a December 31 fiscal year end.

Louisiana Agricultural Finance Authority, P.O. Box 3481, Baton Rouge, LA 70821-3481, was created to alleviate the severe shortage of capital and credit available for investment in agriculture in the State and to promote agriculture and forestry in Louisiana.

Louisiana Motor Vehicle Commission, 3519 12th Street, Metairie, LA 70002-3427, regulates all areas of the new car industry, including motor vehicle sales finance companies in Louisiana.

Louisiana State Board of Private Investigator Examiners, 2051 Silverside Dr., Suite 190, Baton Rouge, LA 70808, regulates and licenses persons and businesses providing private investigative services.

Louisiana Recreation and Used Motor Vehicle Commission, 3132 Valley Creek Dr., Baton Rouge, LA 70808, administers and enforces statutory provisions regarding the sale of used motor vehicles and parts.

Sabine River Authority of Louisiana, 15091 Texas Highway, Many, LA 71449-5718, is charged with the development of Toledo Bend resources within the State.

Although the State does not appoint a voting majority, the entities listed below are fiscally dependent on the State.

Greater Baton Rouge Port Commission, P.O. Box 380, Port Allen, LA 70767-0380, regulates commerce and traffic within the port area. The fiscal year end of the port commission is December 31.

Jefferson Parish Human Services Authority, 3300 W. Napoleon Avenue, Suite 213, Metairie, LA 70002, was established to provide the operations of mental health, developmental disabilities, and addictive disorder services for the residents of Jefferson parish.

Metropolitan Human Services District, 1614 Oretha Castle Haley Boulevard, New Orleans, LA 70113, was established to provide the operations of mental health, developmental disabilities, and addictive disorder services for the residents of Orleans, St. Bernard, and Plaquemines parishes.

Florida Parishes Human Services Authority, 19404 North Tenth Street, Covington, LA 70433, was established to provide the operations of mental health, developmental disabilities, and addictive disorder services for the residents of Livingston, St. Helena, St. Tammany, Tangipahoa, and Washington parishes.

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Louisiana Economic Development Corporation, P.O. Box 94185, Baton Rouge, LA 70804-9185, is the financial assistance division of the Department of Economic Development and administers programs such as loan guarantees and venture capital for small- and medium-sized businesses.

Due to the nature and significance of the relationship between these entities and the State, the financial statements would be misleading if these were excluded.

Louisiana Asset Management Pool (LAMP), 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130-9957, is a cooperative endeavor to establish an external local government investment pool administered by the State Treasurer. LAMP has a December 31 fiscal year end.

Louisiana Citizens Property Insurance Corporation (UNAUDITED), 4333 Metairie Road, Suite 400, Metairie, LA 70055, is a nonprofit organization created to provide insurance plans to residential and commercial property applicants who are unable to procure insurance through the voluntary market. Louisiana Citizens Property Insurance has a December 31 fiscal year end.

Louisiana Housing Finance Agency, 2415 Quail Drive, Baton Rouge, LA 70808, is authorized to undertake various programs to assist in financing housing needs of persons of low and moderate incomes and may issue bonds or other evidence of indebtedness to accomplish its purposes.

Poverty Point Reservoir District, P.O. Box 811, Delhi, LA 71232, was created to develop a multi-faceted water resource and recreation lake.

Related Organizations

Organizations, for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable, are considered related organizations. These related organizations are not reported in the accompanying basic financial statements and include:

- Ascension-St. James Airport and Transportation Authority
- Algiers Park Commission
- Lake Area Economic Development District
- Louisiana Research and Development Council
- River Parishes Transit Authority
- Castor Creek Reservoir District
- Greater Ouachita Port Commission
- St. Bernard Port Harbor and Terminal District
- South Tangipahoa Parish Port Commission
- Grand Isle Independent Levee District

- River Region Cancer Screening and Early Detection District
- Louisiana Airport Authority
- Ernest N. Morial New Orleans Exhibition Hall Authority
- Allen Parish Reservoir District
- John K. Kelly Grand Bayou Reservoir District
- Seventh Ward Neighborhood Development District
- Terrebonne Levee and Conservation District
- Twelfth and Thirteenth Wards Neighborhood Development District
- Fourteenth and Sixteenth Wards Neighborhood Development District.
- Associated Branch Pilots of the Port of Lake Charles
- Associated Branch Pilots of the Port of New Orleans
- Crescent River Port Pilots' Association
- New Orleans Steamship Pilots' Association
- Parish Hospital Service Districts
- West Ouachita Parish Reservoir Commission
- Bayou Lafourche Fresh Water District
- Jackson Parish Dugdemona Watershed Reservoir Authority
- Bayou Desiard Restoration Commission
- Greater New Orleans Biosciences Economic Development District
- Louisiana Waterways Infrastructure and Development Bank Board
- Louisiana Disaster Recovery Foundation, Inc.
- Southwest Acadiana Parishes Public Housing Rehabilitation District

Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (1) an ongoing financial interest or (2) an ongoing financial responsibility. The purposes of a joint venture are to pool resources and share the costs, risks, and rewards of providing goods, or services to venture participants directly, or for the benefit of the general public or specific service recipients.

The Sabine River Authority of Louisiana participates equally with the Sabine River Authority of Texas in the Sabine River Compact Administration (Compact), 15091 Texas Highway, Many, LA 71449, and, through the Sabine River Authority, with the Sabine River Authority of Texas in the Toledo Bend Joint Operation (Joint Operation), Rt. 1, Box 270, Burkeville, TX 75932. Separate financial statements are prepared for the operations of both the Compact and the Joint Operation and may be obtained by contacting the entities at the addresses above. The Compact was created under authority granted by an act of the Congress of the United States to provide equitable apportionment of the waters of the Sabine River and its tributaries. A five-member board composed of two

members appointed by the governors of each state and one non-voting, ex-officio member appointed by the President of the United States administers the Compact. The Joint Operation was established by joint resolution of the Sabine River Authorities of Texas and Louisiana for the construction and operation of the Toledo Bend Dam and Reservoir project administered by a board composed of three members appointed by the Texas Authority and three members appointed by the Louisiana Authority. Costs of the Compact not paid by the federal government are to be paid equally by the two states, which share equally in the costs of the Joint Operation. Each state owns an undivided one-half share of all lands acquired for the project and each state owns and is entitled to 50% of the water produced and 50% of the power generated by the Joint Operation and may sell, use, or otherwise dispose of its share without consent and permission of the other Authority.

Act 453 of the 2005 Regular Session authorizes the State to forgive the debt due from the Sabine River Authority of Louisiana. The debt owed is in connection with the state of Louisiana General Obligation Bonds issued in 1975 for constructing, acquiring or improving a Diversion Channel and Water Distribution System for water from the Sabine River to the Lake Charles industrial area and other areas of Calcasieu Parish. This Act is effective on July 1, 2008.

The Sabine River Authority of Louisiana's share of the joint ventures is reported as a discrete component unit in the accompanying basic financial statements. For fiscal year 2006, the Sabine River Authority of Louisiana reported a decrease in net assets of \$2,366,624 from fiscal year 2005.

Jointly Governed Organizations

A jointly governed organization is one governed by representatives from each of the governments creating it and in which the participants do not retain an ongoing financial interest or financial burden; therefore, they are not reported in the accompanying basic financial statements. These organizations include the Gulf States Marine Fisheries Commission, Southern Rapid Rail Transit Commission, Interstate Commission for Adult Supervision and Interstate Commission for Juveniles.

B. BASIS OF PRESENTATION

The financial report consists of Management Discussion and Analysis (MD&A), basic financial statements, notes to the basic financial statements and required supplementary information other than the MD&A. The MD&A provides an analytical overview of the financial activities of the State. The basic financial statements include the **government-**

wide financial statements, fund financial statements, and notes to the basic financial statements.

The government-wide statements consist of a Statement of Net Assets and a Statement of Activities. These statements are prepared using the economic resources measurement focus and accrual basis of accounting. Major revenues such as sales tax, general severance tax, gasoline tax, and tobacco tax are assessed, collected, and susceptible to accrual. Assets, liabilities, revenues, and expenses of the government are reported in the financial statements. The statements distinguish between the governmental and business-type activities of the primary government and between the total primary government and its component units by reporting each in separate columns. Fiduciary activities and component units that are fiduciary in nature, whose resources are not available to finance the government's programs, are excluded from the government-wide statements.

All capital (long-lived) assets, receivables and long-term obligations are reported in the Statement of Net Assets. The Statement of Activities reports revenues and expenses in a format that allows the reader to focus on the net cost of each function of the State. Both the gross and net cost per function, which are otherwise being supported by general government revenues, are compared to the revenues generated directly by the function. In the Statement of Activities, gross expenses, including depreciation, are reduced by related program revenues, operating and capital grants. Direct and indirect expenses are reported as program expenses for individual functions and activities. The program revenues must be directly associated with the function or a business-type activity. The types of transactions included in program revenues are sales of commodities, licenses, permits and fees. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The fund financial statements report the State as a collection of major and nonmajor funds presented on separate schedules by fund category – governmental, proprietary and fiduciary funds.

- The governmental fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances, with one column for the general fund, one for each of the other major funds, and one column combining all the nonmajor governmental funds. The statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period, generally

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considered 45 days after the end of the fiscal year. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest payments on general long-term liabilities, which are recognized when due.

- The proprietary fund statements include a balance sheet, statement of revenues, expenses and changes in fund net assets and a statement of cash flows. Each statement has a column for the major enterprise fund, one that combines all the nonmajor enterprise funds and one column that reports all internal service funds. The proprietary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting, in order to make a determination of net income, financial position, and cash flows. Internal service funds are included in governmental activities for government-wide reporting purposes and the excess revenues or expenses from the funds are allocated to the appropriate functional activity.
- The fiduciary fund statements include a statement of fiduciary net assets and a statement of changes in fiduciary net assets with one column for each of the four types of fiduciary funds. The statements are prepared using the economic resources measurement focus and the accrual basis of accounting, except agency fund statements which do use the accrual basis but do not have a measurement focus as they report only assets and liabilities.

Although the financial statements presented in each of these three schedules contain "total" columns, they merely combine rather than consolidate the funds. Hence, interfund transactions that generate receivables and payables or transfers from one fund to another are not eliminated.

Major funds are those whose revenues, expenditures/expenses, assets, or liabilities are at least 10 percent of the total for their fund category or type (governmental or enterprise) and at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

The data on the face of the three sets of financial statements must be accompanied by certain disclosures to ensure accurate information is presented in the financial report. This additional information is presented in the form of a single set of **notes to the basic financial statements**.

Governmental Funds

The major governmental funds of the State are the General Fund, Bond Security and Redemption Fund, and the Louisiana Education Quality Trust Fund.

General Fund The General Fund is the principal operating fund of the State, and was established administratively to provide for the distribution of funds appropriated by the state legislature for the ordinary expenses of state government. Transactions related to resources that are not accounted for in other funds are recorded in the General Fund. Revenues originate from the direct deposit of federal grants and the transfer of state revenues from the Bond Security and Redemption Fund after debt requirements and obligations to other funds are met.

Bond Security and Redemption Fund This fund is used to provide for the collection of all money deposited into the State Treasury except federal funds, donations, or other forms of assistance when the terms and conditions of the related agreements require otherwise. Each fiscal year, an amount is allocated from this fund sufficient to pay all obligations secured by the full faith and credit of the State that are due and payable within the current fiscal year, including debt principal, interest, premiums, and sinking or reserve funds. Except as otherwise provided by law, money remaining in the fund is credited to the General Fund at year-end.

Louisiana Education Quality Trust Fund Once requirements of the Bond Security and Redemption Fund have been met, certain funds received from the federal government attributable to mineral production or leases on the outer continental shelf pending a settlement between the United States and State of Louisiana are deposited by the State Treasurer in this fund. The money is held in a trustee capacity to be used for various educational purposes.

Proprietary Funds

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the State has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board statements, in accounting for enterprise funds and business type activities. These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services as their principal operation. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. There are two types of proprietary funds for the State:

- *Internal service funds* account for the provision of services, primarily to internal customers, on a cost reimbursement basis. The activities accounted for in internal service funds include copy and mail services, aircraft services, regional laundry service,

telecommunications and financing and acquiring public facilities for lease to the State.

- *Enterprise funds* account for the activities for which fees are charged to external users for goods or services.

The major enterprise fund of the State is the Unemployment Trust Fund.

Unemployment Trust Fund This fund accounts primarily for the unemployment tax payments from employers for the payment of unemployment benefits to eligible claimants.

Fiduciary Funds

By definition, these funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds, and cannot be used to address activities or obligations of the government. These funds are presented in the fund financial statements, but are not incorporated into the government-wide statements. There are four types of fiduciary funds:

- *Pension trust funds* account for resources held in trust for members and beneficiaries of the four employee pension plans.
- *Investment trust funds* account for the portion of the government's investment pools that belong to others.
- *Private-purpose trust funds* report all other trust arrangements benefiting those outside the government.
- *Agency funds* contain resources held by the government in a temporary, purely custodial capacity for others (excluding agencies of the State) and do not involve measurement of results of operations. This method of reporting is consistent with GASB 34, paragraph 111.

C. ASSETS, LIABILITIES, AND NET ASSETS, EQUITY, OR NET FUND BALANCES

Cash and Investments

The State Treasurer pools those cash resources for which he is responsible and invests them accordingly. State policy describes cash equivalents as all highly liquid investments with a maturity date of three months or less when purchased and all negotiable certificates of deposit, regardless of maturity date. These highly liquid investments (including restricted assets) are reported as cash equivalents in the accompanying basic financial statements.

Investments are reported at fair value in accordance with

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Cash and investment earnings are recorded in the General Fund unless statutorily dedicated to specific funds. Cash and investment limitations are discussed in Note 2.

In accordance with bond resolution requirements, the trustee for Transportation Trust Fund debt service invests in principal-only strips. These investments are included in the disclosure of custodial credit risk as U.S. Government Obligations. (See Note 2 on Deposits and Investments.)

Receivables and Payables

Activity between funds that are outstanding at the end of the fiscal year are referred to as either "due to or due from other funds" or "advances to or advances from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Amounts reported in the funds as receivable from or payable to fiduciary funds are included in the statement of net assets as receivable from and payable to external parties rather than as "internal balances." All internal balances are eliminated in the total primary government column. Receivables of the primary government and its component units or between those components include all amounts susceptible to accrual that have not been collected at June 30, but will be collected soon enough after the end of the year to pay liabilities of that year. They include all amounts earned, but not collected, at June 30. Receivables, net of any uncollectible amounts, and payables are reported on separate lines.

Inventories and Prepaid Items

Inventories consisting primarily of materials and supplies held for consumption, merchandise and livestock held for resale, and expendable medical supplies are valued primarily using the average cost method. The consumption method is used for financial reporting. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Derivatives

In accordance with their investment authority, certain blended component units invest in derivative financial instruments. These derivatives are held in part to maximize yields on investments and in part to hedge against changes in interest rates. Risks associated with derivative instruments include the potential for credit loss in the event of nonperformance by other parties to the contracts,

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market risk as a result of possible future changes in market prices, and legal risk that a transaction will be prohibited by law.

Restricted Assets

Restricted assets represent primarily cash, investments, and receivables held separately and restricted according to applicable bond indenture agreements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure is reported retroactively to 1960.

For reporting purposes, the State has defined capital assets as follows:

- Movable property is defined by the State as assets with an initial, individual cost of more than \$5,000. When purchased, movable property is recorded as an expenditure in the governmental fund and capitalized in the government-wide financial statements. At the government-wide level, they are depreciated using the straight-line method, which divides the historical cost by the estimated useful life of the asset, generally 5 to 10 years.
- The Buildings and improvements capitalization threshold of \$100,000 was established in 2001. Land, buildings, improvements, and construction in progress are recorded as expenditures in the Capital Outlay Escrow Fund at the fund level and capitalized at the government-wide level; fixed assets of enterprise, internal service, and permanent trust funds are reported in the respective funds. These assets are depreciated principally using the straight-line method and their estimated useful lives, generally 40 years for structures and improvements, 20 years for depreciable land improvements and 6 years for machinery and equipment.
- Infrastructure assets such as roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems are recorded as expenditures in the Capital Outlay Escrow Fund at the fund level and capitalized at the government-wide level. These assets have a capitalization threshold of \$3,000,000 and are depreciated using the straight-line method and an estimated useful life of 40 years.
- Purchased computer software has a capitalization threshold of \$1,000,000 and is depreciated using the straight-line method over an estimated useful life of 3 years.
- Leasehold improvements have a capitalization threshold of \$100,000 and are depreciated using the

straight-line method with an estimated useful life depending on the term of the lease.

- Historical treasures and works of art are items held for public exhibition, educational purposes, or research in enhancement of public service instead of financial gain, and therefore are not capitalized or depreciated.
- Donated fixed assets are valued at their estimated fair market value at the time of donation.
- Hospitals and medical units within Louisiana State University Health Services Center are subject to federal cost reporting requirements and use capitalization and depreciation policies of the Centers for Medicare and Medicaid Services (CMS) to ensure compliance with federal regulations. These capitalization policies include capitalizing all assets above \$5,000, depreciable lives greater than 40 years on some assets, and recognizing a half year of depreciation in the year of acquisition and final year of useful life.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Compensated Absences

Classified and unclassified State employees earn annual leave and sick leave at various rates depending on the number of years of service. The amount of annual and sick leave that may be accrued by each employee is unlimited. An employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Louisiana Revised Statutes (LRS) 17:425 provides for payment for up to 25 days of unused sick leave for all employees under the supervision of the Board of Elementary and Secondary Education, or other boards of control of publicly supported educational institutions.

Upon a member's retirement, annual leave balances in excess of 300 hours and the number of hours of unused sick leave are converted to years or fractions of years and added to the number of years of service earned by the retiree. Unused annual and sick leave are applied to the number of years of service only for computing the rate of pay due to the retiree and do not count toward the number of years necessary for retirement. Act 343 of 1993 allows members retiring after August 15, 1993, to elect to receive an actuarially determined lump-sum payment for unused leave that would have been converted for retirement credit.

An employee who is required to work overtime may, at the option of the appointing authority, be credited with compensatory leave for the hours required to work. Certain employees earn this leave at time and one-half, whereas others earn on an hour-for-hour basis. Generally, employees in positions at or below a certain pay level may

be paid upon separation or transfer, based on the employee's final regular rate of pay. Compensatory leave for all other employees is canceled upon separation or transfer from the department in which it was earned.

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Also, in the fund financial statements, proprietary fund long-term obligations are reported as liabilities in the proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

Fund Balances and Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Proprietary funds report an all-inclusive change in fund net assets that include capital contributions, contributions to term and permanent endowments, special and extraordinary items, and transfers. Net assets are segregated into three categories on the government-wide statement of net assets: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. The State first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. It may defer the use of restricted assets based on a review of the specific transaction.

D. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation, which reconciles the government-wide statements to the governmental fund financial statements. This reconciliation is necessary to bring the financial statements from the current financial resources measurement focus and modified accrual basis of accounting to the economic resources measurement focus and full accrual basis of accounting. Major items included in the reconciliation are capital assets, inventories and prepaids, long-term debt, accrued interest, long-term liabilities, assets and liabilities of internal service funds, and deferred revenue, which are shown on the

government-wide but not the governmental fund statements.

E. BUDGETS AND BUDGETARY ACCOUNTING

Legislation requires that, on or before November 15, the head of each spending agency submit to the Governor, the Joint Legislative Committee on the Budget, and the Legislative Fiscal Office an estimate of the financial requirements and receipts of the budget unit for the upcoming fiscal year (LRS 39:33). The Governor is required to prepare an executive budget and transmit a copy to each member of the Legislature on the first day of the regular session (LRS 39:37). The budget is enacted into law by the Legislature and sent to the Governor for signature. The State Constitution prohibits the passage of an unbalanced budget (Article VII, Section 10). The Governor may veto any line item appropriation, subject to legislative override.

LRS 39:73 authorizes the transfer of funds. The Commissioner may approve transfer of funds between programs within a budget unit when in aggregate the transfers are not more than 1% of the total appropriation to the budget unit and sufficient evidence is presented. The Commissioner of Administration, with the approval of the Joint Legislative Committee on the Budget, may approve the transfer of funds between programs within the budget unit when in aggregate the transfers do not exceed 25% of the total appropriation to the budget unit and sufficient evidence is presented. These and other requests for transfers are to be submitted by the budget unit to the Legislative Fiscal Office.

According to LRS 39:111, the Governor is required to submit to the Legislature, no later than the eighth day of the regular session, a proposed five-year capital outlay program. The Legislature enacts into law a bill incorporating the first year of the five-year capital outlay program. The Legislature adopts a concurrent resolution for the remaining four years of the five-year capital outlay program, itemizing the capital projects and the amount and source of funding for each of the subsequent four years.

According to LRS 39:77, in no event shall any budget unit commit to an expenditure in excess of the unencumbered balance of the allotment to which the resulting expenditure would be charged, without prior approval of the Interim Emergency Board and two-thirds of the Legislature. The Revenue Estimating Conference has been established to provide an official estimate of anticipated State revenues for each fiscal year. Appropriations by the Legislature from the State General Fund and dedicated funds for any fiscal year shall not exceed the official forecast in effect at the time the appropriations are made. If a cash deficit exists or may occur, the Governor may direct the Commissioner

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of Administration to reduce or disapprove warrants preventing a cash deficit.

In accordance with LRS 39:82(A), agencies are allowed 45 days for closing out prior year activities. This statute limits the use of appropriation balances after the June 30 close to true liabilities, delineates those items eligible for roll forward treatment, and establishes a 45-day period to request such carry-forwards. After that time, all appropriations lapse except permanent capital outlay appropriations that remain active until the projects are complete. Additionally, upon approval by the Commissioner of Administration, any federal funds and any state funds appropriated during a fiscal year specifically for matching federal grants may be carried forward into the upcoming year's appropriation.

Governments are required to disclose the *original*, *final* and *actual* budgetary basis of the General Fund and each individual major special revenue fund that has a legally adopted budget. For fiscal year 2006, there are no major special revenue funds. The accompanying Required Supplementary Information includes notes and a schedule making this comparison for the General Fund.

Each year, the Legislature enacts an appropriation bill to establish and re-establish ancillary funds to include the following enterprise and internal service funds: Administrative Services, Louisiana Property Assistance Agency, Louisiana Federal Property Assistance Agency, Office of Telecommunications Management, Office of Aircraft Services, Donald J. Thibodeaux Training Complex, Public Safety Services Cafeteria, Jackson Regional Laundry, Central Regional Laundry, Prison Enterprises, and the Municipal Facilities Revolving Loan Fund. Re-established funds are allowed to retain any fund equity resulting from prior year operations. These and all monies from self-generated revenues are available for expenditure in the amounts appropriated. The Commissioner of Administration may approve increases from self-generated revenues, not exceeding in aggregate 5% of appropriated self-generated revenues. Only with the approval of the Division of Administration and the Joint Legislative Committee on the Budget will any larger increase in self-generated revenue over the amount appropriated be available to agencies for expenditures.

NOTE 2: DEPOSITS AND INVESTMENTS

A. DEPOSITS

Included as deposits are bank accounts and short-term investments, especially certificates of deposit. In accordance with LRS 49:321, state depositing authorities shall require as security for deposit of state funds authorized bonds or other interest-bearing notes; authorized promissory notes, warrants, or certificates of indebtedness unmaturing or payable on demand; or notes representing loans to students guaranteed by the Louisiana Student Financial Assistance Commission. Fair value, excluding interest, of such securities held by the depositing authority shall be equal to 100% of the amount on deposit to the credit of the depositing authority except that portion appropriately insured. Designated depositories may be granted a period not to exceed five

days from the date of any deposit to post the necessary security.

The following chart presents bank deposit balances for the primary government and its component units as of June 30, 2006. Deposits are listed in terms of whether they are exposed to custodial credit risk, the risk that in the event of a bank failure, the state's deposits may not be returned. Deposits are exposed to custodial credit risk if they are either a) uninsured and uncollateralized, b) uninsured and collateralized with securities held by the pledging financial institution, or c) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the State.

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Bank Deposit Balances (Expressed in Thousands)

Deposits Exposed to Custodial Credit Risk

	Uninsured and Uncollateralized	Uninsured and Collateralized with Securities Held by Pledging Institution	Uninsured and Collateralized with Securities Held by Pledging Institution's Trust Dept. or Agent but not in State's Name	Total Bank Balances – All Deposits	Total Carrying Value – All Deposits
Primary Government:					
Cash	\$ 27,496	\$ 3,002	\$ 14,066	\$ 1,742,680	\$ 1,586,374
Certificates of Deposit		440	1,453	279,904	280,279
Other	59,795	2,179	460	259,106	259,023
Total Primary Government	\$ 87,291	\$ 5,621	\$ 15,979	\$ 2,281,690	\$ 2,125,676
Component Units:					
Cash	9,782	31,725	31,534	664,292	539,850
Certificates of Deposit	2,767	1,371	29,798	223,437	222,001
Other		80,919	4,973	173,398	167,701
Total Component Units	\$ 12,549	\$ 114,015	\$ 66,305	\$ 1,061,127	\$ 929,552
Total Bank Balances	\$ 99,840	\$ 119,636	\$ 82,284	\$ 3,342,817	\$ 3,055,228

B. INVESTMENTS

LRS 49:327 authorizes the State Treasurer to invest available monies in direct Treasury obligations, government agency obligations, corporate bonds, perfected repurchase agreements, and reverse repurchase agreements, time certificates of deposit in specified banks, savings accounts or shares of certain savings and loan associations and savings banks, or in share accounts and share certificate accounts of certain credit unions. Such securities shall not have maturity dates in excess of five years from the purchase date, except monies invested from special funds (those not considered general funds) which shall not exceed 10 years from the date of purchase. In each case, all funds must be fully insured or collateralized by the pledge of securities. Funds not on deposit in the State Treasury are authorized to be invested in time certificates of deposit of specified banks, in savings accounts or shares of specified savings and loan associations and savings banks, or in share accounts and share certificate accounts of specified credit unions. Funds determined to be available for investment for less than 30 days are authorized to be invested in direct United States Treasury obligations that mature in not more than 29 days after the date of purchase. These funds are also required to be fully insured or collateralized.

Because of limited maturity dates, availability of securities, and yield, perfected repurchase agreements are entered into for short-term management purposes. LRS 49:341 - 343 grants defined public entities the authority to invest bond proceeds and monies held in any fund established in connection with bonds in any direct obligation of, or obligation guaranteed by, the United States and in tax-exempt bonds until proceeds are required to be expended for the purpose of the issue.

LRS 11:263 directs Louisiana's pension systems to invest in accordance with the prudent man rule. As used in this statute, the rule means that the systems ". . . act with the care, skill, prudence, and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims." Notwithstanding the prudent man rule, no governing authority of any system shall invest more than 55% of the total portfolio in equities.

Generally, investment of funds by colleges and universities are subject to the same provisions of LRS 49:327 that govern the State Treasurer and State agencies. However, investment of funds of state colleges and universities derived from private sources such as gifts, grants, and endowments are governed by the "Uniform Management of Institutional Funds Act," LRS 9:2337.1 - 2337.8. If a donor has not provided specific instructions, state law permits the colleges and universities to authorize expenditure of the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established. For the fiscal year ended June 30, 2006, \$10,732,732 net appreciation of investments of endowment funds was available to be spent, all of which were restricted for specific purposes. These amounts are reported in the financial statements of the colleges and universities as restricted expendable net assets.

Authorized investments include "mortgages, stocks, bonds, debentures, and other securities of profit or nonprofit corporations, shares in or obligations of associations, partnerships, or individuals, and obligations of any government or subdivision or instrumentality thereof." In

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investing funds, the governing board of the college or university must exercise ordinary business care and prudence under the facts and circumstances prevailing at the time of the investment action or decision.

Management of the cash and investments held by the State Treasurer is independent of the automated accounting system of the state. The vast majority of the cash reported on the financial statements within all fund types is reported by the State Treasurer as investments for this note disclosure. In order to accurately compare the cash and investments shown on the accompanying financial statements with the carrying values of deposits and investments in the schedules presented as part of this note disclosure, the following reconciliation is provided (amounts expressed in thousands):

Carrying Value of Deposits per Note	\$ 3,055,228	
Carrying Value of Investments per Note	<u>37,378,706</u>	\$ <u>40,433,934</u>
Cash per Financial Statements*	\$ 7,503,161	
Investments per Financial Statements	32,518,189	

Restricted Cash per Financial Statements	273,397	
Restricted Investments per Financial Statements	976,190	
Reconciling Items between Note and Financial Statements*	<u>(837,003)</u>	\$ <u>40,433,934</u>

*Includes amounts for Louisiana Citizens Property Insurance Corporation (UNAUDITED) at 12/31/05.

C. INVESTMENTS - CUSTODIAL CREDIT RISK

The chart beginning on this page presents the investment position of the State at June 30, 2006, unless otherwise noted. The various types of investments are listed and presented by whether they are exposed to custodial credit risk by the State. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the State will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty, or by the counterparty's trust department or agent but not in the name of the State.

Schedule of Investments Carrying Amount (Expressed in Thousands)

Investments Exposed to Custodial Credit Risk

	<u>Uninsured, Unregistered, and Held by Counterparty</u>	<u>Uninsured, Unregistered, and Held by Counterparty's Trust Dept. or Agent but not in the State's Name</u>	<u>All Investments Reported Amount</u>	<u>All Investments Fair Value</u>
General Government:				
Repurchase Agreements		\$20,497	\$923,806	\$923,806
U.S. Government Obligations:				
Not on Securities Loan	\$2,158	45,716	693,516	693,516
On Securities Loan			4,593,527	4,593,527
Common & Preferred Stock			44,750	44,750
Domestic & Foreign Bonds			2,028,255	2,028,255
Mortgages, Notes and Other			105,966	105,966
Mutual Funds			423,429	423,429
Bond Issue Trustee Accounts			23,966	23,966
Investments held by Broker-Dealers				
Under Securities Loan Contracts:				
U.S. Government Obligations			98,483	98,483
Domestic & Foreign Bonds			14,678	14,678
Total General Government	2,158	66,213	8,950,376	8,950,376
Retirement Systems and Other Trusts:				
Repurchase Agreements			610,601	610,601
U.S. Government Obligations:				

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Schedule of Investments Carrying Amount (Expressed in Thousands)

	<u>Investments Exposed to Custodial Credit Risk</u>		<u>All Investments Reported Amount</u>	<u>All Investments Fair Value</u>
	<u>Uninsured, Unregistered, and Held by Counterparty</u>	<u>Uninsured, Unregistered, and Held by Counterparty's Trust Dept. or Agent but not in the State's Name</u>		
Not on Securities Loan			1,540,170	1,540,170
On Securities Loan			43,845	43,845
Common & Preferred Stock:				
Not on Securities Loan			12,285,702	12,285,702
On Securities Loan			197,423	197,423
Domestic & Foreign Bonds:				
Not on Securities Loan			2,750,468	2,750,468
On Securities Loan			53,847	53,847
Mortgages, Notes and Other			628,175	628,175
Mutual Funds			312,332	312,332
Miscellaneous Short Term			322,831	322,831
Real Estate			632,908	632,908
Private Equity Investments			2,124,048	2,124,048
Investments held by Broker-Dealers				
Under Securities Loan Contracts:				
U.S. Government Obligations			98,811	98,811
Domestic & Foreign Bonds			516,095	516,095
Domestic Common & Pref. Stock			2,173,150	2,173,150
International Common Stock			291,165	291,165
Collateral Held Under Securities Lending Program			3,144,900	3,144,900
Total Retirement Systems and Other Trusts			27,726,471	27,726,471
Total Primary Government	2,158	66,213	36,676,847	36,676,847
Component Units:				
Repurchase Agreements		40,837	41,297	41,297
U.S. Government Obligations	5,959	64,306	318,316	318,405
Common & Preferred Stock		5,636	34,702	34,702
Domestic & Foreign Bonds			1,890	1,890
Mortgages, Notes & Other		30	54,132	54,132
Miscellaneous Other			3,978	3,978
Real Estate			3,457	3,457
Mutual Funds		895	21,657	21,657
Guaranteed Investment Contracts			235	235
External Investment Pool			5,341	5,341
Investments Held in Private Foundations	2,938		216,854	216,854
Total Component Units	8,897	111,704	701,859	701,948
TOTAL INVESTMENTS	\$11,055	\$177,917	\$37,378,706	\$37,378,795

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D. INVESTMENTS - INTEREST RATE RISK

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. Also, investments can be highly sensitive to changes in interest rates due to their terms or characteristics.

State Treasury

The State Treasury limits the interest rate risk of the General Fund by limiting maturities of its investments to five years or less. The interest rate risk of certain special funds within the State Treasury is limited by restricting maturities of their investments to ten years or less. The

interest rate risks of the Louisiana Education Quality Trust Fund (LEQTF), Millennium Trust Funds, and the Medicaid Trust Fund portfolios are limited by managing their duration using fixed income indices as benchmarks to gauge and limit such risk. Further, these portfolios' durations are limited by policy to 15 years or less for LEQTF, and 10 years or less for the Millennium Trust Funds and the Medicaid Trust Fund to minimize interest rate risk. The State Treasury has no investments with fair values that are highly sensitive to changes in interest rates due to their terms or characteristics.

As of June 30, 2006, the State Treasury had the following debt investments and maturities (amounts expressed in thousands).

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
U.S. Government Obligations	\$3,185,668	\$1,709,165	\$1,394,647	\$28,146	\$53,710
U.S. Agency Obligations	2,060,001	1,017,750	475,881	285,056	281,314
Corporate Bonds	1,149,045	171,215	219,663	296,377	461,790
Municipal Bonds	875,494	242,250	17,696	354,676	260,872
Foreign Bonds	15,553	9,995	4,803	566	189
Total	\$7,285,761	\$3,150,375	\$2,112,690	\$964,821	\$1,057,875

Retirement Systems and Other Trusts

At June 30, 2006, the Louisiana School Employees' Retirement System (LSERS) held \$497,724,486 in total debt investments, \$293,616 with maturities of less than 1 year, \$117,107,502 with maturities of 1 to 5 years, \$104,231,410 with maturities of 6 to 10 years, and \$276,091,958 with maturities of more than 10 years. The Louisiana State Employees' Retirement System (LASERS) held \$1,782,701,187 in total debt investments, \$49,827,405 with maturities of less than 1 year, \$352,715,172 with maturities of 1 to 5 years, \$704,014,236 with maturities of 6 to 10 years, and \$676,144,374 with maturities of more than 10 years. In addition, LASERS held investments in floaters and inverse floaters with a fair value of \$61,183,783 that, due to their characteristics, are sensitive to changes in interest rates. The Teachers' Retirement System of Louisiana (TRSLA) held \$2,775,065,415 in total debt investments, \$400,474,315 with maturities of less than 1 year, \$810,559,933 with maturities of 1 to 5 years, \$735,683,863 with maturities of 6 to 10 years, and \$828,347,304 with maturities of more than 10 years. The Louisiana State Police Retirement System (LASPRS) held \$86,662,602 in total debt

investments, \$42,389,128 with maturities of less than 1 year, \$16,359,810 with maturities of 1 to 5 years, \$9,681,752 with maturities of 6 to 10 years, and \$18,231,912 with maturities of more than 10 years.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the LSERS investment policy allows no more than 3% of the plan's investment portfolio to have stated maturities in excess of 30 years. The TRSLA and LASPRS investment policies require its fixed income managers to approximate the portfolio's duration to established benchmarks for fixed income investments. Although LASERS has no official investment policy relating to limiting its exposure to interest rate risk, its fixed income managers monitor the duration of its portfolios to the benchmarks for fixed income investments.

The table on the following page displays the state retirement systems' and other trusts' debt investments by type and maturities (amounts expressed in thousands) as of June 30, 2006.

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Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
U.S. Agency obligations	\$1,038,181	\$79,986	\$21,316	\$129,454	\$807,425
U.S. Government obligations	107,877		59,043	4,762	44,072
U.S. Treasury obligations	42,846	2,811	9,498	15,632	14,905
Mortgage backed securities	179,390	293	7,321	5,081	166,695
Collateralized mortgage obligations	398,852		19,329	13,909	365,614
Corporate bonds	1,739,099	107,760	634,716	844,903	151,720
Foreign bonds	914,404	74,373	375,783	384,986	79,262
Yankee bonds	56,621	3,848	13,305	30,695	8,773
Other bonds	622,531	181,560	156,432	124,190	160,349
Mutual Funds	42,389	42,389			
Other	2,047	612	16	19	1,400
Total	\$5,144,237	\$493,632	\$1,296,759	\$1,553,631	\$1,800,215

E. INVESTMENTS - CREDIT RISK & CONCENTRATION OF CREDIT RISK

The credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating organizations (rating agencies) such as Standard & Poor's (S&P) and Moody's. The concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools).

State Treasury

State statutes and investment policies limit the State Treasury investments to government securities with explicit guarantees by the U.S. government, agency securities with implicit U.S. government guarantees, and corporate securities with investment grade ratings by Moody's and S&P. The State Treasury has no limit on the amount it may invest in any one issuer. Of the State Treasury's total investments, 7.45% are issues of the Federal National Mortgage Association (FannieMae) and 9.62% of the Federal Home Loan Mortgage Corporation (FreddieMac).

The following table illustrates the State Treasury's investments exposure to credit risk as of June 30, 2006 (expressed in thousands):

Rating	Fair Value
AAA	\$2,255,558
AA	390,354
A	613,208
BBB	332,023
BB	43,543
B	11,915
Not Rated	1,702,397
Total	\$5,348,998

Retirement Systems and Other Trusts

The investment policies of the state's retirement systems and other trusts prescribe the level of credit risk to which their investments in debt securities are exposed. The table below details the total fair market value of investments in debt securities exposed to credit risk at June 30, 2006 for each of the state's retirement systems. In addition, the Louisiana Asset Management Pool (LAMP, an investment trust fund) had investments in debt securities with a fair value of \$72,965,266, all of which were rated AAA by S&P.

None of the state's retirement systems or other trusts had investments in any one issuer (other than those issued or guaranteed by the U.S. government) that represented more than 5% of its total investments.

Rating	Fair Value (in thousands)			
	LSERS	LASERS	TRSLA	LASPRS
AAA	\$57,477	\$908,689	\$575,816	\$1,011
AA+	438	136,106		
AA-	15,322			977
AA	2,348			934
A+	20,942	117,889		7,949
A	23,868			9,694
A-	18,875			4,407
A-1			56,531	
A-2			56,579	
A-3			62,041	
AA1			8,576	
AA2			7,905	
AA3			81,028	
BBB+	30,799	99,400		1,519
BBB	38,402			1,453
BBB-	17,815			
BB+	5,933	154,292		
BB-	6,949			
BB	2,005			
B	668			
B+	3,912	289,201		
B-	686			
B1			122,634	
B2			148,411	
B3			135,730	
BA1			45,410	

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BA2			93,709	
BA3			137,661	
BAA1			45,095	
BAA2			41,994	
BAA3			17,093	
C		1,159		
CAA1			50,507	
CAA2			1,490	
CCC+		40,596		
D		130		
VMIG1-3			4,554	
Not Rated	180,416	51,075	1,082,301	
Total	<u>\$426,855</u>	<u>\$1,798,537</u>	<u>\$2,775,065</u>	<u>\$27,944</u>

F. FOREIGN CURRENCY RISK

State Treasury

The State Treasury limits the foreign currency risk of the State's investments by prohibiting investing in instruments denominated in foreign currencies. Also, the State has no deposits held by the State Treasury denominated in foreign currencies.

Retirement Systems and Other Trusts

Louisiana School Employees' Retirement System's (LSERS) investment policy allows the Plan to invest in foreign marketable securities up to a target of 7% of total investments which totals \$121,917,501 at June 30, 2006. The Louisiana State Employees' Retirement System (LASERS) held foreign marketable securities with a fair value of \$1,222,351,578 at June 30, 2006, the Teachers' Retirement System of Louisiana (TRSLA) held \$2,819,165,928, and the Louisiana State Police Retirement System (LASPRS), \$22,358,066. LASPRS's investment policy allows no more than 12.5% of the system's portfolio to be international equities. The following table illustrates the total exposure to foreign currency risk at June 30, 2006 of \$4,185,793,073 by currency denomination and investment type:

Currency	Fair Value (U.S. dollars) (in thousands)	
	Bonds	Stocks & Other
Australian dollar	\$70,860	\$120,160
British pound sterling	71,244	589,355
Brazilian real	7,671	4,806
Canadian dollar	42,113	84,875
Danish krone	15,600	19,538
European euro	315,549	1,125,501
Hong Kong dollar		136,294
Hungarian Forint		873
Indonesian rupiah	5,376	
International pooled funds		22,252
Israeli Shekel		1,456
Japanese yen	181,271	821,680
Malaysian ringgit	5,618	946
Mexican new peso	42,622	7,928
New Turkish Lira	4,413	1,443
New Zealand dollar	9,475	561

Norwegian krone		33,017
Philippines peso		747
Polish zloty	43,955	349
Singapore dollar	20,325	42,893
South African rand	1,018	3,662
South Korean won		46,751
Swedish krona	23,734	32,313
Swiss franc		214,787
Thailand baht		12,762
Total	<u>\$860,844</u>	<u>\$3,324,949</u>

G. SECURITIES LENDING

State Treasury

The State Treasurer operated two separate securities lending programs during the 2006 fiscal year. One arrangement, authorized by LRS 49:321.1, entails the lending of its pooled assets comprising treasury and agency securities. In return for the lending transaction, the broker/dealer provides cash or securities of a similar nature and maturity to those lent valued at 102% of the securities involved. The State agrees to hold as collateral securities for which it has no negotiation rights but for which it does have ownership. The State Treasurer has neither actual nor constructive receipt of the collateral. The State Treasurer has the right to receive or sell the collateral only upon a default of the borrower as defined in the contracts. The cash collateral is invested in an overnight investment pool of the safekeeping agent. Securities lent are not considered to have been sold nor have the securities received as collateral considered to have been purchased. The safekeeping agent has agreed to indemnify the State Treasurer for certain conditions, the two most important of which are default on the part of the borrower and failure to maintain the daily marking to market on the pledged collateral. The State had no credit risk at the balance sheet date. No losses on securities lending transactions occurred during the 2006 fiscal year.

The Louisiana Education Quality Trust Fund (LEQTF) also participates in a securities lending program as authorized by LRS 17:3803(E)(1). In return, the State receives cash or securities as collateral equal to the market value plus interest of the securities lent or collateral of a similar type and maturity to those lent, collateralized at 102%. Securities purchased with cash collateral are included in an overnight repurchase investment pool, which is not categorized, and generally match loan maturities. The State Treasurer agrees to transfer lendable LEQTF securities (lendable securities are defined in the contract, but generally consist of treasury and agency fixed-income instruments) to the agent bank. The broker/dealer agrees to utilize securities as market opportunities arise, with the income from the transaction resulting in a split of 60/40, the 60% accruing directly to the LEQTF. The State Treasurer has the right to sell the pledged collateral only

upon default of the borrower as defined in the contract. The securities lending agent has agreed to indemnify the State Treasurer as agent for the LEQTF for broker default and failure to maintain the market value on the collateral. LEQTF had no credit risk at the balance sheet date; nor were there any losses on securities lending transactions occurring in fiscal year 2006.

At June 30, 2006, the value of securities on loan was \$4,593,527,336 for the Treasurer's pooled investments and \$113,161,364 for LEQTF.

Retirement Systems and Other Trusts

The Teachers' Retirement System of Louisiana (TRSLA), the Louisiana State Police Retirement System (LASPRS), the Louisiana School Employees' Retirement System (LSERS), and the Louisiana State Employees' Retirement System (LASERS) are authorized by their respective boards of trustees to operate securities lending programs. These programs are designed to produce supplemental income on investments with little or no additional risk. All securities are available for loan to pre-approved securities dealers. Securities dealers must meet specific criteria to be approved. The TRSLA lends its securities for cash. The LASPRS, LSERS and LASERS lend their securities for cash, U.S. government securities, and irrevocable letters of credit. Collateral held under the programs, which may be reinvested by the systems under the terms of the agreement with the broker/ dealer, is recorded as an asset with a corresponding liability; otherwise, the collateral is not recorded on the Statement of Net Assets. Because the LASERS does not trade or sell the collateral received in its program, such collateral is not considered an asset of the System and a corresponding liability is not required on its Statement of Net Assets. The LASPRS, LSERS and LASERS cannot pledge or sell securities unless the borrower defaults.

The TRSLA lends domestic securities for cash collateral of 100%, domestic securities for non-cash collateral at 102%, and international securities for cash collateral of 105%. The LASPRS, LSERS and LASERS lend U.S. securities for collateral valued at 102% of the market value of the securities plus any accrued interest (for LSERS only). For the LSERS and LASERS, non-U.S. securities are loaned for collateral valued at 105% of the market value of the securities plus any accrued interest (for LSERS only). In instances where LASPRS, TRSLA and LSERS loans are for term, the reinvestment of the cash is matched to the maturity of the loan. LASERS loans are terminable at will.

Therefore, their duration will not generally match the duration of the investments made with cash collateral.

At June 30, 2006, LASERS had no credit risk exposure to borrowers. Neither the LASPRS, TRSLA nor the LSERS had any credit risk exposure to borrowers at year end because the cash collateral held reflected the market value of securities on loan, and the amounts owed to borrowers exceeded amounts owed by borrowers. Securities loans of the three systems may be terminated on demand by either party within a period specified in the related agreement. There were neither significant violations of legal or contractual provisions, nor borrower or lending agent default losses known to the securities lending agents of the three systems. The LASPRS, LASERS and LSERS have indemnification agreements with their securities lending agents in case of borrower default. Securities on loan at June 30, 2006 totaled \$697,668,701 for LASERS, \$17,232,906 for LASPRS, \$2,134,638,537 for TRSLA, and \$243,488,727 for LSERS.

H. INVESTMENTS IN DERIVATIVES

As of June 30, 2006, LASERS, TRSLA and LSERS held investments in various derivative financial instruments (derivatives) including interest-only strips, principal-only strips, collateralized mortgage obligations, options, forward contracts, and futures contracts. LASERS and TRSLA invest in interest-only strips and principal-only strips which are mortgage-backed securities that involve the separation of the interest and principal components of a security. These derivatives are held in part to maximize yields and in part to hedge against changes in interest rates. Interest-only strips are based on cash flows from interest payments on mortgages, whereas principal-only strips are based on cash flows from principal payments on mortgages. The return on these investments is related to changes in interest rates. LASERS and TRSLA invest in collateralized mortgage obligations (CMO's) which are collateralized by whole loan mortgages and mortgage pass-through securities. Additionally, LASERS and TRSLA invest in option and forward contracts which bear the risks of changes in market values, interest rates, and counterparties failing to meet the terms of the contracts. TRSLA and LSERS invest in futures contracts to maintain market exposure for excess cash or for security hedging. The risks associated with futures contracts are the potential for credit loss in the event of nonperformance by other parties to the contracts and market risk as a result of possible future changes in market prices.

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NOTE 3: ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Balances receivable and payable have been aggregated for presentation in the accompanying financial statements. Therefore, the following schedules provide additional detail information concerning balances receivable and payable by category and fund type.

A. Receivables

Receivable balances at June 30, 2006, are as follows (expressed in thousands):

	Governmental Funds			
	General	Bond Security	Nonmajor	Total
	Fund	and Redemption	Funds	Governmental
	Fund	Fund	Funds	Funds
Corporate/Individual Tax	\$	\$	\$	\$
Excise Tax		512,478		512,478
Federal Revenues	104,781	27,805		27,805
Gaming		14,765		14,765
Licenses Permits and Fees		12,897		12,897
Mineral Resources		53,644		53,644
Motor Fuel Tax		126,827	44,374	171,201
Public Assistance		10,685		10,685
Tobacco Products Tax		10,875		10,875
Sales of Commodities and Services		31,626		31,626
Sales Tax		154,207		154,207
Severance Tax		77,751		77,751
Other Tax		321,778		321,778
Other	22,676	44,896	13,171	80,743
Total Receivables	127,457	1,400,234	57,545	1,585,236
Allowance for Uncollectibles	--	(21,455)	--	(21,455)
Receivables, Net	\$ 127,457	\$ 1,378,779	\$ 57,545	\$ 1,563,781
Amounts Not Expected to be Collected Within One Year	\$ --	\$ 469,944	\$ --	\$ 469,944

	Proprietary Funds			
	Business-Type Activities - Enterprise Funds			Governmental
	Unemployment	Nonmajor	Total	Internal
	Trust	Enterprise	Enterprise	Service
	Fund	Funds	Funds	Funds
Employer Contributions	\$ 75,148	\$	\$ 75,148	\$
Gaming		7,989	7,989	
Other		8,701	8,701	11,734
Total Receivables	75,148	16,690	91,838	11,734
Allowance for Uncollectibles	(13,543)		(13,543)	
Receivables, Net	\$ 61,605	\$ 16,690	\$ 78,295	\$ 11,734
Amounts Not Expected to be Collected Within One Year	\$ --	\$ 84	\$ 84	\$ --

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B. Accounts Payable and Accruals

Accounts Payable and Accruals at June 30, 2006, are as follows (expressed in thousands):

	Governmental Funds			
	General	Bond Security	Nonmajor	Total
	Fund	and Redemption	Funds	Governmental
		Fund		Funds
Community Development	\$ 20,386	\$	\$	20,386
Emergency Preparedness	89,255			89,255
Engineering and Operations	14,168			14,168
General Administration	8,298			8,298
Highway Operation and Maintenance			205,335	205,335
Inmate Housing	12,758			12,758
Job Training and Placement Programs	22,115			22,115
Public Safety and Law Enforcement	28,471			28,471
Medicaid	376,064			376,064
Personal Health	62,825			62,825
Public Assistance	72,294			72,294
School and Community Educational Support	167,682			167,682
Disadvantaged Student	109,582			109,582
School, Student, and Educator Performance	61,469			61,469
Aid to Local Government	11,154			11,154
Other State Programs	252,452	95	745	253,292
Total Accounts Payable and Accruals	\$ 1,308,973	\$ 95	\$ 206,080	\$ 1,515,148

	Proprietary Funds			
	Business-Type Activities - Enterprise Funds			Governmental
	Unemployment	Nonmajor	Total	Internal
	Trust	Enterprise	Enterprise	Service
	Fund	Funds	Funds	Funds
Gaming	\$	\$ 2,331	\$ 2,331	\$
Other	2,544	9,923	12,467	6,003
Total Accounts Payable and Accruals	\$ 2,544	\$ 12,254	\$ 14,798	\$ 6,003

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NOTE 4: INTERFUND ACCOUNTS AND TRANSFERS

A. RECEIVABLES AND PAYABLES

A summary of interfund receivables and payables at June 30, 2006 is shown below (expressed in thousands):

	Primary Government	
	Due From	Due To
GOVERNMENTAL FUNDS:		
General Fund	\$ 1,347,952	\$ 321,442
Bond Security and Redemption Fund	180,230	1,087,050
Louisiana Educational Quality Trust Fund	809	12,626
Nonmajor Funds	535,518	630,734
Total Governmental Funds	<u>2,064,509</u>	<u>2,051,852</u>
PROPRIETARY FUNDS:		
Nonmajor Funds	--	12,153
Internal Service Funds	--	504
Total Proprietary Funds	<u>--</u>	<u>12,657</u>
GRAND TOTALS	<u>\$ 2,064,509</u>	<u>\$ 2,064,509</u>

B. TRANSFERS IN AND OUT

A summary of transfers in and out at June 30, 2006, is shown below (expressed in thousands):

	Primary Government	
	Transfers In	Transfers Out
GOVERNMENTAL FUNDS:		
General Fund	\$ 12,156,184	\$ 1,433,269
Bond Security and Redemption Fund	163,036	11,801,845
Louisiana Educational Quality Trust Fund	18,140	--
Nonmajor Funds	4,772,713	3,754,982
Total Governmental Funds	<u>17,110,073</u>	<u>16,990,096</u>
PROPRIETARY FUNDS:		
Nonmajor Funds	--	119,977
Total Proprietary Funds	<u>--</u>	<u>119,977</u>
GRAND TOTALS	<u>\$ 17,110,073</u>	<u>\$ 17,110,073</u>

C. DETAILS OF INTERFUND BALANCES AND TRANSFERS

Per the Louisiana Constitution, most State revenues are deposited into the Bond Security and Redemption Fund (BSRF). The major exception is federal revenues, which are deposited directly into the General Fund. The BSRF was designed to protect the bond holders, so general obligation debt is paid from the BSRF. This set up results in an extremely large number of transfers in and out of BSRF from and to a majority of the other funds, including the General Fund. At the end of the accrual period, a transfer is made to move the remaining monies in BSRF to the General Fund. Louisiana is unique in the way its debt service fund operates and parts A and B of this note provide the total amounts flowing through the BSRF.

The General Fund receives a large number of transfers from statutorily dedicated (special) funds. Since the special funds do not report expenditures, monies warranted in these funds are reclassified as transfers to the General Fund and the General Fund reports all expenditures for the special funds. This reclassification of warrants along with the transfers reported in the BSRF account for the large volume of transfers from reported in the General Fund. The interfund balances and transfers are due to the regular functions of government in the Louisiana environment and, in general, all interfund balances are paid within the statutorily required close period.

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Below is a discussion of the larger, more significant interfund transfers of the nonmajor funds.

- Budget Stabilization Fund – This fund was created in 1998 to restructure and rename the Revenue Stabilization/Mineral Trust Fund (Rainy Day Fund). Its funding is derived in several ways including twenty-five percent of non-recurring revenues, money available for appropriation from the state general fund and dedicated funds in excess of certain expenditure limits, and mineral revenues in excess of cap. For fiscal year 2006, transfers out totaled \$154 million and transfers in totaled \$373 million.
- Capital Outlay Escrow Fund – This fund was established in 1974 to provide for the capital outlay expenditures of the State as appropriated in the annual capital outlay appropriations act. The activity in this fund for fiscal year 2006 was primarily for the repairs and renovations being made due to the damage caused by Hurricanes Katrina and Rita. The fund reported transfers out of \$16 million and transfers in of \$1.1 billion.
- FEMA Reimbursement Fund – This fund was established in 2006 for the purpose of providing funds to pay the state's portion of any amount due the United States under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Monies in this fund may also be transferred to the State Emergency Response Fund with the proper approval. During fiscal year 2006, transfers out totaled \$339 million and transfers in were \$428 million.
- Louisiana Medical Assistance Trust Fund – This fund was established in 1992 to assist in the operation and maintenance of the Medicaid program in the state. In fiscal year 2006, transfers out amounted to \$182 million and transfers in were \$297 million.
- Transportation Infrastructure Model for Economic Development (TIMED) – This fund was established in 1989 to be used exclusively for specific road and bridge projects with portions designated for the Port of New Orleans and the New Orleans International Airport. During fiscal year 2006, this fund had transfers out of \$366 million and transfers in totaled \$101 million.
- Transportation Trust Fund – This fund, established in 1989, was created to receive the excess revenues on gasoline, motor fuels, and special fuels taxes. Purposes of the fund include highway construction and maintenance, statewide flood control, ports and airports priority programs, among others. During fiscal year 2006, transfers out amounted to \$1.1 billion and transfers in were \$554 million.
- Video Draw Poker Device Fund – This fund was created in 1991 to receive an allocation of the revenues collected by the Gaming Division of the Office of State Police for fees, fines, penalties, and all other monies collected. During fiscal year 2006, this fund had transfers out of \$214 million and transfers in totaling \$211 million.

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NOTE 5: CAPITAL ASSETS

A. PRIMARY GOVERNMENT (in thousands)

	<u>Capital Assets</u> <u>July 1, 2005 *</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets</u> <u>June 30, 2006</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,890,175	\$ 78,643	\$ 421	\$ 1,968,397
Construction in progress	*117,638	108,382	33,517	192,503
Total capital assets not being depreciated	<u>2,007,813</u>	<u>187,025</u>	<u>33,938</u>	<u>2,160,900</u>
Other capital assets historical cost:				
Buildings and improvements	*1,322,976	172,746	24,560	1,471,162
Machinery and equipment	*650,493	57,934	55,775	652,652
Infrastructure	16,937,686	815,600	4,212	17,749,074
Total other capital assets historical cost	<u>18,911,155</u>	<u>1,046,280</u>	<u>84,547</u>	<u>19,872,888</u>
Less accumulated depreciation:				
Buildings and improvements	*431,799	34,316	387	465,728
Machinery and equipment	*497,485	65,630	53,780	509,335
Infrastructure	7,858,320	404,579	--	8,262,899
Total accumulated depreciation	<u>8,787,604</u>	<u>504,525</u>	<u>54,167</u>	<u>9,237,962</u>
Other capital assets, net of depreciation	<u>10,123,551</u>	<u>541,755</u>	<u>30,380</u>	<u>10,634,926</u>
Governmental activities capital assets, net	<u>\$ 12,131,364</u>	<u>\$ 728,780</u>	<u>\$ 64,318</u>	<u>\$ 12,795,826</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 3,807	\$ --	\$ --	\$ 3,807
Construction in progress	441	6,056	173	6,324
Total capital assets not being depreciated	<u>4,248</u>	<u>6,056</u>	<u>173</u>	<u>10,131</u>
Other capital assets historical cost:				
Buildings and improvements	23,359	3,375	655	26,079
Machinery and equipment	23,874	2,915	3,077	23,712
Total other capital assets historical cost	<u>47,233</u>	<u>6,290</u>	<u>3,732</u>	<u>49,791</u>
Less accumulated depreciation:				
Buildings and improvements	13,777	606	497	13,886
Machinery and equipment	17,178	2,021	1,663	17,536
Total accumulated depreciation	<u>30,955</u>	<u>2,627</u>	<u>2,160</u>	<u>31,422</u>
Other capital assets, net of depreciation	<u>16,278</u>	<u>3,663</u>	<u>1,572</u>	<u>18,369</u>
Business-type activities capital assets, net	<u>\$ 20,526</u>	<u>\$ 9,719</u>	<u>\$ 1,745</u>	<u>\$ 28,500</u>

* Restated Beginning Balances

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Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$	34,107
Culture, recreation, and tourism		2,573
Transportation and development		423,517
Public safety		14,127
Health and welfare		8,475
Corrections		9,495
Youth Services		978
Conservation		6,209
Education		5,044
Total governmental activities depreciation expense	\$	<u>504,525</u>

B. COMPONENT UNITS (in thousands)

	Capital Assets			Capital Assets
	July 1, 2005	Additions	Deletions	June 30, 2006
Capital assets not being depreciated:				
Land	\$ 259,968	\$ 6,027	\$ 75	\$ 265,920
Construction in progress	<u>375,829</u>	<u>328,760</u>	<u>342,749</u>	<u>361,840</u>
Total capital assets not being depreciated	<u>635,797</u>	<u>334,787</u>	<u>342,824</u>	<u>627,760</u>
Other capital assets historical cost:				
Buildings and improvements	3,815,082	343,884	83,272	4,075,694
Machinery and equipment	1,534,132	140,321	84,208	1,590,245
Infrastructure	<u>534,277</u>	<u>13,513</u>	<u>5,321</u>	<u>542,469</u>
Total other capital assets historical cost	<u>5,883,491</u>	<u>497,718</u>	<u>172,801</u>	<u>6,208,408</u>
Less accumulated depreciation:				
Buildings and improvements	1,802,983	96,708	14,952	1,884,739
Machinery and equipment	1,139,195	113,316	73,185	1,179,326
Infrastructure	<u>213,795</u>	<u>11,376</u>	<u>1,100</u>	<u>224,071</u>
Total accumulated depreciation	<u>3,155,973</u>	<u>221,400</u>	<u>89,237</u>	<u>3,288,136</u>
Other capital assets, net of depreciation	<u>2,727,518</u>	<u>276,318</u>	<u>83,564</u>	<u>2,920,272</u>
Component units capital assets, net	\$ <u>3,363,315</u>	\$ <u>611,105</u>	\$ <u>426,388</u>	\$ <u>3,548,032</u>

C. IMPAIRMENT OF CAPITAL ASSETS

State capital assets have been impaired as a result of physical damage incurred from Hurricanes Katrina and Rita. An impairment loss has been calculated for this damage as required by GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The amount of the impairment loss for damaged capital assets is based on calculations using the Restoration Cost Approach, in which a ratio of either the estimated costs to restore the impaired assets' service utility divided by the replacement costs, or the deflated

estimated restoration costs divided by the historical costs, is multiplied by the carrying value of each impaired asset. As a result, assets fully depreciated prior to the hurricanes would have an impairment loss of zero, regardless of the damage. Actual repairs to damaged capital assets are expected to far exceed the calculated impairment losses. Related insurance recoveries received during the year have been used to offset the impairment loss, in accordance with the guidelines of GASB 42. Insurance recoveries received in excess of the calculated impairment losses resulted in a gain being recorded. The impairment loss net of

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insurance recoveries received during the year is reported as an extraordinary item in the Government-wide Statement of Activities; in the Statement of Revenues, Expenses, and Changes in Fund Net Assets for Proprietary Funds; and in the Statement of Activities for Component Units, as appropriate.

The impairment loss for buildings is based on a threshold for restoration costs of the greater of \$100,000 or 20% of the capitalized cost of the building. The impairment loss for machinery and equipment is based on a threshold for restoration costs of the greater of \$20,000 or 20% of the capitalized cost of the asset for items damaged, and \$5,000 for items completely destroyed. The impairment loss for primary government infrastructure is based on a threshold for restoration projects costing at least \$100,000. This threshold is \$3 million per agency, per year. In order for the State's infrastructure to be considered impaired, the service utility has to be significantly reduced. If the right-of-way is damaged but the infrastructure is still functioning, it is not considered to be impaired. The impairment loss for component unit infrastructure is based on a threshold of \$3 million per agency per year.

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Governmental Activities:

Impairment losses calculated for Governmental Activity assets are \$22,363,258 for buildings, \$1,108,679 for machinery and equipment that has been completely destroyed, and \$716,937 for machinery and equipment that has been damaged and will be repaired. The impairment loss calculated for infrastructure is \$4,212,405.

The carrying value of impaired assets that were idle at the end of the year is \$716,937 for machinery and equipment and \$386,960 for infrastructure.

The State has \$3,920,674 in receivables for insurance recoveries related to impaired buildings. Insurance recoveries of \$17,157 have been received for impaired machinery and equipment. Insurance coverage is not available for the State's infrastructure. Insurance recoveries are reported as an offset to the impairment loss shown as an extraordinary item on the Government-Wide Statement of Activities.

Business-type Activities:

The Louisiana Lottery Corporation received damage to its regional office in Metairie, Louisiana, as a result of Hurricane Katrina. An impairment loss of \$5,580 has been calculated for this asset. Related insurance

recoveries received of \$192,067 are reported as an offset to the impairment loss, resulting in a net gain of \$186,487, shown as an extraordinary item on the Government-Wide Statement of Activities and in the Statement of Revenues, Expenses, and Changes in Fund Net Assets for Proprietary Funds.

COMPONENT UNITS

The State's college systems have calculated impairment losses of \$32,978,910 for buildings and \$6,379,621 for machinery and equipment. College systems have receivables for insurance recoveries of \$18,152,242 related to impaired buildings. All insurance recoveries for damage by Hurricanes Katrina and Rita are reported as an offset to the impairment loss shown as an extraordinary item on the Government-Wide Statement of Activities and the Statement of Activities for Component Units. The carrying value of impaired assets that were idle at year end for the colleges is \$42,744,728 for buildings and \$16,020,473 for machinery and equipment.

Other component units with impairment losses are the Louisiana Housing Finance Agency, the Louisiana Stadium and Exposition District, Orleans Levee District, and the Lake Borgne Basin Levee District. Impairment losses calculated for these entities totaled \$33,327,760 for buildings, \$758,432 for machinery and equipment, and \$4,221,397 for infrastructure. Insurance recovery receivables for these entities are \$5,880,880 for impaired buildings and \$17,795 for impaired machinery and equipment. These insurance recoveries are reported as an offset to the impairment loss shown as an extraordinary item on the Government-Wide Statement of Activities and in the Statement of Activities for Component Units. The carrying value of impaired buildings that were idle at year end for these entities is \$40,129,151.

NOTE 6: EMPLOYEE BENEFITS

A. RETIREMENT SYSTEMS

Background

The State of Louisiana maintains four defined benefit pension plans (DBP) that are considered component units of the State and are included in the Comprehensive Annual Financial Report (CAFR) as a part of the primary government. Those plans are administered by four public employee retirement systems. The Louisiana State Employees' Retirement System (LASERS), established July 1, 1947, includes classified and unclassified employees of the State. The Teachers' Retirement System of Louisiana (TRSLA) was established August 1, 1936, for the benefit of public school teachers and, effective July 1, 1983, includes school lunch employees. TRSLA offers a defined contribution plan to a relatively small, select group of employees in higher education. The Louisiana School Employees' Retirement System (LSERS) was established on July 1, 1947, for persons employed as school bus drivers, school janitors, school custodians, and school maintenance employees. The Louisiana State Police Retirement System (LSPRS) was established by Act 293 of 1938. Its members include commissioned law enforcement officers of the Office of State Police and the Superintendent of the Office of State Police.

In 1987, a constitutional amendment was ratified by the electorate that added subsection (E) to Article 10, Section 29, mandating the actuarial soundness of state and statewide retirement systems. In compliance with that amendment, the Legislature enacted Louisiana Revised Statute (LRS) 11:1-127 in its 1988 regular session to consolidate the public retirement law. LASERS and TRSLA must use the projected unit credit cost method to determine their actuarially required contributions; LSERS and LSPRS must use the entry age normal cost method for this determination.

LRS 11:42B(4), (5), and (11) establish requirements for the amortization of unfunded accrued liabilities of these Public Employees Retirement Systems (PERS). The LSERS, LASERS, and TRSLA requirements are as follows:

The unfunded liability as of June 30, 1988, determined under the projected unit credit funding method "...shall be amortized over a forty year period, commencing with the fiscal year 1989-1990 with the series of forty annual payments forming an increasing annuity, increasing initially at 4% per annum for the first five years, with the percent of increase reduced one-half of one percent over each successive five year period, so that the payments are increasing at the rate of one-half of one percent over the last five-year period."

LRS 11:42B(5) and (11) were amended in 1992 to require that the outstanding balance of the unfunded accrued liability as of June 30, 1992, for LASERS and TRSLA, "...shall be amortized over the remaining thirty-seven year period with payments forming an annuity at four and one half percent annually."

LRS 11:42B(10) specifies that the unfunded accrued liability of the State Police Retirement System as of June 30, 1988, be amortized over a twenty year period, beginning in fiscal year 1989-1990, with level dollar payments annually.

LRS 11:62 specifies employee contribution rates effective July 1, 1989, while LRS 11:102 details the calculation of the employer contribution rate each year for each system.

Act 588 of the 2004 Regular Session made significant changes to prospective funding for LASERS, TRSLA, and LSERS. As a result of the Act, the outstanding balances of changes in liabilities prior to 1999 were re-amortized using level dollar method until 2029. The remaining amortization periods for changes in liabilities beginning with 1999 through 2003 were extended to a thirty year period from the date of occurrence and amortized as a level percentage of projected payroll. Bases established after June 30, 2004, are amortized over a thirty year period as level dollar payments. In addition, the Act authorizes the Legislature to set employer contribution rates based on specific criteria but no less than fifteen and one-half percent for LASERS and TRSLA.

Readers requiring pension information not included in this report may request a copy of the separately issued financial reports by writing to each retirement system individually at the addresses listed in Note 1.

Plan Description

Louisiana State Employees' Retirement System. Although there are 360 contributing employers in this system, LASERS is considered a single employer plan because the material portion of its activity is with one employer - the State of Louisiana. The system is established and provided for within Title 11, Subtitle II, Chapter 1, of the Louisiana Revised Statutes. Benefit provisions are authorized within LRS 11:441-501.

Those employees considered eligible for membership in LASERS include all employees of the State (except those specifically excluded by statute) and are eligible immediately upon employment. Members are vested after 10 years of service.

A member is eligible to retire after at least 10 years of service at age 60, 25 years at age 55, or after 30 years at any age. Effective January 1, 1996, members may choose

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to retire with 20 years of service at any age, with an actuarially reduced benefit. The system does provide for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches retirement age, benefits are payable at 2.5% of the average of the highest three consecutive years of compensation, multiplied by the number of years of creditable service. Once an employee has accumulated 10 years of service, disability benefits apply based on the regular benefit formula without age restrictions. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average earned compensation for the highest 60 consecutive months of employment. Act 835 of the 2006 Regular Session increases the maximum retirement allowance for peace officers employed by the Department of Public Safety and Corrections, Office of State Police, other than state troopers to 3.33% for each year of qualifying service. All other benefit provisions remain the same as those for regular members.

Act 672 of the 2006 Regular Session provides for any member of LASERS an early retirement exclusive of any military service credit, provided the member has attained at least age 50 and has at least 10 years of service credited to this retirement. The member shall receive an annual retirement allowance consisting of an actuarially reduced benefit and shall not be eligible to participate in the Deferred Retirement Option Plan (DROP) or the Initial Benefit Option (IBP). This act is intended to encourage voluntary early retirement by the temporary lessening of retirement eligibility requirements and by restricting the hiring of new employees. The effective date of the act is January 1, 2007 through December 31, 2008. Act 194 of the 2004 Regular Session, also an early retirement and payroll reduction act which ends December 31, 2006, is not affected by Act 672.

In 1990, the Legislature created the DROP with Act 14. When members enter DROP, they continue to work at their regular job and draw their regular salary for a period of up to three years. While on DROP, the retiree's retirement benefits are paid into a special account. The election is irrevocable once participation begins. Interest is credited after participation ends; at which time, the member must choose a distribution option for benefits that have accumulated in the DROP account. The DROP program was designed to have no actuarial effect on LASERS' unfunded liability. Currently, there are 2,577 members in the program.

Act 678 of the 2006 Regular Session made provisions for any employee who is a member of LASERS, and has not

retired, but whose participation in the DROP was interrupted or ceased upon being terminated due to a reduction-in-force necessitated by Hurricane Katrina and/or Rita to have the time period applicable to his plan participation adjusted upon his reemployment and resumption of membership in LASERS to which employee belonged before being terminated. However, the act does not apply to an employee who becomes reemployed more than one year after being furloughed or terminated, whichever occurs first, or to employees reemployed on or after December 31, 2006.

Teachers' Retirement System of Louisiana. The TRSLA is the administrator of a cost-sharing multiple employer plan. The system was established and provided for within Title 11, Subtitle II, Chapter 2, of the Louisiana Revised Statutes. Benefit provisions are authorized within LRS 11:761-813.

The word "plan" as used below does not carry the same definition as referred to in GASB Statements 25, 26, and 27. Our use of the word "plan" in this context refers to individual benefit options. Those employees considered eligible for membership in TRSLA include teachers and eligible school lunch employees and are eligible immediately upon employment. Under the Teachers' Regular Plan, as amended by Act 1055 of 2001, members are vested after 5 years of service. A teacher member who becomes a member prior to July 1, 1999, is eligible to retire after at least 5 years of service at age 60, or after 20 years at any age, and will receive benefits based on a formula of 2%; a teacher member who retires with 25 years of service at age 55, 20 years at age 65, or 30 years at any age will receive benefits based on a formula of 2.5%. A teacher member who becomes a member on or after July 1, 1999, is eligible to retire after at least 5 years of service at age 60, 20 years at any age (actuarially reduced), 25 years of service at age 55, or 30 years at any age and will receive benefits based on a formula of 2.5%. In 1983 the Louisiana School Lunch Employees' Retirement System was merged into this system. The Louisiana School Lunch Employees' Retirement System contained two plans that were acquired by TRSLA: Plan A for members who are employed by the school system and are not covered by the Social Security system, and Plan B for members who are employed by the school system and are covered by Social Security. Plan A members are eligible to receive benefits based on a 3% benefit formula after 5 years of service at age 60, 25 years at age 55, or after 30 years service at any age. A 2% benefit formula accrues to Plan B members after 5 years service at age 60 and after 30 years service at age 55.

The system does provide for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. After an

employee has accumulated five years of service, he becomes eligible for disability benefits based on the regular benefit formula without age restrictions if determined eligible by the medical board. The member must also be in active service at the time of filing the application for disability retirement. Otherwise, reduced benefits are available based on varying percentage formulas for each plan.

The Optional Retirement Plan (ORP), in LRS 11:921-931, provides a defined contribution program for academic employees in higher education. Eligible members have the option of making an irrevocable election to participate in the ORP rather than the TRSLA and purchase annuity contracts for benefits payable at retirement. Monthly contributions based on percentages of salary are made by the employee and the employer to companies selected as providers of the plan. ORP provides for portability of assets and full and immediate vesting of all contributions submitted to the participating companies on behalf of the employees. In accordance with LRS 11:927(B), the system retains 9.394% of the 15.9% ORP employer contributions to be applied to the unfunded accrued liability of the system. Thus, the amount transferred to the carrier is the employer's portion of the normal cost contribution, which has been determined by the Public Retirement Systems' Actuarial Committee to be 6.507%. The number of employers participating in the ORP program is currently 112. Current membership in the program is 20,523. The ORP is not an obligation of the State or TRSLA, and is therefore not included in the CAFR.

Members of TRSLA also have the option of participating in a three-year DROP program. Although Act 1055 of 2001 changes the vesting requirements, members must still have 10 years of service credit to participate in DROP. The election is irrevocable once participation begins.

Act 17 of the 2006 First Extraordinary Session made provisions for any employee who is a member of TRSLA, and has not retired, but whose participation in the DROP was interrupted or ceased upon being terminated due to a reduction-in-force necessitated by Hurricane Katrina and/or Rita to have the time period applicable to his plan participation adjusted upon his reemployment and resumption of membership in TRSLA to which employee belonged before being terminated. However, the act does not apply to an employee who becomes reemployed more than one year after being furloughed or terminated, whichever occurs first, or to employees reemployed on or after December 31, 2006.

The Initial Lump-Sum Benefit (ILSB) became effective January 1, 1996. Under this program, a retiring member who did not participate in DROP could select an ILSB alternative. This alternative provides the retiree with a one-time payment of up to 36 months of a regular

maximum monthly retirement benefit with a reduced regular monthly retirement benefit for life.

On January 1, 2000, TRSLA established the Excess Benefit Plan. This plan is an unfunded, non-qualified plan intended to be a qualified excess benefit arrangement. It is designed to pay excess benefits to those members who retired on July 1, 1988, or later. The excess benefit is the portion of the TRSLA benefit that exceeds the maximum benefit allowed under Section 415 of the Internal Revenue Code.

Louisiana School Employees' Retirement System. Although the LSERS is considered part of the State of Louisiana financial reporting entity, it is not a part of the State payroll. LSERS is the administrator of a cost-sharing, multiple-employer, defined-benefit pension plan. The system was established and provided for by LRS 11:1001-1206. LRS 11:1116 mandates that specified employees become members of the system as a condition of employment. Benefit provisions are authorized in LRS 11:1141-1153.

Membership is mandatory for all employees under age 60 employed by a Louisiana parish or city school board, who work more than 20 hours per week as a school bus driver, school janitor, school custodian, school maintenance employee, or school bus aide. Members are vested after 10 years of service time.

A member is eligible to retire after at least 10 years of service at age 60, 25 years at age 55, or after 30 years at any age. The system does provide for deferred benefits for vested members who terminate before being eligible for retirement. Benefits become payable once the member reaches retirement age. The maximum retirement benefit is an amount equal to 3.33% of the average compensation for the 3 highest consecutive years of membership service, multiplied by the number of years of service limited to 100% of final average compensation, plus a supplementary allowance of \$2 per month for each year of service. Once an employee has accumulated 5 years of service, disability benefits apply based on the normal benefit formula without age restrictions. Other benefits have resulted from legislative changes and include cost-of-living benefits.

Effective July 1, 1992, members of the LSERS may elect to participate in the DROP and defer receipt of benefits. The election may be made one time only and is limited to three years. Monthly retirement benefits are paid into the plan and credited to a subaccount for that individual. All amounts that remain credited to the individual's subaccount shall be credited with interest at the end of each plan year at a rate equal to the realized return of the system's portfolio for that plan year, less one-half of one percent. Upon termination of participation in both the plan

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and employment, a participant may receive either a lump sum payment from the account or systematic disbursements. All employers are eligible to participate in DROP. The number of employers currently having plan members participating in the DROP program is 69. As of June 30, 2006, there were 732 members participating in the program.

Act 17 of the 2006 First Extraordinary Session made provisions to any employee who is a member of LSERS, and has not retired, but whose participation in the DROP was interrupted or ceased upon being terminated due to a reduction-in-force necessitated by Hurricane Katrina and/or Rita to have the time period applicable to his plan participation adjusted upon his reemployment and resumption of membership in LSERS to which the employee belonged before being terminated. However, the act does not apply to an employee who becomes reemployed more than one year after being furloughed or terminated, whichever occurs first, or to employees reemployed on or after December 31, 2006.

Effective January 1, 1996, the Legislature authorized the Plan to establish the Initial Benefit Retirement Plan (IBRP). IBRP is available to members who have not participated in DROP and who select the maximum benefit, Option 2 benefit, Option 3 benefit or Option 4 benefit. Thereafter, these members are ineligible to participate in DROP. IBRP provides both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from the IBRP account are made in accordance with the DROP account, LRS 11:1152(F)(3).

Louisiana State Police Retirement System. The LSPRS was established by Act 293 of 1938 and is the administrator of a single employer plan. Benefit provisions are authorized within LRS 11:1307-1322.

Those employees considered eligible for membership in LSPRS include commissioned law enforcement officers of the Office of State Police and the Superintendent of State Police, and are eligible immediately upon employment.

After 10 years of service at age 50, benefits are determined by multiplying the years of service credit by 3.33% to compute a retirement percentage factor (not to exceed 100%), which is then multiplied by the member's average salary. For those plan members employed before September 8, 1978, with 20 years of service at any age, benefits are determined by multiplying the years of service by 3.33% to compute retirement percentage factor (not to exceed 100%), which is then multiplied by the member's average salary. For those plan members employed on or after September 8, 1978, with 25 years of service at any age, benefits are determined by multiplying the years of service by 3.33% to compute retirement percentage factor

(not to exceed 100%), which is then multiplied by the member's average salary.

The following Acts of the 2003 Regular Legislative Session affected LSPRS as described. Act 211 provided a retroactive (to January 1, 1999) benefit to a surviving spouse of less than two years of any member who died of terminal cancer diagnosed prior to April 1, 2003. Act 538 provides a benefit of 100% of final average compensation or \$36,000 annually, whichever is greater, for certain catastrophic disability retirees as of June 30, 2003. Act 748 provides a 20% longevity bonus or benefits as provided by LRS 11:1307.1, whichever is greater, for members who participated in DROP on or before June 30, 2003 and who continued in employment after DROP. Act 876 amended the plan to make it eligible for tax-shelter qualification with the Internal Revenue Service effective January 1, 2004. Disability benefits equal 50% of average salary plus one and one-half percent of average salary for each year in excess of 10 years. Disability benefits shall be modified whenever a non-service disability retiree is engaged in gainful employment. Non-duty disability rates vary depending on length of service, but begin after 5 years of service credit. Death benefits vary whether cause was in the line of duty and whether there is a surviving spouse and/or number of minor children. The system does provide for deferred benefits for vested members who terminate before being eligible for retirement.

Any active member who is eligible to receive a service retirement allowance is eligible to participate in the DROP and defer receipt of benefits. The participation period shall not exceed 3 years. Upon termination of employment at the end of the DROP period, a participant may receive benefits in a lump sum payment, by a true annuity or in any other manner approved by the Board. Current membership in the program is 36.

A summary of government employers participating in the plans at June 30, 2006, is as follows:

		<u>Number of Employers</u>
<u>LASERS</u>	State Agencies	220
	Other Public Employers	<u>140</u>
	Total	<u>360</u>
<u>TRSLA</u>	School Boards	68
	Colleges and Universities	27
	State Agencies	58
	Charter Schools	14
	Other	<u>16</u>
	Total	<u>183</u>
<u>LSERS</u>	School Boards	67
	Other Agencies	<u>30</u>
	Total	<u>97</u>
<u>LSPRS</u>		<u>1</u>

Summary of Significant Accounting Policies

All four systems use the accrual basis of accounting for operating income and operating expenses. Within this context, interest income is recognized when earned, as are employer and employee contributions. Dividends are recognized when declared. State fund appropriations are recognized when earned by LASERS, TRSLA, and LSPRS. LASERS, LSERS, and TRSLA use the trade date basis to record investment purchases and sales. In addition, contributions are recognized in the period in which the amounts are due pursuant to formal commitments. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

As required by GASB Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, investments are reported at fair value. Investments are reported as follows:

LASERS. Short-term investments are reported at market value when published prices are available, or at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of estimated future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Besides investments in the U.S. Government and U.S. Government obligations, LASERS has no investments in any one organization that represents more than 5% of the plan net assets available for benefits.

Land, building, equipment, and furniture are carried at historical cost. Depreciation is computed using the straight-line method based on useful lives of 40 years for the building and 3 to 15 years for equipment and furniture.

TRSLA. Investments are reported at fair value, which is the market value on the last business day of the fiscal year. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be sold.

Besides investments in the U.S. Government and U.S. Government obligations, TRSLA has no investments of more than 5% of the portfolio invested in any one

corporation nor does TRSLA hold more than 5% of any corporation's outstanding stock.

Land, building, equipment, and furniture are carried at historical cost. Depreciation is computed by the straight-line method based on useful lives of 40 years for the building and 3 to 10 years for equipment and furniture.

LSERS. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Besides investments in the U.S. Government and U.S. Government obligations, LSERS has no investments in any one organization that represents 5% or more of the plan net assets available for pension benefits. There are no investments in loans to or leases with parties related to the pension plan. The investment activity of LSERS is subject to an investment policy adopted by the Board of Trustees and to oversight by the Board of Trustees.

Land, building, equipment, and furniture are carried at historical cost. Depreciation is computed by the straight-line method based on useful lives of 40 years for the building and 3 to 10 years for equipment and furniture.

LSPRS. Investments are reported at fair value. Fair value is determined by the last reported sales price.

Besides investments in the U.S. Government and U.S. Government obligations, LSPRS has no investments representing more than 5% of the plan net assets available for benefits.

Furniture, fixtures, and equipment are stated at cost and are being depreciated on the straight-line basis over their estimated useful lives. The estimated useful lives range from 3 to 10 years.

Contributions

A system's funding policy refers to the amounts and timing of contributions to be made by employers, participants, and any other sources to provide the benefits a pension plan specifies. Employee and employer contributions for all systems are provided for in Chapter 2 of Title 11 of the Louisiana Revised Statutes. Each system is described separately in the following paragraphs.

LASERS. The vast majority of employees of the State who are members before July 1, 2006 contribute 7.5% of their salaries. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8.0% for new members hired after June 30, 2006. Act 835 of the 2006 Regular Session increases the contribution rate of peace officers employed by the

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Department of Public Safety and Corrections, Office of State Police, other than state troopers to 9.0%. Exceptions include: judges, court officers, the governor, lieutenant governor, and legislators, who contribute 11.5% of their respective salaries; the Clerk of the House of Representatives and the Secretary of the Senate who contribute 9.5% of their salaries; correctional officers, security personnel, and probation officers who contribute 9.0%; wildlife agents who contribute 9.5%; and Bridge Police employees for the Crescent City Connection who contribute 8.5% of their salaries. The employers of each group listed contributed 19.1% of the employees' salaries toward future benefits for fiscal year 2006.

Act 340 of the 2004 Regular Session amended the purchase of service credit provisions enacted by the Act 289 of the 1992 Regular Session. Effective July 1, 2004, Act 340 established that any LASERS member with at least one year of service credit in the system would be eligible to obtain up to five years of service credit in one-year increments (referred to as "Airtime" service credit purchases) provided that application for the purchase of service was made on or before June 30, 2005. However, Act 75 of the 2005 Regular Session amended Act 340 and provided that purchases of service credit made on or after July 1, 2005, will be used solely for the calculation of retirement benefits, and may not be used for the attainment of additional years of retirement eligibility.

TRSLA. Contributions required of TRSLA members and their employers are based on the plan in which the employee participates. During the year ended June 30, 2006, members of the system's Regular Plan contributed 8.0% of their earned compensation, with the employer contributing 15.9%. Members of the TRSLA Plan A contributed 9.1% of their salary and the employer contributed 15.9%. Members of TRSLA Plan B contributed 5.0% of their compensation and the employer made a 15.9% contribution. The sources of employer contributions are appropriated state funds and tax proceeds collected in the parishes and remitted by the respective parishes' sheriff's office.

LSERS. Member contributions are established by statute and are currently 7.5% of earned compensation. Employer contributions, provided by the Board of Trustees, were increased to 18.4% for fiscal year 2006.

Act 278 of the 1999 Regular Session provided for the establishment of an Employer Credit Account consisting of the accumulated excess employer contributions which exceeded the actuarially required employer rate. The account had a balance of \$0 for the last three fiscal years.

LSPRS. Member contributions are 8.0% of earned compensation and are deducted from the member's salary. The employer's contributions consist of various fees collected by the Office of Motor Vehicle, and appropriations from the State.

Act 45 of the 2005 First Extraordinary Session amended retirement service and salary credit for public employees on involuntary furlough without pay, or placed on leave without pay on or after August 29, 2005, due to a gubernatorially declared disaster or emergency to be entitled to purchase service and salary credit for each day of service during the period beginning August 29, 2005, and ending on June 30, 2006. The remittance of payment shall be made to the system on or before December 31, 2006. The purchased service and salary credit may not be used for the purpose of meeting the minimum service requirements for disability retirement.

As required by GASB Statement 27, paragraph 20b(3), the LSERS and the TRSLA, both cost-sharing employers, disclose the following information:

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
<u>LSERS</u>		
6/30/04	\$47,980,745	58.7%
6/30/05	\$46,187,680	61.0%
6/30/06	\$50,768,224	85.6%
<u>TRSLA</u>		
6/30/04	\$527,899,270	94.4%
6/30/05	\$555,169,630	105.6%
6/30/06	\$555,342,400	108.1%

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As required by GASB Statement 27, paragraph 21, the LASERS and LSPRS, both single employers, disclose the following information.

The state's annual pension cost and net pension obligation to LASERS and LSPRS for the current year are as follows:

	<u>LASERS</u>	<u>LSPRS</u>
Annual required contribution	\$ 423,502,813	\$ 36,698,310
Interest on net pension obligation	2,603,054	236,228
Adjustment to annual required contribution	(10,920,692)	686,872
Annual pension cost	415,185,175	37,621,410
Contributions made	(394,108,196)	(37,483,229)
Increase (Decrease) in net pension obligation	21,076,979	138,181
Net pension obligation beginning of year	31,552,169	3,149,715
Net pension obligation end of year	\$ 52,629,148	\$ 3,287,896

In accordance with GASB 27, paragraph 21(b), the LASERS and LSPRS disclose the following:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>LASERS</u>			
6/30/04	\$364,930,168	96.1 %	\$35,367,487
6/30/05	\$404,460,067	100.9 %	\$31,552,169
6/30/06	\$415,185,175	94.9 %	\$52,629,148
<u>LSPRS</u>			
6/30/04	\$33,855,791	77.8 %	\$(3,304,234)
6/30/05	\$35,886,584	82.0 %	\$3,149,715
6/30/06	\$37,621,412	99.6 %	\$3,287,896

Actuarial Methods and Assumptions

The following table provides information concerning actuarial methods and assumptions.

	<u>LASERS</u>	<u>TRSLA</u>	<u>LSERS</u>	<u>LSPRS</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age	Entry Age
Amortization Method	Level Percentage of Projected Payroll	Level Dollar	Level Percentage of Projected Payroll	Level Dollar
Remaining Amortization Period (Open or Closed Period)	23-30 years Closed	30 years Closed	23 years Closed	0 years Closed
Asset Valuation Method	All assets valued at 4-year weighted market average	All assets valued at 4-year weighted market average	All assets valued at 4-year weighted market average	All assets valued at 4-year weighted market average
Actuarial Assumptions:				
Investment Rate of Return*	8.25%	8.25%	7.5%	7.5%
Projected Salary Increases*	4.25 - 14%**	3.2 – 9.0%	4.0 - 8.0%	4.5 – 15%
Cost of Living Adjustment	None	None	None	None
*Includes inflation at:	3%	3.2%	3.25%	3.25%

**The listed rates do not include those for judges, correction officers and wildlife agents.

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Funding Status and Progress

Because the purpose of each system is to provide specific benefits to groups of employees at various times in the future, actuarial valuations and assumptions are made regularly. The most recent actuarial valuation for the four statewide retirement systems is as of June 30, 2006. The Schedule of Funding Progress for the six* most recent actuarial valuations are as follows:

Schedule of Funding Progress (Expressed in Thousands)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>LASERS</u>						
Actuarial Valuation Date	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
Actuarial Value of Assets	\$7,430,784	\$6,673,500	\$6,097,815	\$6,487,538	\$6,460,594	\$6,418,296
Actuarial Accrued Liability	\$11,548,680	\$10,847,062	\$10,237,574	\$9,796,306	\$9,206,734	\$8,652,591
Unfunded AAL	\$4,117,896	\$4,173,562	\$4,139,759	\$3,308,768	\$2,746,140	\$2,234,295
Funded Ratio	64.3%	61.5%	59.6%	66.2%	70.2%	74.2%
Annual Covered Payroll	\$1,979,705	\$2,100,043	\$2,017,726	\$1,924,680	\$1,861,887	\$1,782,884
UAAL as a Percentage of Covered Payroll	208.0%	198.7%	205.2%	171.9%	147.5%	125.3%
<u>TRSLA</u>						
Actuarial Valuation Date	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
Actuarial Value of Assets	\$13,088,358	\$12,082,682	\$11,409,404	\$11,826,926	\$12,019,552	\$12,062,136
Actuarial Accrued Liability	\$19,390,781	\$18,699,765	\$18,067,486	\$17,196,812	\$16,263,239	\$15,390,417
Unfunded AAL	\$6,302,423	\$6,617,083	\$6,658,082	\$5,369,886	\$4,243,687	\$3,328,281
Funded Ratio	67.5%	64.6%	63.1%	68.8%	73.9%	78.4%
Annual Covered Payroll	\$2,892,959	\$3,132,169	\$3,017,087	\$2,977,885	\$2,777,667	\$2,582,831
UAAL as a Percentage of Covered Payroll	217.9%	211.3%	220.7%	180.3%	152.8%	128.9%
<u>LSERS</u>						
Actuarial Valuation Date	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
Actuarial Value of Assets	\$1,480,748	\$1,423,207	\$1,381,154	\$1,369,601	\$1,433,859	\$1,516,236
Actuarial Accrued Liability	\$1,872,594	\$1,889,445	\$1,820,959	\$1,730,796	\$1,582,071	\$1,472,423
Unfunded AAL	\$391,846	\$466,238	\$439,805	\$361,195	\$148,212	\$(43,814)
Funded Ratio	79.1%	75.3%	75.8%	79.1%	90.6%	103.0%
Annual Covered Payroll	\$239,321	\$259,232	\$259,698	\$268,656	\$258,876	\$249,674
UAAL as a Percentage of Covered Payroll	163.7%	179.9%	169.4%	134.4%	57.3%	(17.5)%
<u>LSPRS</u>						
Actuarial Valuation Date	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
Actuarial Value of Assets	\$379,704	\$322,482	\$288,865	\$271,062	\$271,694	\$261,576
Actuarial Accrued Liability	\$546,238	\$516,427	\$477,085	\$447,694	\$386,698	\$355,629
Unfunded AAL	\$166,534	\$193,945	\$188,220	\$176,631	\$115,004	\$94,053
Funded Ratio	69.5%	62.4%	60.6%	60.6%	70.3%	73.6%
Annual Covered Payroll	\$49,256	\$49,290	\$47,923	\$44,148	\$31,695	\$32,157
UAAL as a Percentage of Covered Payroll	338.1%	393.5%	392.8%	400.1%	362.8%	292.5%

(* GASB 25, paragraph 34, requires only three years of valuations for single employer plans. We chose to show six years for all statewide retirement systems.)

Unfunded Actuarial Accrued Liability (UAAL) differs from the Unfunded Funding Actuarial Liability (UFAL) for funding purposes. UFAL for funding purposes excludes the Texaco Settlement Fund Assets. The UFAL reported for LASERS, TRSLA and LSPRS on June 30, 2006, are \$4,164,543,814, \$6,554,989,762 and \$166,534,087 respectively. The UFAL dollar amount for LSERS in FY 2006 is the same amount as the UAAL.

The Actuarial Value of Assets for TRSLA also has a deficit in the LSU Agriculture and Extension Service Fund of \$132,576 which is not included. Considering this deficit, TRSLA's funded ratio would be reduced to 66.2%. Act 588 of the 2004 Regular Legislative Session reset the Employee Experience Account balance to zero and thereafter limited the account balance to no more than the reserve for two COLAs. The Employee Experience Account had balances for LASERS and TRSLA of \$155,832,126 and \$534,616,331 respectively at June 30, 2006. The Experience account can only be used to fund retiree cost-of-living adjustments.

B. LOUISIANA LOTTERY CORPORATION RETIREMENT PLANS

Pursuant to LRS 47:9015(A), the Louisiana Lottery Corporation provides two defined contribution retirement plans for its employees.

1. Basic Retirement

The Basic Retirement Plan was established effective September 1, 1993, with all employees eligible except those who elect coverage under a State retirement plan and those who are either independent contractors or leased employees. Eligible employees may participate in the Plan immediately upon employment. Employer contributions for fiscal year 2006 were 5% of the participant's compensation. Employee contributions were 6.2% of their compensation. Participants are fully vested immediately. Plan assets do not revert for the benefit of the employer. Benefit distributions commence as of the date designated by the participant (annuity starting date) after termination of employment, but not later than April 1st of the year following the calendar year in which the participant attains age seventy and one half. The participant must make a qualified election to receive the distribution in the form of a single-sum payment or in the form of a qualified joint and survivor annuity or single life annuity contract. Employee and employer contributions for fiscal year 2006 were \$309,093 and \$248,552, respectively.

2. Supplemental Retirement

Substantially all full-time employees are eligible to participate in the Supplemental Retirement Plan. The Louisiana Lottery Corporation contributed 4.5% of each participant's compensation for fiscal year 2006. Generally, participants are not permitted to contribute to the Plan; however, participants may contribute proceeds from a qualified rollover distribution as allowed by IRS Section 402. Effective July 1, 1991, all eligible employees employed by the Corporation on or before that date participate in the Plan. Thereafter, an eligible employee participates in the Plan as of the entry date that coincides with or immediately follows the date on which the eligible employee completes 90 consecutive calendar days of employment with the Corporation. Each plan year, the board of directors of the Corporation may determine the amount of a discretionary contribution not to exceed 2% of each participant's compensation for any plan year. Plan participants are fully vested and amounts are nonforfeitable upon the participant's death, disability, or attainment of the normal retirement date or upon the completion of three years of service. Any forfeiture of

nonvested amounts is reallocated to the accounts of all the remaining participants. Plan assets do not revert for the benefit of the employer. The distribution of a participant's vested and nonforfeitable portion of his or her account is made in the form of a single-sum payment after the participant terminates employment with the employer, attains the normal retirement age (65 years of age), or dies. Employer contributions for fiscal year 2006 were \$297,544.

C. OTHER POSTEMPLOYMENT BENEFITS

Health Care and Life Insurance Benefits

In accordance with LRS 42:821-871, the State provides health care and life insurance benefits to its active and retired employees and their eligible dependents through either self-insured and self-funded Office of Group Benefits (OGB) programs or, in the case of certain boards and commissions, through private insurance companies. All benefits and premium structures are reviewed by the OGB Policy and Planning Board. A written recommendation from this Board is forwarded to the House Appropriations Committee and Senate Finance Committee for oversight. The OGB provides health care and life insurance to substantially all of employees of the State, employees of school boards of 43 out of the 68 school systems, and employees of eligible political subdivisions of the State. The health care insurance or HMO coverage for both active and retired employees is financed by contributions from the State and the participating employee. Life insurance for the individual employee is financed by equal contributions from the State and the employee; insurance for eligible dependents and voluntary optional life products are funded totally through employees' contributions. Upon retirement, substantially all employees become eligible for continuing health care and life insurance benefits if they reach normal retirement age while working for the State. Other post-employment benefits (OPEB) administered through the OGB are financed on a pay-as-you-go basis. Expenses are recognized by the OGB as retirees report claims and include provisions for health claims reported but unpaid, and health claims incurred but unreported. Computed under the requirements of GASB Statement 12 as reported by state agencies, the cost to the State of providing insurance benefits to retirees and their eligible dependents for the year ended June 30, 2006, was \$189,871,470 and the number of retirees meeting eligibility requirements was 31,419. Actual claims expense incurred by the OGB for other postemployment benefits cannot readily be separated from the expenses of similar types of benefits provided to active employees and their dependents.

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NOTE 7: LEASES

A. LEASE AGREEMENTS

The State of Louisiana has entered into numerous operating and capital lease agreements for equipment, land, and buildings. Most leases contain non-appropriation exculpatory clauses that allow lease cancellation if the Louisiana Legislature does not make an appropriation for its continuation during any future fiscal period. Because legislative appropriation is reasonably assured, all leases contracted by the state are included in subsequent schedules.

B. OPERATING LEASES

Operating lease payments are recorded as expenditures or expenses of the applicable fund when the related liability is incurred and totaled \$67,850,902 (component units totaled \$19,265,662) for the fiscal year ended June 30, 2006. Commitments of the primary government under operating lease agreements for equipment, land, and buildings provide for future annual rental payments as follows (expressed in thousands):

<u>Fiscal Year</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Land</u>	<u>Other</u>	<u>Total</u>
2007	\$ 39,906	\$ 2,871	\$ 154	\$ 2,740	\$ 45,671
2008	26,894	1,109	97	2,242	30,342
2009	21,170	1,058	95	1,919	24,242
2010	14,978	745	78	1,900	17,701
2011	9,134	719	59	1,841	11,753
2012-2016	12,973	495	235	355	14,058
2017-2021	2,048	449	261	75	2,833
Total	<u>\$ 127,103</u>	<u>\$ 7,446</u>	<u>\$ 979</u>	<u>\$ 11,072</u>	<u>\$ 146,600</u>

Operating leases for component units are as follows (expressed in thousands):
Office space - \$54,955; Equipment - \$9,398; Land - \$406; and Other - \$19,432 for a total of \$84,191.

C. CAPITAL LEASES AND INSTALLMENT PURCHASE AGREEMENTS

Capital lease obligations are payable from resources of the governmental and proprietary funds. The following is a schedule of future minimum payments remaining under contracts in existence at June 30, 2006 (expressed in thousands):

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Units</u>
2007	\$ 9,670	\$ 71	\$ 12,157
2008	8,261	69	11,662
2009	6,036	42	10,476
2010	5,089	7	8,479
2011	4,804		7,760
2012-2016	22,561		35,380
2017-2021	14,635		32,513
2022-2026			16,060
2027-2031			2,071
Subtotal	<u>71,056</u>	<u>189</u>	<u>136,558</u>
Less interest and executory costs	<u>18,918</u>	<u>9</u>	<u>43,436</u>
Present value of minimum lease Payments	<u>\$ 52,138</u>	<u>\$ 180</u>	<u>\$ 93,122</u>

The gross amount of the leased assets at June 30, 2006 (expressed in thousands) for governmental activities is \$9,584 for office space and \$15,482 for equipment; and component units is \$5,541 for office space, \$101,236 for equipment, and \$9,876 for land.

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Total capital leases by asset classes include the following (expressed in thousands):

	Governmental Activities	Business-Type Activities	Component Units
Buildings	\$ 61,116	\$	\$
Office Space	324		7,891
Equipment	9,360	189	112,787
Land	256		15,880
Total Capital Leases	<u>\$ 71,056</u>	<u>\$ 189</u>	<u>\$ 136,558</u>

D. LESSOR LEASES

Various property and facilities are leased to outside parties as leases from port authorities, levee districts, universities, and various other entities. The current amount of lease revenues for the primary government for the fiscal year ending June 30, 2006, is \$3,549,220 (component units \$6,337,295).

The value of the property carried on the financial reports for the entities included below (expressed in thousands) is \$7,958 for land; \$239,239 for buildings; and \$728 for equipment; accumulated depreciation on the buildings and other totaled \$79,805.

1. OPERATING LEASES

The following is a schedule by years of minimum future rentals on operating leases as of June 30, 2006 (expressed in thousands):

Fiscal Year	Governmental Activities	Business- Type Activities	Component Units
2007	\$ 3,658	\$ 162	\$ 10,421
2008	2,675	58	5,820
2009	2,533	21	5,219
2010	2,272	14	4,690
2011	2,266	14	3,743
2012-2016	384	1	13,544
2017-2021			12,903
2022-2026			1,242
Total	<u>\$ 13,788</u>	<u>\$ 270</u>	<u>\$ 57,582</u>

The contingent rental revenue received from the lessor operating leases above as of June 30, 2006 (expressed in thousands) is \$647 for office rentals, \$583 for equipment rentals, and \$63 for land rentals totaling \$1,293.

2. CAPITAL LEASES

The following is a schedule by years of minimum future rentals on capital leases as of June 30, 2006 (expressed in thousands):

Fiscal Year	Component Units
2007	\$ 61
2008	191
2009	191
2010	191
2011	130
2012-2016	16,050
2017-2021	14,925
2022-2026	65,925
Total	<u>\$ 97,664</u>

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NOTE 8: LONG-TERM OBLIGATIONS

A. DEBT AUTHORIZATION AND LIMITATIONS

The Louisiana Constitution of 1974 provides that the State shall have no power, directly or indirectly, through any board, agency, commission, or otherwise, to incur debt or issue bonds except by law enacted by two-thirds of the elected members of each house of the Legislature. LRS 39:1365(25) limits the legislative authorization of general obligation bonds and other general obligations secured by the full faith and credit of the State by prohibiting total authorized bonds from exceeding an amount equal to two times the average annual revenues of the Bond Security and Redemption Fund for the last three fiscal years prior to such authorization. The bond authorization limitation is \$22,239,690,000. The total general obligation bonds authorized are \$2,038,810,000 at June 30, 2006, or 9.16% of the bond authorization limit.

LRS 39:1402(D) limits issuance by the Louisiana State Bond Commission of general obligation bonds or other general obligations secured by the full faith and credit of the State. The highest annual debt service requirement for the current or any subsequent fiscal years for general obligation debt, including the debt service on any bonds or other obligations that are proposed to be sold by the Louisiana State Bond Commission, may not exceed 10% of the average annual revenues of the Bond Security and Redemption Fund for the last three fiscal years completed prior to the issuance being proposed. The general obligation debt issuance limitation is \$1,111,985,000. At June 30, 2006, the highest current or future annual general obligation debt service requirement is \$240,685,000, which represents 21.64% of the debt issuance limitation.

LRS 39:1367, enacted pursuant to a constitutional amendment, provides that the State Bond Commission establish annually a limit on the net State tax-supported debt issued subject to certain percentages established in the statutes and based on General Fund and dedicated funds revenues forecast by the Revenue Estimating Conference. The maximum amount of net State tax-supported debt allowed by statute for fiscal year 2005-2006 is 6.00% of estimated General Fund and dedicated funds revenues established by the Revenue Estimating Conference which was \$540,319,800. During the fiscal year 2005-2006, the total net State tax-supported debt paid was \$289,723,820 or 3.22% of the estimated General Fund and dedicated funds to revenues established by the Revenue Estimating Conference.

B. AUTHORIZED BUT UNISSUED DEBT

The Omnibus Bond Authorization Act of 2006 provides for the repeal of all acts, except any Act authorizing issuance of refunding bonds for the issuance of general obligation bond authorizations which are no longer found feasible or

desirable, and to reauthorize general obligation bonds for projects deemed to be essential, and to authorize new projects. As a result, there were no authorized but unissued bonds outstanding at June 30, 2006.

C. PURPOSE AND RETIREMENT OF GENERAL OBLIGATION BONDS

General obligation bonds are authorized and issued primarily to provide funds for constructing and improving State-owned facilities including ports, university facilities, public schools, parks, bridges, roads, and charity hospitals. General obligation bonds are backed by the full faith, credit, and taxing power of the State. Although certain general obligation debt is being retired from the resources of the enterprise funds and discretely presented component units and is therefore recorded in these funds, the State remains contingently liable for its payment. General obligation debt issued to finance the construction and equipping of education buildings and other facilities for colleges and universities and not secured by a pledge of revenues from the related facilities is a direct obligation of the State and is reported in the government-wide financial statements. Other general obligation debt of the college and university funds, which is being retired from pledged resources of those funds, is reported as a liability of the component units although the State remains contingently liable for its retirement.

In order to facilitate the funding of capital improvements by certain governmental units and political subdivisions of the State, the Omnibus Bond Authorization Act of 2006 authorized the issuance of general obligation bonds contingent upon executing a reimbursement contract with the State Bond Commission pertaining to the reimbursement payments and reimbursement reserve account payments for such projects. A reimbursement contract is a contract between the State, as bond issuer, and an entity, through which the entity receives a portion of bond money for its project. The entity repays or reimburses the State at the same interest rate and the same maturity dates as the bond issue. Entities utilize reimbursement contracts to attempt to obtain a better interest rate.

Reimbursement contracts include colleges and universities in the amount of \$1,434,707 and miscellaneous contracts in the amount of \$829,544. Applicable interest to maturity is \$339,178 and \$212,106, respectively. In the accompanying financial statements, reimbursement contracts are shown as accounts receivable and the debt shown is not reduced for these items. In addition, the Sabine River Authority (Sabine), a component unit, was the recipient of \$10 million in proceeds of General Obligation Issued 1975-B. Act 453 of 2005 (effective July 1, 2008) authorizes the State of Louisiana to forgive certain debt due to the State from Sabine. The amount of the debt forgiven, according to the Act, will be \$8.6 million less any payments made prior to July 1, 2008.

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D. LONG-TERM OBLIGATIONS OUTSTANDING AT JUNE 30, 2006

Long-term obligations outstanding at June 30, 2006, principal only, are as follows (expressed in thousands):

Long-Term Obligations	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Interest Rates
GOVERNMENTAL ACTIVITIES:						
General obligation bonds						
Payable	\$ 2,121,610	\$ --	\$ 82,800	\$ 2,038,810	\$ 139,565	2.50 – 7.75%
Other bonds payable by agency:						
Crescent City Connection	16,310	--	1,815	14,495	1,855	2.00 – 3.65%
Health Education Authority of Louisiana	8,650	--	255	8,395	270	5.70 – 8.30%
Louisiana Correctional Facilities Corporation	24,730	--	4,840	19,890	5,075	3.00 – 4.96%
Office Facilities Corporation	225,195	--	11,680	213,515	12,210	4.00 – 5.50%
Office Facilities Corporation (Internal Service Fund)	115,000	--	--	115,000	4,370	Variable
Public Safety LPFA *	84,210	--	3,900	80,310	4,060	4.25 – 5.88%
Tobacco Settlement Financing	1,083,505	--	21,695	1,061,810	43,345	5.50 – 6.36%
Transportation Infrastructure Model for Economic Development	786,690	--	5,105	781,585	5,255	3.00 – 5.38%
Total Other Bonds Payable by agency*	<u>2,344,290</u>	<u>--</u>	<u>49,290</u>	<u>2,295,000</u>	<u>76,440</u>	
Total bonded debt	<u>4,465,900</u>	<u>--</u>	<u>132,090</u>	<u>4,333,810</u>	<u>216,005</u>	
Other liabilities:						
Compensated absences	188,540	51,287	52,409	187,418	15,281	
Capital lease obligations	55,190	4,534	7,586	52,138	9,670	
Claims and judgments	2,237,257	1,500,711	1,379,404	2,358,564	233,931	
Unamortized bond premium	167,499	--	9,953	157,546	9,953	
Other long-term obligations	2,259	1,029	866	2,422	667	
Total other liabilities	<u>2,650,745</u>	<u>1,557,561</u>	<u>1,450,218</u>	<u>2,758,088</u>	<u>269,502</u>	
Total long-term obligations Governmental Activities*	<u>\$ 7,116,645</u>	<u>\$ 1,557,561</u>	<u>\$ 1,582,308</u>	<u>\$ 7,091,898</u>	<u>\$ 485,507</u>	
*restituted						
BUSINESS-TYPE ACTIVITIES:						
Bonds payable:						
Revenue bonds*	\$ 164,305	\$ --	\$ 2,156	\$ 162,149	\$ --	3.50 – 5.34%
Other liabilities:						
Compensated absences	2,229	188	233	2,184	683	
Capital lease obligations	182	--	2	180	71	
Notes payable	93	--	20	73	19	
Other long-term liabilities	112,216	7,328	28,442	91,102	--	
Total other liabilities	<u>114,720</u>	<u>7,516</u>	<u>28,697</u>	<u>93,539</u>	<u>773</u>	
Total long-term obligations Business-Type Activities	<u>\$ 279,025</u>	<u>\$ 7,516</u>	<u>\$ 30,853</u>	<u>\$ 255,688</u>	<u>\$ 773</u>	
*restituted						

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Long-Term Obligations	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Interest Rates
COMPONENT UNITS:						
Bonds payable:						
Revenue bonds*	\$ 1,241,049	\$ 362,222	\$ 270,052	\$ 1,333,219	\$ 35,327	Variable
Other liabilities:						
Compensated absences	194,019	37,436	46,399	185,056	17,428	
Capital lease obligations	81,780	21,483	10,141	93,122	7,789	
Amounts held in custody for others	29,191	7,027	1,949	34,269	16,682	
Notes payable	143,986	29,550	60,053	113,483	29,166	
Claims and Judgments	22,737	4,428	4	27,161	18	
Other long-term liabilities	28,524	70,961	6,943	92,542	13,762	
Total other liabilities	500,237	170,885	125,489	545,633	84,845	
Total long-term obligations						
Component units	\$ 1,741,286	\$ 533,107	\$ 395,541	\$ 1,878,852	\$ 120,172	

*restated

E. DEBT SERVICE REQUIREMENTS AT JUNE 30, 2006

Annual principal and interest payments for bonds and notes (expressed in thousands) are as follows:

Year:	Governmental Activities								
	General Obligation Bonds			Other Bonded Debt			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Total Principal	Total Interest	Total
2007	\$ 139,565	\$ 101,573	\$ 241,138	\$ 76,440	\$ 103,791	\$ 180,231	\$ 216,005	\$ 205,364	\$ 421,369
2008	133,405	94,122	227,527	87,710	119,093	206,803	221,115	213,215	434,330
2009	140,395	86,751	227,146	98,085	114,040	212,125	238,480	200,791	439,271
2010	147,380	79,410	226,790	94,640	108,909	203,549	242,020	188,319	430,339
2011	154,850	71,612	226,462	99,530	104,053	203,583	254,380	175,665	430,045
2012-16	636,585	248,530	885,115	621,460	430,532	1,051,992	1,258,045	679,062	1,937,107
2017-21	482,665	108,585	591,250	577,790	235,776	813,566	1,060,455	344,361	1,404,816
2022-26	203,965	17,875	221,840	179,310	140,979	320,289	383,275	158,854	542,129
2027-31	--	--	--	220,550	94,725	315,275	220,550	94,725	315,275
2032-36	--	--	--	239,485	30,959	270,444	239,485	30,959	270,444
Total	\$ 2,038,810	\$ 808,458	\$ 2,847,268	\$ 2,295,000	\$ 1,482,857	\$ 3,777,857	\$ 4,333,810	\$ 2,291,315	\$ 6,625,125

Year:	Business-Type Activities			Component Units		
	Revenue Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ --	\$ 6,624	\$ 6,624	\$ 35,327	\$ 55,037	\$ 90,364
2008	--	6,624	6,624	41,021	54,628	95,649
2009	--	6,624	6,624	42,527	56,514	99,041
2010	65,198	5,813	71,011	51,186	54,879	106,065
2011	--	3,382	3,382	82,476	51,446	133,922
2012-16	2,105	16,789	18,894	257,265	203,741	461,006
2017-21	14,800	15,496	30,296	180,572	152,879	333,451
2022-26	35,064	17,818	52,882	215,205	113,651	328,856
2027-31	44,982	34,391	79,373	230,479	66,910	297,389
2032-36	--	--	--	177,492	20,794	198,286
2037-41	--	--	--	19,669	--	19,669
Total	\$ 162,149	\$ 113,561	\$ 275,710	\$ 1,333,219	\$ 830,479	\$ 2,163,698

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Year:	Business-Type Activities			Component Units		
	Notes Payable			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 19	\$ 4	\$ 23	\$ 29,166	\$ 4,034	\$ 33,200
2008	23	2	25	34,113	3,198	37,311
2009	24	1	25	17,512	2,237	19,749
2010	7	--	7	13,867	1,430	15,297
2011	--	--	--	3,123	1,059	4,182
2012-16	--	--	--	6,223	3,932	10,155
2017-21	--	--	--	6,442	1,894	8,336
2022-26	--	--	--	3,037	519	3,556
2027-31	--	--	--	--	--	--
Total	\$ 73	\$ 7	\$ 80	\$ 113,483	\$ 18,303	\$ 131,786

F. DEFEASED BONDS

The following table enumerates the principal balances of previously outstanding bonds considered defeased at June 30, 2006 (expressed in thousands). The defeased bonds are not included in the accompanying financial statements.

<u>Bond Series</u>	<u>Date Defeased</u>	<u>Maturity Date</u>	<u>Amount Defeased</u>	<u>Outstanding at June 30, 2006</u>
Primary Government:				
1981-A	2/87	Various	\$ 60,085	\$ --
1981-B	2/87	Various	37,580	--
1985-C	2/87	Various	127,690	--
1986-A	2/93	Various	94,620	--
1987-A	2/93	8/05	48,709	--
1987-B	2/93	Various	95,145	12,040
1990	2/93	Various	89,855	77,405
1992-A	5/98	Various	135,255	98,120
1994-A	5/98	Various	108,245	108,245
1995-A	1/05	5/07	10,540	10,540
1997-A	1/05	Various	142,925	142,925
1998-B	1/05	Various	130,540	130,540
2000-A	1/05	Various	190,930	190,930
2002-A	1/05	Various	92,970	92,970
2003-A	1/05	Various	39,915	39,915
2004-A	1/05	Various	45,240	45,240
Partially Defeased Bonds:				
1995-A	6/03	Various	28,210	--
2001-A	6/03	Various	10,750	--
1997-A	6/05	4/06	9,975	--
1998-A	6/05	4/06	14,200	--
1998-B	6/05	4/06	8,780	--
2000-A	6/05	11/05	8,720	--
2001-A	6/05	5/06	1,125	--
2002-A	6/05	4/06	9,335	--
2003-A	6/05	5/06	10,895	--
Component Units:				
Louisiana Stadium and Exposition District:				
1994-A	12/98	Various	\$ 48,475	\$ 48,390
1995-A	12/98	7/24	10,500	10,500
1995-B	12/98	7/25	12,140	12,090
1996-A	12/98	Various	63,095	62,520
Greater New Orleans Expressway Commission				
	11/92	Various	54,920	44,005

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G. CONDUIT DEBT

Revenue bonds were issued by the Louisiana Agricultural Finance Authority (LAFA), a component unit, which constituted conduit debt outstanding at year-end totaling \$86,407,949 which is currently in default. The authority and the State have no responsibility for the repayment of this debt, and it is not reflected in the accompanying financial statements.

Revenue bonds were issued by the Louisiana Public Facilities Authority (LPFA), a component unit, which

constituted conduit debt outstanding at year-end totaling \$3,810,135,342. The authority and the State have no responsibility for the repayment of this debt, and it is not reflected in the accompanying financial statements.

H. OTHER GENERAL LONG-TERM OBLIGATIONS

The liability for compensated absences is described in detail in Note 1 Section C; the liability for capital leases is described in more detail in Note 7; the liability for claims and litigation is described in more detail in Notes 9 and 11.

NOTE 9: CONTINGENCIES

A. CLAIMS AND LIABILITIES HANDLED BY THE OFFICE OF RISK MANAGEMENT

Pursuant to Act 448 of the 1988 Regular Session of the Louisiana Legislature, R.S. 39:1533 was re-enacted to create the "Self-Insurance Fund" within the Department of the Treasury. The Self-Insurance Fund consists of all premiums paid by agencies of the State participating in the risk management program, the investment earnings thereon, and commissions retained. The Self-Insurance Fund can be used only for the payment of losses incurred by participants of the self-insurance program, together with insurance premiums, legal expenses, and administrative costs. The Office of Risk Management is responsible for administration of the risk management program of the State. In that capacity, they negotiate, compromise, and settle all claims, including all tort claims, against the State and all agencies participating in the Self-Insurance Fund, as well as all tort claims against agencies not covered by the Self-Insurance Fund when funding is provided by the Legislature through the General Fund of the State.

To satisfy claims, judgments, and expenses associated with the judgments for fiscal year 2005-2006, \$168,663,173 was paid from the Self-Insurance Fund. At June 30, 2006, outstanding non-discounted reserve valuations of the open claims within the programs total \$1,207,548,976. Because the Self-Insurance Fund is now in a deficit and is no longer a viable internal service fund, discounts are not applicable under Governmental Accounting Standards Board (GASB) Statement No. 10. As of June 30, 2006, there was an adjusted cash balance in the Self-Insurance Fund of \$143,888,523. The Office of Risk Management advises that the non-discounted liability reserve valuation for the claims in litigation being handled by that office is \$569,318,953 as of June 30, 2006.

A 1984 tort suit against the State based on claims that the construction of Interstate 12 has caused extensive flood damage to homes along the Tangipahoa River has

become final, holding the State liable for all damages occasioned by the flood. These damages, including interest, total approximately \$271,000,000 (accrued in the accompanying financial statements).

In a second tort matter, a collection of cases against the State involving claims alleging damages to oyster leases caused by coastal restoration efforts has been litigated to conclusion. While the trial court awarded damages in excess of one billion dollars (\$1,000,000,000) when judicial interest is included, the appellate court dismissed plaintiffs' claims in their entirety. The Legislature also passed a series of acts in the Regular Session of 2003, including proposed amendments to the Louisiana Constitution, which will significantly limit or reduce the State's liability in future oyster lease cases. The amendment was approved by the voters in the fall of 2003.

The State, through the Office of the Attorney General, petitioned the court to declare Acts 739 and 802 of the 2006 Regular Session of the Louisiana Legislature constitutional. These acts extended the prescriptive period for damage claims resulting from Hurricanes Katrina and Rita. The district court and the Louisiana Supreme Court found both acts to be constitutionally sound.

B. CLAIMS AND LIABILITIES HANDLED OUTSIDE OF THE OFFICE OF RISK MANAGEMENT

The Attorney General has opined that only a small portion of the dollar amount of potential liability to the State resulting from pending litigation not being handled through the Office of Risk Management will ultimately be recovered by plaintiffs. It is his opinion that the estimated probable future liability for existing claims against the State is \$84,136,648 (accrued in the accompanying financial statements). In addition, as of June 30, 2006, there are claims totaling \$302,770,602 against the State where it is reasonably possible that the State will incur liability.

In September 1993, the Louisiana Supreme Court invalidated, on constitutional grounds, R.S. 13:5106,

limiting the liability of the State for general damages to a maximum of \$500,000. Following the same reasoning, in January 1994, the Supreme Court invalidated R.S. 13:5112(C), limiting the liability of the State for pre-judgment interest to 6%. Subsequently, the voters approved a constitutional amendment curing the defect found by the Supreme Court in the two cases. This amendment, along with the re-enactment of the two cited statutes, as well as several other statutes intended to protect the State in tort claims, became effective in November 1995. The efforts of the State to have the amendment and the legislation made applicable to then pending claims to limit recovery in accordance with the statutes were unsuccessful. Consequently, any case pending in September 1993 will have no upper limit on general damages, any case pending in January 1994 will not be subject to 6% interest pre-judgment, and any claim arising as late as November 24, 1995, will not be limited by either statute. The financial impact of this court-imposed hiatus has been significant, but is declining, as cases are resolved. The State's Medical Malpractice Statute (R.S. 40:1299.39) was not impacted by the Supreme Court's decision vis a vis R.S. 13:5106.

In February 2004, the Louisiana Supreme Court held that the parents who brought a wrongful death action against the State of Louisiana were each entitled to the statutory cap of \$500,000 for wrongful death actions. Previously, it was the belief that the limit was \$500,000 per death victim. This could impose an adverse impact upon the State's liability for tort compensation. In the 2005 Regular Legislative Session, the Legislature passed Senate Bill No. 258 which was signed by the Governor and enacted as Act No. 1 of the 2005 Regular Legislative Session in response to the Louisiana Supreme Court's erroneous interpretation of the statutory cap found under R.S. 13: 5106 in *Lockett v. the State of Louisiana, Department of Transportation and Development, 2003 – 1767 (La 2/25/04), 869 So.2d 87*. The provisions of Act No. 1 are intended to explain the original intent of the legislature, notwithstanding the contrary interpretation by the Louisiana Supreme Court in *Lockett*, but shall be applied prospectively only from its effective date of May 27, 2005.

In May 1999, the Louisiana Supreme Court invalidated R.S. 9:2800, which limited the circumstances under which the State could be held liable for damages caused by the condition of things under its care and custody. The Court's judgment was applied retroactively to November 23, 1995, the effective date of its implementation, thus imposing an adverse and severe impact upon the liability of the State for tort compensation.

Act 3 of the First Extraordinary Session of the Legislature of 1996 amended Article 2323 of the Louisiana Civil Code to require trial quantification of the degree of liability of

known non-parties, unknown persons not made a party, and statutorily immune parties such as the employer of a plaintiff suing a third party tortfeasor. The same act also amended Article 2324 of the Civil Code to provide that a negligent defendant would pay compensation calculated solely on the degree of his liability under comparative fault, regardless of the ability of co-defendants to pay their respective shares. The Louisiana Supreme Court declared that the provisions of Act 3 were remedial in nature and, therefore, retroactive in application to pending cases. This ruling will result in some reduction of the ultimate liability of the State in pending and future cases.

In June 2000, the Louisiana Supreme Court refused to consider a lower court decision which held that the Medical Liability for State Services Act did not apply to blood transfusions received in hospitals operated by the State. The State has pending cases alleging serious or fatal infections linked to blood transfusions in hospitals operated by the State. The decision denied the State the benefits of the medical malpractice reforms in those cases. However, Civil Code Article 2322.1, effective June 30, 1999, shields the health care providers.

In June 2001, the Louisiana Supreme Court held that the administrative remedy procedure for inmates in the custody of the Department of Corrections was unconstitutional. Under the procedure, inmate complaints that reached the state court system did so as judicial review of agency decisions. Many of those complaints will now be lawsuits rather than administrative matters. The financial impact of this decision will be significant, both in the expense of defending these cases and in the potential judgments, but is declining as cases are resolved.

In the First Extraordinary Session of 2002, the Legislature passed Act 89 to address the impact of the Supreme Court's inmate administrative remedy decision. The legislation was signed into law on April 19, 2002, and affects suits filed thereafter. The Act may significantly limit litigation costs and the tort exposure of the State in inmate claims going forward from enactment; however, it does not significantly limit the hundreds of suits filed before enactment. The Louisiana Supreme Court has held in *Cheron v. LCS Corrections Services* that exhaustion of inmate claims is not required during the time period from the Pope decision, in June 2001, until the passage of Act 89 in April of 2002. The Constitutionality of Act 89 was upheld in the 1st and 2nd Circuit Courts of Appeal.

From the beginning of fiscal year 2002-2003 to the present, the self-insurance fund of the State has not been available as a source of funds to settle tort claims involving road defect allegations nor to pay final judgments in such matters. As a result, settlements and judgments in such road hazard tort claims have been and will continue to be

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funded and paid only through individual legislative appropriation. The sum appropriated for such matters totaled approximately \$49,303,012 since fiscal year 2002. Included in that amount is \$15,910,224 which was appropriated in FY 2005-2006.

While not included in the dollar values set forth above, it should be noted that suits have been filed challenging the constitutionality of various provisions of state law, including challenges to state laws pertaining to elections, specialty license plates, the indigent defender system, campaign finance regulations, and tax exemptions for certain non-profit organizations. While these cases do not seek recovery for damages, rulings adverse to the State could result in liability for the plaintiffs' attorneys' fees.

As of June 30, 2006, the Department of Transportation and Development (DOTD) advises that there are 878 expropriation cases pending with an estimated dollar demand of \$45,750,692 and DOTD estimates its exposure to be \$35,896,904. There were 55 outstanding inverse condemnation suits with demands of \$5,394,948 and with an estimated exposure of \$1,348,737. Expropriation suits filed by levee boards and other expropriating entities, other than DOTD, have not been included in this number because the State does not appropriate the dollar amount due to the landowners. In addition to the amount reported as Fund Balance-Reserve for Construction in the Capital Outlay Escrow Fund, DOTD indicates that \$738,261,693 in flood control and construction contracts is outstanding and unfunded as of June 30, 2006.

As of June 30, 2006, the State is not aware of any pending suits concerning the ability of the State to issue bonds or other evidences of indebtedness.

The Department of Revenue (DOR) reports that the total amount of pending litigation affecting the department's right to tax, where there is a probable likelihood that an asset has been impaired or a liability has been incurred as of June 30, 2006, is \$38,103,704. The DOR has also advised that the total dollar amount of pending litigation affecting the DOR's right to tax, where it is reasonably possible that an asset has been impaired or a liability has been incurred as of fiscal year end June 30, 2006, is \$49,796,468. These figures include a large number of refund claims that were filed as a result of Act 6 of the First Extraordinary Session of the Louisiana Legislature of 2001. This legislation amended R.S. 47:1621 and expanded the conditions under which the Department of Revenue is now authorized to make tax refunds.

As to judgments rendered prior to June 30, 2006, but not appropriated in the 2006 Legislative Session, the Department of Agriculture and Forestry reports \$347,307.

State agencies did not report any unasserted claims as of June 30, 2006.

The Injured Worker Reemployment Program encourages employers to hire physically handicapped employees who have a permanent partial disability, by reimbursing the employer or, if insured, his or her insurance carrier for part of the workers' compensation costs for on-the-job injuries. The estimated total future payments to be made for claims outstanding at June 30, 2006, were \$178,400,000. Funds to make these payments will come from an annual assessment made against all insurance companies writing workers' compensation insurance in the State and all employers that are self-insured.

Discrete Component Units

It is estimated that the future liability for the existing claims and judgments against the discrete component units of the State is approximately \$30,351,319 (accrued on the accompanying financial statements). Also, as of June 30, 2006, there are existing claims totaling \$31,068,000 against discrete component units of the State where there is a reasonable possibility that the State will incur liability. These probable and reasonably possible liabilities include claims and judgments against Pontchartrain Levee District for \$34,429,951, Orleans Levee District for \$23,663,368, Louisiana Housing Finance Agency for \$1,375,000, Sabine River Authority for \$1,200,000 and other component units for \$751,000.

C. DISALLOWANCES

A significant amount of federal grant dollars is received by the State subject to financial and compliance audits mandated by the grantors. Questioned costs resulting from these audits may be disallowed by the Federal grantor and may become a liability of the State. Disallowances are estimated to be \$31,569,268 as of June 30, 2006. This amount is not reflected in the accompanying financial statements.

D. LIABILITIES AS A RESULT OF ADMINISTRATIVE RESPONSIBILITY

The State is the recipient of food commodities from the federal government and is responsible for distribution to the agencies, institutions, etc., that will ultimately distribute the food. The value of surplus commodities on hand in State warehouses at June 30, 2006, is \$2,396,734. At this time, the State anticipates no material losses because of this federal program.

E. LOUISIANA'S INACTIVE AND ABANDONED SITES

On July 1, 1999, the Louisiana Department of Environmental Quality (LDEQ) initiated its reorganization

effort. This resulted in the dissolution of the Inactive and Abandoned Sites Division and the creation of the Remediation Services Division (RSD). This new division oversees not only remediation of inactive and abandoned-type sites, but also remediation of hazardous waste sites, solid waste sites, and underground storage tank sites. This departmental reorganization also included development of a new electronic tracking system, TEMPO (Tools for Environmental Management and Protection Organizations). The RSD continues to enter historical information along with new programmatic information into TEMPO.

Currently, the RSD universe consists of 1,721 sites in some phase of remediation: confirmed sites-154; solid waste sites-273; hazardous waste sites-81; underground storage tank sites-958; ground water sites-181; voluntary remediation program sites-61; and undesignated sites in TEMPO-13. There are also 436 "potential" sites that have not currently been assessed to determine: (1) if there is a need for remediation, and (2) their regulatory jurisdiction.

The 154 confirmed sites are from the former Inactive and Abandoned Sites Division and are in remediation under CERCLA (Comprehensive Environmental Response, Compensation, and Liability Act), the Environmental Quality Act, and the Inactive and Abandoned Sites Regulations. Sites without financially viable responsible parties may be eligible for remediation with funding from the State Hazardous Waste Site Cleanup Fund or the U.S. Environmental Protection Agency (EPA) Superfund program.

Within the subset of confirmed sites, currently there are four government funded Superfund sites (Southern Shipbuilding, Bayou Bonfouca, Madisonville Wood Preserving and Delatte Metals) that are in the Operation and Maintenance (O&M) phase. The State is responsible for funding and implementing O&M at three of these four sites until determined to be no longer necessary through five-year reviews. The Southern Shipbuilding site is now privately owned; therefore, the State is not funding and implementing the O&M, but LDEQ oversees the O&M. In future years, the State will be responsible for O&M at additional Superfund sites.

Prior to the O&M phase, the State is also responsible for 10% of all remediation expenses for sites that are funded by the U.S. EPA Superfund program. During FY 05-06 site remediation work continued at two of these Superfund sites in Louisiana: American Creosote Works, Inc. and Old Inger Oil Refinery. At the other two EPA-funded sites, Mallard Bay Landing Bulk Plant and Central Wood Preserving, remediation work has been completed; however, the LDEQ will continue to pay 10% state match in accordance with its EPA Superfund State Contracts

(SSCs) until all contract expenses are invoiced by the EPA. O&M contracts are not anticipated as necessary for these two sites, although the LDEQ staff will continue to monitor these sites through regular inspections.

For FY 05-06, LDEQ prepared 10% state match payments for the EPA-lead Superfund sites in the amount of \$1,177,490. State match is invoiced and paid in accordance with Superfund State Contracts (SSCs); payments are due in October each year. The LDEQ contract expenditures for Operation and Maintenance (O&M) for FY 05-06 totaled \$435,242. For the Delatte Metals site, LDEQ paid both state match for EPA-funded remediation work and state-funded O&M contract work during FY 05-06 (as it did in FY 04-05). To allow for state budgeting, SSC invoices are billed by EPA one year in advance of the October payment due date. Due to post-term EPA contract audits, fee audit adjustments may result in continued state-match payments due for remediation work through the 2006-07 SSC billing period. These will be invoiced to LDEQ and due for payment in October 2007.

The 273 Solid Waste sites include those from the former Solid Waste Division and are remediated under HSWA (Hazardous and Solid Waste Amendments). These are active sites with existing parties that are responsible for site remediation.

The 81 Hazardous Waste sites include those from the former Hazardous Waste Division and are remediated under RCRA (Resource Conservation and Recovery Act). These are active sites with existing parties that are responsible for site remediation.

The 958 Underground Storage Tanks (UST) sites are remediated under RCRA Subtitle I and may be eligible for funding through the State's Motor Fuels Trust Fund or the U.S. EPA's Leaking Underground Storage Tank (LUST) Trust Fund. Additionally, as of July 1, 2001, a new state source of funding for LUST remediation is available to LDEQ to address "orphan" LUST sites. RSD has identified and prioritized 23 "orphan" sites among the 958 known leaking UST sites.

Act 1121 of the 2001 Regular Session directed that beginning July 1, 2001, all interest monies earned by the Motor Fuels Underground Storage Tank Trust Fund shall be used for the closure of abandoned motor fuel USTs and assessment and remediation of property contaminated by abandoned motor fuel USTs. In order to implement this legislation, the Remediation Services Division (RSD) has developed an identification and ranking process for abandoned UST sites and the contracts necessary to utilize Trust Fund interest monies in accordance with State bid and contracting requirements to meet the requirements of the Act.

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The Louisiana Voluntary Remediation Program (VRP) provides a mechanism by which property owners (or potential owners) or others can clean up contaminated properties and receive a release of liability for further cleanup of historical contamination at a site. This release of liability flows to future owners of the property as well. Through the Voluntary Remediation Program, LDEQ hopes to provide administrative, technical, and legal incentives in order to encourage the redevelopment and reuse of brownfields properties.

There are 13 sites without program designation and they are either new sites where the program determination has not been made or the site is in some phase of remediation, but the program designation has not been entered into TEMPO. The designations will fall into the categories listed above.

At present, no reliable estimate of the total cleanup cost for the known and unknown waste sites is available. As a result, no amounts have been accrued in the accompanying financial statement related to liabilities involving inactive and abandoned waste site cleanup.

F. COOPERATIVE ENDEAVORS

R.S. 33:9022 defines "cooperative endeavor" as any form of economic development assistance between and among the State, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The State has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the State. The estimated amounts outstanding for governmental units as of June 30, 2006, which are not reflected on the accompanying financial reports, are as follows:

• General funds	\$643,409,937
• Self-Generated funds	152,513,112
• Statutorily Dedicated funds	147,904,312
• General Obligation Bonds	216,823,797
• Federal funds	39,935,668
• Interagency transfers	15,065,751
• Other funds	<u>58,710,268</u>
Total	<u>\$1,274,362,845</u>

NOTE 10: FUND BALANCE/NET ASSETS DISCLOSURES

A. Reservations of fund balance are those amounts either legally restricted to a specific future use or not available for appropriation or expenditure. Designations of fund balance represent self-imposed limitations on the use of otherwise available expendable financial resources. The following table enumerates the fund balance reservations and designations (expressed in thousands).

	General Fund	Louisiana Education Quality Trust Fund	Nonmajor Funds	Component Units
Reserved for:				
Debt Service	\$ --	\$ --	\$ 134,412	\$ 14,227
Inventories	67,909	--	--	--
Encumbrances	96,215	--	51,505	--
Continuing Projects	--	--	280,936	--
Construction	--	--	740,768	8,731
Trust Principal	--	940,937	13,650	--
Other Specific Purposes	176,260	--	88,407	91,823
Nonexpendable	--	--	--	606,102
Expendable	--	--	--	619,039
Total Reservations of Fund Balances	<u>\$ 340,384</u>	<u>\$ 940,937</u>	<u>\$ 1,309,678</u>	<u>\$ 1,339,922</u>
Designated for:				
Total Net Unrealized Gains on Fair Value of Investments			<u>\$ 19,035</u>	

B. Total encumbrances amounted to \$841,888,675. Encumbrances relating to federal revenues not deferred totaling \$561,191,245 are not reported on the face of the General Fund balance sheet. Encumbered interagency transfers of \$129,541,009 and self-generated funds of \$3,436,028 are also not included in the reserve for encumbrances on the General Fund balance sheet because monies were not available at fiscal year end to cover these encumbrances. Encumbrances of statutory dedications totaling \$51,504,871 are reported in the appropriate fund types as reserve for encumbrances. The amount reserved for encumbrances on the General Fund balance sheet is \$96,215,432.

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C. NET ASSETS RESTRICTED BY ENABLING LEGISLATION

(expressed in thousands)

The government-wide statement of net assets reports \$8,395,981 of restricted net assets for the primary government of which \$4,347,688 is restricted by enabling legislation.

D. NET ASSETS RESTATEMENT - GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table discloses restatements of net assets for governmental activities in the government-wide financial statements (expressed in thousands):

	Governmental Activities
Net Assets at June 30, 2005	\$ 13,358,613
Prior Period Adjustments	<u>5,304</u>
Beginning Net Assets as Restated	<u>\$ 13,363,917</u>

E. FUND BALANCE/NET ASSETS RESTATEMENT – FUND FINANCIAL STATEMENTS

The following table discloses restatements of certain fund balance/net assets by fund type (expressed in thousands):

	General Fund	Major/Nonmajor Governmental Funds	Major/Nonmajor Enterprise Funds	Component Units
Fund Balances/Net Assets at June 30, 2005	\$ 576,451	\$ 6,832,621	\$ 2,001,583	\$ 3,999,728
Change in Reporting Entity				6,119
Prior Period Adjustments	<u>(6,815)</u>	<u>1,863</u>	<u>1,755</u>	<u>3,252</u>
Beginning Fund Balances/Net Assets as Restated	<u>\$ 569,636</u>	<u>\$ 6,834,484</u>	<u>\$ 2,003,338</u>	<u>\$ 4,009,099</u>

F. ENTITY CONSOLIDATIONS

For the year ended June 30, 2006, Administrative Support was merged with Administrative Services, both internal service funds.

G. CHANGE IN REPORTING ENTITY

(expressed in thousands)

The change in reporting entity of \$6,119 is due to the inclusion of the Louisiana Citizens Property Insurance Corporation (UNAUDITED) as a major component unit.

H. PRIOR PERIOD ADJUSTMENTS

(expressed in thousands)

An adjustment in the General Fund decreased beginning fund balance by \$6,815. This adjustment is due to various entries including prior year off-system adjustments.

For non-major governmental funds, adjustments to beginning fund balance are comprised of increases of \$1,863 in the Louisiana Economic Development Fund, which consolidates its cash with a related discrete fund at year end. For enterprise funds, increases to beginning balance of \$1,755 for the Louisiana Transportation Authority are the result of revisions in amortization of bond issue costs. For discrete component units, increases to beginning balance of \$3,252 for Louisiana Agricultural Finance Authority are the result of various prior year adjustments.

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NOTE 11: OTHER DISCLOSURES

A. FEDERAL GUARANTEED STUDENT LOANS

The Office of Student Financial Assistance (OSFA) participates in the U.S. Department of Education's Guaranteed Student Loan Program whereby guaranteed loans are reinsured by the federal government. Through participation agreements with various lending institutions, OSFA guarantees 100%, or 98%, of principal and interest of qualified student loans made by lenders and purchases all defaulted loans to the extent of its guarantee. OSFA receives reinsurance reimbursements from the U.S. Department of Education for claims paid because of default, school closures, false certification, death, disability, and bankruptcy at rates varying from 75% to 100% of claims paid, depending on default rates in OSFA's portfolio and the dates the loans were guaranteed. Under the Federal Guaranteed Student Loan Program, OSFA is obligated to repay the U.S. Department of Education 77% of subsequent collections on defaulted loans for which OSFA has received reinsurance reimbursements. OSFA is allowed to retain up to 23% for administrative expenses.

B. PATIENTS' COMPENSATION FUND

The Patients' Compensation Fund acts primarily as an agent to facilitate payment of medical malpractice claims covering excess liability of private sector health care providers practicing in the State. The fund levies surcharges to private sector health care providers to pay settled claims and administrative expenses paid on behalf of health care providers during the prior year. Act 507 of 1988 amended RS 40:1299.44 to further define the fund by including language specifically stating that the fund and any income from it are not public monies. Therefore, obligations for payment of claims against the fund are not legal liabilities of the State. However, because of the provisions of GASB Codification Section 2100.108-112, the long-term obligations of the fund, \$667,884,000, are included in the accompanying financial statements. This balance of long-term obligations reported as of June 30, 2006, is based on projections contained in a draft actuarial report as of December 31, 2005.

C. LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION

The Louisiana Citizens Property Insurance Corporation (Citizens) (UNAUDITED), created via Act 1133 of the 2003 Regular Legislative Session, is a nonprofit corporation created to operate the insurance programs known as the Coastal Plan and the Fair Access to Insurance Requirements (FAIR) Plan to provide property insurance for commercial and residential properties in the State of Louisiana. All insurance companies that write property insurance in Louisiana

are required to be members of the plans. Citizens is funded by the premiums from the insurance issued by the plans and from an assessment against the member companies to cover any shortfall between revenues and exposure. The member companies are assessed on a percentage of their total written property premiums.

Pursuant to the provisions of GASB Codification 2100.138, Citizens is reported as a component unit (UNAUDITED) of the State in the accompanying financial statements. However, the State assumes no liability for the debt issued by Citizens and Citizens receives a stand alone rating from the rating agencies. Therefore, obligations for payment of claims against the corporation are not legal liabilities of the State.

D. LOUISIANA HOUSING FINANCE AGENCY

The Louisiana Housing Finance Agency has single and multifamily mortgage revenue bonds outstanding of \$662,722,000, which are not included in the accompanying financial statements. The obligations of the programs are not obligations of the State, and the State is not liable for such obligations. The ability of the programs to meet the debt service requirements on bonds issued to finance mortgage loans is dependent on the ability of the mortgagors in such programs to generate sufficient funds to meet their respective mortgage repayments.

E. OFFICE OF RISK MANAGEMENT

The Office of Risk Management purchases annuities to settle portions of certain claims. Third-party trustees then make payments to the claimants. Annuities totaling \$41,486,253 were purchased during the fiscal year ended June 30, 2006. At June 30, 2006, there were 107 active annuities valued at \$219,569,607. Of the 107 annuities, 94 annuities release the State from further liability on the related claims. The remaining 13 annuities do not contain the wording necessary to release the State from any possible future liability, although the probability of these becoming a liability is remote.

F. RECONCILIATION OF CLAIMS LIABILITY FOR STATE RISK PROGRAMS

In addition to risks related to the Office of Risk Management, the State is exposed to various risks of losses related to tort claims and the self-insured and self-funded State Employees' Group Benefits Program, which provides health and life insurance benefits to active and retired employees. Beginning in 1989, the State stopped carrying commercial insurance because of the prohibitive cost, and began covering all claim settlements and judgments with the resources of the General Fund. Claim expenditures and liabilities are reported when it is probable

that a loss has occurred and the amount of that loss can be reasonably estimated. Total claims and judgments expenditures were \$613,025,340. Changes in the reported liability since June 30, 2005, resulted from the following (expressed in thousands):

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Recoveries from Settled and Unsettled Claims	Balance at Fiscal Year End
2004-05	\$1,257,845	\$752,813	\$704,121	\$7,069	\$1,299,468
2005-06	\$1,299,468	\$605,740	\$690,408	\$12,541	\$1,202,259

G. RELATED PARTY TRANSACTIONS

The State Board of Elementary and Secondary Education (SBESE) serves as the governing board for the Department of Education. The State Superintendent of Education is appointed by the SBESE. The State Superintendent is responsible for the daily administration of the department and submits educational policy and funding issues and awards to the SBESE for implementation authority.

The SBESE consists of eleven members representing eight geographic regions of the State (SBESE districts). Eight members are elected by citizens in the representative SBESE districts and three members at large are appointed by the governor. Elected and appointed members serve a term of four years concurrent with the term of the governor.

The Department of Education presents funding awards and/or allocations to the Finance Committee of the SBESE for recommendation to the full board. A majority of the board constitutes department authority to award funds to sub-recipients.

The elected SBESE member for the fourth SBESE district is currently the Superintendent of DeSoto Parish School Board and a sub-recipient of funds authorized by SBESE. For the fiscal year ending June 30, 2006, DeSoto Parish School Board received amounts totaling \$29,427,217 in funding authorized by SBESE and released by the Department of Education.

Louisiana Educational Television Authority (LETA) leases space on their satellite to various universities and the monies are deposited into the Foundation for Excellence in Louisiana Public Broadcasting. At June 30, 2006, the net amount held by the Foundation for rentals is \$7,823,947, which includes \$2,218,600 of interest earnings.

In addition, the Foundation entered into a contract with the Louisiana Lottery Corporation to provide production and nightly distribution services for the various lottery games. All equipment used in providing these services was purchased by the Foundation on behalf of LETA and were recorded on LETA's fixed asset listing in the prior years.

Accordingly, the cumulative net revenue included for the services amounted to \$841,587 and is owed to LETA.

H. CONTINGENT RECEIVABLES AND PAYABLES FOR UNCOMPENSATED CARE COSTS

Section 13621 of the Omnibus Budget Reconciliation Act (OBRA) of 1993 amended Section 1923 of the Social Security Act to limit disproportionate share hospital (DSH) payments. For State fiscal years beginning after January 1, 1995, payments to all hospitals were limited to 100% of uncompensated costs. Uncompensated costs were defined as cost of services to Medicaid patients, less the amount paid by the State under the non-DSH payment provisions; plus cost of services to uninsured patients, less any cash payments made by them.

Estimates and draws for allowable costs requested from Health and Human Services by LSUHSC-HCSD through the Louisiana Department of Health and Hospitals were, after audit adjustments, found to be in excess of actual allowable expenditures of \$290,154,502, including \$210,603,336 in Federal Financial Participation (FFP). The Centers for Medicare and Medicaid Services (CMS) has requested in a letter dated December 2, 2002, the State establish accounts receivable for these overpayments and refund the FFP within 60 days of receipt of the letter. The CMS letter further states "A disallowance will be issued if the State does not reflect the DHS overpayments as accounts receivable as requested."

The State has appealed the decision of the CMS based upon the advice of legal counsel. No receivable or payable has been reported in the accompanying financial statements for governmental activities due to its contingent nature as discussed in the Financial Accounting Standard Board Statement No. 5.

I. LOUISIANA EXTENDED HURRICANE SMALL BUSINESS EMERGENCY BRIDGE LOAN PROGRAM

This program is a cooperative endeavor agreement entered into by the Department of Economic Development, Division of Administration and Louisiana Public Facilities Authority to facilitate a short-term loan program. Loan amounts from \$5,000 up to \$100,000, for periods not to exceed 180 days are available to provide temporary working capital to eligible businesses impacted by Hurricanes Katrina or Rita. This interagency agreement has made available up to \$30,000,000 for this program. The balance at 6/30/06 is disclosed in Note 9 in the cooperative endeavor section.

J. THE ROAD HOME PROGRAM

The Road Home program is designed to assist residents of Louisiana affected by Hurricane Katrina or Rita with the return to their homes as quickly and fairly as possible. This program represents the largest single housing recovery

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program in U.S. history. Working together, Governor Kathleen Babineaux Blanco, the Louisiana Recovery Authority and the Office of Community Development created *The Road Home* program with the approval of the Louisiana Legislature. The program affords eligible homeowners up to \$150,000 in compensation for their losses to return to their homes. The Road Home program is funded from the supplemental appropriation of Community Development Block Grant Program funds and Stafford Act Hazard Mitigation Grant Program funds.

The goals of the Road Home program are to:

- repair and rebuild quality housing in safe neighborhoods
- restore pre-storm value to homeowners wanting to return
- provide affordable rental housing opportunities for displaced residents
- provide housing for the return of critical workforce

The program consists of four sets of programs for the restoration of Louisiana's housing stock and its communities:

- Homeowner Assistance
- Workforce and Affordable Rental Housing
- Homeless Housing
- Developer Incentives

K. ADOPTION OF NEW ACCOUNTING PRINCIPLE

For the year ended June 30, 2006, the State of Louisiana implemented GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, an amendment of NCGA Statement 1, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, and GASB Statement No. 47, *Accounting for Termination Benefits*.

NOTE 12: SUBSEQUENT EVENTS

A. BOND ISSUANCES

The Gulf Tax Credit Bonds Series 2006-A and General Obligation Match Bonds Series 2006-B, in the amounts of \$200,000,000 and \$194,475,000, respectively, were issued on July 12, 2006 for the purpose of providing funds for the Debt Service Assistance Fund established by Act No. 41 for loans to political subdivisions of the State affected by Hurricanes Katrina and Rita. These loans were to insure the timely payment of principal and interest on outstanding bonds, notes, certificates of indebtedness or other written obligations of local political subdivisions of the State, and to pay debt service on general obligation bonds of the State issued prior to August 28, 2005. A portion was also used to defease several existing issues.

On October 18, 2006, Gasoline and Fuels Tax Revenue Bonds Series 2006-A in the amount of \$1,107,490,000 were issued to finance the construction of certain highway and bridge projects. On September 21, 2006, General Obligation Bonds Series 2006-C in the amount of \$500,000,000 were issued for the purpose of financing certain capital projects described in the comprehensive capital budget of the State.

Louisiana Citizens Property Insurance Corporation (UNAUDITED) issued \$678,205,000 Assessment Revenue Bonds, Series 2006-B, and \$300,000,000 Assessment Revenue Bonds, Series 2006-C on April 5, 2006. The bonds were issued in order to redeem bond anticipation notes issued to finance, on an interim basis, a portion of the Plan Year Deficit for 2005 resulting from Hurricanes Katrina and Rita, to finance the balance of the Plan Year Deficit for 2005, to make deposits to the Capitalized

Interest Fund and the Debt Service Reserve fund, and to pay costs of issuance.

B. CONSTITUTIONAL AMENDMENTS

Thirteen proposed amendments to the Louisiana Constitution of 1974 were voted on at a general statewide election held September 30, 2006. All were passed. A summary of the thirteen amendments follows:

- Renames the Wetlands Conservation and Restoration Fund as the Coastal Protection and Restoration Fund; to provide that the eligible federal revenues received by the State generated from Outer Continental Shelf oil and gas activity shall be credited to the Coastal Protection and Restoration Fund and used only for purposes of coastal wetlands conservation, coastal restoration, hurricane protection, and infrastructure directly impacted by coastal wetland losses.
- Requires that twenty percent of the proceeds of tobacco securitization be deposited in the Coastal Protection and Restoration Fund, with a portion to be used for barrier island stabilization and preservation, and repeals the Louisiana Coastal Restoration Fund.
- Authorizes the legislature to establish: regional flood protection authorities and provide for its governing authority, powers, duties, and functions; the governing authority of levee districts within the territorial jurisdiction of the regional authority; and to authorize the levying of ad valorem taxes subject to voter approval.
- Provides that compensation paid for the taking of, or loss or damage to, property rights affected by the construction, enlargement, improvement, or modification of hurricane protection projects, including mitigation related thereto, shall be limited to

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the compensation required by the Fifth Amendment of the United States Constitution; to provide an exception for the taking of buildings or structures destroyed or damaged by an event for which a presidential declaration of major disaster or emergency was issued, if the taking occurs within three years of such event; and to authorize the legislature by law to provide procedures and definitions for these requirements.

- Prohibits the expropriation of property by the state or a political subdivision of the state for predominant use by or transfer to a private person or entity under certain circumstances; to define "public purposes" relative to the expropriation of property; to provide exceptions for the operation of public ports and airports and for the expropriation of property for industrial development purposes; and to provide for items included in just compensation to be paid to the owner of the expropriated property.
- Prohibits, except in limited instances, the transfer or lease of property expropriated by the state or its political subdivisions to any person without first offering the property to the original owner; to provide that unused expropriated property be declared surplus property to be first offered to the original owner prior to sale to the general public by competitive bid.
- Authorizes the investment in equities of up to thirty-five percent of the Medicaid Trust Fund for the Elderly.
- Authorizes the continuation of the homestead exemption and the special assessment levy where the homestead has been destroyed or is uninhabitable due to a declared disaster or emergency.
- Provides that no law, unless enacted by two-thirds of the elected members of each house of the legislature, requiring increased expenditures for any purpose shall be applicable to any city, parish, or other local public school board until approved by school board resolution or until, and as long as, the legislature appropriated funds to the school board for the purpose and only to the extent and amount of such funds or until a law provides for a local source of revenue to the school board for the purpose and the school board is authorized to levy and collect such revenue and only to the extent and amount of such revenue; and to provide for exceptions to such prohibition on increasing the financial burden of city, parish, and other local public school boards.
- Authorizes the investment in stocks of up to thirty-five percent of the state-funded permanently endowed funds of public or private colleges and universities.
- Extends the homestead exemption to property owned by a revocable trust, in addition to the existing application to property owned by an irrevocable trust.

- Provides for the filling of vacancies in the lieutenant governor's office and other statewide elective offices; to provide that if more than one year remains in the term, the person nominated by the governor and confirmed by the legislature to serve as lieutenant governor or the first assistant in other statewide elected offices, shall fill the vacancy only until the office can be filled at the next regular statewide or congressional election or until the governor is required to call a special election.
- Provides that a person shall have been admitted to the practice of law for ten years preceding election to the supreme court or a court of appeals and for eight years preceding election to a district court, family court, parish court, or court having solely juvenile jurisdiction; and to decrease the requirement that a person be domiciled in the respective district, circuit, or parish from two years to one year preceding election.

Eight additional proposed amendments to the Louisiana Constitution of 1974 were voted on at a general statewide election held November 7, 2006. All were passed. A summary of the eight amendments follows:

- Gives a property-tax break to many disabled military veterans by freezing the value of their homes for tax purposes.
- Allows parishes to keep \$850,000 of the severance taxes the state collects each year from oil and gas pumped out of those parishes. Parishes previously received \$750,000.
- Exempts from property taxes medical equipment leased long-term by small rural hospitals.
- Prohibits property taxes on motor vehicles; only Orleans Parish collects this tax.
- Exempts from property taxes art pieces that artists consign to art shops.
- Allows the Legislature to create special family or juvenile courts within district courts. Previously voters had to pass a constitutional amendment for each special court.
- Merges the seven tax assessors' offices in New Orleans into one office to set the value of property in that parish.
- Carves an independent school district out of the Central area of East Baton Rouge Parish.

C. LOUISIANA STADIUM AND EXPOSITION DISTRICT

The Louisiana Stadium and Exposition District (LSED), the State, and the building's insurers filed suit in New Orleans Civil District Court on August 28, 2006 claiming the roof on the Stadium (Superdome), completed in 2002, should have survived Hurricane Katrina. The roof was supposed to ensure that the Superdome could serve as a haven from hurricanes which threaten New Orleans. It was believed

State of Louisiana

the roof was able to withstand winds of 200 miles per hour. However, the suit asserts that during the storm the roof failed, allowing rain to pour down on most areas inside of the Superdome with tens of thousands of evacuees trapped inside.

D. ORLEANS LEVEE BOARD

A dispute between the Orleans Levee Board and the Bohemia landowners dates to the 1920s, when the board bought the 30,000-acre spillway tract for use in flood control. When oil and gas deposits were discovered there in the 1940s, a lengthy ownership struggle ensued that was settled when the Legislature in 1984 ordered that the land be returned to the original owners, along with lost mineral revenues. Although many claims have been settled, others remain unsettled and the debt has continued to mount. In October 2006, U.S. District Court ordered the Levee Board to pay a group of about 250 class-action plaintiffs \$17.4 million, which rose to \$23 million once interest and legal fees were added.

The Levee Board is scheduled to be folded into a regional flood-control authority January 1, 2007, while the state Division of Administration takes control of the board's non-flood assets such as Lakefront Airport, marinas and other waterfront real estate.

With the estimated \$23 million or more legal judgments to pay and its official demise pending, the Orleans Levee Board asked the State Bond Commission for permission to declare bankruptcy.

E. PATIENTS COMPENSATION FUND

The Patients Compensation Fund (PCF) has disclosed that as a result of Hurricane Katrina, two hundred claims have been filed with the PCF. The common denominator for all of the cases is that the failure to evacuate caused harm. Two lower courts have ruled that failure to evacuate does constitute medical malpractice. The PCF is going to appeal.

F. MEDICAL MALPRACTICE CAP

The 3rd Circuit Court of Appeal in Lake Charles ruled on September 27, 2006 that the Medical Malpractice Cap of \$500,000 as outlined in LRS 40:1299.41 is unconstitutional. The \$500,000 limit applied to all malpractice awards except those for future medical care.

G. LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION

A state district court ruled December 18, 2006, that Louisiana Citizens Property Insurance Corporation (Citizens) (UNAUDITED) must pay the full value of a homeowners policy because both the policy and the policy application did not include a water-damage exclusion. Homeowners policies typically exclude coverage for damage caused by flooding, high water, waves, and storm surges. If the ruling stands, Citizens could be forced to make another assessment and issue more bonds to pay claims. The bond issue could be substantially more than the \$1 billion that Citizens borrowed to cover its costs from Hurricanes Katrina and Rita. Citizens plans to appeal the ruling.

REQUIRED SUPPLEMENTARY
INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION
AND ANALYSIS

State of Louisiana

BUDGETARY COMPARISON SCHEDULE

BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	GENERAL FUND			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INTERGOVERNMENTAL	\$ 6,442,340	\$ 10,331,590	\$ 7,955,274	\$ (2,376,316)
USE OF MONEY AND PROPERTY	100	100	4,990	4,890
SALES OF COMMODITIES	748,457	757,193	675,942	(81,251)
OTHER	152,988	147,974	165,354	17,380
INTERAGENCY TRANSFERS	366,916	381,713	317,543	(64,170)
TOTAL REVENUES	7,710,801	11,618,570	9,119,103	(2,499,467)
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	1,483,758	4,584,964	3,097,400	1,487,564
CULTURE, RECREATION, AND TOURISM	74,540	75,451	67,134	8,317
TRANSPORTATION AND DEVELOPMENT	440,133	494,917	412,897	82,020
PUBLIC SAFETY	354,430	385,753	344,564	41,189
HEALTH AND WELFARE	7,507,168	7,907,878	6,913,403	994,475
CORRECTIONS	597,465	612,247	592,149	20,098
YOUTH SERVICES	139,378	133,721	124,858	8,863
CONSERVATION	379,591	442,257	280,151	162,106
EDUCATION	6,751,917	7,104,520	6,614,816	489,704
OTHER	8,135	8,035	6,359	1,676
INTERGOVERNMENTAL	400,109	423,692	754,874	(331,182)
DEBT SERVICE	46,126	46,160	42,520	3,640
TOTAL EXPENDITURES	18,182,750	22,219,595	19,251,125	2,968,470
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,471,949)	(10,601,025)	(10,132,022)	469,003
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	10,249,594	10,047,369	11,753,061	1,705,692
TRANSFERS OUT	(68,350)	(59,950)	(1,433,269)	(1,373,319)
TOTAL OTHER FINANCING SOURCES AND (USES)	10,181,244	9,987,419	10,319,792	332,373
NET CHANGES IN FUND BALANCES	\$ (290,705)	\$ (613,606)	\$ 187,770	\$ 801,376

The notes to required supplementary information are an integral part of this schedule

State of Louisiana

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY REPORTING

FOR THE YEAR ENDED JUNE 30, 2006

The Budgetary Comparison Schedule - Budget to Actual (Non-GAAP Budgetary Basis) presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resulting basis, perspective, and entity differences in the revenues in excess of (less than) expenditures and other financing sources (uses) between budgetary and GAAP presentations for the year ended June 30, 2006, is presented below (expressed in thousands) for the General Fund.

Net Change in Fund Balances (GAAP)	\$	198,634
Reconciling Adjustments:		
Basis Differences:		
To Adjust for Revenue Accruals and Deferrals		1,358,831
To Adjust for Capital Leases		4,534
To Adjust for Expenditure Accruals		(1,365,241)
To Delete IAT Related Transfers In		1,106,581
To Delete IAT Expenditures		<u>(1,115,569)</u>
Net Change in Fund Balances (Budgetary Basis)	\$	<u><u>187,770</u></u>

Generally, revenues and expenditures are budgeted using the modified accrual basis of accounting. The budget is prepared for each budget unit at the appropriated program level which is the lowest level at which appropriations are adopted. This level of control also applies to the special revenue funds.

The General Fund Budget and Actual Schedule is reported by agency in the Supplementary Information to the Comprehensive Annual Financial Report available on request from the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy.

**BUDGETARY COMPARISON
SCHEDULE
MAJOR DEBT SERVICE FUND**

State of Louisiana

BUDGETARY COMPARISON SCHEDULE

BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)

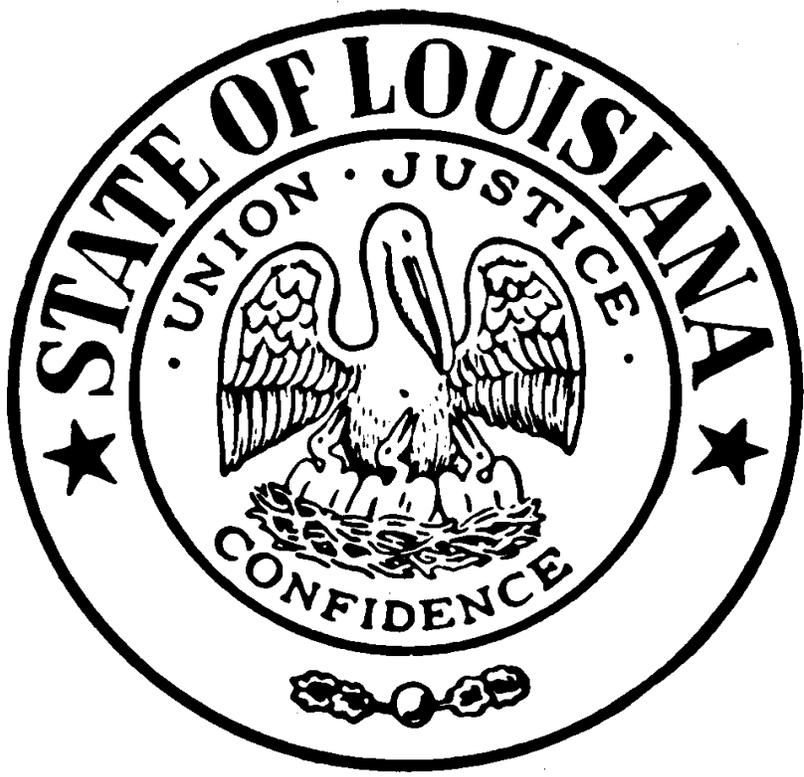
FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	BOND SECURITY AND REDEMPTION FUND			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INTERGOVERNMENTAL	\$ 8,800	\$ 7,773	\$ 10,036	\$ 2,263
TAXES	7,225,219	7,200,600	8,111,618	911,018
GAMING	757,800	836,142	835,064	(1,078)
TOBACCO SETTLEMENT	59,700	60,700	52,781	(7,919)
USE OF MONEY AND PROPERTY	566,817	545,679	707,851	162,172
LICENSES, PERMITS, AND FEES	267,075	225,188	362,013	136,825
SALES OF COMMODITIES	40,511	28,726	63,290	34,564
OTHER	443,738	656,755	330,550	(326,205)
INTERAGENCY TRANSFERS	788,619	1,098,709	784,808	(313,901)
TOTAL REVENUES	<u>10,158,279</u>	<u>10,660,272</u>	<u>11,258,011</u>	<u>597,739</u>
EXPENDITURES:				
CURRENT:				
DEBT SERVICE	148,222	189,310	189,693	(383)
TOTAL EXPENDITURES	<u>148,222</u>	<u>189,310</u>	<u>189,693</u>	<u>(383)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>10,010,057</u>	<u>10,470,962</u>	<u>11,068,318</u>	<u>597,356</u>
OTHER FINANCING USES:				
TRANSFERS IN	--	--	40,258	40,258
TRANSFERS OUT	(10,010,057)	(10,470,962)	(11,108,576)	(637,614)
TOTAL OTHER FINANCING USES	<u>(10,010,057)</u>	<u>(10,470,962)</u>	<u>(11,068,318)</u>	<u>(597,356)</u>
NET CHANGES IN FUND BALANCES	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>



COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULE – NONMAJOR
FUNDS



State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	2004 OVERCOLLECTIONS FUND	ACADEMIC IMPROVEMENT FUND	ADDICTIVE DISORDERS PROFESSIONAL LICENSING AND CERTIFICATION FUND	ADMINISTRATIVE FUND OF THE DEPARTMENT OF INSURANCE	AGRICULTURAL COMMODITIES COMMISSION SELF INSURANCE FUND
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 12,910	\$ 12,026	\$ --	\$ --	\$ 36
INVESTMENTS	--	--	--	--	--
RECEIVABLES (NET)	--	--	--	--	--
DUE FROM OTHER FUNDS	--	--	--	677	250
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 12,910	\$ 12,026	\$ --	\$ 677	\$ 286
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	--	--	--	429	--
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	--	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	--	--	--	429	--
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	1,120	--	--	--	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	--	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	--	--	--	--
UNDESIGNATED	11,790	12,026	--	248	286
TOTAL FUND BALANCES	12,910	12,026	--	248	286
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,910	\$ 12,026	\$ --	\$ 677	\$ 286

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	2004 OVERCOLLECTIONS FUND	ACADEMIC IMPROVEMENT FUND	ADDICTIVE DISORDERS PROFESSIONAL LICENSING AND CERTIFICATION FUND	ADMINISTRATIVE FUND OF THE DEPARTMENT OF INSURANCE	AGRICULTURAL COMMODITIES COMMISSION SELF-INSURANCE FUND
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	--	--	--
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL REVENUES	--	--	--	--	--
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	--	--	--	--
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	12,910	12,001	--	678	57
TRANSFERS OUT	(2,500)	--	(68)	(567)	(101)
TOTAL OTHER FINANCING SOURCES (USES)	10,410	12,001	(68)	111	(44)
NET CHANGE IN FUND BALANCES	10,410	12,001	(68)	111	(44)
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	2,500	25	68	137	330
FUND BALANCES AT END OF YEAR	\$ 12,910	\$ 12,026	\$ --	\$ 248	\$ 286

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

AGRICULTURAL COMMODITY DEALERS & WAREHOUSE FUND	AGRICULTURAL PRODUCTS PROCESSING DEVELOPMENT FUND	APIARY FUND	AQUATIC PLANT CONTROL FUND	ARCHAEOLOGICAL CURATION FUND	ARTIFICIAL REEF DEVELOPMENT FUND	AVOYELLES PARISH LOCAL GOVERNMENT GAMING MITIGATION FUND	BATTERED WOMEN'S SHELTER FUND
\$ --	\$ 24	\$ --	\$ 988	\$ 69	\$ 1,459	\$ --	\$ 151
--	--	--	--	--	30,155	--	--
--	--	--	12	--	1,883	334	14
--	--	--	--	--	--	--	--
<u>\$ --</u>	<u>\$ 24</u>	<u>\$ --</u>	<u>\$ 1,000</u>	<u>\$ 69</u>	<u>\$ 33,497</u>	<u>\$ 334</u>	<u>\$ 165</u>

\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	58	29	162	334	10
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	58	29	162	334	10

--	--	--	--	--	57	--	--
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--	--	--	--	--	--	--	--
--	24	--	942	40	33,278	--	155
--	24	--	942	40	33,335	--	155
<u>\$ --</u>	<u>\$ 24</u>	<u>\$ --</u>	<u>\$ 1,000</u>	<u>\$ 69</u>	<u>\$ 33,497</u>	<u>\$ 334</u>	<u>\$ 165</u>

AGRICULTURAL COMMODITY DEALERS & WAREHOUSE FUND	AGRICULTURAL PRODUCTS PROCESSING DEVELOPMENT FUND	APIARY FUND	AQUATIC PLANT CONTROL FUND	ARCHAEOLOGICAL CURATION FUND	ARTIFICIAL REEF DEVELOPMENT FUND	AVOYELLES PARISH LOCAL GOVERNMENT GAMING MITIGATION FUND	BATTERED WOMEN'S SHELTER FUND
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	(1,220)	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	(1,220)	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	(1,220)	--	--
1,079 (1,079)	1 --	2 (2)	565 (476)	18 (29)	4,859 (548)	1,663 (1,663)	90 (93)
--	1	--	89	(11)	4,311	--	(3)
--	1	--	89	(11)	3,091	--	(3)
--	23	--	853	51	30,244	--	158
<u>\$ --</u>	<u>\$ 24</u>	<u>\$ --</u>	<u>\$ 942</u>	<u>\$ 40</u>	<u>\$ 33,335</u>	<u>\$ --</u>	<u>\$ 155</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	BEAUTIFICATION & IMPROVEMENT OF THE NEW ORLEANS CITY PARK FUND	BLACK BEAR ACCOUNT	BLIND VENDORS TRUST FUND	BOLL WEEVIL ERADICATION FUND	BUDGET STABILIZATION FUND
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 4	\$ 128	\$ 1,329	\$ 855	\$ 572,523
INVESTMENTS	--	--	--	--	--
RECEIVABLES (NET)	--	--	--	--	--
DUE FROM OTHER FUNDS	--	1	--	220	108,459
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 4	\$ 129	\$ 1,329	\$ 1,075	\$ 680,982
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	--	--	35	544	--
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	--	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	--	--	35	544	--
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	--	--	--	--	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	--	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	--	--	--	--
UNDESIGNATED	4	129	1,294	531	680,982
TOTAL FUND BALANCES	4	129	1,294	531	680,982
TOTAL LIABILITIES AND FUND BALANCES	\$ 4	\$ 129	\$ 1,329	\$ 1,075	\$ 680,982

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	BEAUTIFICATION & IMPROVEMENT OF THE NEW ORLEANS CITY PARK FUND	BLACK BEAR ACCOUNT	BLIND VENDORS TRUST FUND	BOLL WEEVIL ERADICATION FUND	BUDGET STABILIZATION FUND
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	--	--	(401)
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL REVENUES	--	--	--	--	(401)
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	--	--	--	(401)
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	206	28	337	9,727	373,546
TRANSFERS OUT	(610)	(35)	(517)	(9,238)	(153,887)
TOTAL OTHER FINANCING SOURCES (USES)	(404)	(7)	(180)	489	219,659
NET CHANGE IN FUND BALANCES	(404)	(7)	(180)	489	219,258
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	408	136	1,474	42	461,724
FUND BALANCES AT END OF YEAR	\$ 4	\$ 129	\$ 1,294	\$ 531	\$ 680,982

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

CASINO GAMING PROCEEDS FUND	CHILDREN'S TRUST FUND	CHOOSE LIFE FUND	COASTAL MITIGATION ACCOUNT	COASTAL RESOURCES TRUST FUND	COMMERCIAL FEED FUND	COMPULSIVE AND PROBLEM GAMING FUND	CONCEALED HANDGUN PERMIT FUND
\$ 128	\$ 694	\$ 73	\$ 453	\$ 486	\$ --	\$ 101	\$ 32
--	--	--	--	--	--	--	--
--	224	--	--	2	--	936	7
--	--	--	--	--	--	--	--
<u>\$ 128</u>	<u>\$ 918</u>	<u>\$ 73</u>	<u>\$ 453</u>	<u>\$ 488</u>	<u>\$ --</u>	<u>\$ 1,037</u>	<u>\$ 39</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	306	--	--	32	--	291	39
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State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	CONSERVATION FUND	CRAB PROMOTION AND MARKETING ACCOUNT	CRIME VICTIMS' REPARATION FUND	CRIMINAL IDENTIFICATION AND INFORMATION FUND	CROP PESTS & DISEASES FUND
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 16,056	\$ 17	\$ 1,753	\$ 19,207	\$ --
INVESTMENTS	--	--	--	--	--
RECEIVABLES (NET)	--	--	--	--	--
DUE FROM OTHER FUNDS	3,286	--	131	--	--
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 19,342	\$ 17	\$ 1,884	\$ 19,207	\$ --
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	--	--	5	1,287	--
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	--	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	--	--	5	1,287	--
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	27	--	--	--	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	--	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	--	--	--	--
UNDESIGNATED	19,315	17	1,879	17,920	--
TOTAL FUND BALANCES	19,342	17	1,879	17,920	--
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,342	\$ 17	\$ 1,884	\$ 19,207	\$ --

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	CONSERVATION FUND	CRAB PROMOTION AND MARKETING ACCOUNT	CRIME VICTIMS' REPARATION FUND	CRIMINAL IDENTIFICATION AND INFORMATION FUND	CROP PESTS & DISEASES FUND
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	(40)	--	--	--	--
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL REVENUES	(40)	--	--	--	--
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(40)	--	--	--	--
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	36,313	17	1,405	13,455	76
TRANSFERS OUT	(47,502)	--	(1,413)	(8,249)	(76)
TOTAL OTHER FINANCING SOURCES (USES)	(11,189)	17	(8)	5,206	--
NET CHANGE IN FUND BALANCES	(11,229)	17	(8)	5,206	--
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	30,571	--	1,887	12,714	--
FUND BALANCES AT END OF YEAR	\$ 19,342	\$ 17	\$ 1,879	\$ 17,920	\$ --

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

DEPARTMENT OF JUSTICE DEBT COLLECTION FUND	DEPARTMENT OF JUSTICE LEGAL SUPPORT FUND	DERELICT CRAB TRAP REMOVAL PROGRAM ACCOUNT	DOTD RIGHT OF WAY PERMIT PROCESSING FUND	DIRECTOR OF WORKER'S COMPENSATION REVOLVING FUND	DISABILITY AFFAIRS TRUST FUND	DNA TESTING POST- CONVICTION RELIEF FOR INDIGENTS FUND	DRUG ABUSE EDUCATION AND TREATMENT FUND
\$ 69	\$ 481	\$ 28	\$ 507	\$ 277	\$ 61	\$ 71	\$ 637
--	--	--	--	--	--	--	--
21	--	--	--	3	13	--	19
--	--	--	--	--	--	--	--
<u>\$ 90</u>	<u>\$ 481</u>	<u>\$ 28</u>	<u>\$ 507</u>	<u>\$ 280</u>	<u>\$ 74</u>	<u>\$ 71</u>	<u>\$ 656</u>

\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
63	1	--	477	--	3	13	37
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
63	1	--	477	--	3	13	37

--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
27	480	28	30	280	71	58	619
27	480	28	30	280	71	58	619
<u>\$ 90</u>	<u>\$ 481</u>	<u>\$ 28</u>	<u>\$ 507</u>	<u>\$ 280</u>	<u>\$ 74</u>	<u>\$ 71</u>	<u>\$ 656</u>

DEPARTMENT OF JUSTICE DEBT COLLECTION FUND	DEPARTMENT OF JUSTICE LEGAL SUPPORT FUND	DERELICT CRAB TRAP REMOVAL PROGRAM ACCOUNT	DOTD RIGHT OF WAY PERMIT PROCESSING FUND	DIRECTOR OF WORKER'S COMPENSATION REVOLVING FUND	DISABILITY AFFAIRS TRUST FUND	DNA TESTING POST- CONVICTION RELIEF FOR INDIGENTS FUND	DRUG ABUSE EDUCATION AND TREATMENT FUND
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
719 (692)	124 (9)	28	413 (771)	32	191 (143)	38 (28)	209 (294)
27	115	28	(358)	32	48	10	(85)
27	115	28	(358)	32	48	10	(85)
--	365	--	388	248	23	48	704
<u>\$ 27</u>	<u>\$ 480</u>	<u>\$ 28</u>	<u>\$ 30</u>	<u>\$ 280</u>	<u>\$ 71</u>	<u>\$ 58</u>	<u>\$ 619</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	ECONOMICS AND RATE ANALYSIS DIVISION AND HEARING EXAMINERS SUPPLEMENTAL FEE FUND	EMERGENCY MEDICAL TECHNICAL FUND	EMPLOYMENT SECURITY ADMINISTRATIVE ACCOUNT	ENERGY PERFORMANCE CONTRACT FUND	ENFORCEMENT EMERGENCY SITUATION RESPONSE ACCOUNT
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 501	\$ 30	\$ 5,554	\$ --	\$ 235
INVESTMENTS	--	--	--	--	--
RECEIVABLES (NET)	--	--	17	--	--
DUE FROM OTHER FUNDS	282	--	--	--	--
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 783	\$ 30	\$ 5,571	\$ --	\$ 235
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	--	--	--	--	60
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	--	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	--	--	--	--	60
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	--	--	--	--	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	--	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	--	--	--	--
UNDESIGNATED	783	30	5,571	--	175
TOTAL FUND BALANCES	783	30	5,571	--	175
TOTAL LIABILITIES AND FUND BALANCES	\$ 783	\$ 30	\$ 5,571	\$ --	\$ 235

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	ECONOMICS AND RATE ANALYSIS DIVISION AND HEARING EXAMINERS SUPPLEMENTAL FEE FUND	EMERGENCY MEDICAL TECHNICAL FUND	EMPLOYMENT SECURITY ADMINISTRATIVE ACCOUNT	ENERGY PERFORMANCE CONTRACT FUND	ENFORCEMENT EMERGENCY SITUATION RESPONSE ACCOUNT
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	2,862	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	232	--	--
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL REVENUES	--	--	3,094	--	--
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	--	3,094	--	--
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	963	7	--	24	7
TRANSFERS OUT	(550)	(1)	(1,719)	(24)	--
TOTAL OTHER FINANCING SOURCES (USES)	413	6	(1,719)	--	7
NET CHANGE IN FUND BALANCES	413	6	1,375	--	7
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	370	24	4,196	--	168
FUND BALANCES AT END OF YEAR	\$ 783	\$ 30	\$ 5,571	\$ --	\$ 175

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

ENVIRONMENTAL TRUST FUND	EQUINE HEALTH STUDIES PROGRAM FUND	EVANGELINE PARISH RECREATION DISTRICT SUPPORT FUND	EXPLOSIVES TRUST FUND	FEDERAL ENERGY SETTLEMENT FUND	FEED COMMISSION FUND	FEMA REIMBURSEMENT FUND	FERTILIZER FUND
\$ 11,297	\$ --	\$ 237	\$ 11	\$ 33,146	\$ 40	\$ 428,099	\$ 22
--	--	--	--	--	239	--	449
2,303	--	--	2	--	--	--	--
--	--	--	--	--	--	--	--
<u>\$ 13,600</u>	<u>\$ --</u>	<u>\$ 237</u>	<u>\$ 13</u>	<u>\$ 33,146</u>	<u>\$ 279</u>	<u>\$ 428,099</u>	<u>\$ 471</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 4	\$ --	\$ 1
350	--	--	13	53	--	339,290	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
350	--	--	13	53	4	339,290	1
--	--	--	--	--	275	--	470
133	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
13,117	--	237	--	33,093	--	88,809	--
13,250	--	237	--	33,093	275	88,809	470
<u>\$ 13,600</u>	<u>\$ --</u>	<u>\$ 237</u>	<u>\$ 13</u>	<u>\$ 33,146</u>	<u>\$ 279</u>	<u>\$ 428,099</u>	<u>\$ 471</u>

ENVIRONMENTAL TRUST FUND	EQUINE HEALTH STUDIES PROGRAM FUND	EVANGELINE PARISH RECREATION DISTRICT SUPPORT FUND	EXPLOSIVES TRUST FUND	FEDERAL ENERGY SETTLEMENT FUND	FEED COMMISSION FUND	FEMA REIMBURSEMENT FUND	FERTILIZER FUND
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--	--	--
(59)	--	--	--	1,062	31	--	8
--	--	--	--	--	896	--	395
--	--	--	--	1,011	--	--	1
<u>(59)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,073</u>	<u>927</u>	<u>--</u>	<u>404</u>
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	712	--	--	--	1,529	--	441
--	712	--	--	--	1,529	--	441
<u>(59)</u>	<u>(712)</u>	<u>--</u>	<u>--</u>	<u>2,073</u>	<u>(602)</u>	<u>--</u>	<u>(37)</u>
59,065	750	--	91	--	184	428,099	380
<u>(65,745)</u>	<u>(38)</u>	<u>(13)</u>	<u>(166)</u>	<u>(2,334)</u>	<u>(184)</u>	<u>(339,290)</u>	<u>(380)</u>
<u>(6,680)</u>	<u>712</u>	<u>(13)</u>	<u>(75)</u>	<u>(2,334)</u>	<u>--</u>	<u>88,809</u>	<u>--</u>
(6,739)	--	(13)	(75)	(261)	(602)	88,809	(37)
19,989	--	250	75	33,354	877	--	507
<u>\$ 13,250</u>	<u>\$ --</u>	<u>\$ 237</u>	<u>\$ --</u>	<u>\$ 33,093</u>	<u>\$ 275</u>	<u>\$ 88,809</u>	<u>\$ 470</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	FIRE INSURANCE FUND	FIRE PROTECTION TRUST FUND	FIRE SPRINKLER TRUST FUND	FISHERMEN'S GEAR COMPENSATION FUND	FOREST PROTECTION FUND
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 14,557	\$ 225	\$ 24	\$ 1,759	\$ 18
INVESTMENTS	--	--	--	--	--
RECEIVABLES (NET)	--	--	--	--	--
DUE FROM OTHER FUNDS	--	48	1	60	1
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 14,557	\$ 273	\$ 25	\$ 1,819	\$ 19
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	14,344	--	--	17	19
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	--	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	14,344	--	--	17	19
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	--	--	--	--	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	--	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	--	--	--	--
UNDESIGNATED	213	273	25	1,802	--
TOTAL FUND BALANCES	213	273	25	1,802	--
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,557	\$ 273	\$ 25	\$ 1,819	\$ 19

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	FIRE INSURANCE FUND	FIRE PROTECTION TRUST FUND	FIRE SPRINKLER TRUST FUND	FISHERMEN'S GEAR COMPENSATION FUND	FOREST PROTECTION FUND
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	--	--	--
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL REVENUES	--	--	--	--	--
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	2,671	--	--	--	--
TOTAL EXPENDITURES	2,671	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,671)	--	--	--	--
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	17,641	209	48	2,273	807
TRANSFERS OUT	(15,532)	(157)	(55)	(705)	(807)
TOTAL OTHER FINANCING SOURCES (USES)	2,109	52	(7)	1,568	--
NET CHANGE IN FUND BALANCES	(562)	52	(7)	1,568	--
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	775	221	32	234	--
FUND BALANCES AT END OF YEAR	\$ 213	\$ 273	\$ 25	\$ 1,802	\$ 19

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

FORESTRY PRODUCTIVITY FUND	FORMOSAN TERMITE INITIATIVE FUND	FRAUD DETECTION FUND	GENERAL AVIATION AND RELIEVER AIRPORT MAINTENANCE GRANT PROGRAM FUND	GREATER NEW ORLEANS EXPRESSWAY COMMISSION ADDITIONAL COST FUND	HAZARDOUS MATERIALS EMERGENCY RESPONSE FUND	HAZARDOUS WASTE SITE CLEANUP FUND	HEALTH TRUST FUND
\$ 416	\$ 34	\$ 781	\$ 74	\$ 19	\$ 313	\$ 6,000	\$ 840
--	--	--	--	--	--	--	--
897	--	34	--	5	--	987	1,559
--	--	--	--	--	--	--	--
<u>\$ 1,313</u>	<u>\$ 34</u>	<u>\$ 815</u>	<u>\$ 74</u>	<u>\$ 24</u>	<u>\$ 313</u>	<u>\$ 6,987</u>	<u>\$ 2,399</u>

\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	8	70	--	--	1,372	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	8	70	--	--	1,372	--

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--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
1,313	34	807	4	24	313	5,615	2,399
<u>1,313</u>	<u>34</u>	<u>807</u>	<u>4</u>	<u>24</u>	<u>313</u>	<u>5,615</u>	<u>2,399</u>
<u>\$ 1,313</u>	<u>\$ 34</u>	<u>\$ 815</u>	<u>\$ 74</u>	<u>\$ 24</u>	<u>\$ 313</u>	<u>\$ 6,987</u>	<u>\$ 2,399</u>

FORESTRY PRODUCTIVITY FUND	FORMOSAN TERMITE INITIATIVE FUND	FRAUD DETECTION FUND	GENERAL AVIATION AND RELIEVER AIRPORT MAINTENANCE GRANT PROGRAM FUND	GREATER NEW ORLEANS EXPRESSWAY COMMISSION ADDITIONAL COST FUND	HAZARDOUS MATERIALS EMERGENCY RESPONSE FUND	HAZARDOUS WASTE SITE CLEANUP FUND	HEALTH TRUST FUND
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
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--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
3,433	2	353	3	60	96	8,947	15,782
(3,183)	--	(495)	(74)	(36)	(115)	(9,182)	(14,695)
250	2	(142)	(71)	24	(19)	(235)	1,087
250	2	(142)	(71)	24	(19)	(235)	1,087
1,063	32	949	75	--	332	5,850	1,312
<u>\$ 1,313</u>	<u>\$ 34</u>	<u>\$ 807</u>	<u>\$ 4</u>	<u>\$ 24</u>	<u>\$ 313</u>	<u>\$ 5,615</u>	<u>\$ 2,399</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	HELP LOUISIANA VOTE FUND	HIGHER EDUCATION INITIATIVES FUND	HORTICULTURE COMMISSION FUND	INCENTIVE FUND	INSURANCE FRAUD INVESTIGATION FUND
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 32,235	\$ 51,902	\$ --	\$ 66	\$ 346
INVESTMENTS	--	--	--	--	--
RECEIVABLES (NET)	--	--	--	--	--
DUE FROM OTHER FUNDS	--	--	--	--	--
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 32,235	\$ 51,902	\$ --	\$ 66	\$ 346
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	1,187	--	--	--	62
AMOUNTS DUE TO COMPONENT UNITS	--	551	--	--	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	1,187	551	--	--	62
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	19,203	6	--	--	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	--	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	--	--	--	--
UNDESIGNATED	11,845	51,345	--	66	284
TOTAL FUND BALANCES	31,048	51,351	--	66	284
TOTAL LIABILITIES AND FUND BALANCES	\$ 32,235	\$ 51,902	\$ --	\$ 66	\$ 346

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	HELP LOUISIANA VOTE FUND	HIGHER EDUCATION INITIATIVES FUND	HORTICULTURE COMMISSION FUND	INCENTIVE FUND	INSURANCE FRAUD INVESTIGATION FUND
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ 7	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	1,521	(35)	--	--	--
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	--	286	--	--	--
TOTAL REVENUES	1,528	251	--	--	--
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	--	17,331	--	--	--
TOTAL EXPENDITURES	--	17,331	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,528	(17,080)	--	--	--
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	--	48,300	750	3,994	3,125
TRANSFERS OUT	(18,616)	(1,182)	(754)	(4,000)	(2,894)
TOTAL OTHER FINANCING SOURCES (USES)	(18,616)	47,118	(4)	(6)	231
NET CHANGE IN FUND BALANCES	(17,088)	30,038	(4)	(6)	231
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	48,136	21,313	4	72	53
FUND BALANCES AT END OF YEAR	\$ 31,048	\$ 51,351	\$ --	\$ 66	\$ 284

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

JUDGES' SUPPLEMENTAL COMPENSATION FUND	KEEP LOUISIANA BEAUTIFUL FUND	LABOR PENALTY AND INTEREST ACCOUNT	LABOR WORKFORCE DEVELOPMENT TRAINING ACCOUNT	LEAD HAZARD REDUCTION FUND	LIQUIFIED PETROLEUM GAS COMMISSION RAINY DAY FUND	LIVESTOCK BRAND COMMISSION FUND	LOTTERY PROCEEDS FUND
\$ 2	\$ 1	\$ 1,242	\$ 95,932	\$ 181	\$ 325	\$ --	\$ 56,389
--	--	--	--	--	--	--	--
101	--	51	370	--	--	--	11,938
--	--	--	--	--	--	--	--
<u>\$ 103</u>	<u>\$ 1</u>	<u>\$ 1,293</u>	<u>\$ 96,302</u>	<u>\$ 181</u>	<u>\$ 325</u>	<u>\$ --</u>	<u>\$ 68,327</u>

\$ --	\$ --	\$ 57	\$ --	\$ --	\$ --	\$ --	\$ --
--	1	--	--	55	75	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	1	57	--	55	75	--	--

--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
103	--	1,236	96,302	126	250	--	68,327
<u>103</u>	<u>--</u>	<u>1,236</u>	<u>96,302</u>	<u>126</u>	<u>250</u>	<u>--</u>	<u>68,327</u>
<u>\$ 103</u>	<u>\$ 1</u>	<u>\$ 1,293</u>	<u>\$ 96,302</u>	<u>\$ 181</u>	<u>\$ 325</u>	<u>\$ --</u>	<u>\$ 68,327</u>

JUDGES' SUPPLEMENTAL COMPENSATION FUND	KEEP LOUISIANA BEAUTIFUL FUND	LABOR PENALTY AND INTEREST ACCOUNT	LABOR WORKFORCE DEVELOPMENT TRAINING ACCOUNT	LEAD HAZARD REDUCTION FUND	LIQUIFIED PETROLEUM GAS COMMISSION RAINY DAY FUND	LIVESTOCK BRAND COMMISSION FUND	LOTTERY PROCEEDS FUND
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	3,497	292	--	--	--	--
--	--	74	3,953	--	--	--	(132)
--	--	124	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	3,695	4,245	--	--	--	(132)
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	3,695	4,245	--	--	--	(132)
3,735 (3,956)	1 (1)	-- (3,875)	-- (41,314)	85 (61)	661 (661)	4 (4)	121,206 (108,498)
<u>(221)</u>	<u>--</u>	<u>(3,875)</u>	<u>(41,314)</u>	<u>24</u>	<u>--</u>	<u>--</u>	<u>12,708</u>
(221)	--	(180)	(37,069)	24	--	--	12,576
<u>324</u>	<u>--</u>	<u>1,416</u>	<u>133,371</u>	<u>102</u>	<u>250</u>	<u>--</u>	<u>55,751</u>
<u>\$ 103</u>	<u>\$ --</u>	<u>\$ 1,236</u>	<u>\$ 96,302</u>	<u>\$ 126</u>	<u>\$ 250</u>	<u>\$ --</u>	<u>\$ 68,327</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	LOUISIANA AGRICULTURAL FINANCE AUTHORITY FUND	LOUISIANA ALARM REGULATORY TRUST FUND	LOUISIANA ALLIGATOR RESOURCE FUND	LOUISIANA ANIMAL WELFARE FUND	LOUISIANA AUTO THEFT AND INSURANCE FRAUD PREVENTION FUND
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 500	\$ 55	\$ 1,661	\$ 9	\$ 105
INVESTMENTS	--	--	--	--	--
RECEIVABLES (NET)	--	--	--	--	--
DUE FROM OTHER FUNDS	--	54	19	--	--
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 500	\$ 109	\$ 1,680	\$ 9	\$ 105
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	424	--	58	--	--
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	--	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	424	--	58	--	--
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	--	--	--	--	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	--	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	--	--	--	--
UNDESIGNATED	76	109	1,622	9	105
TOTAL FUND BALANCES	76	109	1,622	9	105
TOTAL LIABILITIES AND FUND BALANCES	\$ 500	\$ 109	\$ 1,680	\$ 9	\$ 105

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	LOUISIANA AGRICULTURAL FINANCE AUTHORITY FUND	LOUISIANA ALARM REGULATORY TRUST FUND	LOUISIANA ALLIGATOR RESOURCE FUND	LOUISIANA ANIMAL WELFARE FUND	LOUISIANA AUTO THEFT AND INSURANCE FRAUD PREVENTION FUND
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	--	--	--
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL REVENUES	--	--	--	--	--
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	--	--	--	--
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	12,506	263	1,317	3	86
TRANSFERS OUT	(12,430)	(204)	(1,310)	--	(6)
TOTAL OTHER FINANCING SOURCES (USES)	76	59	7	3	80
NET CHANGE IN FUND BALANCES	76	59	7	3	80
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	--	50	1,615	6	25
FUND BALANCES AT END OF YEAR	\$ 76	\$ 109	\$ 1,622	\$ 9	\$ 105

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

LOUISIANA CHARTER SCHOOL START-UP LOAN FUND	LOUISIANA DUCK LICENSE, STAMP, AND PRINT FUND	LOUISIANA ECONOMIC DEVELOPMENT FUND	LOUISIANA ENVIRONMENTAL EDUCATION FUND	LOUISIANA FIRE MARSHAL FUND	LOUISIANA FUND	LOUISIANA FUR AND ALLIGATOR PUBLIC EDUCATION AND MARKETING FUND	LOUISIANA HELP OUR WILDLIFE FUND
\$ 601	\$ 2,154	\$ --	\$ 792	\$ 108	\$ 2,171	\$ 399	\$ 181
--	--	--	--	--	--	--	--
66	--	3,291	18	2,333	--	33	--
--	--	--	--	--	--	--	--
<u>\$ 667</u>	<u>\$ 2,154</u>	<u>\$ 3,291</u>	<u>\$ 810</u>	<u>\$ 2,441</u>	<u>\$ 2,171</u>	<u>\$ 432</u>	<u>\$ 181</u>

\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
135	--	1,828	--	2,441	1,580	--	--
--	--	--	--	--	250	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
<u>135</u>	<u>--</u>	<u>1,828</u>	<u>--</u>	<u>2,441</u>	<u>1,830</u>	<u>--</u>	<u>--</u>

--	--	5,767	--	--	341	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
532	2,154	(4,304)	810	--	--	432	181
<u>532</u>	<u>2,154</u>	<u>1,463</u>	<u>810</u>	<u>--</u>	<u>341</u>	<u>432</u>	<u>181</u>
<u>\$ 667</u>	<u>\$ 2,154</u>	<u>\$ 3,291</u>	<u>\$ 810</u>	<u>\$ 2,441</u>	<u>\$ 2,171</u>	<u>\$ 432</u>	<u>\$ 181</u>

LOUISIANA CHARTER SCHOOL START-UP LOAN FUND	LOUISIANA DUCK LICENSE, STAMP, AND PRINT FUND	LOUISIANA ECONOMIC DEVELOPMENT FUND	LOUISIANA ENVIRONMENTAL EDUCATION FUND	LOUISIANA FIRE MARSHAL FUND	LOUISIANA FUND	LOUISIANA FUR AND ALLIGATOR PUBLIC EDUCATION AND MARKETING FUND	LOUISIANA HELP OUR WILDLIFE FUND
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--	--	--
--	--	(75)	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	(75)	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	1,638	--	--
--	--	--	--	--	1,638	--	--
--	--	(75)	--	--	(1,638)	--	--
96	547	21,792	973	10,578	13,254	83	22
(341)	(254)	(21,494)	(920)	(10,594)	(12,154)	(68)	--
<u>(245)</u>	<u>293</u>	<u>298</u>	<u>53</u>	<u>(16)</u>	<u>1,100</u>	<u>15</u>	<u>22</u>
(245)	293	223	53	(16)	(538)	15	22
<u>777</u>	<u>1,861</u>	<u>1,240</u>	<u>757</u>	<u>16</u>	<u>879</u>	<u>417</u>	<u>159</u>
<u>\$ 532</u>	<u>\$ 2,154</u>	<u>\$ 1,463</u>	<u>\$ 810</u>	<u>\$ --</u>	<u>\$ 341</u>	<u>\$ 432</u>	<u>\$ 181</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	LOUISIANA MANUFACTURED AND HOUSING COMMISSION FUND	LOUISIANA MEDICAL ASSISTANCE TRUST FUND	LOUISIANA MILITARY FAMILY ASSISTANCE FUND	LOUISIANA QUALITY EDUCATION SUPPORT FUND	LOUISIANA STATE PARKS IMPROVEMENT AND REPAIR FUND
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 224	\$ 401,305	\$ 98	\$ 387	\$ 4,387
INVESTMENTS	--	--	--	78,646	--
RECEIVABLES (NET)	--	--	--	92	--
DUE FROM OTHER FUNDS	1	41,161	--	15,055	558
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 225	\$ 442,466	\$ 98	\$ 94,180	\$ 4,945
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	--	--	--	9,670	--
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	17,585	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	--	--	--	27,255	--
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	--	--	--	--	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	--	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	--	--	13,368	--
UNDESIGNATED	225	442,466	98	53,557	4,945
TOTAL FUND BALANCES	225	442,466	98	66,925	4,945
TOTAL LIABILITIES AND FUND BALANCES	\$ 225	\$ 442,466	\$ 98	\$ 94,180	\$ 4,945

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	LOUISIANA MANUFACTURED AND HOUSING COMMISSION FUND	LOUISIANA MEDICAL ASSISTANCE TRUST FUND	LOUISIANA MILITARY FAMILY ASSISTANCE FUND	LOUISIANA QUALITY EDUCATION SUPPORT FUND	LOUISIANA STATE PARKS IMPROVEMENT AND REPAIR FUND
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	(605)	--	(35,483)	--
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	--	--	--	937	--
TOTAL REVENUES	--	(605)	--	(34,546)	--
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	--	--	--	36,038	--
TOTAL EXPENDITURES	--	--	--	36,038	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	(605)	--	(70,584)	--
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	602	297,004	98	63,413	5,096
TRANSFERS OUT	(380)	(182,039)	--	(33,274)	(7,204)
TOTAL OTHER FINANCING SOURCES (USES)	222	114,965	98	30,139	(2,108)
NET CHANGE IN FUND BALANCES	222	114,360	98	(40,445)	(2,108)
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	3	328,106	--	107,370	7,053
FUND BALANCES AT END OF YEAR	\$ 225	\$ 442,466	\$ 98	\$ 66,925	\$ 4,945

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

LOUISIANA STATE POLICE SALARY FUND	LOUISIANA TECHNOLOGY INNOVATIONS FUND	LOUISIANA TOURISM PROMOTION DISTRICT	LOUISIANA TOWING AND STORAGE FUND	LOUISIANA UNDERWATER OBSTRUCTION REMOVAL FUND	LOUISIANA WILD TURKEY STAMP FUND	LOUISIANA WORKER'S COMPENSATION SECOND INJURY FUND	MARKETING FUND
\$ --	\$ 745	\$ 2,511	\$ 41	\$ 61	\$ 387	\$ 30,760	\$ 3,226
--	--	4,685	--	--	--	--	--
--	--	931	61	--	--	9	--
--	--	--	--	--	--	--	--
<u>\$ --</u>	<u>\$ 745</u>	<u>\$ 8,127</u>	<u>\$ 102</u>	<u>\$ 61</u>	<u>\$ 387</u>	<u>\$ 30,769</u>	<u>\$ 3,226</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	32	4,685	102	--	--	166	2,261
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	32	4,685	102	--	--	166	2,261
--	10	--	--	--	--	--	399
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	703	3,442	--	61	387	30,603	566
--	713	3,442	--	61	387	30,603	965
<u>\$ --</u>	<u>\$ 745</u>	<u>\$ 8,127</u>	<u>\$ 102</u>	<u>\$ 61</u>	<u>\$ 387</u>	<u>\$ 30,769</u>	<u>\$ 3,226</u>
LOUISIANA STATE POLICE SALARY FUND	LOUISIANA TECHNOLOGY INNOVATIONS FUND	LOUISIANA TOURISM PROMOTION DISTRICT	LOUISIANA TOWING AND STORAGE FUND	LOUISIANA UNDERWATER OBSTRUCTION REMOVAL FUND	LOUISIANA WILD TURKEY STAMP FUND	LOUISIANA WORKER'S COMPENSATION SECOND INJURY FUND	MARKETING FUND
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	25,040	--	--	--	--	--
--	--	44	--	--	--	--	--
--	--	10	--	--	--	--	--
--	--	25,094	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	25,094	--	--	--	--	--
15,600	33	931	346	254	71	43,212	2,000
(15,600)	(178)	(27,036)	(346)	(358)	(16)	(50,556)	(5,594)
--	(145)	(26,105)	--	(104)	55	(7,344)	(3,594)
--	(145)	(1,011)	--	(104)	55	(7,344)	(3,594)
--	858	4,453	--	165	332	37,947	4,559
<u>\$ --</u>	<u>\$ 713</u>	<u>\$ 3,442</u>	<u>\$ --</u>	<u>\$ 61</u>	<u>\$ 387</u>	<u>\$ 30,603</u>	<u>\$ 965</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	MARSH ISLAND OPERATING FUND	MEDICAID TRUST FUND FOR THE ELDERLY	MEDICAL ASSISTANCE PROGRAMS FRAUD DETECTION FUND	MINERAL RESOURCES OPERATION FUND	MINERAL REVENUE AUDIT AND SETTLEMENT FUND
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 400	\$ 2,599	\$ 1,265	\$ 12,787	\$ 77
INVESTMENTS	--	819,670	--	--	--
RECEIVABLES (NET)	31	--	--	--	--
DUE FROM OTHER FUNDS	--	4,677	--	490	--
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 431	\$ 826,946	\$ 1,265	\$ 13,277	\$ 77
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	431	7,664	371	3,000	--
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	--	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	431	7,664	371	3,000	--
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	--	--	--	241	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	--	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	--	--	--	--
UNDESIGNATED	--	819,282	894	10,036	77
TOTAL FUND BALANCES	--	819,282	894	10,277	77
TOTAL LIABILITIES AND FUND BALANCES	\$ 431	\$ 826,946	\$ 1,265	\$ 13,277	\$ 77

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	MARSH ISLAND OPERATING FUND	MEDICAID TRUST FUND FOR THE ELDERLY	MEDICAL ASSISTANCE PROGRAMS FRAUD DETECTION FUND	MINERAL RESOURCES OPERATION FUND	MINERAL REVENUE AUDIT AND SETTLEMENT FUND
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	280	(48,348)	--	--	--
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL REVENUES	280	(48,348)	--	--	--
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	280	(48,348)	--	--	--
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	576	45,832	946	12,243	77
TRANSFERS OUT	(856)	(43,023)	(2,827)	(13,020)	--
TOTAL OTHER FINANCING SOURCES (USES)	(280)	2,809	(1,881)	(777)	77
NET CHANGE IN FUND BALANCES	--	(45,539)	(1,881)	(777)	77
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	--	864,821	2,775	11,054	--
FUND BALANCES AT END OF YEAR	\$ --	\$ 819,282	\$ 894	\$ 10,277	\$ 77

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

MOTOR CARRIER REGULATION FUND	MOTOR FUELS UNDERGROUND STORAGE TANK TRUST FUND	MOTORCYCLE SAFETY AWARENESS AND OPERATOR TRAINING PROGRAM FUND	MUNICIPAL FIRE AND POLICE CIVIL SERVICE OPERATING FUND	NATURAL HERITAGE ACCOUNT	NATURAL RESOURCES RESTORATION TRUST FUND	NURSING HOME RESIDENTS' TRUST FUND	OFFICE OF MOTOR VEHICLES CUSTOMER SERVICE AND TECHNOLOGY FUND
\$ 40	\$ 24,405	\$ --	\$ --	\$ 345	\$ 6	\$ 2,153	\$ 10,093
--	--	--	--	--	--	--	--
87	923	20	62	--	--	--	125
--	--	--	--	--	--	--	--
<u>\$ 127</u>	<u>\$ 25,328</u>	<u>\$ 20</u>	<u>\$ 62</u>	<u>\$ 345</u>	<u>\$ 6</u>	<u>\$ 2,153</u>	<u>\$ 10,218</u>

\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
127	2,363	20	62	--	--	6	1,996
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
127	2,363	20	62	--	--	6	1,996

--	--	--	--	--	--	--	--
--	14,235	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	8,730	--	--	345	6	2,147	8,222
--	22,965	--	--	345	6	2,147	8,222
<u>\$ 127</u>	<u>\$ 25,328</u>	<u>\$ 20</u>	<u>\$ 62</u>	<u>\$ 345</u>	<u>\$ 6</u>	<u>\$ 2,153</u>	<u>\$ 10,218</u>

MOTOR CARRIER REGULATION FUND	MOTOR FUELS UNDERGROUND STORAGE TANK TRUST FUND	MOTORCYCLE SAFETY AWARENESS AND OPERATOR TRAINING PROGRAM FUND	MUNICIPAL FIRE AND POLICE CIVIL SERVICE OPERATING FUND	NATURAL HERITAGE ACCOUNT	NATURAL RESOURCES RESTORATION TRUST FUND	NURSING HOME RESIDENTS' TRUST FUND	OFFICE OF MOTOR VEHICLES CUSTOMER SERVICE AND TECHNOLOGY FUND
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--	--	--
--	(55)	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	(55)	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	(55)	--	--	--	--	--	--
6,504 (6,773)	22,129 (17,847)	173 (173)	1,576 (1,576)	22 (20)	2 --	530 --	7,235 (6,655)
(269)	4,282	--	--	2	2	530	580
(269)	4,227	--	--	2	2	530	580
269	18,738	--	--	343	4	1,617	7,642
<u>\$ --</u>	<u>\$ 22,965</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 345</u>	<u>\$ 6</u>	<u>\$ 2,147</u>	<u>\$ 8,222</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)	OFFICE OF WORKER'S COMPENSATION ADMINISTRATIVE FUND	OIL AND GAS REGULATORY FUND	OIL SPILL CONTINGENCY FUND	OILFIELD SITE RESTORATION FUND	OYSTER DEVELOPMENT ACCOUNT
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 4,483	\$ 896	\$ 5,682	\$ 6,776	\$ 56
INVESTMENTS	--	--	--	--	--
RECEIVABLES (NET)	--	--	--	--	--
DUE FROM OTHER FUNDS	--	456	--	237	3
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 4,483	\$ 1,352	\$ 5,682	\$ 7,013	\$ 59
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	258	--	133	7	16
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	--	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	258	--	133	7	16
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	--	--	--	--	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	--	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	--	--	--	--
UNDESIGNATED	4,225	1,352	5,549	7,006	43
TOTAL FUND BALANCES	4,225	1,352	5,549	7,006	43
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,483	\$ 1,352	\$ 5,682	\$ 7,013	\$ 59

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)	OFFICE OF WORKER'S COMPENSATION ADMINISTRATIVE FUND	OIL AND GAS REGULATORY FUND	OIL SPILL CONTINGENCY FUND	OILFIELD SITE RESTORATION FUND	OYSTER DEVELOPMENT ACCOUNT
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	--	--	--
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL REVENUES	--	--	--	--	--
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	--	--	--	--
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	10,348	9,596	559	5,713	134
TRANSFERS OUT	(12,135)	(9,326)	(1,908)	(3,807)	(134)
TOTAL OTHER FINANCING SOURCES (USES)	(1,787)	270	(1,349)	1,906	--
NET CHANGE IN FUND BALANCES	(1,787)	270	(1,349)	1,906	--
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	6,012	1,082	6,898	5,100	43
FUND BALANCES AT END OF YEAR	\$ 4,225	\$ 1,352	\$ 5,549	\$ 7,006	\$ 43

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

OYSTER SANITATION FUND	PARI-MUTUEL LIVE RACING FACILITY GAMING CONTROL FUND	PARISH AND MUNICIPALITIES EXCELLENCE FUND	PARISH AND MUNICIPALITIES FUNDS	PARISH ROYALTY FUND	PATIENT'S COMPENSATION FUND	PESTICIDE FUND	PETROLEUM PRODUCTS FUND
\$ 39	\$ 455	\$ 2,015	\$ 7,960	\$ 16,341	\$ 243,386	\$ 20	\$ --
--	--	--	--	5,854	98,869	21	--
--	3,240	162	7,125	--	4,530	150	818
--	--	--	--	--	--	--	--
<u>\$ 39</u>	<u>\$ 3,695</u>	<u>\$ 2,177</u>	<u>\$ 15,085</u>	<u>\$ 22,195</u>	<u>\$ 346,785</u>	<u>\$ 191</u>	<u>\$ 818</u>

\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1	\$ --
--	3,695	--	5,741	--	1,681	150	598
--	--	--	763	22,195	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	3,695	--	6,504	22,195	1,681	151	598

--	--	--	--	--	357	40	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
39	--	2,177	8,581	--	344,747	--	220
39	--	2,177	8,581	--	345,104	40	220
<u>\$ 39</u>	<u>\$ 3,695</u>	<u>\$ 2,177</u>	<u>\$ 15,085</u>	<u>\$ 22,195</u>	<u>\$ 346,785</u>	<u>\$ 191</u>	<u>\$ 818</u>

OYSTER SANITATION FUND	PARI-MUTUEL LIVE RACING FACILITY GAMING CONTROL FUND	PARISH AND MUNICIPALITIES EXCELLENCE FUND	PARISH AND MUNICIPALITIES FUNDS	PARISH ROYALTY FUND	PATIENT'S COMPENSATION FUND	PESTICIDE FUND	PETROLEUM PRODUCTS FUND
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	42,546	(3,401)	69	--
--	--	--	--	--	--	2,847	--
--	--	--	--	--	--	1	--
--	--	--	--	42,546	(3,401)	2,917	--
--	--	--	--	42,546	--	--	--
--	--	--	--	--	--	--	--
--	48	532	2,112	--	--	3,635	--
--	48	532	2,112	42,546	--	3,635	--
--	(48)	(532)	(2,112)	--	(3,401)	(718)	--
241 (202)	53,022 (52,974)	2,708 (1,348)	34,643 (26,557)	--	148,231 (99,780)	2,161 (2,161)	4,520 (4,300)
39	48	1,360	8,086	--	48,451	--	220
39	--	828	5,974	--	45,050	(718)	220
--	--	1,349	2,607	--	300,054	758	--
<u>\$ 39</u>	<u>\$ --</u>	<u>\$ 2,177</u>	<u>\$ 8,581</u>	<u>\$ --</u>	<u>\$ 345,104</u>	<u>\$ 40</u>	<u>\$ 220</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	PROPRIETARY SCHOOL STUDENTS PROTECTION FUND	PUBLIC OYSTER SEED GROUND DEVELOPMENT ACCOUNT	PUBLIC SAFETY DWI TESTING, MAINTENANCE, AND TRAINING FUND	QUAIL ACCOUNT	RAPID RESPONSE FUND
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 1,183	\$ 44	\$ 538	\$ 27	\$ 10,192
INVESTMENTS	--	--	--	--	--
RECEIVABLES (NET)	--	--	--	--	--
DUE FROM OTHER FUNDS	--	--	4	--	42
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 1,183	\$ 44	\$ 542	\$ 27	\$ 10,234
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	--	8	57	--	--
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	--	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	--	8	57	--	--
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	--	--	--	--	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	332	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	--	--	--	--
UNDESIGNATED	851	36	485	27	10,234
TOTAL FUND BALANCES	1,183	36	485	27	10,234
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,183	\$ 44	\$ 542	\$ 27	\$ 10,234

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	PROPRIETARY SCHOOL STUDENTS PROTECTION FUND	PUBLIC OYSTER SEED GROUND DEVELOPMENT ACCOUNT	PUBLIC SAFETY DWI TESTING, MAINTENANCE, AND TRAINING FUND	QUAIL ACCOUNT	RAPID RESPONSE FUND
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	--	--	--
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL REVENUES	--	--	--	--	--
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	247	--	--	--	--
TOTAL EXPENDITURES	247	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(247)	--	--	--	--
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	61	65	531	4	10,337
TRANSFERS OUT	--	(50)	(567)	--	(103)
TOTAL OTHER FINANCING SOURCES (USES)	61	15	(36)	4	10,234
NET CHANGE IN FUND BALANCES	(186)	15	(36)	4	10,234
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	1,369	21	521	23	--
FUND BALANCES AT END OF YEAR	\$ 1,183	\$ 36	\$ 485	\$ 27	\$ 10,234

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

REHABILITATION FOR THE BLIND AND VISUALLY IMPAIRED FUND	REPTILE AND AMPHIBIAN RESEARCH FUND	RETIREMENT SYSTEMS INSURANCE PROCEEDS FUND	RIGHT TO KNOW FUND	RIVERBOAT GAMING ENFORCEMENT FUND	ROCKEFELLER REFUGE FUND	ROCKEFELLER WILDLIFE REFUGE TRUST AND PROTECTION FUND	RURAL DEVELOPMENT FUND
\$ 1,000	\$ 18	\$ --	\$ 148	\$ 8,040	\$ 7,969	\$ 897	\$ 3,380
--	--	--	--	--	159	51,066	--
--	--	--	1	898	440	--	--
--	--	--	--	--	--	--	--
<u>\$ 1,000</u>	<u>\$ 18</u>	<u>\$ --</u>	<u>\$ 149</u>	<u>\$ 8,938</u>	<u>\$ 8,568</u>	<u>\$ 51,963</u>	<u>\$ 3,380</u>

\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	718	--	404	365
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	718	--	404	365

--	--	--	--	--	--	--	--
--	--	--	--	382	--	--	2,331
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
1,000	18	--	149	7,838	8,568	51,559	684
<u>1,000</u>	<u>18</u>	<u>--</u>	<u>149</u>	<u>8,220</u>	<u>8,568</u>	<u>51,559</u>	<u>3,015</u>
<u>\$ 1,000</u>	<u>\$ 18</u>	<u>\$ --</u>	<u>\$ 149</u>	<u>\$ 8,938</u>	<u>\$ 8,568</u>	<u>\$ 51,963</u>	<u>\$ 3,380</u>

REHABILITATION FOR THE BLIND AND VISUALLY IMPAIRED FUND	REPTILE AND AMPHIBIAN RESEARCH FUND	RETIREMENT SYSTEMS INSURANCE PROCEEDS FUND	RIGHT TO KNOW FUND	RIVERBOAT GAMING ENFORCEMENT FUND	ROCKEFELLER REFUGE FUND	ROCKEFELLER WILDLIFE REFUGE TRUST AND PROTECTION FUND	RURAL DEVELOPMENT FUND
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--	--	--
--	--	44,133	--	--	1,600	1,684	(25)
--	--	--	--	--	--	--	--
--	--	44,133	--	--	1,600	1,684	(25)
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	44,133	--	--	--	--	--
--	--	44,133	--	--	--	--	--
--	--	--	--	--	1,600	1,684	(25)
1,500	7	--	246	66,526	372	49	7,919
<u>(1,500)</u>	<u>(7)</u>	<u>--</u>	<u>(200)</u>	<u>(63,443)</u>	<u>(4,727)</u>	<u>(906)</u>	<u>(11,292)</u>
--	--	--	46	3,083	(4,355)	(857)	(3,373)
--	--	--	46	3,083	(2,755)	827	(3,398)
<u>1,000</u>	<u>18</u>	<u>--</u>	<u>103</u>	<u>5,137</u>	<u>11,323</u>	<u>50,732</u>	<u>6,413</u>
<u>\$ 1,000</u>	<u>\$ 18</u>	<u>\$ --</u>	<u>\$ 149</u>	<u>\$ 8,220</u>	<u>\$ 8,568</u>	<u>\$ 51,559</u>	<u>\$ 3,015</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	RUSSELL SAGE OR MARSH ISLAND CAPITAL IMPROVEMENT FUND	RUSSELL SAGE OR MARSH ISLAND REFUGE FUND	RUSSELL SAGE SPECIAL FUND NO. 2	SALTWATER FISHERY ENFORCEMENT ACCOUNT	SAVINGS ENHANCEMENT FUND
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 1,465	\$ 117	\$ 3,043	\$ 92	\$ 290
INVESTMENTS	--	12,340	--	--	4,329
RECEIVABLES (NET)	--	--	--	--	--
DUE FROM OTHER FUNDS	--	297	68	--	--
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 1,465	\$ 12,754	\$ 3,111	\$ 92	\$ 4,619
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ 7
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	--	--	--	--	--
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	--	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	--	--	--	--	7
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	--	--	--	--	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	--	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	101	--	--	--
UNDESIGNATED	1,465	12,653	3,111	92	4,612
TOTAL FUND BALANCES	1,465	12,754	3,111	92	4,612
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,465	\$ 12,754	\$ 3,111	\$ 92	\$ 4,619

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	RUSSELL SAGE OR MARSH ISLAND CAPITAL IMPROVEMENT FUND	RUSSELL SAGE OR MARSH ISLAND REFUGE FUND	RUSSELL SAGE SPECIAL FUND NO. 2	SALTWATER FISHERY ENFORCEMENT ACCOUNT	SAVINGS ENHANCEMENT FUND
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	341	115	--	(129)
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	--	--	--	--	1,700
TOTAL REVENUES	--	341	115	--	1,571
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	--	--	--	--	156
TOTAL EXPENDITURES	--	--	--	--	156
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	341	115	--	1,415
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	56	306	77	6	206
TRANSFERS OUT	--	(576)	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	56	(270)	77	6	206
NET CHANGE IN FUND BALANCES	56	71	192	6	1,621
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	1,409	12,683	2,919	86	2,991
FUND BALANCES AT END OF YEAR	\$ 1,465	\$ 12,754	\$ 3,111	\$ 92	\$ 4,612

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

SCENIC RIVERS FUND	SCHOOL AND DISTRICT ACCOUNTABILITY REWARDS FUND	SEAFOOD PROMOTION AND MARKETING FUND	SEED COMMISSION FUND	SEVERANCE TAX FUND	SEX OFFENDER REGISTRY TECHNOLOGY FUND	SHRIMP MARKETING AND PROMOTION ACCOUNT	SHRIMP TRADE PETITION ACCOUNT
\$ 16	\$ 4	\$ 47	\$ 2	\$ 4,359	\$ 1,268	\$ 417	\$ 349
--	--	--	--	18	--	--	--
--	--	47	--	8,678	23	--	--
--	--	--	--	--	--	--	--
<u>\$ 16</u>	<u>\$ 4</u>	<u>\$ 94</u>	<u>\$ 2</u>	<u>\$ 13,055</u>	<u>\$ 1,291</u>	<u>\$ 417</u>	<u>\$ 349</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	16	2	--	1	44	--
--	--	--	--	13,055	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
16	4	78	--	--	1,290	373	349
<u>16</u>	<u>4</u>	<u>78</u>	<u>--</u>	<u>--</u>	<u>1,290</u>	<u>373</u>	<u>349</u>
<u>\$ 16</u>	<u>\$ 4</u>	<u>\$ 94</u>	<u>\$ 2</u>	<u>\$ 13,055</u>	<u>\$ 1,291</u>	<u>\$ 417</u>	<u>\$ 349</u>

SCENIC RIVERS FUND	SCHOOL AND DISTRICT ACCOUNTABILITY REWARDS FUND	SEAFOOD PROMOTION AND MARKETING FUND	SEED COMMISSION FUND	SEVERANCE TAX FUND	SEX OFFENDER REGISTRY TECHNOLOGY FUND	SHRIMP MARKETING AND PROMOTION ACCOUNT	SHRIMP TRADE PETITION ACCOUNT
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	41,909	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	41,909	--	--	--
--	--	--	--	(41,909)	--	--	--
2	--	276	215	41,909	637	93	355
(1)	--	(243)	(216)	--	(26)	(71)	(268)
1	--	33	(1)	41,909	611	22	87
1	--	33	(1)	--	611	22	87
15	4	45	1	--	679	351	262
<u>\$ 16</u>	<u>\$ 4</u>	<u>\$ 78</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,290</u>	<u>\$ 373</u>	<u>\$ 349</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	SMALL BUSINESS SURETY BONDING FUND	SOUTHERN UNIVERSITY AGCENTER PROGRAM FUND	SPORTS FACILITY ASSISTANCE FUND	STATE EMERGENCY RESPONSE FUND	STATE HIGHWAY FUND #2
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 674	\$ --	\$ 2	\$ 141,129	\$ 11,803
INVESTMENTS	--	--	--	--	--
RECEIVABLES (NET)	--	--	--	--	494
DUE FROM OTHER FUNDS	--	--	--	--	--
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 674	\$ --	\$ 2	\$ 141,129	\$ 12,297
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	--	--	--	1,630	--
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	--	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	12,297
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	--	--	--	1,630	12,297
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	24	--	--	11	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	--	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	--	--	--	--
UNDESIGNATED	650	--	2	139,488	--
TOTAL FUND BALANCES	674	--	2	139,499	--
TOTAL LIABILITIES AND FUND BALANCES	\$ 674	\$ --	\$ 2	\$ 141,129	\$ 12,297

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	SMALL BUSINESS SURETY BONDING FUND	SOUTHERN UNIVERSITY AGCENTER PROGRAM FUND	SPORTS FACILITY ASSISTANCE FUND	STATE EMERGENCY RESPONSE FUND	STATE HIGHWAY FUND #2
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	--	--	--
LICENSES, PERMITS, AND FEES	--	--	--	--	10,959
OTHER	--	--	--	--	--
TOTAL REVENUES	--	--	--	--	10,959
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	10,959
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	--	1,425	1,517	--	--
TOTAL EXPENDITURES	--	1,425	1,517	--	10,959
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	(1,425)	(1,517)	--	--
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	322	750	868	157,962	--
TRANSFERS OUT	(440)	(75)	(32)	(18,463)	--
TOTAL OTHER FINANCING SOURCES (USES)	(118)	675	836	139,499	--
NET CHANGE IN FUND BALANCES	(118)	(750)	(681)	139,499	--
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	792	750	683	--	--
FUND BALANCES AT END OF YEAR	\$ 674	\$ --	\$ 2	\$ 139,499	\$ --

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

STATE REVENUE SHARING FUND	STRUCTURAL PEST CONTROL COMMISSION FUND	SUPPORT EDUCATION IN LOUISIANA FIRST FUND	SWEET POTATO PESTS & DISEASES FUND	TAX COMMISSION EXPENSE FUND	TEACHER EDUCATIONAL AID FOR CHILDREN FUND	TELECOMMUN- ICATIONS FOR THE DEAF FUND	TELEPHONE COMPANY PROPERTY ASSESSMENT RELIEF FUND
\$ --	\$ 95	\$ 9,293	\$ 3	\$ 408	\$ 29	\$ 7,622	\$ 12,765
--	--	--	--	--	--	--	--
--	103	1,565	4	99	--	257	1,492
--	--	--	--	--	--	--	--
<u>\$ --</u>	<u>\$ 198</u>	<u>\$ 10,858</u>	<u>\$ 7</u>	<u>\$ 507</u>	<u>\$ 29</u>	<u>\$ 7,879</u>	<u>\$ 14,257</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	84	64	7	42	--	123	12,765
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	84	64	7	42	--	123	12,765
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	114	10,794	--	465	29	7,756	1,492
--	114	10,794	--	465	29	7,756	1,492
<u>\$ --</u>	<u>\$ 198</u>	<u>\$ 10,858</u>	<u>\$ 7</u>	<u>\$ 507</u>	<u>\$ 29</u>	<u>\$ 7,879</u>	<u>\$ 14,257</u>
STATE REVENUE SHARING FUND	STRUCTURAL PEST CONTROL COMMISSION FUND	SUPPORT EDUCATION IN LOUISIANA FIRST FUND	SWEET POTATO PESTS & DISEASES FUND	TAX COMMISSION EXPENSE FUND	TEACHER EDUCATIONAL AID FOR CHILDREN FUND	TELECOMMUN- ICATIONS FOR THE DEAF FUND	TELEPHONE COMPANY PROPERTY ASSESSMENT RELIEF FUND
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	(42)	--	--	--	--	(41)
--	--	--	--	--	--	--	--
--	--	(42)	--	--	--	--	(41)
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	38,669	--	--	--	--	--
--	--	38,669	--	--	--	--	--
--	--	(38,711)	--	--	--	--	(41)
90,000 (90,000)	952 (1,052)	145,433 (98,263)	267 (267)	601 (292)	-- (12,471)	1,508 (744)	8,856 (12,765)
--	(100)	47,170	--	309	(12,471)	764	(3,909)
--	(100)	8,459	--	309	(12,471)	764	(3,950)
--	214	2,335	--	156	12,500	6,992	5,442
<u>\$ --</u>	<u>\$ 114</u>	<u>\$ 10,794</u>	<u>\$ --</u>	<u>\$ 465</u>	<u>\$ 29</u>	<u>\$ 7,756</u>	<u>\$ 1,492</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)	TELEPHONIC SOLICITATION RELIEF FUND	TIDELANDS FUND	TOBACCO CONTROL SPECIAL FUND	TOBACCO TAX HEALTH CARE FUND	TRANSPORTATION TRUST FUND
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 144	\$ 4	\$ 15	\$ 660	\$ 258,294
INVESTMENTS	--	--	--	--	--
RECEIVABLES (NET)	--	--	--	--	--
DUE FROM OTHER FUNDS	5	--	--	6,984	88,203
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	83,727
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 149	\$ 4	\$ 15	\$ 7,644	\$ 430,224
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	--	--	--	3,744	142,471
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	1,828	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	--	--	--	5,572	142,471
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	--	--	--	--	21,052
CONTINUING PROJECTS	--	--	--	--	266,701
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	--	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	--	--	--	--
UNDESIGNATED	149	4	15	2,072	--
TOTAL FUND BALANCES	149	4	15	2,072	287,753
TOTAL LIABILITIES AND FUND BALANCES	\$ 149	\$ 4	\$ 15	\$ 7,644	\$ 430,224

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)	TELEPHONIC SOLICITATION RELIEF FUND	TIDELANDS FUND	TOBACCO CONTROL SPECIAL FUND	TOBACCO TAX HEALTH CARE FUND	TRANSPORTATION TRUST FUND
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ 618,112
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	--	--	(580)
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL REVENUES	--	--	--	--	617,532
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	--	--	--	26,609	--
TOTAL EXPENDITURES	--	--	--	26,609	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	--	--	(26,609)	617,532
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	425	--	15	40,165	554,022
TRANSFERS OUT	(276)	--	--	(15,764)	(1,154,822)
TOTAL OTHER FINANCING SOURCES (USES)	149	--	15	24,401	(600,800)
NET CHANGE IN FUND BALANCES	149	--	15	(2,208)	16,732
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	--	4	--	4,280	271,021
FUND BALANCES AT END OF YEAR	\$ 149	\$ 4	\$ 15	\$ 2,072	\$ 287,753

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

TRAUMATIC HEAD AND SPINAL CORD INJURY TRUST FUND	TRIAL COURT CASE MANAGEMENT INFORMATION FUND	UNDERGROUND DAMAGES PREVENTION FUND	UTILITY AND CARRIER INSPECTION AND SUPERVISION FUND	VIDEO DRAW POKER DEVICE FUND	VIDEO DRAW POKER DEVICE PURSE SUPPLEMENT FUND	VITAL RECORDS CONVERSION FUND	WASTE TIRE MANAGEMENT FUND
\$ 6,305	\$ 2,896	\$ 5	\$ 2,119	\$ 4,884	\$ 3,356	\$ 85	\$ 2,446
--	--	--	--	--	--	--	--
6	--	--	1,424	10,381	140	3	471
--	--	--	--	--	--	--	--
<u>\$ 6,311</u>	<u>\$ 2,896</u>	<u>\$ 5</u>	<u>\$ 3,543</u>	<u>\$ 15,265</u>	<u>\$ 3,496</u>	<u>\$ 88</u>	<u>\$ 2,917</u>

\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
493	4	--	--	15,265	--	--	21
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
<u>493</u>	<u>4</u>	<u>--</u>	<u>--</u>	<u>15,265</u>	<u>--</u>	<u>--</u>	<u>21</u>

--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
5,818	2,892	5	3,543	--	3,496	88	2,896
<u>5,818</u>	<u>2,892</u>	<u>5</u>	<u>3,543</u>	<u>--</u>	<u>3,496</u>	<u>88</u>	<u>2,896</u>
<u>\$ 6,311</u>	<u>\$ 2,896</u>	<u>\$ 5</u>	<u>\$ 3,543</u>	<u>\$ 15,265</u>	<u>\$ 3,496</u>	<u>\$ 88</u>	<u>\$ 2,917</u>

TRAUMATIC HEAD AND SPINAL CORD INJURY TRUST FUND	TRIAL COURT CASE MANAGEMENT INFORMATION FUND	UNDERGROUND DAMAGES PREVENTION FUND	UTILITY AND CARRIER INSPECTION AND SUPERVISION FUND	VIDEO DRAW POKER DEVICE FUND	VIDEO DRAW POKER DEVICE PURSE SUPPLEMENT FUND	VITAL RECORDS CONVERSION FUND	WASTE TIRE MANAGEMENT FUND
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
1,752	1,449	--	4,491	210,801	3,407	32	11,239
(1,679)	(1,270)	--	(6,453)	(213,664)	(2,830)	(3)	(9,604)
<u>73</u>	<u>179</u>	<u>--</u>	<u>(1,962)</u>	<u>(2,863)</u>	<u>577</u>	<u>29</u>	<u>1,635</u>
73	179	--	(1,962)	(2,863)	577	29	1,635
<u>5,745</u>	<u>2,713</u>	<u>5</u>	<u>5,505</u>	<u>2,863</u>	<u>2,919</u>	<u>59</u>	<u>1,261</u>
<u>\$ 5,818</u>	<u>\$ 2,892</u>	<u>\$ 5</u>	<u>\$ 3,543</u>	<u>\$ --</u>	<u>\$ 3,496</u>	<u>\$ 88</u>	<u>\$ 2,896</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	WATERFOWL ACCOUNT	WEIGHTS AND MEASURES FUND	WETLANDS CONSERVATION AND RESTORATION FUND	WHITE LAKE PROPERTY FUND	WHITE TAIL DEER ACCOUNT
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 77	\$ --	\$ 131,138	\$ 751	\$ 12
INVESTMENTS	--	--	--	--	--
RECEIVABLES (NET)	--	--	--	--	--
DUE FROM OTHER FUNDS	--	--	5,659	--	--
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 77	\$ --	\$ 136,797	\$ 751	\$ 12
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	--	--	--	51	--
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	--	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	--	--
TOTAL LIABILITIES	--	--	--	51	--
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	--	--	--	--	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	--	--	--	--
OTHER	--	--	--	--	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	--	--	--	--	--
UNDESIGNATED	77	--	136,797	700	12
TOTAL FUND BALANCES	77	--	136,797	700	12
TOTAL LIABILITIES AND FUND BALANCES	\$ 77	\$ --	\$ 136,797	\$ 751	\$ 12

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	WATERFOWL ACCOUNT	WEIGHTS AND MEASURES FUND	WETLANDS CONSERVATION AND RESTORATION FUND	WHITE LAKE PROPERTY FUND	WHITE TAIL DEER ACCOUNT
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	(307)	--	--
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL REVENUES	--	--	(307)	--	--
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	--	(307)	--	--
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	11	1,506	34,335	1,265	3
TRANSFERS OUT	--	(1,507)	(32,224)	(565)	--
TOTAL OTHER FINANCING SOURCES (USES)	11	(1)	2,111	700	3
NET CHANGE IN FUND BALANCES	11	(1)	1,804	700	3
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	66	1	134,993	--	9
FUND BALANCES AT END OF YEAR	\$ 77	\$ --	\$ 136,797	\$ 700	\$ 12

(Continued)

State of Louisiana

CAPITAL

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS			PROJECTS FUND
WILDLIFE HABITAT AND NATURAL HERITAGE TRUST FUND	YOUTHFUL OFFENDER MANAGEMENT FUND	TOTAL SPECIAL REVENUE FUNDS JUNE 30, 2006	TOBACCO SETTLEMENT FINANCING CORPORATION	TRANSPORTATION INFRASTRUCTURE MODEL FOR ECONOMIC DEVELOPMENT	TOTAL DEBT SERVICE FUNDS JUNE 30, 2006	CAPITAL OUTLAY ESCROW FUND
\$ 6,736	\$ 5,851	\$ 2,836,139	\$ 260	\$ 104,208	\$ 104,468	\$ 160,319
--	--	1,095,075	133,167	476,324	609,491	50,585
--	--	12,059	218	643	861	44,374
--	406	349,526	--	20,638	20,638	165,334
--	--	83,727	--	--	--	--
--	--	--	--	--	--	3,787
<u>\$ 6,736</u>	<u>\$ 6,257</u>	<u>\$ 4,376,526</u>	<u>\$ 133,645</u>	<u>\$ 601,813</u>	<u>\$ 735,458</u>	<u>\$ 424,399</u>
\$ --	\$ --	\$ 70	\$ 18	\$ 643	\$ 661	\$ --
--	--	--	--	--	--	205,335
--	--	591,147	--	36,688	36,688	2,636
--	--	21,041	--	--	--	--
--	--	47,547	--	--	--	--
--	--	--	--	--	--	40,121
--	--	--	--	--	--	--
--	--	<u>659,805</u>	<u>18</u>	<u>37,331</u>	<u>37,349</u>	<u>248,092</u>
--	--	785	133,627	--	133,627	--
--	44	51,505	--	--	--	--
--	--	280,936	--	--	--	--
--	--	--	--	564,482	564,482	176,286
--	--	--	--	--	--	--
--	--	332	--	--	--	--
--	--	13,469	--	--	--	21
<u>6,736</u>	<u>6,213</u>	<u>3,369,694</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>6,736</u>	<u>6,257</u>	<u>3,716,721</u>	<u>133,627</u>	<u>564,482</u>	<u>698,109</u>	<u>176,307</u>
<u>\$ 6,736</u>	<u>\$ 6,257</u>	<u>\$ 4,376,526</u>	<u>\$ 133,645</u>	<u>\$ 601,813</u>	<u>\$ 735,458</u>	<u>\$ 424,399</u>
\$ --	\$ --	\$ 618,119	\$ --	\$ --	\$ --	\$ 247,330
--	--	31,691	--	28,267	28,267	--
--	--	--	79,171	--	79,171	--
--	--	(37,418)	4,997	14,629	19,626	3,060
--	--	59,354	--	--	--	--
--	--	3,946	--	--	--	--
--	--	<u>675,692</u>	<u>84,168</u>	<u>42,896</u>	<u>127,064</u>	<u>250,390</u>
--	--	95,414	--	--	--	--
--	--	--	--	--	--	1,621,367
--	--	--	21,695	5,105	26,800	--
--	--	--	63,539	38,404	101,943	--
--	--	<u>179,443</u>	<u>110</u>	<u>--</u>	<u>110</u>	<u>--</u>
--	--	<u>274,857</u>	<u>85,344</u>	<u>43,509</u>	<u>128,853</u>	<u>1,621,367</u>
--	--	400,835	(1,176)	(613)	(1,789)	(1,370,977)
2,516	6,019	3,469,716	--	100,768	100,768	1,110,701
(276)	(2,616)	(3,328,609)	--	(365,819)	(365,819)	(16,420)
<u>2,240</u>	<u>3,403</u>	<u>141,107</u>	<u>--</u>	<u>(265,051)</u>	<u>(265,051)</u>	<u>1,094,281</u>
2,240	3,403	541,942	(1,176)	(266,664)	(266,840)	(276,696)
<u>4,496</u>	<u>2,854</u>	<u>3,174,779</u>	<u>134,803</u>	<u>830,146</u>	<u>964,949</u>	<u>453,003</u>
<u>\$ 6,736</u>	<u>\$ 6,257</u>	<u>\$ 3,716,721</u>	<u>\$ 133,627</u>	<u>\$ 564,482</u>	<u>\$ 698,109</u>	<u>\$ 176,307</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	EDUCATION EXCELLENCE FUND	FULLER- EDWARDS ARBORETUM TRUST FUND	HEALTH EXCELLENCE FUND	W. R. IRBY BEQUEST FUND	LIFETIME LICENSE ENDOWMENT TRUST FUND
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 51,803	\$ 194	\$ 2,935	\$ 2,270	\$ 245
INVESTMENTS	436,028	--	401,632	--	13,285
RECEIVABLES (NET)	242	--	--	9	--
DUE FROM OTHER FUNDS	--	--	--	--	20
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
OTHER ASSETS	--	--	--	--	--
TOTAL ASSETS	\$ 488,073	\$ 194	\$ 404,567	\$ 2,279	\$ 13,550
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ 10	\$ --	\$ --	\$ 4	\$ --
CONTRACTS AND RETAINAGE PAYABLE	--	--	--	--	--
DUE TO OTHER FUNDS	249	--	7	--	--
AMOUNTS DUE TO COMPONENT UNITS	--	--	--	--	--
DUE TO LOCAL GOVERNMENTS	--	--	--	--	--
DEFERRED REVENUES	--	--	--	--	--
OTHER LIABILITIES	--	--	--	52	--
TOTAL LIABILITIES	259	--	7	56	--
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	--	--	--	--	--
ENCUMBRANCES	--	--	--	--	--
CONTINUING PROJECTS	--	--	--	--	--
CONSTRUCTION	--	--	--	--	--
TRUST PRINCIPAL	--	100	--	--	13,550
OTHER	87,088	--	--	987	--
UNRESERVED:					
DESIGNATED FOR:					
OTHER	1,017	--	2,264	--	--
UNDESIGNATED	399,709	94	402,296	1,236	--
TOTAL FUND BALANCES	487,814	194	404,560	2,223	13,550
TOTAL LIABILITIES AND FUND BALANCES	\$ 488,073	\$ 194	\$ 404,567	\$ 2,279	\$ 13,550

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	EDUCATION EXCELLENCE FUND	FULLER- EDWARDS ARBORETUM TRUST FUND	HEALTH EXCELLENCE FUND	W. R. IRBY BEQUEST FUND	LIFETIME LICENSE ENDOWMENT TRUST FUND
REVENUES:					
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--
TOBACCO SETTLEMENT	--	--	--	--	--
USE OF MONEY AND PROPERTY	(17,615)	7	(13,586)	947	(543)
LICENSES, PERMITS, AND FEES	--	--	--	--	--
OTHER	21,304	--	--	--	--
TOTAL REVENUES	3,689	7	(13,586)	947	(543)
EXPENDITURES:					
INTERGOVERNMENTAL	--	--	--	--	--
CAPITAL OUTLAY	--	--	--	--	--
DEBT SERVICE:					
PRINCIPAL RETIREMENT	--	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--	--
OTHER	21,450	--	2,153	1,281	--
TOTAL EXPENDITURES	21,450	--	2,153	1,281	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,761)	7	(15,739)	(334)	(543)
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	30,095	--	30,316	--	802
TRANSFERS OUT	(15,983)	--	(12,975)	--	--
TOTAL OTHER FINANCING SOURCES (USES)	14,112	--	17,341	--	802
NET CHANGE IN FUND BALANCES	(3,649)	7	1,602	(334)	259
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	491,463	187	402,958	2,557	13,291
FUND BALANCES AT END OF YEAR	\$ 487,814	\$ 194	\$ 404,560	\$ 2,223	\$ 13,550

(Concluded)

State of Louisiana

PERMANENT FUNDS

TOPS FUND	TOTAL PERMANENT FUNDS JUNE 30, 2006	TOTAL NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2006
\$ 1,151	\$ 58,598	\$ 3,159,524
401,632	1,252,577	3,007,728
--	251	57,545
--	20	535,518
--	--	83,727
--	--	3,787
<u>402,783</u>	<u>1,311,446</u>	<u>6,847,829</u>
\$ --	\$ 14	\$ 745
--	--	205,335
7	263	630,734
--	--	21,041
--	--	47,547
--	--	40,121
--	52	52
<u>7</u>	<u>329</u>	<u>945,575</u>
--	--	134,412
--	--	51,505
--	--	280,936
--	--	740,768
--	13,650	13,650
--	88,075	88,407
2,264	5,545	19,035
<u>400,512</u>	<u>1,203,847</u>	<u>4,573,541</u>
<u>402,776</u>	<u>1,311,117</u>	<u>5,902,254</u>
\$ <u>402,783</u>	\$ <u>1,311,446</u>	\$ <u>6,847,829</u>

TOPS FUND	TOTAL PERMANENT FUNDS JUNE 30, 2006	TOTAL NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2006
\$ --	\$ --	\$ 865,449
--	--	59,958
--	--	79,171
(13,586)	(44,376)	(59,108)
--	--	59,354
--	21,304	25,250
<u>(13,586)</u>	<u>(23,072)</u>	<u>1,030,074</u>
--	--	95,414
--	--	1,621,367
--	--	26,800
--	--	101,943
--	24,884	204,437
--	24,884	2,049,961
<u>(13,586)</u>	<u>(47,956)</u>	<u>(1,019,887)</u>
30,315	91,528	4,772,713
<u>(15,176)</u>	<u>(44,134)</u>	<u>(3,754,982)</u>
<u>15,139</u>	<u>47,394</u>	<u>1,017,731</u>
1,553	(562)	(2,156)
<u>401,223</u>	<u>1,311,679</u>	<u>5,904,410</u>
\$ <u>402,776</u>	\$ <u>1,311,117</u>	\$ <u>5,902,254</u>

State of Louisiana

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	EMPLOYMENT SECURITY ADMINISTRATION ACCT			FEDERAL ENERGY SETTLEMENT FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	4,798	2,862	(1,936)	--	--	--
USE OF MONEY AND PROPERTY	--	232	232	17,633	1,062	(16,571)
LICENSES, PERMITS, AND FEES	--	--	--	--	--	--
OTHER	--	--	--	--	1,011	1,011
TOTAL REVENUES	4,798	3,094	(1,704)	17,633	2,073	(15,560)
EXPENDITURES:						
INTERGOVERNMENTAL	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,798	3,094	(1,704)	17,633	2,073	(15,560)
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	--	--	--	--	--	--
TRANSFERS OUT	(4,798)	(1,719)	3,079	(17,633)	(2,334)	15,299
TOTAL OTHER FINANCING SOURCES (USES)	(4,798)	(1,719)	3,079	(17,633)	(2,334)	15,299
NET CHANGES IN FUND BALANCES	\$ --	\$ 1,375	\$ 1,375	\$ --	\$ (261)	\$ (261)

	HELP LOUISIANA VOTE FUND			LABOR PENALTY AND INTEREST ACCOUNT		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ --	\$ 7	\$ 7	\$ --	\$ --	\$ --
TAXES	--	--	--	9,413	3,497	(5,916)
USE OF MONEY AND PROPERTY	50,369	1,521	(48,848)	--	74	74
LICENSES, PERMITS, AND FEES	--	--	--	--	124	124
OTHER	--	--	--	--	--	--
TOTAL REVENUES	50,369	1,528	(48,841)	9,413	3,695	(5,718)
EXPENDITURES:						
INTERGOVERNMENTAL	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	50,369	1,528	(48,841)	9,413	3,695	(5,718)
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	--	--	--	--	--	--
TRANSFERS OUT	(50,369)	(18,616)	31,753	(9,413)	(3,875)	5,538
TOTAL OTHER FINANCING SOURCES (USES)	(50,369)	(18,616)	31,753	(9,413)	(3,875)	5,538
NET CHANGES IN FUND BALANCES	\$ --	\$ (17,088)	\$ (17,088)	\$ --	\$ (180)	\$ (180)

(Continued)

State of Louisiana

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	LABOR WORKFORCE DEVELOPMENT TRAINING ACCOUNT			LOUISIANA TOURISM PROMOTION DISTRICT		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	292	292	17,900	25,040	7,140
USE OF MONEY AND PROPERTY	39,601	3,953	(35,648)	--	44	44
LICENSES, PERMITS, AND FEES	--	--	--	--	--	--
OTHER	--	--	--	--	10	10
TOTAL REVENUES	39,601	4,245	(35,356)	17,900	25,094	7,194
EXPENDITURES:						
INTERGOVERNMENTAL	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	39,601	4,245	(35,356)	17,900	25,094	7,194
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	--	--	--	--	931	931
TRANSFERS OUT	(39,601)	(41,314)	(1,713)	(17,900)	(27,036)	(9,136)
TOTAL OTHER FINANCING SOURCES (USES)	(39,601)	(41,314)	(1,713)	(17,900)	(26,105)	(8,205)
NET CHANGES IN FUND BALANCES	\$ --	\$ (37,069)	\$ (37,069)	\$ --	\$ (1,011)	\$ (1,011)

	MARSH ISLAND OPERATING FUND			PARISH ROYALTY FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--	--
USE OF MONEY AND PROPERTY	808	280	(528)	43,400	42,546	(854)
LICENSES, PERMITS, AND FEES	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL REVENUES	808	280	(528)	43,400	42,546	(854)
EXPENDITURES:						
INTERGOVERNMENTAL	--	--	--	43,400	42,546	854
OTHER	--	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	43,400	42,546	854
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	808	280	(528)	--	--	--
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	--	576	576	--	--	--
TRANSFERS OUT	(808)	(856)	(48)	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	(808)	(280)	528	--	--	--
NET CHANGES IN FUND BALANCES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

State of Louisiana

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	RETIREMENT SYSTEM INSURANCE PROCEEDS FUND			ROCKEFELLER REFUGE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	--	6,409	1,600	(4,809)
LICENSES, PERMITS, AND FEES	45,700	44,133	(1,567)	--	--	--
OTHER	--	--	--	--	--	--
TOTAL REVENUES	45,700	44,133	(1,567)	6,409	1,600	(4,809)
EXPENDITURES:						
INTERGOVERNMENTAL	--	--	--	--	--	--
OTHER	45,700	44,133	1,567	--	--	--
TOTAL EXPENDITURES	45,700	44,133	1,567	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	--	--	6,409	1,600	(4,809)
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	--	--	--	--	372	372
TRANSFERS OUT	--	--	--	(6,409)	(4,727)	1,682
TOTAL OTHER FINANCING SOURCES (USES)	--	--	--	(6,409)	(4,355)	2,054
NET CHANGES IN FUND BALANCES	\$ --	\$ --	\$ --	\$ --	\$ (2,755)	\$ (2,755)

	SEVERANCE TAX FUND			STATE HIGHWAY FUND NUMBER TWO		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	--	--	--	--
LICENSES, PERMITS, AND FEES	--	--	--	10,200	10,959	759
OTHER	--	--	--	--	--	--
TOTAL REVENUES	--	--	--	10,200	10,959	759
EXPENDITURES:						
INTERGOVERNMENTAL	45,800	41,909	3,891	10,200	10,959	(759)
OTHER	--	--	--	--	--	--
TOTAL EXPENDITURES	45,800	41,909	3,891	10,200	10,959	(759)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(45,800)	(41,909)	3,891	--	--	--
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	45,800	41,909	(3,891)	--	--	--
TRANSFERS OUT	--	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	45,800	41,909	(3,891)	--	--	--
NET CHANGES IN FUND BALANCES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

(Continued)

State of Louisiana

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	TRANSPORTATION TRUST FUND			WETLANDS CONSERVATION AND RESTORATION FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ 632,846	\$ 618,112	\$ (14,734)	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	(580)	(580)	--	(307)	(307)
LICENSES, PERMITS, AND FEES	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL REVENUES	632,846	617,532	(15,314)	--	(307)	(307)
EXPENDITURES:						
INTERGOVERNMENTAL	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>632,846</u>	<u>617,532</u>	<u>(15,314)</u>	<u>--</u>	<u>(307)</u>	<u>(307)</u>
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	515,300	554,022	38,722	26,800	34,335	7,535
TRANSFERS OUT	<u>(1,148,146)</u>	<u>(1,154,822)</u>	<u>(6,676)</u>	<u>(26,800)</u>	<u>(32,224)</u>	<u>(5,424)</u>
TOTAL OTHER FINANCING SOURCES (USES)	(632,846)	(600,800)	32,046	--	2,111	2,111
NET CHANGES IN FUND BALANCES	\$ --	\$ 16,732	\$ 16,732	\$ --	\$ 1,804	\$ 1,804

	TOTAL BUDGETED SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
INTERGOVERNMENTAL	\$ 632,846	\$ 618,119	\$ (14,727)
TAXES	32,111	31,691	(420)
USE OF MONEY AND PROPERTY	158,220	50,425	(107,795)
LICENSES, PERMITS, AND FEES	55,900	55,216	(684)
OTHER	--	1,021	1,021
TOTAL REVENUES	879,077	756,472	(122,605)
EXPENDITURES:			
INTERGOVERNMENTAL	99,400	95,414	3,986
OTHER	<u>45,700</u>	<u>44,133</u>	<u>1,567</u>
TOTAL EXPENDITURES	145,100	139,547	5,553
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>733,977</u>	<u>616,925</u>	<u>(117,052)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	587,900	632,145	44,245
TRANSFERS OUT	<u>(1,321,877)</u>	<u>(1,287,523)</u>	<u>34,354</u>
TOTAL OTHER FINANCING SOURCES (USES)	(733,977)	(655,378)	78,599
NET CHANGES IN FUND BALANCES	\$ --	\$ (38,453)	\$ (38,453)

(Concluded)

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	BOARDS AND COMMISSIONS	DRINKING WATER REVOLVING LOAN FUND	LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY	LOUISIANA LOTTERY CORPORATION	LOUISIANA OPPORTUNITY LOAN FUND
ASSETS					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 25,203	\$ 10,092	\$ 1,112	\$ 85	\$ 182
INVESTMENTS	4,263	--	--	39,396	--
RECEIVABLES (NET)	1,659	540	467	7,989	--
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--
INVENTORIES	8	--	215	--	--
PREPAYMENTS	64	--	--	488	--
NOTES RECEIVABLE	--	2,446	--	--	--
OTHER CURRENT ASSETS	32	--	--	14	--
TOTAL CURRENT ASSETS	31,229	13,078	1,794	47,972	182
NONCURRENT ASSETS:					
RESTRICTED ASSETS					
CASH	1,175	--	--	--	--
INVESTMENTS	453	--	--	98,810	--
RECEIVABLES	84	--	--	--	--
INVESTMENTS	658	--	--	--	--
NOTES RECEIVABLE	--	52,214	--	--	--
CAPITAL ASSETS (NOTE 5)					
LAND	325	--	--	1,542	--
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	1,407	--	53	3,628	--
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	524	--	22	877	--
CONSTRUCTION IN PROGRESS	157	--	--	--	--
OTHER NONCURRENT ASSETS	42	--	--	7,097	--
TOTAL NONCURRENT ASSETS	4,825	52,214	75	111,954	--
TOTAL ASSETS	\$ 36,054	\$ 65,292	\$ 1,869	\$ 159,926	\$ 182
LIABILITIES					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ 1,323	\$ --	\$ 291	\$ 2,331	\$ --
DUE TO OTHER FUNDS	--	--	--	11,938	182
DUE TO FEDERAL GOVERNMENT	--	--	--	--	--
DEFERRED REVENUES	3,709	--	--	--	--
AMOUNTS HELD IN CUSTODY FOR OTHERS	110	--	--	--	--
OTHER CURRENT LIABILITIES	134	--	--	31,066	--
CURRENT PORTION OF LONG-TERM LIABILITIES:					
COMPENSATED ABSENCES PAYABLE	171	--	--	325	--
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--
NOTES PAYABLE	19	--	--	--	--
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	--	--	--	--	--
TOTAL CURRENT LIABILITIES	5,466	--	291	45,660	182
NONCURRENT LIABILITIES:					
NONCURRENT PORTION OF LONG-TERM LIABILITIES:					
COMPENSATED ABSENCES PAYABLE	657	--	59	--	--
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--
DEFERRED REVENUES	187	--	--	--	--
NOTES PAYABLE	54	--	--	--	--
BONDS PAYABLE (NET OF UNAMORTIZED DISCOUNTS)	--	--	--	--	--
OTHER LONG-TERM LIABILITIES	1	--	--	91,101	--
TOTAL NONCURRENT LIABILITIES	899	--	59	91,101	--
TOTAL LIABILITIES	6,365	--	350	136,761	182
NET ASSETS					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	2,340	--	75	6,047	--
RESTRICTED FOR OTHER SPECIFIC PURPOSES	1,304	--	--	--	--
UNRESTRICTED	26,045	65,292	1,444	17,118	--
TOTAL NET ASSETS	29,689	65,292	1,519	23,165	--
TOTAL LIABILITIES AND NET ASSETS	\$ 36,054	\$ 65,292	\$ 1,869	\$ 159,926	\$ 182

State of Louisiana

LOUISIANA PROPERTY ASSISTANCE AGENCY	LOUISIANA TRANSPORTATION AUTHORITY	MUNICIPAL FACILITIES REVOLVING LOAN FUND	PRISON ENTERPRISES	PUBLIC SAFETY SERVICES CAFETERIAS	DONALD J. THIBODEAUX TRAINING COMPLEX	TOTAL NONMAJOR ENTERPRISE FUNDS
\$ 2,091	\$ 100	\$ 117,358	\$ 1,529	\$ 28	\$ 268	\$ 158,048
--	20,185	--	--	--	--	63,844
73	413	1,988	2,321	403	837	16,690
--	--	608	--	--	728	1,336
--	--	--	6,084	37	191	6,535
--	--	--	22	--	--	574
--	--	11,006	--	--	--	13,452
--	--	--	--	--	5	51
<u>2,164</u>	<u>20,698</u>	<u>130,960</u>	<u>9,956</u>	<u>468</u>	<u>2,029</u>	<u>260,530</u>
--	--	--	--	--	--	1,175
--	133,206	--	--	--	--	232,469
--	--	--	--	--	--	84
--	--	--	--	--	--	658
--	--	219,939	--	--	--	272,153
695	--	--	--	--	1,245	3,807
3,206	--	--	963	2,310	626	12,193
368	--	--	3,462	14	909	6,176
--	5,894	--	273	--	--	6,324
--	5,338	--	--	--	--	12,477
<u>4,269</u>	<u>144,438</u>	<u>219,939</u>	<u>4,698</u>	<u>2,324</u>	<u>2,780</u>	<u>547,516</u>
<u>\$ 6,433</u>	<u>\$ 165,136</u>	<u>\$ 350,899</u>	<u>\$ 14,654</u>	<u>\$ 2,792</u>	<u>\$ 4,809</u>	<u>\$ 808,046</u>
\$ 306	\$ 2,026	\$ --	\$ 4,889	\$ 139	\$ 949	\$ 12,254
--	--	26	--	--	7	12,153
--	--	--	--	--	8	8
--	--	--	5	--	--	3,714
--	--	--	--	--	--	110
--	--	--	--	59	--	31,259
8	--	--	160	2	17	683
--	--	--	71	--	--	71
--	--	--	--	--	--	19
--	1,656	--	--	--	--	1,656
<u>314</u>	<u>3,682</u>	<u>26</u>	<u>5,125</u>	<u>200</u>	<u>981</u>	<u>61,927</u>
125	--	--	259	37	364	1,501
--	--	--	109	--	--	109
--	--	--	--	--	--	187
--	--	--	--	--	--	54
--	162,149	--	--	--	--	162,149
--	--	--	--	--	--	91,102
<u>125</u>	<u>162,149</u>	<u>--</u>	<u>368</u>	<u>37</u>	<u>364</u>	<u>255,102</u>
<u>439</u>	<u>165,831</u>	<u>26</u>	<u>5,493</u>	<u>237</u>	<u>1,345</u>	<u>317,029</u>
4,269	--	--	4,518	2,324	2,780	22,353
--	--	--	--	--	--	1,304
<u>1,725</u>	<u>(695)</u>	<u>350,873</u>	<u>4,643</u>	<u>231</u>	<u>684</u>	<u>467,360</u>
<u>5,994</u>	<u>(695)</u>	<u>350,873</u>	<u>9,161</u>	<u>2,555</u>	<u>3,464</u>	<u>491,017</u>
<u>\$ 6,433</u>	<u>\$ 165,136</u>	<u>\$ 350,899</u>	<u>\$ 14,654</u>	<u>\$ 2,792</u>	<u>\$ 4,809</u>	<u>\$ 808,046</u>

State of Louisiana

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	BOARDS AND COMMISSIONS	DRINKING WATER REVOLVING LOAN FUND	LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY	LOUISIANA LOTTERY CORPORATION	LOUISIANA OPPORTUNITY LOAN FUND
OPERATING REVENUES:					
SALES OF COMMODITIES AND SERVICES	\$ 2,133	\$ --	\$ 4,120	\$ 331,989	\$ --
ASSESSMENTS	4,042	--	--	--	--
USE OF MONEY AND PROPERTY	34	2,132	--	--	--
LICENSES, PERMITS, AND FEES	23,016	--	--	7	--
OTHER	592	258	--	59	--
TOTAL OPERATING REVENUES	29,817	2,390	4,120	332,055	--
OPERATING EXPENSES:					
COST OF SALES AND SERVICES	14,164	--	2,569	198,712	--
ADMINISTRATIVE	11,209	--	1,204	15,481	--
DEPRECIATION	251	--	12	632	--
AMORTIZATION	--	--	--	--	--
TOTAL OPERATING EXPENSES	25,624	--	3,785	214,825	--
OPERATING INCOME (LOSS)	4,193	2,390	335	117,230	--
NONOPERATING REVENUES (EXPENSES):					
INTERGOVERNMENTAL EXPENSES	--	--	--	--	--
USE OF MONEY AND PROPERTY	716	--	30	1,300	--
GAIN ON DISPOSAL OF FIXED ASSETS	--	--	--	42	--
LOSS ON DISPOSAL OF FIXED ASSETS	(16)	--	--	--	--
FEDERAL GRANTS	--	--	6	--	--
INTEREST EXPENSE	(5)	(2)	--	--	--
OTHER REVENUES	3,538	--	--	--	--
OTHER EXPENSES	(3,724)	(58)	(2)	--	--
TOTAL NONOPERATING REVENUES (EXPENSES)	509	(60)	34	1,342	--
INCOME (LOSS) BEFORE CONTRIBUTIONS, EXTRAORDINARY ITEM, AND TRANSFERS	4,702	2,330	369	118,572	--
CAPITAL CONTRIBUTIONS	--	6,823	--	--	--
EXTRAORDINARY ITEM - gain on impairment of capital assets	--	--	--	186	--
TRANSFERS OUT	--	--	--	(119,433)	(182)
CHANGE IN NET ASSETS	4,702	9,153	369	(675)	(182)
TOTAL NET ASSETS - BEGINNING AS RESTATED	24,987	56,139	1,150	23,840	182
TOTAL NET ASSETS - ENDING	\$ 29,689	\$ 65,292	\$ 1,519	\$ 23,165	\$ --

State of Louisiana

LOUISIANA PROPERTY ASSISTANCE AGENCY	LOUISIANA TRANSPORTATION AUTHORITY	MUNICIPAL FACILITIES REVOLVING LOAN FUND	PRISON ENTERPRISES	PUBLIC SAFETY SERVICES CAFETERIAS	DONALD J. THIBODEAUX TRAINING COMPLEX	TOTAL NONMAJOR ENTERPRISE FUNDS
\$ 3,653	\$ --	\$ --	\$ 28,694	\$ 1,536	\$ 8,902	\$ 381,027
--	--	--	--	--	--	4,042
--	--	10,700	--	--	--	12,866
--	--	--	--	--	--	23,023
--	--	1,110	--	--	13	2,032
<u>3,653</u>	<u>--</u>	<u>11,810</u>	<u>28,694</u>	<u>1,536</u>	<u>8,915</u>	<u>422,990</u>
1,038	--	--	17,258	888	--	234,629
2,727	--	--	9,491	608	8,838	49,558
273	--	--	586	63	313	2,130
--	581	--	--	--	--	581
<u>4,038</u>	<u>581</u>	<u>--</u>	<u>27,335</u>	<u>1,559</u>	<u>9,151</u>	<u>286,898</u>
<u>(385)</u>	<u>(581)</u>	<u>11,810</u>	<u>1,359</u>	<u>(23)</u>	<u>(236)</u>	<u>136,092</u>
--	--	--	(1,034)	--	--	(1,034)
78	6,185	--	33	2	7	8,351
30	--	--	--	--	--	72
--	--	--	(364)	(1)	--	(381)
--	--	--	--	--	--	6
--	(6,476)	--	(4)	--	--	(6,487)
56	--	--	642	--	402	4,638
--	(109)	(55)	(30)	(45)	(56)	(4,079)
<u>164</u>	<u>(400)</u>	<u>(55)</u>	<u>(757)</u>	<u>(44)</u>	<u>353</u>	<u>1,086</u>
(221)	(981)	11,755	602	(67)	117	137,178
--	--	7,396	--	2,369	--	16,588
--	--	--	--	--	--	186
--	--	(362)	--	--	--	(119,977)
<u>(221)</u>	<u>(981)</u>	<u>18,789</u>	<u>602</u>	<u>2,302</u>	<u>117</u>	<u>33,975</u>
<u>6,215</u>	<u>286</u>	<u>332,084</u>	<u>8,559</u>	<u>253</u>	<u>3,347</u>	<u>457,042</u>
<u>\$ 5,994</u>	<u>\$ (695)</u>	<u>\$ 350,873</u>	<u>\$ 9,161</u>	<u>\$ 2,555</u>	<u>\$ 3,464</u>	<u>\$ 491,017</u>

State of Louisiana

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	BOARDS AND COMMISSIONS	DRINKING WATER REVOLVING LOAN FUND	LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY	LOUISIANA LOTTERY CORPORATION	LOUISIANA OPPORTUNITY LOAN FUND
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIVED FROM CUSTOMERS	\$ 29,462	\$ 4,039	\$ 3,927	\$ 130,337	\$ --
CASH PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	(13,655)	--	(3,072)	(23,667)	--
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(11,834)	--	(567)	(5,886)	--
CLAIMS PAID TO OUTSIDERS	(6)	(8,141)	--	--	--
OTHER OPERATING REVENUES	(10)	333	--	--	--
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,957</u>	<u>(3,769)</u>	<u>288</u>	<u>100,784</u>	<u>--</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
PROCEEDS FROM SALE OF BONDS	--	942	--	--	--
PRINCIPAL PAID ON BONDS	--	(1,500)	--	--	--
INTEREST PAID ON BOND MATURITIES	--	(3)	--	--	--
TRANSFERS IN	--	--	--	--	13
TRANSFERS OUT	--	--	--	(118,174)	--
OTHER	400	--	6	--	(2,250)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>400</u>	<u>(561)</u>	<u>6</u>	<u>(118,174)</u>	<u>(2,237)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
INTEREST PAID ON BONDED DEBT	--	--	--	--	--
PRINCIPAL PAID ON NOTES PAYABLE	(20)	--	--	--	--
INTEREST PAID ON NOTES PAYABLE	(5)	--	--	--	--
ACQUISITION/CONSTRUCTION OF CAPITAL ASSETS	(300)	--	(8)	(660)	--
PROCEEDS FROM SALE OF CAPITAL ASSETS	--	--	--	215	--
CAPITAL CONTRIBUTIONS	--	6,823	--	--	--
OTHER	(122)	--	--	--	--
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(447)</u>	<u>6,823</u>	<u>(8)</u>	<u>(445)</u>	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
PURCHASES OF INVESTMENT SECURITIES	(3,760)	--	--	(5,604)	--
PROCEEDS FROM SALE OF INVESTMENT SECURITIES	1,016	--	--	21,566	--
INTEREST AND DIVIDENDS EARNED ON INVESTMENT SECURITIES	665	--	30	1,905	--
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(2,079)</u>	<u>--</u>	<u>30</u>	<u>17,867</u>	<u>--</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,831	2,493	316	32	(2,237)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR AS RESTATED	<u>24,547</u>	<u>7,599</u>	<u>796</u>	<u>53</u>	<u>2,419</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 26,378</u>	<u>\$ 10,092</u>	<u>\$ 1,112</u>	<u>\$ 85</u>	<u>\$ 182</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	\$ 4,193	\$ 2,390	\$ 335	\$ 117,230	\$ --
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
DEPRECIATION	252	--	12	632	--
PROVISION FOR UNCOLLECTIBLE ACCOUNTS	--	--	--	(122)	--
OTHER	(70)	--	--	(5)	--
CHANGES IN ASSETS AND LIABILITIES:					
(INCREASE)DECREASE IN ACCOUNTS RECEIVABLE	(491)	(83)	(193)	(1,288)	--
(INCREASE)DECREASE IN DUE FROM OTHER FUNDS	(126)	--	--	--	--
(INCREASE)DECREASE IN PREPAYMENTS	(30)	--	--	52	--
(INCREASE)DECREASE IN INVENTORIES	(5)	--	(118)	--	--
(INCREASE)DECREASE IN OTHER ASSETS	1	(6,076)	--	(524)	--
INCREASE(DECREASE) IN ACCOUNTS PAYABLE	(206)	--	242	(199)	--
INCREASE(DECREASE) IN ACCRUED PAYROLL AND RELATED	71	--	5	--	--
INCREASE(DECREASE) IN COMPENSATED ABSENCES PAYABLE	(50)	--	5	(1)	--
INCREASE(DECREASE) IN DUE TO OTHER FUNDS	126	--	--	1,259	--
INCREASE(DECREASE) IN DEFERRED REVENUES	322	--	--	--	--
INCREASE(DECREASE) IN OTHER LIABILITIES	(30)	--	--	(16,250)	--
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,957</u>	<u>\$ (3,769)</u>	<u>\$ 288</u>	<u>\$ 100,784</u>	<u>\$ --</u>

(Continued)

State of Louisiana

LOUISIANA PROPERTY ASSISTANCE AGENCY	LOUISIANA TRANSPORTATION AUTHORITY	MUNICIPAL FACILITIES REVOLVING LOAN FUND	PRISON ENTERPRISES	PUBLIC SAFETY SERVICES CAFETERIA	DONALD J. THIBODEAUX TRAINING COMPLEX	TOTAL NONMAJOR ENTERPRISE FUNDS
\$ 3,674	\$ --	\$ 17,475	\$ 28,309	\$ 1,160	\$ 7,869	\$ 226,252
(1,790)	--	--	(22,604)	(981)	(5,441)	(71,210)
(1,879)	--	--	(4,308)	(467)	(3,126)	(28,067)
--	--	(26,669)	--	--	--	(34,816)
--	(581)	3,743	94	--	--	3,579
<u>5</u>	<u>(581)</u>	<u>(5,451)</u>	<u>1,491</u>	<u>(288)</u>	<u>(698)</u>	<u>95,738</u>
--	--	2,986	--	--	--	3,928
--	--	(3,000)	--	--	--	(4,500)
--	--	--	--	--	--	(3)
--	--	--	101	--	--	114
--	--	(382)	--	--	--	(118,556)
27	--	--	--	--	--	(1,817)
<u>27</u>	<u>--</u>	<u>(396)</u>	<u>101</u>	<u>--</u>	<u>--</u>	<u>(120,834)</u>
--	(6,476)	--	--	--	--	(6,476)
--	--	--	(2)	--	--	(22)
--	--	--	(4)	--	--	(9)
(298)	(3,576)	--	(972)	--	--	(5,814)
40	--	--	598	--	--	853
--	--	6,806	--	--	--	13,629
--	148	(15)	--	--	2	13
<u>(258)</u>	<u>(9,904)</u>	<u>6,791</u>	<u>(380)</u>	<u>--</u>	<u>2</u>	<u>2,174</u>
--	--	--	--	--	--	(9,364)
--	4,400	--	--	--	--	26,982
78	6,185	--	33	2	8	8,906
<u>78</u>	<u>10,585</u>	<u>--</u>	<u>33</u>	<u>2</u>	<u>8</u>	<u>26,524</u>
(148)	100	944	1,245	(286)	(688)	3,602
<u>2,239</u>	<u>--</u>	<u>116,414</u>	<u>284</u>	<u>314</u>	<u>956</u>	<u>155,621</u>
<u>\$ 2,091</u>	<u>\$ 100</u>	<u>\$ 117,358</u>	<u>\$ 1,529</u>	<u>\$ 28</u>	<u>\$ 268</u>	<u>\$ 159,223</u>
<u>\$ (385)</u>	<u>\$ (581)</u>	<u>\$ 11,810</u>	<u>\$ 1,359</u>	<u>\$ (23)</u>	<u>\$ (236)</u>	<u>\$ 136,092</u>
273	--	--	586	63	313	2,131
--	--	--	(6)	--	--	(128)
--	--	--	(952)	13	138	(876)
63	--	(73)	(361)	(377)	(301)	(3,104)
--	--	(158)	--	--	(674)	(958)
--	--	--	5	--	--	27
--	--	--	(192)	(10)	(141)	(466)
--	--	(17,030)	--	--	(5)	(23,634)
46	--	--	1,038	57	200	1,178
--	--	--	--	--	34	110
8	--	--	9	(11)	20	(20)
--	--	--	--	--	(46)	1,339
--	--	--	5	--	--	327
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(16,280)</u>
<u>\$ 5</u>	<u>\$ (581)</u>	<u>\$ (5,451)</u>	<u>\$ 1,491</u>	<u>\$ (288)</u>	<u>\$ (698)</u>	<u>\$ 95,738</u>

State of Louisiana

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	2006
LOUISIANA STATE BOARD OF DENTISTRY FIXED ASSET RETIREMENTS	3
LOUISIANA LOTTERY CORPORATION NET DECREASE IN FAIR VALUE OF INVESTMENTS	1,015
INTEREST ACCRUED ON DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	376

(Concluded)



State of Louisiana

COMBINING BALANCE SHEET

INTERNAL SERVICE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	ADMINISTRATIVE SERVICES	CENTRAL REGIONAL LAUNDRY	JACKSON REGIONAL LAUNDRY	LOUISIANA CORRECTIONAL FACILITIES CORPORATION
ASSETS				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,240	\$ 217	\$ 76	\$ 4,318
INVESTMENTS	--	--	--	--
RECEIVABLES (NET)	710	7	51	31
INVENTORIES	1,034	11	--	--
PREPAYMENTS	2	--	--	--
OTHER CURRENT ASSETS	--	--	100	1,126
TOTAL CURRENT ASSETS	2,986	235	227	5,475
NONCURRENT ASSETS:				
RESTRICTED ASSETS				
INVESTMENTS	--	--	--	--
CAPITAL ASSETS (NOTE 5)				
LAND	--	--	--	--
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	--	8	--	--
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	810	78	167	--
CONSTRUCTION IN PROGRESS	--	--	--	--
OTHER NONCURRENT ASSETS	--	--	--	--
TOTAL NONCURRENT ASSETS	810	86	167	--
TOTAL ASSETS	\$ 3,796	\$ 321	\$ 394	\$ 5,475
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUALS	\$ 218	\$ 22	\$ 22	\$ --
DUE TO OTHER FUNDS	400	--	100	--
DEFERRED REVENUES	--	--	--	--
OTHER CURRENT LIABILITIES	--	--	--	--
CURRENT PORTION OF LONG-TERM LIABILITIES:				
COMPENSATED ABSENCES PAYABLE	13	1	5	--
NOTES PAYABLE	144	--	--	--
BONDS PAYABLE	--	--	--	--
OTHER LONG-TERM LIABILITIES	--	--	--	40
TOTAL CURRENT LIABILITIES	775	23	127	40
NONCURRENT LIABILITIES:				
NONCURRENT PORTION OF LONG-TERM LIABILITIES:				
COMPENSATED ABSENCES PAYABLE	152	28	42	--
NOTES PAYABLE	358	--	--	--
BONDS PAYABLE	--	--	--	--
OTHER LONG-TERM LIABILITIES	--	--	--	634
TOTAL NONCURRENT LIABILITIES	510	28	42	634
TOTAL LIABILITIES	1,285	51	169	674
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	308	86	167	--
RESTRICTED FOR DEBT SERVICE	--	--	--	3,853
UNRESTRICTED	2,203	184	58	948
TOTAL NET ASSETS	2,511	270	225	4,801
TOTAL LIABILITIES AND NET ASSETS	\$ 3,796	\$ 321	\$ 394	\$ 5,475

State of Louisiana

LOUISIANA OFFICE BUILDING CORPORATION	OFFICE FACILITIES CORPORATION	OFFICE OF AIRCRAFT SERVICES	OFFICE OF TELECOMMUNICATIONS MANAGEMENT	TOTAL INTERNAL SERVICE FUNDS
\$ 465	\$ 59,820	\$ 384	\$ 4,790	\$ 71,310
--	3,103	--	--	3,103
--	4,673	245	6,017	11,734
--	--	82	--	1,127
--	29	--	--	31
--	37	--	--	1,263
<u>465</u>	<u>67,662</u>	<u>711</u>	<u>10,807</u>	<u>88,568</u>
--	32,427	--	--	32,427
--	301	--	--	301
--	--	--	--	8
--	485	8	3,511	5,059
--	80,578	--	--	80,578
--	3,024	--	--	3,024
<u>--</u>	<u>116,815</u>	<u>8</u>	<u>3,511</u>	<u>121,397</u>
<u>\$ 465</u>	<u>\$ 184,477</u>	<u>\$ 719</u>	<u>\$ 14,318</u>	<u>\$ 209,965</u>
\$ --	\$ 4,163	\$ 16	\$ 1,562	\$ 6,003
--	--	--	4	504
--	732	--	--	732
--	4,080	--	--	4,080
--	--	2	39	60
--	--	--	523	667
--	4,370	--	--	4,370
--	--	--	--	40
<u>--</u>	<u>13,345</u>	<u>18</u>	<u>2,128</u>	<u>16,456</u>
--	--	22	401	645
--	--	--	1,397	1,755
--	110,630	--	--	110,630
--	38,362	--	--	38,996
<u>--</u>	<u>148,992</u>	<u>22</u>	<u>1,798</u>	<u>152,026</u>
<u>--</u>	<u>162,337</u>	<u>40</u>	<u>3,926</u>	<u>168,482</u>
--	786	8	1,591	2,946
--	32,552	--	--	36,405
<u>465</u>	<u>(11,198)</u>	<u>671</u>	<u>8,801</u>	<u>2,132</u>
<u>465</u>	<u>22,140</u>	<u>679</u>	<u>10,392</u>	<u>41,483</u>
<u>\$ 465</u>	<u>\$ 184,477</u>	<u>\$ 719</u>	<u>\$ 14,318</u>	<u>\$ 209,965</u>

State of Louisiana

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

INTERNAL SERVICE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	ADMINISTRATIVE SERVICES	CENTRAL REGIONAL LAUNDRY	JACKSON REGIONAL LAUNDRY	LOUISIANA CORRECTIONAL FACILITIES CORPORATION
OPERATING REVENUES:				
SALES OF COMMODITIES AND SERVICES	\$ 6,610	\$ 476	\$ 671	\$ --
USE OF MONEY AND PROPERTY	--	--	--	--
OTHER	--	--	--	--
TOTAL OPERATING REVENUES	<u>6,610</u>	<u>476</u>	<u>671</u>	<u>--</u>
OPERATING EXPENSES:				
COST OF SALES AND SERVICES	3,520	169	--	--
ADMINISTRATIVE	3,295	389	647	161
DEPRECIATION	250	45	37	--
AMORTIZATION	--	--	--	185
TOTAL OPERATING EXPENSES	<u>7,065</u>	<u>603</u>	<u>684</u>	<u>346</u>
OPERATING INCOME (LOSS)	<u>(455)</u>	<u>(127)</u>	<u>(13)</u>	<u>(346)</u>
NONOPERATING REVENUES (EXPENSES):				
USE OF MONEY AND PROPERTY	34	7	2	174
LOSS ON DISPOSAL OF FIXED ASSETS	(1)	--	--	--
INTEREST EXPENSE	(17)	--	--	(1,087)
OTHER REVENUES	9	--	--	1,097
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>25</u>	<u>7</u>	<u>2</u>	<u>184</u>
CHANGE IN NET ASSETS	(430)	(120)	(11)	(162)
TOTAL NET ASSETS - BEGINNING AS RESTATED	<u>2,941</u>	<u>390</u>	<u>236</u>	<u>4,963</u>
TOTAL NET ASSETS - ENDING	<u>\$ 2,511</u>	<u>\$ 270</u>	<u>\$ 225</u>	<u>\$ 4,801</u>

State of Louisiana

LOUISIANA OFFICE BUILDING CORPORATION	OFFICE FACILITIES CORPORATION	OFFICE OF AIRCRAFT SERVICES	OFFICE OF TELECOMMUNICATIONS MANAGEMENT	TOTAL INTERNAL SERVICE FUNDS
\$ --	\$ --	\$ 1,389	\$ 53,735	\$ 62,881
--	14,614	--	--	14,614
<u>15</u>	<u>--</u>	<u>--</u>	<u>2</u>	<u>17</u>
<u>15</u>	<u>14,614</u>	<u>1,389</u>	<u>53,737</u>	<u>77,512</u>
--	--	1,066	42,469	47,224
16	13,411	308	8,580	26,807
--	76	3	1,426	1,837
--	(53)	--	--	132
<u>16</u>	<u>13,434</u>	<u>1,377</u>	<u>52,475</u>	<u>76,000</u>
<u>(1)</u>	<u>1,180</u>	<u>12</u>	<u>1,262</u>	<u>1,512</u>
16	17,915	12	117	18,277
--	--	--	(21)	(22)
--	(18,340)	--	(41)	(19,485)
--	--	7	--	1,113
<u>16</u>	<u>(425)</u>	<u>19</u>	<u>55</u>	<u>(117)</u>
15	755	31	1,317	1,395
<u>450</u>	<u>21,385</u>	<u>648</u>	<u>9,075</u>	<u>40,088</u>
<u>\$ 465</u>	<u>\$ 22,140</u>	<u>\$ 679</u>	<u>\$ 10,392</u>	<u>\$ 41,483</u>

State of Louisiana

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	ADMINISTRATIVE SERVICES	CENTRAL REGIONAL LAUNDRY	JACKSON REGIONAL LAUNDRY	LOUISIANA CORRECTIONAL FACILITIES CORPORATION
CASH FLOWS FROM OPERATING ACTIVITIES:				
CASH RECEIVED FROM CUSTOMERS	\$ 6,790	\$ 476	\$ 710	\$ --
CASH PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	(4,556)	(167)	(154)	(161)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(2,344)	(387)	(496)	--
OTHER OPERATING REVENUES	--	31	--	--
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(110)</u>	<u>(47)</u>	<u>60</u>	<u>(161)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
TRANSFERS IN	--	--	--	5,950
OTHER	6	--	--	--
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>6</u>	<u>--</u>	<u>--</u>	<u>5,950</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
PRINCIPAL PAID ON BONDS	--	--	--	(4,840)
INTEREST PAID ON BOND MATURITIES	--	--	--	(1,096)
PROCEEDS FROM ISSUANCE OF NOTES PAYABLE	--	--	--	--
PRINCIPAL PAID ON NOTES PAYABLE	(135)	--	--	--
INTEREST PAID ON NOTES PAYABLE	(17)	--	--	--
ACQUISITION/CONSTRUCTION OF CAPITAL ASSETS	(41)	--	--	--
OTHER	--	--	--	--
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(193)</u>	<u>--</u>	<u>--</u>	<u>(5,936)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
PURCHASE OF INVESTMENT SECURITIES	--	--	--	--
PROCEEDS FROM SALE OF INVESTMENT SECURITIES	--	--	--	--
INTEREST AND DIVIDENDS EARNED ON INVESTMENT SECURITIES	34	7	2	153
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>34</u>	<u>7</u>	<u>2</u>	<u>153</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(263)	(40)	62	6
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR AS RESTATED	<u>1,503</u>	<u>257</u>	<u>14</u>	<u>4,312</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,240</u>	<u>\$ 217</u>	<u>\$ 76</u>	<u>\$ 4,318</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
OPERATING INCOME (LOSS)	<u>\$ (455)</u>	<u>\$ (127)</u>	<u>\$ (13)</u>	<u>\$ (346)</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION/AMORTIZATION	250	45	37	184
PROVISION FOR UNCOLLECTIBLE ACCOUNTS	--	--	--	--
OTHER	3	--	--	(443)
CHANGES IN ASSETS AND LIABILITIES:				
(INCREASE)DECREASE IN ACCOUNTS RECEIVABLE	180	30	39	(7)
(INCREASE)DECREASE IN DUE FROM OTHER FUNDS	--	--	--	--
(INCREASE)DECREASE IN PREPAYMENTS	--	--	--	--
(INCREASE)DECREASE IN INVENTORIES	36	2	1	--
(INCREASE)DECREASE IN OTHER ASSETS	--	--	--	461
INCREASE(DECREASE) IN ACCOUNTS PAYABLE	(131)	3	1	--
INCREASE(DECREASE) IN COMPENSATED ABSENCES PAYABLE	7	--	(5)	--
INCREASE(DECREASE) IN DUE TO OTHER FUNDS	--	--	--	--
INCREASE(DECREASE) IN DEFERRED REVENUES	--	--	--	--
INCREASE(DECREASE) IN OTHER LIABILITIES	--	--	--	(10)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (110)</u>	<u>\$ (47)</u>	<u>\$ 60</u>	<u>\$ (161)</u>

State of Louisiana

LOUISIANA OFFICE BUILDING CORPORATION	OFFICE FACILITIES CORPORATION	OFFICE OF AIRCRAFT SERVICES	OFFICE OF TELECOMMUNICATIONS MANAGEMENT	TOTAL INTERNAL SERVICE FUNDS
\$ --	\$ 15,266	\$ 1,701	\$ 53,256	\$ 78,199
(16)	(13,442)	(1,408)	(43,988)	(63,892)
--	--	(257)	(6,816)	(10,300)
15	--	--	2	48
<u>(1)</u>	<u>1,824</u>	<u>36</u>	<u>2,454</u>	<u>4,055</u>
--	--	--	--	5,950
--	--	9	--	15
--	--	9	--	5,965
--	(11,680)	--	--	(16,520)
--	(16,854)	--	--	(17,950)
--	--	--	937	937
--	--	--	(732)	(867)
--	--	--	(41)	(58)
--	(29,614)	--	(1,697)	(31,352)
--	23,260	--	129	23,389
<u>--</u>	<u>(34,888)</u>	<u>--</u>	<u>(1,404)</u>	<u>(42,421)</u>
--	(31,983)	--	--	(31,983)
--	54,996	--	--	54,996
16	4,828	12	117	5,169
<u>16</u>	<u>27,841</u>	<u>12</u>	<u>117</u>	<u>28,182</u>
15	(5,223)	57	1,167	(4,219)
450	65,043	327	3,623	75,529
<u>\$ 465</u>	<u>\$ 59,820</u>	<u>\$ 384</u>	<u>\$ 4,790</u>	<u>\$ 71,310</u>
<u>\$ (1)</u>	<u>\$ 1,180</u>	<u>\$ 12</u>	<u>\$ 1,262</u>	<u>\$ 1,512</u>
--	23	3	1,426	1,968
--	133	--	--	133
--	--	(7)	--	(447)
--	(137)	313	(470)	(52)
--	--	--	--	--
--	(15)	--	--	(15)
--	--	1	--	40
--	--	--	--	461
--	(33)	(287)	266	(181)
--	--	1	(30)	(27)
--	--	--	--	--
--	673	--	--	673
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(10)</u>
<u>\$ (1)</u>	<u>\$ 1,824</u>	<u>\$ 36</u>	<u>\$ 2,454</u>	<u>\$ 4,055</u>

State of Louisiana

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

PENSION TRUST FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM	LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM	LOUISIANA STATE POLICE RETIREMENT SYSTEM	TEACHERS' RETIREMENT SYSTEM OF LOUISIANA	TOTAL JUNE 30, 2006
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 14,776	\$ 65,797	\$ 165	\$ 59,573	\$ 140,311
RECEIVABLES:					
EMPLOYER CONTRIBUTIONS	6,866	43,246	334	72,018	122,464
MEMBER CONTRIBUTIONS	2,748	11,549	132	48,790	63,219
INVESTMENT PROCEEDS	27,179	101,898	1,853	281,324	412,254
INTEREST AND DIVIDENDS	5,688	29,428	738	44,598	80,452
OTHER	34	795	3	32,673	33,505
TOTAL RECEIVABLES	42,515	186,916	3,060	479,403	711,894
INVESTMENTS (AT FAIR VALUE):					
SHORT TERM INVESTMENTS	55,053	267,778	42,389	203,642	568,862
U. S. GOVERNMENT AND AGENCY OBLIGATIONS	272,551	577,456	16,329	761,835	1,628,171
BONDS - DOMESTIC	214,398	725,272	56,385	1,359,671	2,355,726
BONDS - INTERNATIONAL	14,742	536,944	--	449,918	1,001,604
MARKETABLE SECURITIES - DOMESTIC	753,696	3,505,030	239,379	5,630,073	10,128,178
MARKETABLE SECURITIES - INTERNATIONAL	121,917	1,396,916	24,620	3,188,085	4,731,538
ALTERNATIVE INVESTMENTS	48,149	811,697	--	2,162,400	3,022,246
COLLATERAL HELD UNDER SECURITIES LENDING PROGRAM	233,914	724,518	17,437	2,169,031	3,144,900
OTHER	2,250	46,266	--	--	48,516
TOTAL INVESTMENTS	1,716,670	8,591,877	396,539	15,924,655	26,629,741
PROPERTY, PLANT AND EQUIPMENT:					
LAND	1,010	858	--	858	2,726
BUILDINGS AND IMPROVEMENTS	3,633	5,219	--	5,219	14,071
FURNITURE AND EQUIPMENT	1,041	10,262	115	3,494	14,912
LESS ACCUMULATED DEPRECIATION	(1,902)	(6,155)	(107)	(5,056)	(13,220)
TOTAL PROPERTY, PLANT AND EQUIPMENT	3,782	10,184	8	4,515	18,489
TOTAL ASSETS	1,777,743	8,854,774	399,772	16,468,146	27,500,435
LIABILITIES					
ACCOUNTS PAYABLE	1,738	12,657	624	10,937	25,956
INVESTMENT COMMITMENTS PAYABLE	37,259	109,091	1,729	269,051	417,130
OBLIGATIONS UNDER SECURITIES LENDING PROGRAM	233,914	724,518	17,437	2,169,031	3,144,900
REFUNDS PAYABLE AND OTHER	436	--	--	11,514	11,950
TOTAL LIABILITIES	273,347	846,266	19,790	2,460,533	3,599,936
NET ASSETS HELD IN TRUST FOR EMPLOYEES' PENSION BENEFITS	\$ 1,504,396	\$ 8,008,508	\$ 379,982	\$ 14,007,613	\$ 23,900,499

(Schedule of Funding Progress - Note 6)

State of Louisiana

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

PENSION TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM	LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM	LOUISIANA STATE POLICE RETIREMENT SYSTEM	TEACHERS' RETIREMENT SYSTEM OF LOUISIANA	TOTAL JUNE 30, 2006
ADDITIONS					
CONTRIBUTIONS:					
EMPLOYER	\$ 43,458	\$ 424,850	\$ 34,652	\$ 529,983	\$ 1,032,943
MEMBERS	17,717	165,510	3,997	258,412	445,636
TOTAL CONTRIBUTIONS	61,175	590,360	38,649	788,395	1,478,579
INVESTMENT INCOME:					
NET INCREASE IN FAIR					
VALUE OF INVESTMENTS	32,662	614,260	18,473	1,394,148	2,059,543
INTEREST AND DIVIDENDS	54,138	188,131	8,440	309,218	559,927
ALTERNATIVE INVESTMENT INCOME	295	55,960	--	97,733	153,988
LESS ALTERNATIVE INVESTMENT EXPENSES	(131)	(409)	--	(28,474)	(29,014)
SECURITIES LENDING INCOME	9,967	7,693	890	22,168	40,718
LESS SECURITIES LENDING EXPENSES	(9,487)	(4,931)	(808)	(16,629)	(31,855)
OTHER INVESTMENT INCOME	4	965	--	676	1,645
LESS INVESTMENT EXPENSE OTHER THAN ALTERNATIVE INVESTMENTS AND SECURITIES LENDING	(3,408)	(28,461)	(1,434)	(41,175)	(74,478)
NET INVESTMENT INCOME	84,040	833,208	25,561	1,737,665	2,680,474
OTHER INCOME	--	33,115	2,909	52,502	88,526
TOTAL ADDITIONS	145,215	1,456,683	67,119	2,578,562	4,247,579
DEDUCTIONS					
RETIREMENT BENEFITS	119,960	620,367	27,040	1,204,473	1,971,840
REFUNDS OF CONTRIBUTIONS	7,070	37,822	219	38,538	83,649
ADMINISTRATIVE EXPENSES	3,277	15,291	408	13,362	32,338
DEPRECIATION EXPENSE	133	750	7	489	1,379
OTHER	778	--	--	--	778
TOTAL DEDUCTIONS	131,218	674,230	27,674	1,256,862	2,089,984
NET INCREASE IN NET ASSETS	13,997	782,453	39,445	1,321,700	2,157,595
NET ASSETS HELD IN TRUST FOR EMPLOYEES' PENSION BENEFITS					
BEGINNING OF YEAR	1,490,399	7,226,055	340,537	12,685,913	21,742,904
END OF YEAR	\$ 1,504,396	\$ 8,008,508	\$ 379,982	\$ 14,007,613	\$ 23,900,499

State of Louisiana

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	DEBT SERVICE RESERVE FUND	ESCROW FUND	FREE SCHOOL FUND	FUTURE MEDICAL CARE FUND	INSURANCE TRUSTS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 4,312	\$ 287,951	\$ 1,954	\$ 9,775	\$ 2,518
INVESTMENTS	--	86,454	18,615	--	72,077
RECEIVABLES	--	133,791	357	--	22,969
OTHER ASSETS	--	--	--	--	640
TOTAL ASSETS	\$ 4,312	\$ 508,196	\$ 20,926	\$ 9,775	\$ 98,204
LIABILITIES					
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 4,312	\$ 346,375	\$ 20,926	\$ 9,775	\$ 98,204
OTHER LIABILITIES	--	161,821	--	--	--
TOTAL LIABILITIES	\$ 4,312	\$ 508,196	\$ 20,926	\$ 9,775	\$ 98,204

	LOUISIANA MANUFACTURED AND MOBILE HOMES SETTLEMENT FUND	MISCEL- LANEOUS AGENCY FUNDS	PAYROLL CLEARING FUND	REVER- SIONARY MEDICAL TRUST FUND	TOTAL JUNE 30, 2006
ASSETS					
CASH AND CASH EQUIVALENTS	\$ --	\$ 18,489	\$ 1,332	\$ 1,761	\$ 328,092
INVESTMENTS	--	--	--	--	177,146
RECEIVABLES	--	--	--	--	157,117
OTHER ASSETS	--	--	--	--	640
TOTAL ASSETS	\$ --	\$ 18,489	\$ 1,332	\$ 1,761	\$ 662,995
LIABILITIES					
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ --	\$ 18,489	\$ 1,332	\$ 1,761	\$ 501,174
OTHER LIABILITIES	--	--	--	--	161,821
TOTAL LIABILITIES	\$ --	\$ 18,489	\$ 1,332	\$ 1,761	\$ 662,995

State of Louisiana

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	BALANCE JULY 1, 2005	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2006
DEBT SERVICE RESERVE FUND				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 4,281	\$ 31	\$ --	\$ 4,312
TOTAL ASSETS	\$ 4,281	\$ 31	\$ --	\$ 4,312
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 4,281	\$ 31	\$ --	\$ 4,312
TOTAL LIABILITIES	\$ 4,281	\$ 31	\$ --	\$ 4,312
ESCROW FUND *				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 294,720	\$ 992,746	\$ 999,515	\$ 287,951
INVESTMENTS	64,692	21,762	--	86,454
RECEIVABLES	121,863	133,791	121,863	133,791
TOTAL ASSETS	\$ 481,275	\$ 1,148,299	\$ 1,121,378	\$ 508,196
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 306,073	\$ 1,018,568	\$ 978,266	\$ 346,375
OTHER LIABILITIES	175,202	161,821	175,202	161,821
TOTAL LIABILITIES	\$ 481,275	\$ 1,180,389	\$ 1,153,468	\$ 508,196
* Balance July 1, 2005 as restated				
FREE SCHOOL FUND				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,461	\$ 2,272	\$ 1,779	\$ 1,954
INVESTMENTS	19,135	1,500	2,020	18,615
RECEIVABLES	350	357	350	357
TOTAL ASSETS	\$ 20,946	\$ 4,129	\$ 4,149	\$ 20,926
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 20,770	\$ 1,628	\$ 1,472	\$ 20,926
OTHER LIABILITIES	176	--	176	--
TOTAL LIABILITIES	\$ 20,946	\$ 1,628	\$ 1,648	\$ 20,926

(Continued)

State of Louisiana

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	BALANCE JULY 1, 2005	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2006
<u>FUTURE MEDICAL CARE FUND</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 10,558	\$ 409	\$ 1,192	\$ 9,775
TOTAL ASSETS	\$ 10,558	\$ 409	\$ 1,192	\$ 9,775
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 10,558	\$ 409	\$ 1,192	\$ 9,775
TOTAL LIABILITIES	\$ 10,558	\$ 409	\$ 1,192	\$ 9,775

INSURANCE TRUSTS

ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 2,677	\$ 21,181	\$ 21,340	\$ 2,518
INVESTMENTS	78,088	10,965	16,976	72,077
RECEIVABLES	21,704	7,618	6,353	22,969
OTHER ASSETS	644	5	9	640
TOTAL ASSETS	\$ 103,113	\$ 39,769	\$ 44,678	\$ 98,204
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 103,113	\$ 39,769	\$ 44,678	\$ 98,204
TOTAL LIABILITIES	\$ 103,113	\$ 39,769	\$ 44,678	\$ 98,204

LOUISIANA MANUFACTURED AND MOBILE HOMES SETTLEMENT FUND

ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1	\$ --	\$ 1	\$ --
TOTAL ASSETS	\$ 1	\$ --	\$ 1	\$ --
LIABILITIES:				
OTHER LIABILITIES	\$ 1	\$ --	\$ 1	\$ --
TOTAL LIABILITIES	\$ 1	\$ --	\$ 1	\$ --

MISCELLANEOUS AGENCY FUNDS

ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 13,652	\$ 57,664	\$ 52,827	\$ 18,489
TOTAL ASSETS	\$ 13,652	\$ 57,664	\$ 52,827	\$ 18,489
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 13,652	\$ 57,664	\$ 52,827	\$ 18,489
TOTAL LIABILITIES	\$ 13,652	\$ 57,664	\$ 52,827	\$ 18,489

(Continued)

State of Louisiana

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	BALANCE JULY 1, 2005	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2006
<u>PAYROLL CLEARING FUND</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,237	\$ 2,105,926	\$ 2,105,831	\$ 1,332
TOTAL ASSETS	\$ 1,237	\$ 2,105,926	\$ 2,105,831	\$ 1,332
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 1,237	\$ 2,105,926	\$ 2,105,831	\$ 1,332
TOTAL LIABILITIES	\$ 1,237	\$ 2,105,926	\$ 2,105,831	\$ 1,332
<u>REVERSIONARY MEDICAL TRUST FUND</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 2,761	\$ --	\$ 1,000	\$ 1,761
TOTAL ASSETS	\$ 2,761	\$ --	\$ 1,000	\$ 1,761
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 2,761	\$ --	\$ 1,000	\$ 1,761
TOTAL LIABILITIES	\$ 2,761	\$ --	\$ 1,000	\$ 1,761
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 331,348	\$ 3,180,229	\$ 3,183,485	\$ 328,092
INVESTMENTS	161,915	34,227	18,996	177,146
RECEIVABLES	143,917	141,766	128,566	157,117
OTHER ASSETS	644	5	9	640
TOTAL ASSETS	\$ 637,824	\$ 3,356,227	\$ 3,331,056	\$ 662,995
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 462,445	\$ 3,223,995	\$ 3,185,266	\$ 501,174
OTHER LIABILITIES	175,379	161,821	175,379	161,821
TOTAL LIABILITIES	\$ 637,824	\$ 3,385,816	\$ 3,360,645	\$ 662,995

(Concluded)

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR COMPONENT UNITS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	BOARDS AND COMMISSIONS	CAPITAL AREA HUMAN SERVICES DISTRICT	FLORIDA PARISHES HUMAN SERVICES AUTHORITY	GREATER BATON ROUGE PORT COMMISSION **	GREATER NEW ORLEANS EXPRESSWAY COMMISSION *	JEFFERSON PARISH HUMAN SERVICES AUTHORITY
ASSETS						
CURRENT ASSETS:						
CASH AND CASH EQUIVALENTS	\$ 3,143	\$ 1,896	\$ 230	\$ 963	\$ 2,326	\$ 1,193
INVESTMENTS	--	--	--	14,112	19,040	--
RECEIVABLES (NET)	441	435	379	802	28	1,034
AMOUNTS DUE FROM PRIMARY GOVERNMENT	--	2,941	587	--	--	1,301
DUE FROM FEDERAL GOVERNMENT	--	285	32	234	--	--
INVENTORIES	--	1,036	563	--	330	137
PREPAYMENTS	9	--	--	99	18	16
NOTES RECEIVABLE	--	--	--	271	--	--
OTHER CURRENT ASSETS	28	--	--	--	--	16
TOTAL CURRENT ASSETS	<u>3,621</u>	<u>6,593</u>	<u>1,791</u>	<u>16,481</u>	<u>21,742</u>	<u>3,697</u>
NONCURRENT ASSETS:						
RESTRICTED ASSETS:						
CASH	--	--	--	64	--	--
INVESTMENTS	--	--	--	761	18,283	--
RECEIVABLES (NET)	--	--	--	--	1,735	--
NOTES RECEIVABLE	--	--	--	--	--	--
INVESTMENTS	24,418	--	--	--	--	--
NOTES RECEIVABLE	--	--	--	--	--	--
CAPITAL ASSETS (NOTE 5)						
LAND	237	--	--	5,619	--	--
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	731	--	--	33,202	983	641
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	245	33	67	929	2,087	281
INFRASTRUCTURE (NET OF DEPRECIATION)	--	--	--	8,038	94,403	--
CONSTRUCTION IN PROGRESS	--	--	--	6,226	--	--
OTHER NONCURRENT ASSETS	--	--	--	216	1,532	--
TOTAL NONCURRENT ASSETS	<u>25,631</u>	<u>33</u>	<u>67</u>	<u>55,055</u>	<u>119,023</u>	<u>922</u>
TOTAL ASSETS	<u>\$ 29,252</u>	<u>\$ 6,626</u>	<u>\$ 1,858</u>	<u>\$ 71,536</u>	<u>\$ 140,765</u>	<u>\$ 4,619</u>
LIABILITIES						
CURRENT LIABILITIES:						
ACCOUNTS PAYABLE AND ACCRUALS	\$ 481	\$ 2,103	\$ 789	\$ 1,366	\$ 2,568	\$ 1,567
AMOUNTS DUE TO PRIMARY GOVERNMENT	--	853	26	--	--	--
DUE TO FEDERAL GOVERNMENT	--	--	--	--	--	--
DEFERRED REVENUES	32	--	--	557	686	15
OTHER CURRENT LIABILITIES	131	8	--	197	--	--
CURRENT PORTION OF LONG-TERM LIABILITIES:						
CONTRACTS PAYABLE	--	--	--	--	--	--
COMPENSATED ABSENCES PAYABLE	31	424	323	--	--	--
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--	4
NOTES PAYABLE	22	--	--	355	--	--
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	--	--	--	--	700	--
BONDS PAYABLE	--	--	--	--	1,817	--
OTHER LONG-TERM LIABILITIES	--	--	--	--	1,480	1
TOTAL CURRENT LIABILITIES	<u>697</u>	<u>3,388</u>	<u>1,138</u>	<u>2,475</u>	<u>7,251</u>	<u>1,587</u>
LONG-TERM LIABILITIES:						
NONCURRENT PORTION OF LONG-TERM LIABILITIES:						
CONTRACTS PAYABLE	--	--	--	--	--	--
COMPENSATED ABSENCES PAYABLE	164	583	321	--	1,020	638
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--	7
ESTIMATED LIABILITY FOR CLAIMS	--	--	--	--	--	--
NOTES PAYABLE	125	--	--	6,987	--	--
BONDS PAYABLE	--	--	--	--	63,725	--
OTHER LONG-TERM LIABILITIES	--	--	--	167	1,548	--
TOTAL LONG-TERM LIABILITIES	<u>289</u>	<u>583</u>	<u>321</u>	<u>7,154</u>	<u>66,293</u>	<u>645</u>
TOTAL LIABILITIES	<u>986</u>	<u>3,971</u>	<u>1,459</u>	<u>9,629</u>	<u>73,544</u>	<u>2,232</u>
NET ASSETS:						
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,066	33	67	46,672	31,931	910
RESTRICTED FOR:						
CAPITAL PROJECTS	--	--	--	--	125	--
DEBT SERVICE	--	--	--	273	--	--
OTHER PURPOSES	--	--	--	--	17,838	--
UNRESTRICTED	27,200	2,622	332	14,962	17,327	1,477
TOTAL NET ASSETS	<u>28,266</u>	<u>2,655</u>	<u>399</u>	<u>61,907</u>	<u>67,221</u>	<u>2,387</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 29,252</u>	<u>\$ 6,626</u>	<u>\$ 1,858</u>	<u>\$ 71,536</u>	<u>\$ 140,765</u>	<u>\$ 4,619</u>

* As of October 31, 2005.

** As of December 31, 2005.

(Continued)

State of Louisiana

LOUISIANA AGRICULTURAL FINANCE AUTHORITY	LOUISIANA CANCER RESEARCH CENTER	LOUISIANA ECONOMIC DEVELOPMENT CORPORATION	LOUISIANA HOUSING FINANCE AGENCY	LOUISIANA NAVAL WAR MEMORIAL COMMISSION **	LOUISIANA PUBLIC FACILITIES AUTHORITY **	METROPOLITAN HUMAN SERVICES DISTRICT	MILLENNIUM PORT AUTHORITY
\$ 45	\$ 16,518	\$ 31,847	\$ 2,529	\$ 211	\$ 8,657	\$ 223	\$ 84
--	--	2,855	44,070	--	381	--	--
23	16,816	6,393	646	5	2,171	32	2
19,824	--	--	--	--	--	3,919	--
--	--	--	1,591	--	--	240	--
--	--	--	--	20	--	185	--
--	--	--	--	12	16	--	--
--	--	322	1,300	--	--	--	--
42	--	--	426	--	--	--	--
<u>19,934</u>	<u>33,334</u>	<u>41,417</u>	<u>50,562</u>	<u>248</u>	<u>11,225</u>	<u>4,599</u>	<u>86</u>
1,992	--	--	7,494	72	--	--	--
--	--	--	7,229	--	--	--	--
--	--	--	17,902	--	14,906	--	--
--	--	--	88,702	--	--	--	--
--	--	35,415	--	--	6,656	--	--
--	--	3,627	--	--	--	--	--
6,632	672	--	712	269	--	--	--
30,250	--	--	8,654	2,567	4	--	--
3,920	2,335	--	533	16	84	9	10
--	--	--	--	--	--	--	--
951	2,410	--	314	--	--	--	--
97,655	--	8,199	--	--	--	--	--
<u>141,400</u>	<u>5,417</u>	<u>47,241</u>	<u>131,540</u>	<u>2,924</u>	<u>21,650</u>	<u>9</u>	<u>10</u>
<u>\$ 161,334</u>	<u>\$ 38,751</u>	<u>\$ 88,658</u>	<u>\$ 182,102</u>	<u>\$ 3,172</u>	<u>\$ 32,875</u>	<u>\$ 4,608</u>	<u>\$ 96</u>
\$ 330	\$ 1,833	\$ 1,599	\$ 2,081	\$ 10	\$ 139	\$ 2,019	\$ --
--	--	--	--	--	--	1,851	--
51	--	--	79	--	--	--	--
--	--	--	148	--	--	--	--
1,306	--	--	--	--	--	4	--
--	--	--	--	--	--	--	--
--	--	--	483	5	--	323	--
213	--	--	--	--	--	--	--
7,891	--	--	--	--	140	--	--
722	--	--	6,859	--	--	--	--
--	--	--	1,695	--	--	--	--
--	--	97	--	--	--	--	--
<u>10,513</u>	<u>1,833</u>	<u>1,696</u>	<u>11,345</u>	<u>15</u>	<u>279</u>	<u>4,197</u>	<u>--</u>
--	--	--	--	--	--	--	--
--	--	--	--	22	--	352	--
31	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
14,291	--	--	--	--	11,116	--	--
54,608	--	--	55,460	--	--	--	--
44,872	--	1,722	--	--	--	--	--
<u>113,802</u>	<u>--</u>	<u>1,722</u>	<u>55,460</u>	<u>22</u>	<u>11,116</u>	<u>352</u>	<u>--</u>
<u>124,315</u>	<u>1,833</u>	<u>3,418</u>	<u>66,805</u>	<u>37</u>	<u>11,395</u>	<u>4,549</u>	<u>--</u>
31,902	5,417	--	2,679	2,852	88	9	10
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
1,269	--	1,480	64,816	72	--	--	--
3,848	31,501	83,760	47,802	211	21,392	50	86
<u>37,019</u>	<u>36,918</u>	<u>85,240</u>	<u>115,297</u>	<u>3,135</u>	<u>21,480</u>	<u>59</u>	<u>96</u>
<u>\$ 161,334</u>	<u>\$ 38,751</u>	<u>\$ 88,658</u>	<u>\$ 182,102</u>	<u>\$ 3,172</u>	<u>\$ 32,875</u>	<u>\$ 4,608</u>	<u>\$ 96</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR COMPONENT UNITS

JUNE 30, 2006

(EXPRESSED IN THOUSANDS)

	ORLEANS LEVEE DISTRICT	OTHER LEVEE DISTRICTS	SABINE RIVER AUTHORITY	WHITE LAKE PRESERVATION, INCORPORATED	TOTAL NONMAJOR COMPONENT UNITS
ASSETS					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 12,579	\$ 77,859	\$ 1,609	\$ 137	\$ 162,049
INVESTMENTS	4,759	31,272	--	--	116,489
RECEIVABLES (NET)	17,467	10,924	588	--	58,186
AMOUNTS DUE FROM PRIMARY GOVERNMENT	347	1,042	--	--	29,961
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	2,382
INVENTORIES	241	182	--	--	2,694
PREPAYMENTS	--	526	--	--	696
NOTES RECEIVABLE	--	27	--	--	1,920
OTHER CURRENT ASSETS	220	45	--	--	777
TOTAL CURRENT ASSETS	<u>35,613</u>	<u>121,877</u>	<u>2,197</u>	<u>137</u>	<u>375,154</u>
NONCURRENT ASSETS:					
RESTRICTED ASSETS:					
CASH	2,941	1,047	1,436	--	15,046
INVESTMENTS	--	8,577	--	--	34,850
RECEIVABLES (NET)	--	46	--	--	34,589
NOTES RECEIVABLE	--	--	--	--	88,702
INVESTMENTS	--	--	--	--	66,489
NOTES RECEIVABLE	--	--	--	--	3,627
CAPITAL ASSETS (NOTE 5)					
LAND	33,384	15,028	1,227	--	63,780
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	26,047	5,708	35,854	--	144,641
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	3,770	7,707	799	--	22,825
INFRASTRUCTURE (NET OF DEPRECIATION)	96,614	57,172	22,270	--	278,497
CONSTRUCTION IN PROGRESS	5,169	40,355	51	--	55,476
OTHER NONCURRENT ASSETS	319	4	98	--	108,023
TOTAL NONCURRENT ASSETS	<u>168,244</u>	<u>135,644</u>	<u>61,735</u>	<u>--</u>	<u>916,545</u>
TOTAL ASSETS	<u>\$ 203,857</u>	<u>\$ 257,521</u>	<u>\$ 63,932</u>	<u>\$ 137</u>	<u>\$ 1,291,699</u>
LIABILITIES					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ 1,115	\$ 8,032	\$ 334	\$ --	\$ 26,366
AMOUNTS DUE TO PRIMARY GOVERNMENT	--	--	--	--	2,730
DUE TO FEDERAL GOVERNMENT	--	--	--	--	130
DEFERRED REVENUES	781	81	151	--	2,451
OTHER CURRENT LIABILITIES	--	1,143	--	--	2,789
CURRENT PORTION OF LONG-TERM LIABILITIES:					
CONTRACTS PAYABLE	594	574	--	--	1,168
COMPENSATED ABSENCES PAYABLE	101	182	213	--	2,085
CAPITAL LEASE OBLIGATIONS	--	169	--	--	386
NOTES PAYABLE	--	--	--	--	8,408
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	612	--	--	--	8,893
BONDS PAYABLE	5,110	1,320	695	--	10,637
OTHER LONG-TERM LIABILITIES	16	28	107	--	1,729
TOTAL CURRENT LIABILITIES	<u>8,329</u>	<u>11,529</u>	<u>1,500</u>	<u>--</u>	<u>67,772</u>
LONG-TERM LIABILITIES:					
NONCURRENT PORTION OF LONG-TERM LIABILITIES:					
CONTRACTS PAYABLE	--	--	7,821	--	7,821
COMPENSATED ABSENCES PAYABLE	1,165	1,043	--	--	5,308
CAPITAL LEASE OBLIGATIONS	--	310	--	--	348
ESTIMATED LIABILITY FOR CLAIMS	23,486	3,417	--	--	26,903
NOTES PAYABLE	--	--	--	--	32,519
BONDS PAYABLE	59,785	9,930	6,000	--	249,508
OTHER LONG-TERM LIABILITIES	527	919	--	--	49,755
TOTAL LONG-TERM LIABILITIES	<u>84,963</u>	<u>15,619</u>	<u>13,821</u>	<u>--</u>	<u>372,162</u>
TOTAL LIABILITIES	<u>93,292</u>	<u>27,148</u>	<u>15,321</u>	<u>--</u>	<u>439,934</u>
NET ASSETS:					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	100,088	114,241	45,578	--	383,543
RESTRICTED FOR:					
CAPITAL PROJECTS	--	8,606	--	--	8,731
DEBT SERVICE	--	50	634	--	957
OTHER PURPOSES	2,941	371	--	--	88,787
UNRESTRICTED	7,536	107,105	2,399	137	369,747
TOTAL NET ASSETS	<u>110,565</u>	<u>230,373</u>	<u>48,611</u>	<u>137</u>	<u>851,765</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 203,857</u>	<u>\$ 257,521</u>	<u>\$ 63,932</u>	<u>\$ 137</u>	<u>\$ 1,291,699</u>

(Concluded)

State of Louisiana

COMBINING STATEMENT OF ACTIVITIES

NONMAJOR COMPONENT UNITS

FOR THE YEAR ENDED JUNE 30, 2006

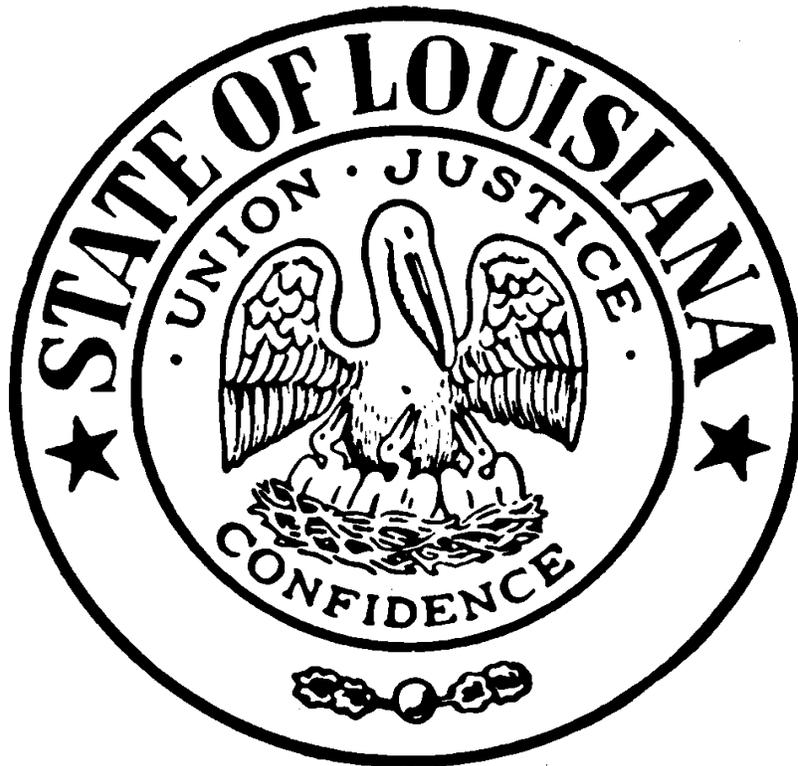
(EXPRESSED IN THOUSANDS)

	PROGRAM REVENUES				NET (EXPENSE) REVENUE
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
NONMAJOR COMPONENT UNITS:					
BOARDS AND COMMISSIONS	\$ 7,082	\$ 4,738	\$ --	\$ --	\$ (2,344)
CAPITAL AREA HUMAN SERVICES DISTRICT	25,818	1,780	--	--	(24,038)
FLORIDA PARISHES HUMAN SERVICES DISTRICT	15,820	502	--	--	(15,318)
GREATER BATON ROUGE PORT COMMISSION **	7,021	5,175	--	1,439	(407)
GREATER NEW ORLEANS EXPRESSWAY COMMISSION *	18,773	14,170	345	--	(4,258)
JEFFERSON PARISH HUMAN SERVICES AUTHORITY	19,220	503	3,800	--	(14,917)
LOUISIANA AGRICULTURAL FINANCE AUTHORITY	15,981	2,332	20,201	169	6,721
LOUISIANA CANCER RESEARCH CENTER	14,037	--	16,763	--	2,726
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION	20,455	2,586	--	--	(17,869)
LOUISIANA HOUSING FINANCE AGENCY	101,664	13,466	97,217	--	9,019
LOUISIANA NAVAL WAR MEMORIAL COMMISSION **	879	634	172	--	(73)
LOUISIANA PUBLIC FACILITIES AUTHORITY **	3,232	2,777	114	--	(341)
METROPOLITAN HUMAN SERVICES DISTRICT	18,932	72	--	243	(18,617)
MILLENNIUM PORT AUTHORITY	162	--	21	--	(141)
ORLEANS LEVEE DISTRICT	35,468	7,753	326	1,219	(26,170)
OTHER LEVEE DISTRICTS	42,906	12	3,315	9,988	(29,591)
SABINE RIVER AUTHORITY	6,990	4,514	--	--	(2,476)
WHITE LAKE PRESERVATION, INCORPORATED	671	4	--	--	(667)
TOTAL NONMAJOR COMPONENT UNITS	\$ 355,111	\$ 61,018	\$ 142,274	\$ 13,058	\$ (138,761)

	GENERAL REVENUES		EXTRAORDINARY ITEM	NET ASSETS		
	PAYMENTS FROM PRIMARY GOVERNMENT	OTHER GENERAL REVENUES	LOSS ON IMPAIRMENT OF CAPITAL ASSETS	CHANGE IN NET ASSETS	NET ASSETS BEGINNING OF YEAR (as restated)	NET ASSETS END OF YEAR
NONMAJOR COMPONENT UNITS:						
BOARDS AND COMMISSIONS	\$ 201	\$ 1,190	\$ --	\$ (953)	\$ 29,219	\$ 28,266
CAPITAL AREA HUMAN SERVICES DISTRICT	22,969	104	--	(965)	3,620	2,655
FLORIDA PARISHES HUMAN SERVICES DISTRICT	15,689	537	--	908	(509)	399
GREATER BATON ROUGE PORT COMMISSION **	--	293	--	(114)	62,021	61,907
GREATER NEW ORLEANS EXPRESSWAY COMMISSION *	--	6,448	--	2,190	65,031	67,221
JEFFERSON PARISH HUMAN SERVICES AUTHORITY	16,764	47	--	1,894	493	2,387
LOUISIANA AGRICULTURAL FINANCE AUTHORITY	--	340	--	7,061	29,958	37,019
LOUISIANA CANCER RESEARCH CENTER	--	489	--	3,215	33,703	36,918
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION	--	13,982	--	(3,887)	89,127	85,240
LOUISIANA HOUSING FINANCE AGENCY	--	10,042	(1,023)	18,038	97,259	115,297
LOUISIANA NAVAL WAR MEMORIAL COMMISSION **	--	4	--	(69)	3,204	3,135
LOUISIANA PUBLIC FACILITIES AUTHORITY **	--	470	--	129	21,351	21,480
METROPOLITAN HUMAN SERVICES DISTRICT	19,037	696	--	1,116	(1,057)	59
MILLENNIUM PORT AUTHORITY	--	--	--	(141)	237	96
ORLEANS LEVEE DISTRICT	1,448	14,660	(3,260)	(13,322)	123,887	110,565
OTHER LEVEE DISTRICTS	2,900	43,620	(656)	16,273	214,100	230,373
SABINE RIVER AUTHORITY	--	109	--	(2,367)	50,978	48,611
WHITE LAKE PRESERVATION, INCORPORATED	--	--	--	(667)	804	137
TOTAL NONMAJOR COMPONENT UNITS	\$ 79,008	\$ 93,031	\$ (4,939)	\$ 28,339	\$ 823,426	\$ 851,765

* For the period ending October 31, 2005.

** For the period ending December 31, 2005.



III. STATISTICAL SECTION

State of Louisiana

Statistical Section

This part of the Louisiana comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Louisiana overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how Louisiana's financial performance and well-being have changed over time.	159
Revenue Capacity These schedules contain information to help the reader assess Louisiana's most significant state revenue source, sales tax.	164
Debt Capacity These schedules present information to help the reader assess the affordability of Louisiana's current levels of outstanding debt and Louisiana's ability to issue additional debt in the future.	168
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which Louisiana's financial activities take place.	173
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in Louisiana's financial report relates to the services Louisiana provides and the activities it performs.	175

State of Louisiana

NET ASSETS BY COMPONENT LAST FIVE FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(EXPRESSED IN THOUSANDS)

	2006	2005	2004	2003	2002
GOVERNMENTAL ACTIVITIES					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$ 11,304,859	\$ 10,982,851	\$ 10,438,398	\$ 9,963,831	\$ 9,844,678
RESTRICTED	6,988,644	6,825,025	5,750,785	5,513,915	5,313,419
UNRESTRICTED	<u>(3,460,580)</u>	<u>(4,449,263)</u>	<u>(4,065,966)</u>	<u>(2,982,946)</u>	<u>(2,881,310)</u>
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	<u>\$ 14,832,923</u>	<u>\$ 13,358,613</u>	<u>\$ 12,123,217</u>	<u>\$ 12,494,800</u>	<u>\$ 12,276,787</u>
BUSINESS-TYPE ACTIVITIES					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$ 22,353	\$ 20,251	\$ 21,512	\$ 22,036	\$ 46,716
RESTRICTED	1,407,337	1,547,700	1,573,788	1,602,480	1,648,089
UNRESTRICTED	<u>467,360</u>	<u>433,632</u>	<u>397,431</u>	<u>369,811</u>	<u>348,715</u>
TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	<u>\$ 1,897,050</u>	<u>\$ 2,001,583</u>	<u>\$ 1,992,731</u>	<u>\$ 1,994,327</u>	<u>\$ 2,043,520</u>
PRIMARY GOVERNMENT					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$ 11,327,212	\$ 11,003,102	\$ 10,459,910	\$ 9,985,867	\$ 9,891,394
RESTRICTED	8,395,981	8,372,725	7,324,573	7,116,395	6,961,508
UNRESTRICTED	<u>(2,993,220)</u>	<u>(4,015,631)</u>	<u>(3,668,535)</u>	<u>(2,613,135)</u>	<u>(2,532,595)</u>
TOTAL PRIMARY GOVERNMENT NET ASSETS	<u>\$ 16,729,973</u>	<u>\$ 15,360,196</u>	<u>\$ 14,115,948</u>	<u>\$ 14,489,127</u>	<u>\$ 14,320,307</u>

Note: Ten years are required; however, only five fiscal years since the implementation of GASB 34 in Fiscal Year 2002.

Source: Office of Statewide Reporting and Accounting Policy

State of Louisiana

CHANGES IN NET ASSETS LAST FIVE FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(EXPRESSED IN THOUSANDS)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
EXPENSES					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 4,806,262	\$ 2,655,471	\$ 2,620,442	\$ 2,726,764	\$ 2,392,167
CULTURE, RECREATION, AND TOURISM	66,927	69,415	63,512	69,659	71,718
TRANSPORTATION AND DEVELOPMENT	1,054,044	835,901	820,757	807,856	746,564
PUBLIC SAFETY	301,338	271,118	225,307	291,283	289,396
HEALTH AND WELFARE	7,412,815	7,458,289	7,267,104	6,805,797	6,755,431
CORRECTIONS	550,627	664,961	640,371	625,391	609,607
YOUTH SERVICES	116,975	--	--	--	--
CONSERVATION AND ENVIRONMENT	283,692	297,097	289,712	274,926	298,436
EDUCATION	5,514,318	5,310,194	5,162,768	4,789,472	4,425,915
OTHER	26,251	33,833	16,048	4,793	2,042
INTERGOVERNMENTAL	1,037,043	375,373	354,846	362,099	322,025
INTEREST ON LONG-TERM DEBT	230,976	216,750	216,514	149,798	117,769
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	<u>21,401,268</u>	<u>18,188,402</u>	<u>17,677,381</u>	<u>16,907,838</u>	<u>16,031,070</u>
BUSINESS-TYPE ACTIVITIES:					
UNEMPLOYMENT TRUST FUND	823,987	264,458	338,910	372,160	307,878
NONMAJOR ENTERPRISE FUNDS	298,879	274,268	327,375	297,902	303,784
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	<u>1,122,866</u>	<u>538,726</u>	<u>666,285</u>	<u>670,062</u>	<u>611,662</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 22,524,134</u>	<u>\$ 18,727,128</u>	<u>\$ 18,343,666</u>	<u>\$ 17,577,900</u>	<u>\$ 16,642,732</u>
PROGRAM REVENUES					
GOVERNMENTAL ACTIVITIES:					
CHARGES FOR SERVICES					
GENERAL GOVERNMENT	\$ 2,017,870	\$ 1,905,839	\$ 1,597,757	\$ 1,717,172	\$ 1,161,310
CULTURE, RECREATION, AND TOURISM	30,531	29,145	27,435	23,696	5,453
TRANSPORTATION AND DEVELOPMENT	79,099	136,642	65,507	74,451	60,849
PUBLIC SAFETY	276,020	271,052	252,990	253,206	264,066
HEALTH AND WELFARE	187,920	305,674	581,160	533,205	968,463
CORRECTIONS	33,926	33,407	36,376	36,878	33,645
YOUTH SERVICES	513	--	--	--	--
CONSERVATION AND ENVIRONMENT	653,286	647,685	618,354	513,999	465,156
EDUCATION	49,735	39,783	50,026	23,496	36,663
INTERGOVERNMENTAL	954	1,396	1,273	1,265	1,187
OPERATING GRANTS AND CONTRIBUTIONS	9,323,509	7,052,411	6,914,691	6,369,929	5,858,641
CAPITAL GRANTS AND CONTRIBUTIONS	978,072	520,376	552,527	578,082	492,072
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES	<u>13,631,435</u>	<u>10,943,410</u>	<u>10,698,096</u>	<u>10,125,379</u>	<u>9,347,505</u>
BUSINESS-TYPE ACTIVITIES:					
CHARGES FOR SERVICES					
UNEMPLOYMENT TRUST FUND	264,349	267,602	255,914	252,430	232,828
NONMAJOR ENTERPRISE FUNDS	422,489	385,309	445,427	412,562	396,212
OPERATING GRANTS AND CONTRIBUTIONS	419,438	7,104	46,221	70,249	142,735
CAPITAL GRANTS AND CONTRIBUTIONS	16,588	21,188	30,344	15,221	22,473
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES	<u>1,122,864</u>	<u>681,203</u>	<u>777,906</u>	<u>750,462</u>	<u>794,248</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 14,754,299</u>	<u>\$ 11,624,613</u>	<u>\$ 11,476,002</u>	<u>\$ 10,875,841</u>	<u>\$ 10,141,753</u>

Note: Ten years are required; however, only five fiscal years since the implementation of GASB 34 in Fiscal Year 2002.

Source: Office of Statewide Reporting and Accounting Policy

State of Louisiana

	2006	2005	2004	2003	2002
NET(EXPENSE) REVENUE					
GOVERNMENTAL ACTIVITIES	\$ (7,769,833)	\$ (7,244,992)	\$ (6,979,285)	\$ (6,782,459)	\$ (6,683,565)
BUSINESS-TYPE ACTIVITIES	(2)	142,477	111,621	80,400	182,586
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	\$ (7,769,835)	\$ (7,102,515)	\$ (6,867,664)	\$ (6,702,059)	\$ (6,500,979)
 GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS					
GOVERNMENTAL ACTIVITIES:					
TAXES					
INCOME TAXES	\$ 3,129,906	\$ 3,030,085	\$ 2,457,114	\$ 2,022,765	\$ 2,054,025
SALES TAXES	3,108,824	2,483,101	2,455,444	2,489,153	2,605,908
FRANCHISE TAXES	262,392	276,891	181,044	187,447	247,471
GASOLINE TAXES, restricted	621,683	590,286	559,274	446,706	481,562
TOBACCO TAXES	96,872	105,476	102,231	82,217	128,570
MISCELLANEOUS TAXES	1,112,506	1,093,984	942,950	903,328	1,010,102
TOBACCO SETTLEMENT	50,102	57,249	58,987	66,234	1,135,519
GAMING	711,378	624,271	596,693	578,152	547,695
UNRESTRICTED INVESTMENT EARNINGS	25,739	4,127	28,518	76,586	99,150
MISCELLANEOUS	--	8,940	18,682	114,379	63,613
OTHER	23,924	14,148	--	786	49
EXTRAORDINARY ITEM - loss on impairment of capital assets	(24,464)	--	--	--	--
TRANSFERS	119,977	108,582	120,808	108,596	108,411
TOTAL GOVERNMENTAL ACTIVITIES	9,238,839	8,397,140	7,521,745	7,076,349	8,482,075
 BUSINESS-TYPE ACTIVITIES:					
OTHER	13,505	3,232	4,824	8,297	22,803
EXTRAORDINARY ITEM - gain on impairment of capital assets	186	--	--	--	--
TRANSFERS	(119,977)	(108,582)	(120,808)	(108,596)	(108,411)
TOTAL BUSINESS-TYPE ACTIVITIES	(106,286)	(105,350)	(115,984)	(100,299)	(85,608)
TOTAL PRIMARY GOVERNMENT	\$ 9,132,553	\$ 8,291,790	\$ 7,405,761	\$ 6,976,050	\$ 8,396,467
 CHANGE IN NET ASSETS					
GOVERNMENTAL ACTIVITIES	\$ 1,469,006	\$ 1,152,148	\$ 542,460	\$ 293,890	\$ 1,798,510
BUSINESS-TYPE ACTIVITIES	(106,288)	37,127	(4,363)	(19,899)	96,978
TOTAL PRIMARY GOVERNMENT	\$ 1,362,718	\$ 1,189,275	\$ 538,097	\$ 273,991	\$ 1,895,488

State of Louisiana

FUND BALANCES, GOVERNMENTAL FUNDS LAST FIVE FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(EXPRESSED IN THOUSANDS)

	<u>2006</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>		<u>2002</u>
GENERAL FUND									
RESERVED	\$ 340,384	\$	312,266	\$	298,138	\$	327,878	\$	424,998
UNRESERVED	<u>442,346</u>		<u>264,185</u>		<u>(10,998)</u>		<u>18,330</u>		<u>(33,953)</u>
TOTAL GENERAL FUND	<u>\$ 782,730</u>	\$	<u>576,451</u>	\$	<u>287,140</u>	\$	<u>346,208</u>	\$	<u>391,045</u>
ALL OTHER GOVERNMENTAL FUNDS									
RESERVED	\$ 2,250,615	\$	2,744,131	\$	2,055,580	\$	2,249,286	\$	2,087,078
UNRESERVED, REPORTED IN:									
SPECIAL REVENUE FUNDS	3,383,163		2,880,995		2,389,374		2,106,328		1,929,626
DEBT SERVICE FUNDS	--		--		--		2,859		3,042
CAPITAL PROJECTS FUNDS	21		157		204		366		297
PERMANENT FUNDS	<u>1,209,392</u>		<u>1,207,338</u>		<u>1,140,736</u>		<u>1,128,191</u>		<u>1,032,244</u>
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 6,843,191</u>	\$	<u>6,832,621</u>	\$	<u>5,585,894</u>	\$	<u>5,487,030</u>	\$	<u>5,052,287</u>

Note: Ten years are required; however, only five fiscal years since the implementation of GASB 34 in Fiscal Year 2002.

Source: Office of Statewide Reporting and Accounting Policy

State of Louisiana

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST FIVE FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(EXPRESSED IN THOUSANDS)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
REVENUES					
INTERGOVERNMENTAL REVENUES	\$ 9,727,962	\$ 7,669,450	\$ 7,313,906	\$ 6,824,065	\$ 6,237,834
TAXES	8,118,548	7,618,194	6,719,543	6,292,535	6,546,634
GAMING	715,446	628,757	601,762	582,795	552,734
TOBACCO SETTLEMENT	131,952	142,794	141,653	66,234	1,135,519
USE OF MONEY AND PROPERTY	710,240	849,292	557,457	827,233	565,457
LICENSES, PERMITS, AND FEES	588,034	592,363	568,391	546,596	534,581
SALES OF COMMODITIES AND SERVICES	1,320,721	983,254	905,207	910,719	759,136
OTHER	437,717	576,553	889,689	773,508	1,191,539
TOTAL REVENUES	<u>21,750,620</u>	<u>19,060,657</u>	<u>17,697,608</u>	<u>16,823,685</u>	<u>17,523,434</u>
EXPENDITURES					
GENERAL GOVERNMENT	4,373,467	2,300,964	2,172,105	2,121,596	1,872,348
CULTURE, RECREATION, AND TOURISM	61,264	64,548	60,370	60,647	59,745
TRANSPORTATION AND DEVELOPMENT	350,486	356,665	330,164	323,289	303,177
PUBLIC SAFETY	303,951	272,785	256,403	221,504	223,170
HEALTH AND WELFARE	7,386,464	7,408,900	7,061,555	6,625,988	6,704,422
CORRECTIONS	542,143	651,974	623,629	611,685	594,467
YOUTH SERVICES	115,369	--	--	--	--
CONSERVATION AND ENVIRONMENT	235,235	244,059	240,743	234,402	219,965
EDUCATION	5,253,731	5,077,793	4,929,255	4,674,987	4,335,452
OTHER	211,181	220,012	210,800	167,133	233,735
INTERGOVERNMENTAL	850,151	477,374	445,930	447,504	400,549
CAPITAL OUTLAY	1,621,367	1,184,140	1,126,958	1,159,534	1,009,660
DEBT SERVICE:					
PRINCIPAL RETIREMENT	131,835	212,956	247,278	352,402	248,329
INTEREST AND FISCAL CHARGES	231,146	216,152	206,990	152,569	115,544
TOTAL EXPENDITURES	<u>21,667,790</u>	<u>18,688,322</u>	<u>17,912,180</u>	<u>17,153,240</u>	<u>16,320,563</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	82,830	372,335	(214,572)	(329,555)	1,202,871
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN	17,110,073	14,846,799	13,211,047	12,737,089	14,067,966
TRANSFERS OUT	(16,990,096)	(14,735,078)	(13,090,239)	(12,628,493)	(13,959,551)
PAYMENTS TO REFUNDED BOND ESCROW AGENT	--	(710,543)	--	--	--
LONG-TERM DEBT ISSUED	--	1,807,149	--	588,684	296,825
OTHER	4,534	(58,430)	2,475	3,654	8,093
TOTAL OTHER FINANCING SOURCES (USES)	<u>124,511</u>	<u>1,149,897</u>	<u>123,283</u>	<u>700,934</u>	<u>413,333</u>
NET CHANGES IN FUND BALANCES	<u>\$ 207,341</u>	<u>\$ 1,522,232</u>	<u>\$ (91,289)</u>	<u>\$ 371,379</u>	<u>\$ 1,616,204</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES					
	1.9%	2.5%	2.8%	3.2%	2.4%

Note: Ten years are required; however, only five fiscal years since the implementation of GASB 34 in Fiscal Year 2002.

Source: Office of Statewide Reporting and Accounting Policy

State of Louisiana

TAXABLE SALES BY CATEGORY LAST TEN CALENDAR YEARS

(IN THOUSANDS)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
RETAIL SALES	\$ 56,638	\$ 52,810	\$ 50,074	\$ 48,311	\$ 49,918
BEVERAGE STORES	6,374	6,663	6,190	6,370	6,519
EATING AND DRINKING ESTABLISHMENTS	5,846	5,425	5,079	4,854	4,874
GENERAL MERCHANDISE	9,548	8,906	8,440	7,390	7,626
HOME FURNISHINGS	1,920	1,818	1,659	1,494	1,705
AUTO DEALERS AND SUPPLIES	<u>12,522</u>	<u>12,409</u>	<u>12,140</u>	<u>12,833</u>	<u>13,612</u>
TOTALS	<u>\$ 92,848</u>	<u>\$ 88,031</u>	<u>\$ 83,582</u>	<u>\$ 81,252</u>	<u>\$ 84,254</u>
STATE DIRECT SALES TAX RATE	4%	4%	4%	4%	4%

	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
RETAIL SALES	\$ 47,947	\$ 41,200	\$ 39,122	\$ 37,956	\$ 37,668
BEVERAGE STORES	6,383	7,518	7,289	7,347	7,268
EATING AND DRINKING ESTABLISHMENTS	4,552	3,985	3,747	3,545	3,661
GENERAL MERCHANDISE	7,352	6,272	5,971	5,703	5,584
HOME FURNISHINGS	1,720	1,664	1,566	1,508	1,514
AUTO DEALERS AND SUPPLIES	<u>13,505</u>	<u>10,641</u>	<u>9,993</u>	<u>9,659</u>	<u>9,523</u>
TOTALS	<u>\$ 81,459</u>	<u>\$ 71,280</u>	<u>\$ 67,688</u>	<u>\$ 65,718</u>	<u>\$ 65,218</u>
STATE DIRECT SALES TAX RATE	4%	4%	4%	4%	4%

Source: State Department of Economic Development

State of Louisiana

SALES TAX RATES LAST TEN YEARS

<u>YEAR</u>	<u>TANGIBLE PERSONAL PROPERTY</u>	<u>COMMUNICATIONS</u>	<u>COMMERCIAL UTILITIES</u>	<u>HOME UTILITIES</u>
2006	4.0 %	3.0 %	3.8 %	4.0 %
2005	4.0	3.0	3.8	0.0
2004	4.0	3.0	3.8	0.0
2003	4.0	3.0	4.0	3.9
2002	4.0	3.0	4.0	4.0
2001	4.0	3.0	4.0	4.0
2000	4.0	3.0	3.0	3.0
1999	4.0	3.0	3.0	3.0
1998	4.0	3.0	3.0	3.0
1997	4.0	4.0	4.0	4.0

Source: Department of Revenue and Taxation

State of Louisiana

TAX RATE BY MAJOR SOURCES OF REVENUE

TAX TYPE	COLLECTION UNIT	RATE/DESCRIPTION
<u>Alcoholic Beverage Taxes</u>		
Beer Tax	Department of Revenue	\$10 per 31-gallon barrel. This includes all alcoholic beverages with alcohol content of 6% or less.
Liquor and Wine Tax	Department of Revenue	\$0.66 per liter on liquor; \$0.42 per liter on sparkling wine; \$0.03 per liter on still wine with alcoholic content not over 14%; \$0.06 per liter on still wine with alcoholic content over 14% but not over 24%.
<u>Corporation Franchise Tax</u>	Department of Revenue	The tax is currently assessed on the taxable base at the rate of \$1.50 per \$1,000 on the first \$300,000 and \$3.00 per \$1,000 over \$300,000. The minimum amount of tax paid by a corporation is \$10 per year.
<u>Gasoline Tax</u>	Department of Revenue	\$0.20 per gallon. Petroleum Products Testing Fee – the fee for testing the quality and quantity of petroleum products is 1/32 cent per gallon, which was collected through August 31, 2003. Effective September 1, 2003, the fee was raised to 4/32 cents per gallon.
<u>Hazardous Liquid Pipeline Tax</u>	Department of Natural Resources	Annual user fee of \$15 per mile, or fraction thereof, of hazardous liquids pipeline operated.
<u>Hazardous Waste Disposal Tax</u>	Department of Revenue	\$30 per dry-weight ton for waste disposed of on-site, \$40 per dry-weight ton for waste disposed of off-site from where generated, and \$100 per dry-weight ton on extremely hazardous waste disposed of in Louisiana.
<u>Income Tax</u>		
Corporate income tax	Department of Revenue	4% on the first \$25,000 of net taxable income; 5% on the next \$25,000; 6% on the next \$50,000; 7% on the next \$100,000; and 8% on all net taxable income in excess of \$200,000.
Individual income tax	Department of Revenue	For taxable periods beginning after December 31, 2002, the rate of tax for taxpayers filing as single, married filing separately, or head of household is: 2% on the first \$12,500; 4% on the next \$12,500, and 6% on the taxable income above \$25,000. Married persons filing a joint return or qualifying surviving spouse are taxed at the following rates: 2% on the first \$25,000; 4% on the next \$25,000; and 6% on the taxable income above \$50,000. The combined personal exemption and standard deduction is \$4,500 for single individuals and married persons filing separately; \$9,000 for married couples filing jointly, qualified surviving spouses, and heads of households. A dependency deduction of \$1,000 is allowed for each dependent, each taxpayer and/or spouse who is 65 years of age or older, and for each taxpayer and/or spouse who is blind.
<u>Inheritance Tax</u>	Department of Revenue	<p>A. Inheritances of a surviving spouse are totally exempt from the tax.</p> <p>B. Inheritances are taxed on all amounts that exceed the following exemption per heir or legatee: Class A (lineal descendants and ascendants), \$25,000; Class B (collateral relationships such as brothers and sisters and their descendants), \$1,000; Class C (nonrelated), \$500. The tax rate for Class A is two percent of the first \$20,000 of taxable value and three percent of amounts over \$20,000 of taxable value. Class B is taxed at five percent of the first \$20,000 of taxable value and at seven percent of amounts over \$20,000 of taxable value. Class C is taxed at five percent of the first \$5,000 of taxable value and at 10 percent of amounts over \$5,000 of taxable value.</p> <p>C. For deaths occurring after June 30, 1998 and before July 1, 2001, the tax rates were reduced by eighteen percent; for deaths occurring after June 20, 2001, and before July 1, 2002, the tax rate shall be reduced by forty percent; for deaths occurring after June 30, 2002 and before July 1, 2003, the tax rates shall be reduced by sixty percent; for deaths occurring after June 30, 2003, and before July 1, 2004, the tax rates shall be reduced by eighty percent; and for deaths occurring after June 30, 2004, the tax shall not apply when judgment of possessions is rendered or when the succession is judicially opened no later than the last day of the ninth month following the death of the decedent.</p>
<u>Insurance Excise License Tax</u>	Department of Insurance	<p>A. The tax rate for life, accident, health and service is \$140 for annual premiums up to \$7,000 and \$225 for each additional \$10,000 or fraction thereof.</p> <p>B. The rate for fire, marine, transportation and casualty and surety is \$185 for annual premiums up to \$6,000 and \$300 for each additional \$10,000 or fraction thereof.</p>

State of Louisiana

TAX TYPE	COLLECTION UNIT	RATE/DESCRIPTION
<u>Mineral Resources - Royalties and Bonuses</u>	Department of Natural Resources	These are not taxes. However, all oil and gas leases provide for a bonus, which is bid on at the time the lease is given. Leasehold payments contained within the lease form, such as "delay rentals," "in-lieu royalty," and "deferred development" payments, and royalty which is bid on at the lease sale cannot, by statutory law, be less than 1/8th of the value of production. Mineral leases for solid mineral, such as sulfur, potash, salt, or lignite, provide for a royalty based on tonnage production at a market price paid per ton.
<u>Motor Vehicle - Licenses and Fees</u>	Department of Public Safety	<p>A. The minimum vehicle registration license tax is \$20 biannually for private passenger vehicles purchased before January 1, 1990. If purchased after January 1, 1990, the registration is based on the value of the vehicle – .1% of the value of the vehicle per year; with a minimum base of \$10,000. The license plates are sold in two-year increments; therefore, the minimum price is \$20.00. The registration fee is \$40 (four-year increments) for trucks up to 6,000 pounds and the fees vary annually for trucks over 6,000 pounds depending on the use and the gross axle weight (usually from \$10 to \$480).</p> <p>B. Driver's license fees range from \$13.50 to \$36.00 for four years for drivers of private vehicles. Other driver's license fees may vary.</p> <p>C. A fee not to exceed \$3 per service or transaction, at a local field office, enacted by LRS 32:429, is used solely to defray cost of operations of that office not fully funded by the State.</p>
<u>Natural Gas Franchise</u>	Department of Revenue	1% of the gross receipts from the operation of franchises or charters in the State.
<u>Transportation and Communications Utilities Tax</u>	Department of Revenue	2% of the gross receipts from intrastate business.
<u>Sales Tax</u>	Department of Revenue	4% sales tax is collected on the sale, use, consumption, distribution, or storage for use or consumption of any tangible personal property, on retail sales, leases, and rentals, and on <u>certain</u> sales of services including repairs of tangible personal property; 3% aggregate sales tax is collected on intrastate telecommunications and certain prepaid telephone services; effective April 1, 2004, the sales tax rate on interstate telecommunication services was reduced to 2%. Most statutory exemptions have been partially and temporarily suspended from July 1, 1986, through June 30, 2009, and are currently taxed at the suspended rate of 4% except for sales of electricity, water, natural gas and steam for other than residential use. The tax rate on these items is 3.8% from July 1, 2003 through December 31, 2005. For the period January 1, 2006, to June 30, 2009, sale for nonresidential purposes of natural gas for energy and electric power will be subject to a suspended rate of 3.3 percent. Sales of steam and water for nonresidential use will continue to be taxed at the suspended rate of 3.8 percent.
<u>Severance Tax</u>	Department of Revenue	<p>A. The tax on oil/condensate is based on the value. The full rate of oil/condensate is 12.5% of the value. The incapable oil rate is 6.25% of the value. The stripper oil rate is 3 1/8% of the value. Stripper oil is exempt as long as the average value is less than \$20 per barrel.</p> <p>B. The severance tax on natural gas is based on per thousand cubic feet. The full rate is adjusted annually on July 1, and may never be less than 7 cents per thousand cubic feet. As of July 1, 2006, the full rate is \$0.373 per thousand cubic feet at 15.025 pounds per square inch absolute. The rate on incapable oil well gas is \$0.03 per thousand cubic feet. The rate on incapable gas well gas is \$0.013 per thousand cubic feet.</p> <p>C. The tax rate on sulfur is \$1.03 per long-ton (2,240 pounds).</p> <p>D. The tax rate on salt is \$0.06 per ton.</p> <p>E. The tax rates on timber are 2.25% of stumpage value and 5% of stumpage value of pulpwood.</p> <p>F. The tax rate on shell and sand is \$0.06 per ton.</p> <p>G. The tax rate on stone is \$0.03 per ton.</p> <p>H. The tax rate on lignite is \$0.12 per ton.</p> <p>I. The tax rate on marble is \$0.20 per ton.</p>
<u>Special Fuels Tax</u>	Department of Revenue	The tax on special fuels is levied at a rate of \$0.20 per gallon on motor fuels other than gasoline.
<u>Surface Mining and Reclamation Fee</u>	Department of Revenue	The fee on coal and lignite mined in Louisiana is \$0.08 per ton.
<u>Tobacco Tax</u>	Department of Revenue	An excise tax is imposed on the first dealer who handles a tobacco product in the State. Cigars invoiced up to \$120 per thousand are taxed at 8% of the manufacturer's net invoice price, whereas cigars invoiced over \$120 per thousand are taxed at 20% on the net invoice price. The tax rate on smoking tobacco is computed at 33% of the invoice price to wholesalers. The tax rate on smokeless tobacco is 20% of the invoice price. The tax rate on cigarettes is \$0.018 per cigarette.

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LEGAL DEBT MARGIN AND DEBT LIMITATIONS LAST TEN FISCAL YEARS

(EXPRESSED IN THOUSANDS)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
LEGAL DEBT MARGIN				
BOND AUTHORIZATION LIMITATION	\$ 22,239,690	\$ 20,693,990	\$ 20,742,360	\$ 20,458,126
TOTAL NET DEBT APPLICABLE TO LIMITATION	<u>2,038,810</u>	<u>2,121,610</u>	<u>1,846,790</u>	<u>2,010,977</u>
LEGAL DEBT MARGIN	<u>\$ 20,200,880</u>	<u>\$ 18,572,380</u>	<u>\$ 18,895,570</u>	<u>\$ 18,447,149</u>
TOTAL NET DEBT APPLICABLE TO THE LIMIT AS A PERCENTAGE OF DEBT LIMIT	9.16%	10.25%	8.90%	9.83%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2006

BSRF REVENUES (3 YEARS)	\$ 33,359,536
DEBT LIMIT CALCULATION (Revenues divided by 3 times 2)	22,239,690
DEBT APPLICABLE TO LIMIT:	
GENERAL OBLIGATION BONDS	<u>2,038,810</u>
LEGAL DEBT MARGIN	<u>\$ 20,200,880</u>

TAX-SUPPORTED DEBT LIMITATION

ESTIMATED GENERAL FUND AND DEDICATED FUND REVENUE PER REVENUE ESTIMATING	\$ 9,005,330	\$ 8,325,500	\$ 7,889,700	\$ 7,837,100
PERCENTAGE ESTABLISHED PER LRS 39:1367	<u>6.00%</u>	<u>6.00%</u>	<u>6.00%</u>	<u>6.50%</u>
NET STATE TAX-SUPPORTED DEBT LIMIT	<u>540,320</u>	<u>499,530</u>	<u>473,382</u>	<u>509,412</u>
TOTAL NET STATE TAX-SUPPORTED DEBT PAID	<u>\$ 289,724</u>	<u>\$ 348,715</u>	<u>\$ 373,134</u>	<u>\$ 479,909</u>
PERCENTAGE OF ESTIMATED GENERAL FUND AND DEDICATED FUND REVENUES PER REVENUE ESTIMATING	3.22%	4.19%	4.73%	6.13%

GENERAL OBLIGATION DEBT LIMITATION

THREE YEAR AVERAGE BOND SECURITY REVENUES	\$ 11,119,845	\$ 10,346,995	\$ 10,371,180	\$ 10,229,060
PERCENTAGE DEBT LIMITATION	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>
GENERAL OBLIGATION DEBT LIMITATION	<u>1,111,985</u>	<u>1,034,700</u>	<u>1,037,118</u>	<u>1,022,906</u>
HIGHEST CURRENT OR FUTURE ANNUAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENT	<u>\$ 240,685</u>	<u>\$ 240,685</u>	<u>\$ 264,601</u>	<u>\$ 268,395</u>
PERCENTAGE OF THE GENERAL OBLIGATION DEBT SERVICE REQUIREMENT	21.64%	23.26%	25.51%	26.24%

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<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ 19,585,399	\$ 17,373,270	\$ 16,046,056	\$ 15,501,084	\$ 14,724,210	\$ 13,722,258
<u>2,000,590</u>	<u>1,941,026</u>	<u>1,759,655</u>	<u>1,761,745</u>	<u>1,898,683</u>	<u>1,923,390</u>
\$ <u>17,584,809</u>	\$ <u>15,432,244</u>	\$ <u>14,286,401</u>	\$ <u>13,739,339</u>	\$ <u>12,825,527</u>	\$ <u>11,798,868</u>
10.21%	11.18%	10.97%	11.37%	12.89%	14.08%
\$ 7,858,900	\$ 7,556,100	\$ 7,222,100	\$ 6,902,100	\$ 6,574,700	\$ 5,822,500
<u>6.40%</u>	<u>6.60%</u>	<u>7.00%</u>	<u>9.00%</u>	<u>10.20%</u>	<u>10.60%</u>
<u>502,970</u>	<u>498,703</u>	<u>505,547</u>	<u>621,189</u>	<u>670,619</u>	<u>617,185</u>
\$ <u>368,921</u>	\$ <u>311,714</u>	\$ <u>165,751</u>	\$ <u>266,927</u>	\$ <u>315,539</u>	\$ <u>452,463</u>
4.70%	4.13%	2.30%	3.87%	4.80%	7.77%
\$ 9,792,696	\$ 8,686,635	\$ 8,023,028	\$ 7,750,542	\$ 7,362,105	\$ 6,861,129
<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>
<u>979,270</u>	<u>868,664</u>	<u>802,303</u>	<u>775,054</u>	<u>736,211</u>	<u>686,113</u>
\$ <u>286,909</u>	\$ <u>309,553</u>	\$ <u>281,709</u>	\$ <u>281,709</u>	\$ <u>282,031</u>	\$ <u>266,336</u>
29.30%	35.64%	35.11%	36.35%	38.31%	38.82%

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REVENUE BOND COVERAGE LAST TEN FISCAL YEARS

(EXPRESSED IN THOUSANDS EXCEPT COVERAGE RATIO)

	FISCAL YEAR ENDED JUNE 30	GROSS REVENUE	DIRECT OPERATING EXPENSES	AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	ANNUAL DEBT SERVICE	COVERAGE RATIO
PRIMARY GOVERNMENT:								
PUBLIC FACILITIES BONDS:								
Louisiana Office Building Corporation **	2006	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	--
	2005	--	--	--	--	--	--	--
	2004	--	--	--	--	--	--	--
	2003	--	--	--	--	--	--	--
	2002	--	--	--	--	--	--	--
	2001	--	--	--	--	--	--	--
	2000	274	89	185	130	6	136	1.36
	1999	360	60	300	585	34	619	0.48
	1998	346	77	269	485	57	542	0.50
	1997	261	191	70	550	83	633	0.11
Louisiana Correctional Facilities Corporation	2006	\$ 1,271	\$ 161	\$ 1,110	\$ 4,840	\$ 1,097	\$ 5,937	0.19
	2005	1,474	34	1,440	4,610	1,326	5,936	0.24
	2004	3,413	904	2,509	4,410	1,526	5,936	0.42
	2003	9,967	133	9,834	38,705	2,524	41,229	0.24
	2002	5,766	53	5,713	15,290	2,304	17,594	0.32
	2001	6,523	28	6,495	14,315	3,093	17,408	0.37
	2000	121	1,420	(1,299)	13,435	3,805	17,240	(0.08)
	1999	246	3,078	(2,832)	12,645	4,444	17,089	(0.17)
	1998	737	1,193	(456)	11,925	5,022	16,947	(0.03)
	1997	313	77	236	11,280	5,544	16,824	0.01
Louisiana Office Facilities Corporation	2006	\$ 32,529	\$ 13,411	\$ 19,118	\$ 11,680	\$ 16,854	\$ 28,534	0.67
	2005	33,618	15,555	18,063	11,160	17,364	28,524	0.63
	2004	30,975	21,433	9,542	10,700	15,415	26,115	0.37
	2003	22,844	11,952	10,892	6,775	13,001	19,776	0.55
	2002	19,592	7,267	12,325	6,500	14,360	20,860	0.59
	2001	11,421	3,267	8,154	1,075	8,444	9,519	0.86
	2000	9,024	3,250	5,774	820	5,651	6,471	0.89
	1999	3,278	3,634	(356)	670	1,025	1,695	(0.21)
	1998	4,961	2,451	2,510	625	1,071	1,696	1.48
	1997	4,846	2,078	2,768	585	1,114	1,699	1.63
COMPONENT UNITS:								
INFRASTRUCTURE BONDS:								
Orleans Levee District	2006	\$ 9,233	\$ 22,882	\$ (13,649)	\$ 4,775	\$ 3,808	\$ 8,583	(1.59)
	2005	18,147	28,194	(10,047)	4,455	4,067	8,522	(1.18)
	2004	14,981	25,365	(10,384)	1,495	1,711	3,206	(3.24)
	2003	15,158	22,833	(7,675)	1,395	1,786	3,181	(2.41)
	2002	16,098	22,600	(6,502)	1,310	1,866	3,176	(2.05)
	2001	13,143	10,559	2,584	1,230	1,941	3,171	0.81
	2000	11,306	7,976	3,330	1,183	3,053	4,236	0.79
	1999	9,883	5,684	4,199	1,118	3,109	4,227	0.99
	1998	10,523	6,290	4,233	1,066	3,167	4,233	1.00
	1997	11,467	7,364	4,103	33,898	5,955	39,853	0.10
Greater Baton Rouge Port Commission*	2006	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	--
	2005	4,980	4,919	61	320	433	753	0.08
	2004	4,827	4,025	802	300	455	755	1.06
	2003	5,280	3,850	1,430	285	477	762	1.88
	2002	6,391	4,136	2,255	270	499	769	2.93
	2001	4,899	3,217	1,682	260	520	780	2.16
	2000	4,154	2,849	1,305	2,730	375	3,105	0.42
	1999	4,025	3,216	809	400	119	519	1.56
	1998	4,316	2,857	1,459	385	82	467	3.12
	1997	4,376	3,288	1,088	370	94	464	2.34

* Greater Baton Rouge Port Commission reclassified the bonds payable as notes payable in fiscal year 2005-2006.

** Bonds paid off in fiscal year 2000.

***Louisiana Agricultural Finance Authority was an enterprise fund in fiscal years 1997-2002

Source: Office of Statewide Reporting and Accounting Policy

State of Louisiana

	FISCAL YEAR ENDED JUNE 30	GROSS REVENUE	DIRECT OPERATING EXPENSES	AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	ANNUAL DEBT SERVICE	COVERAGE RATIO
Greater New Orleans Expressway Commissio	2006	\$ 14,276	\$ 10,925	\$ 3,351	\$ 1,750	\$ 3,013	\$ 4,763	0.70
	2005	16,090	11,024	5,066	1,230	1,961	3,191	1.59
	2004	15,934	8,935	6,999	650	3,709	4,359	1.61
	2003	15,130	8,275	6,855	5,795	3,867	9,662	0.71
	2002	17,314	8,051	9,263	--	4,014	4,014	2.31
	2001	582	381	201	2,685	4,147	6,832	0.03
	2000	769	438	331	1,985	3,795	5,780	0.06
	1999	587	952	(365)	1,895	3,612	5,507	(0.07)
	1998	399	342	57	1,540	3,685	5,225	0.01
	1997	468	718	(250)	1,510	3,784	5,294	(0.05)
Sabine River Authority	2006	\$ 4,581	\$ 4,457	\$ 124	\$ 660	\$ 386	\$ 1,046	0.12
	2005	6,581	4,253	2,328	630	282	912	2.55
	2004	6,282	3,603	2,679	9,035	724	9,759	0.27
	2003	6,042	4,030	2,012	1,985	473	2,458	0.82
	2002	5,922	3,570	2,352	1,210	523	1,733	1.36
	2001	7,054	4,259	2,795	1,150	572	1,722	1.62
	2000	5,033	3,868	1,165	635	595	1,230	0.95
	1999	6,796	4,085	2,711	945	160	1,105	2.45
	1998	7,222	4,139	3,083	900	208	1,108	2.78
	1997	4,962	4,096	866	865	249	1,114	0.78
Other Levee Districts	2006	\$ 3,501	\$ 4,644	\$ (1,143)	\$ 1,195	\$ 140	\$ 1,335	(0.86)
	2005	482	5,709	(5,227)	1,150	165	1,315	(3.97)
	2004	3,963	6,612	(2,649)	1,650	141	1,791	(1.48)
	2003	5,734	9,381	(3,647)	810	197	1,007	(3.62)
	2002	3,573	7,502	(3,929)	615	299	914	(4.30)
	2001	14,308	13,401	907	725	356	1,081	0.84
	2000	11,769	12,838	(1,069)	1,080	537	1,617	(0.66)
	1999	12,299	9,744	2,555	630	439	1,069	2.39
	1998	10,651	11,301	(650)	585	478	1,063	(0.61)
	1997	16,280	16,634	(354)	430	440	870	(0.41)
PUBLIC FACILITIES BONDS:								
Louisiana Agricultural Finance Authority***	2006	\$ 22,866	\$ 14,270	\$ 8,596	\$ 7,608	\$ 266	\$ 7,874	1.09
	2005	4,624	5,364	(740)	841	929	1,770	(0.42)
	2004	5,791	6,379	(588)	275	72	347	(1.69)
	2003	1,937	3,679	(1,742)	7,275	79	7,354	(0.24)
	2002	1,590	2,946	(1,356)	820	116	936	(1.45)
	2001	2,416	2,983	(567)	785	152	937	(0.61)
	2000	2,394	4,537	(2,143)	640	180	820	(2.61)
	1999	2,239	1,568	671	1,640	75	1,715	0.39
	1998	1,804	1,233	571	2,075	241	2,316	0.25
	1997	102	892	(790)	1,275	303	1,578	(0.50)
Louisiana Stadium and Exposition District	2006	\$ 7,404	\$ 19,517	\$ (12,113)	\$ 4,580	\$ 9,586	\$ 14,166	(0.86)
	2005	25,130	43,596	(18,466)	4,545	9,820	14,365	(1.29)
	2004	30,597	45,581	(14,984)	4,120	9,663	13,783	(1.09)
	2003	32,112	48,331	(16,219)	3,905	9,876	13,781	(1.18)
	2002	29,466	43,045	(13,579)	3,710	10,076	13,786	(0.98)
	2001	29,079	39,838	(10,759)	3,520	10,264	13,784	(0.78)
	2000	27,078	34,810	(7,732)	3,185	10,598	13,783	(0.56)
	1999	19,023	27,636	(8,613)	--	1,632	1,632	(5.28)
	1998	17,860	24,751	(6,891)	2,375	11,777	14,152	(0.49)
	1997	17,728	26,335	(8,607)	670	5,788	6,458	(1.33)
HOUSING LOAN BONDS:								
Louisiana Housing Finance Authority	2006	\$ 18,716	\$ 12,599	\$ 6,117	\$ 39,965	\$ 2,843	\$ 42,808	0.14
	2005	14,398	7,494	6,904	4,005	4,299	8,304	0.83
	2004	11,956	7,967	3,989	1,625	604	2,229	1.79
	2003	13,630	6,445	7,185	465	569	1,034	6.95
STUDENT UNIVERSITY BONDS:								
Colleges and Universities	2006	\$ 851,690	\$ 4,036,354	\$ (3,184,664)	\$ 15,728	\$ 22,043	\$ 37,771	(84.32)
	2005	848,806	2,916,686	(2,067,880)	75,675	21,739	97,414	(21.23)
	2004	757,334	2,687,044	(1,929,710)	32,430	20,773	53,203	(36.27)
	2003	669,838	2,502,360	(1,832,522)	51,851	13,611	65,462	(27.99)
	2002	656,545	2,316,838	(1,660,293)	12,494	12,435	24,929	(66.60)

State of Louisiana

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

(EXPRESSED IN THOUSANDS)

GOVERNMENTAL ACTIVITIES					
FISCAL YEAR	GENERAL OBLIGATION BONDS (1)	TIMED BONDS	TOBACCO SETTLEMENT FINANCING	OFFICE FACILITIES CORPORATION	OTHER (2)
2006	\$ 2,844,454	\$ 1,568,930	\$ 1,563,849	\$ 476,186	168,891
2005	3,033,297	1,612,998	1,648,561	504,719	181,520
2004	2,608,149	494,088	1,740,216	350,468	198,675
2003	2,876,617	545,788	1,831,987	223,226	218,719
2002	2,778,041	67,807	1,941,223	238,129	92,415
2001	2,661,486	101,710	--	15,035	115,269
2000	2,360,814	135,612	--	16,713	137,786
1999	2,453,476	169,518	--	--	162,660
1998	2,677,781	211,844	--	--	162,366
1997	2,723,231	247,150	--	--	188,728

BUSINESS-TYPE ACTIVITIES				
FISCAL YEAR	OFFICE FACILITIES CORPORATION (3)	OTHER (4)	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME
2006	\$ --	\$ 274,224	\$ 6,896,534	* %
2005	--	277,889	7,258,984	1.61
2004	182,776	--	5,574,372	1.13
2003	155,826	851	5,853,014	1.26
2002	160,806	3,261	5,281,682	1.17
2001	399,228	5,468	3,298,196	0.75
2000	245,835	7,749	2,904,509	0.70
1999	20,034	10,473	2,816,161	0.72
1998	21,729	11,870	3,085,590	0.80
1997	23,425	19,394	3,201,928	0.88

(1) General Obligation Bonds less Reimbursable Contracts

(2) Includes Crescent City Connection, Health Education Authority, LA Correctional Facilities Corporation, Public Safety LPFA, Ascension-St. James Bridge Authority, LA Agricultural Finance, LA Office Building Corporation, and Parish Road Fund

(3) Part of Office Facilities Corporation was an enterprise fund, then reclassified to a governmental fund in fiscal year 2004-2005.

(4) Includes the Louisiana Transportation Authority and Louisiana Opportunity Loan Fund

* Information not yet available

State of Louisiana

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN CALENDAR YEARS

YEAR	POPULATION (A)(B)(1)(2)	PERSONAL INCOME (A)(3)	PER CAPITA PERSONAL INCOME (C)(3)	MEDIAN AGE (1)	CIVILIAN LABOR FORCE (A)(1)	LOUISIANA UNEMPLOYMENT RATE (1)	U.S. UNEMPLOYMENT RATE (1)
2005	4,524	\$ 111,200,646	\$ 24,582	35.2	1,923	7.1 %	5.1 %
2004	4,516	122,913,214	27,581	34.9	2,058	5.7	5.5
2003	4,496	116,176,096	26,038	34.7	2,037	6.6	6.0
2002	4,483	112,709,180	25,370	34.5	2,006	6.1	5.8
2001	4,465	110,256,197	24,084	34.3	2,050	6.0	4.8
2000	4,469	103,150,742	23,041	34.0	2,030	5.5	4.0
1999	4,372	98,199,625	22,847	34.1	2,052	5.1	4.2
1998	4,369	96,677,099	21,385	33.9	2,063	5.7	4.5
1997	4,352	91,431,716	20,473	33.6	2,024	6.1	4.9
1996	4,351	87,036,428	19,664	33.0	1,997	6.7	5.4

(A) Expressed in thousands

(B) Population figures are estimated by the U.S. Census Bureau and
are revised yearly; however, only the original estimates are reported here

(C) Expressed in dollars

Sources: (1) U.S. Census Bureau
(2) Louisiana Department of Labor
(3) Survey of Current Business, U.S. Department of Commerce, Bureau of Economic Analysis

State of Louisiana

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

2006 EMPLOYER	RANGE	1997 EMPLOYER
STATE OF LOUISIANA (1)	50,000+	WAL-MART STORES, INC
LOUISIANA STATE UNIVERSITY (2) (3)	25,000+	U.S. POST OFFICE
BARKSDALE AIR FORCE BASE	10,000+	ORLEANS PARISH SCHOOL BOARD
OCHSNER FOUNDATION HOSPITAL (3)	5,000-9,999	WINN DIXIE LOUISIANA, INC.
OCHSNER CLINIC FOUNDATION (3)	5,000-9,999	JEFFERSON PARISH SCHOOL BOARD
NORTHROP GRUMMAN SHIP SYSTEMS	5,000-9,999	E. BATON ROUGE PARISH SCHOOL BOARD
CANAL STREET ASSEMBLY OF GOD (3)	5,000-9,999	DEPARTMENT OF DEFENSE
TULANE UNIVERSITY (3)	5,000-9,999	CADDO PARISH SCHOOL BOARD
WILLS KNIGHTON HEALTH SYSTEM	5,000-9,999	CITY OF NEW ORLEANS
U.S. POST OFFICE	1,000-4,999	LSU MEDICAL CENTER NEW ORLEANS (2)
ACADIANA SHARPENING SERVICE	1,000-4,999	ST. TAMMANY PARISH SCHOOL BOARD
J RAY MCDERMOTT, INC	1,000-4,999	LA DEPT. OF TRANSPORTATION & DEVELOPMENT (1)
OUR LADY OF THE LAKE MEDICAL CENTER	1,000-4,999	THE MEDICAL CENTER OF LOUISIANA (2)
CHRISTUA SCHUMPERT HEALTH	1,000-4,999	AVONDALE INDUSTRIES
HORSESHOE CASINO	1,000-4,999	BELL SOUTH TELECOMMUNICATION

Source: 2006 employer list is based on range information from InfoUSA.
 1997 employer list is from the Office of Statewide Reporting and
 Accounting Policy archive files - range information not available.

- (1) Government - Primary
- (2) Government - Component Unit
- (3) Affected by Hurricane Katrina

State of Louisiana

LOUISIANA STATE EMPLOYEES BY FUNCTION/PROGRAM LAST FIVE FISCAL YEARS

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
GENERAL GOVERNMENT					
CLASSIFIED	6,138	6,414	6,282	6,343	6,287
UNCLASSIFIED	4,229	4,165	4,030	4,082	4,027
CULTURE, RECREATION, AND TOURISM					
CLASSIFIED	594	715	722	708	754
UNCLASSIFIED	352	676	664	665	685
TRANSPORTATION AND DEVELOPMENT					
CLASSIFIED	4,705	5,005	5,168	5,228	5,181
UNCLASSIFIED	96	92	103	105	91
PUBLIC SAFETY					
CLASSIFIED	2,835	2,890	2,892	2,834	2,762
UNCLASSIFIED	85	93	125	113	112
HEALTH AND WELFARE					
CLASSIFIED	16,373	17,688	17,687	17,840	17,672
UNCLASSIFIED	1,030	1,091	1,020	1,010	1,000
CORRECTIONS					
CLASSIFIED	5,794	7,370	7,378	7,660	7,701
UNCLASSIFIED	256	546	583	536	569
YOUTH SERVICES [1]					
CLASSIFIED	1,029	--	--	--	--
UNCLASSIFIED	175	--	--	--	--
CONSERVATION AND ENVIRONMENT					
CLASSIFIED	2,098	2,239	2,235	2,219	2,163
UNCLASSIFIED	146	244	255	262	288
EDUCATION					
CLASSIFIED	1,135	1,269	1,249	1,194	1,167
UNCLASSIFIED	1,091	1,165	1,162	1,357	1,307
COLLEGES AND UNIVERSITIES					
CLASSIFIED	16,129	19,759	19,995	20,634	20,552
UNCLASSIFIED	25,716	27,663	26,887	26,394	24,640
OTHER					
CLASSIFIED	2,040	2,189	2,261	2,270	2,282
UNCLASSIFIED	898	827	808	768	713
TOTAL	<u>92,944</u>	<u>102,100</u>	<u>101,506</u>	<u>102,222</u>	<u>99,953</u>

Source: Louisiana Department of Civil Service

[1] Office of Youth Services moved from Corrections in FY 2006.

State of Louisiana

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN YEARS

	2006	2005	2004	2003
GENERAL GOVERNMENT				
AGRICULTURE - CROPS (thousands of dollars) - [1]	*	\$1,204,605	\$1,347,810	\$1,296,021
AGRICULTURE - LIVESTOCK (thousands of dollars) - [1]	*	\$920,093	\$877,993	\$697,345
AGRICULTURE - TIMBER (thousands of dollars) - [1]	*	\$581,709	\$593,094	\$605,357
ELECTIONS - REGISTERED VOTERS (in thousands) - [1]	*	2,845	2,820	2,787
REVENUE - TAX RETURNS FILED (in thousands) - [2]	*	4,061	4,195	3,949
REVENUE - TAX RETURNS FILED ELECTRONICALLY - [2]	*	32%	25%	17%
CULTURE, RECREATION, AND TOURISM				
STATE PARKS VISITORS (in thousands) - [2]	1,596	2,183	2,087	2,064
TRANSPORTATION AND DEVELOPMENT				
NUMBER OF BRIDGES	13,181	13,206	13,223	13,249
OPERATIONAL COST FOR STATE-OWNED HIGHWAYS - [2]	\$15,725	\$15,514	\$14,006	--
PUBLIC SAFETY				
STATE POLICE ROAD PATROL MILEAGE (in thousands) - [2]	10,119	10,204	10,904	10,447
HEALTH AND WELFARE				
DHH - MEDICAID CLAIMS PROCESSED (in thousands) - [2]	46,725	51,930	47,133	40,399
DHH - CHILDREN IMMUNIZED - [1]	*	95.0%	92.3%	90.4%
CORRECTIONS				
AVERAGE DAILY COST PER INMATE BED - [2]	\$47.00	\$48.99	\$44.97	\$43.38
CONSERVATION AND ENVIRONMENT				
WLF - FISH AND SHELLFISH (thousands of dollars) - [1]	*	\$251,895	\$275,634	\$271,113
WLF - ALLIGATOR AND GAME (thousands of dollars) - [1]	*	*	\$44,748	\$37,252
WLF - HUNTER DAYS ANNUALLY (in millions) - [1]	*	5.0	6.4	5.8
WLF - LICENSED COMMERCIAL FISHERMEN - [1]	*	14,120	15,832	17,070
EDUCATION				
GRADES K-12 (number of students) - [3]	*	587,205	701,471	705,534
AVERAGE ACT SCORE - [4]	20.1	19.8	19.8	19.6
START PRINCIPAL DEPOSITS (thousands of dollars) - [1]	*	\$93,217	\$63,049	\$37,317
TOPS TUITION AWARDS (thousands of dollars) - [2]	\$116,203	\$118,882	\$110,926	\$103,729
TOPS AWARDS RECIPIENTS (number of students) - [2]	42,130	42,435	41,034	40,107
COLLEGES & UNIVERSITIES (number of students) - [5]	*	205,300	214,345	210,527

* Information for this year is not available

Sources: [1] based on calendar years
 [2] based on fiscal years
 [3] based on school year reported on October 1
 [4] based on graduating class
 [5] based on preliminary reported on September 1

State of Louisiana

2002	2001	2000	1999	1998	1997
\$1,159,194	\$1,115,793	\$1,166,533	\$1,227,563	\$1,245,131	\$1,453,848
\$614,049	\$701,131	\$653,274	\$620,036	\$645,493	\$655,210
\$568,440	\$559,383	\$654,770	\$680,314	\$744,597	\$610,314
2,720	2,763	2,725	2,726	2,651	2,629
4,084	4,341	--	--	--	--
14%	11%	--	--	--	--
2,008	1,970	1,713	1,469	1,442	1,339
13,274	13,540	13,605	13,665	13,688	13,742
--	--	--	--	--	--
10,378	11,452	11,732	11,751	--	--
35,242	32,753	30,076	28,796	28,918	30,240
95.0%	97.3%	97.0%	96.7%	96.5%	96.3%
\$41.62	\$40.33	\$37.93	\$35.04	\$34.87	\$36.03
\$279,989	\$345,091	\$418,918	\$336,963	\$291,893	\$306,528
\$32,886	\$25,614	\$32,543	\$24,031	\$19,127	\$23,872
6.0	5.8	6.0	6.7	6.8	6.5
18,419	19,080	18,061	17,778	17,004	16,813
708,238	714,020	727,255	738,624	752,897	763,812
19.6	19.6	19.6	19.6	19.5	19.4
\$9,207	\$7,707	\$4,020	\$2,600	\$1,400	--
\$103,273	\$90,492	\$67,084	\$53,407	--	--
40,851	35,726	29,120	23,509	--	--
204,197	201,295	191,673	192,965	154,923	154,884

State of Louisiana

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
CULTURE, RECREATION, AND TOURISM					
STATE PARKS	24	24	24	24	23
STATE PARKS (ACREAGE)	30,984	30,984	30,984	30,664	27,649
STATE HISTORIC SITES	21	21	21	21	21
STATE HISTORIC SITES (ACREAGE)	2,555	2,617	2,617	2,617	2,617
TRANSPORTATION AND DEVELOPMENT					
STATE HIGHWAYS (MILES)	16,691	16,697	16,694	16,699	16,706
PARISH ROADS (MILES)	33,319	33,332	33,311	33,311	33,223
CITY STREETS (MILES)	10,935	10,921	10,932	10,907	10,898
BRIDGES ON STATE HIGHWAYS	7,889	7,899	7,887	7,875	7,869
BRIDGES OFF STATE HIGHWAYS	5,292	5,307	5,336	5,374	5,405
PUBLIC SAFETY					
TROOPS	9	9	9	9	9

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
CULTURE, RECREATION, AND TOURISM					
STATE PARKS	23	23	17	16	16
STATE PARKS (ACREAGE)	26,907	26,207	22,581	21,229	21,229
STATE HISTORIC SITES	22	22	15	13	13
STATE HISTORIC SITES (ACREAGE)	2,620	2,613	2,072	2,052	2,052
TRANSPORTATION AND DEVELOPMENT					
STATE HIGHWAYS (MILES)	16,698	16,701	16,701	16,681	16,680
PARISH ROADS (MILES)	33,220	33,219	33,157	33,137	33,165
CITY STREETS (MILES)	10,899	10,895	10,887	10,879	10,824
BRIDGES ON STATE HIGHWAYS	7,928	7,936	7,927	7,928	7,924
BRIDGES OFF STATE HIGHWAYS	5,612	5,669	5,738	5,760	5,818
PUBLIC SAFETY					
TROOPS	9	9	9	9	9

Source: 1. Louisiana Department of Culture, Recreation, and Tourism,
Office of Tourism and Office of State Parks
2. Louisiana Department of Transportation and Development,
Traffic and Planning Section and Bridge Maintenance Section
3. Louisiana Department of Public Safety and Corrections,
Office of State Police

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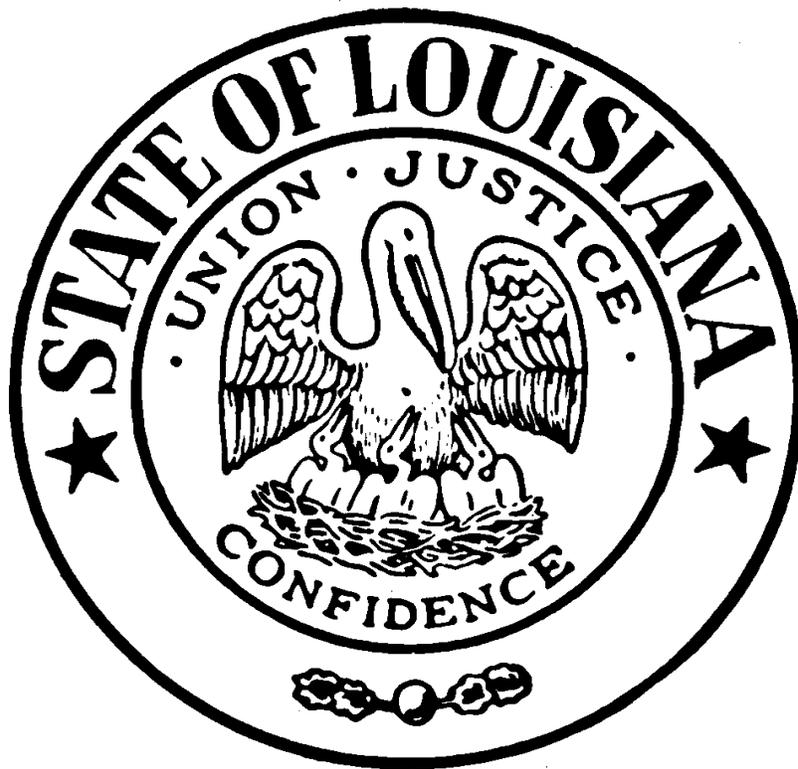
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REBUILDING LOUISIANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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