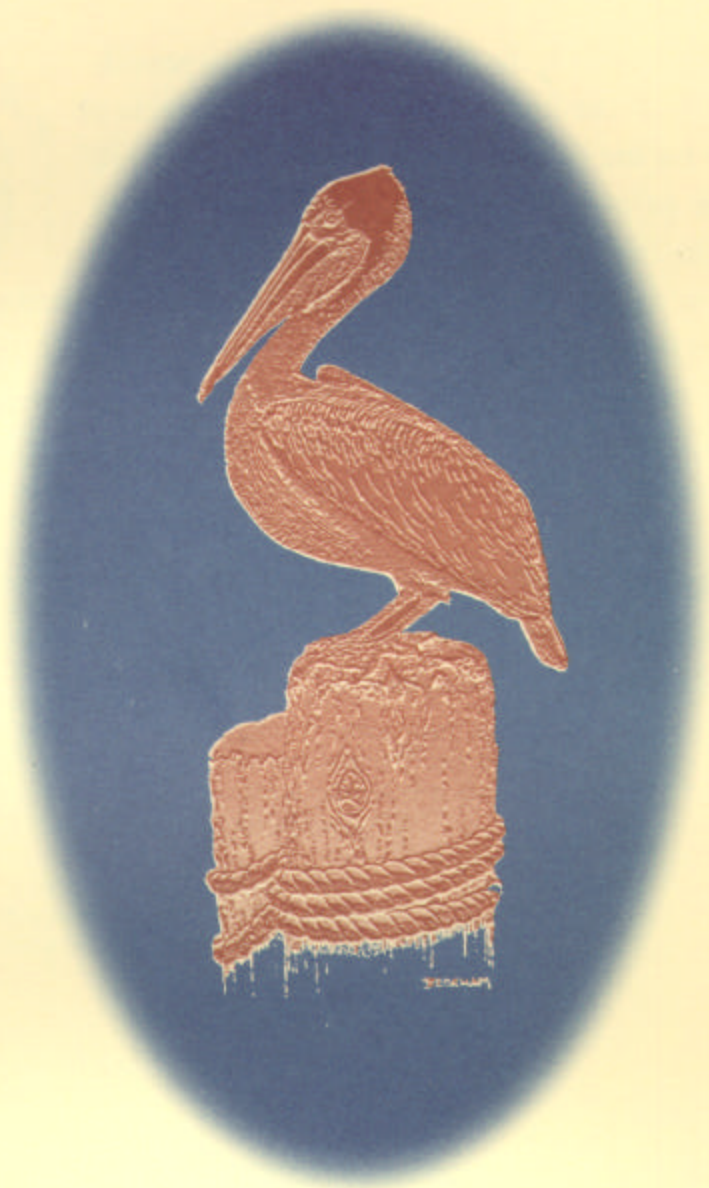


“RESTORING THE PRIDE”

FINANCIAL HIGHLIGHTS for the PEOPLE of THE STATE OF LOUISIANA

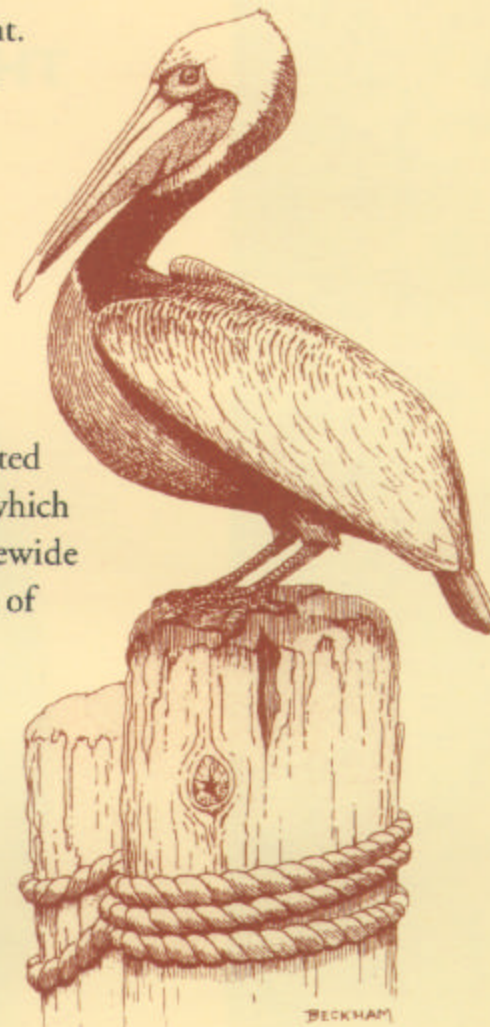


For the Fiscal Year ended June 30, 1999

Since the beginning of his administration in 1995, Governor M.J. "Mike" Foster has been committed to making significant changes in the operation of Louisiana's state government. His goal has been to change Louisiana for the better in order to bring back the pride in our state.

This report, "*Restoring the Pride*", is intended to provide an overview of the financial condition of the State of Louisiana for the fiscal year ended June 30, 1999. Its purpose is to provide in a simplified, easy to read format, the current condition of the state. It is not intended to replace the detailed accounting data presented in the *Comprehensive Annual Financial Report (CAFR)*, which will continue to be provided by the Office of Statewide Reporting and Accounting Policy within the Division of Administration.

"*Restoring the Pride*" presents selected financial, budgetary, economic, and demographic information of particular interest to Louisianians.



This public document was published at a total cost of \$2996.25. One Thousand (1000) copies of this public document were published in this first printing at a cost of \$2.99 per document. This document was published for public distribution by the Division of Administration, Office of Statewide Reporting and Accounting Policy, P.O. Box 94095, Baton Rouge, LA 70804-9095 to reflect an overview of the financial condition of the state for the fiscal year ended June 30, 1999 under the authority of R. S. 39:80. This material was printed in accordance with the standards for printing by state agencies established pursuant to R. S. 43:31.



M. J. "MIKE" FOSTER, JR.
GOVERNOR

RESTORING OUR FUTURE

State of Louisiana

DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

January 31, 2000

To: The Governor
Members of the Legislature, and the
People of the State of Louisiana

I am pleased to present the first publication of "Restoring the Pride." This publication presents a synopsis of the financial highlights of the fiscal year ended June 30, 1999 for the people of the State of Louisiana. We have provided this information in an easy-to-read format so that Louisianians may obtain a greater understanding of the current condition of the state.

The first section of this report provides a look at the balance sheet which reflects Louisiana's assets, liabilities, and fund equity. Comparisons of budget to actual revenues and expenditures are presented in the form of charts in the budgetary information section.

Following the budgetary section are highlights from our economic demographics. We have also presented a section on service efforts and accomplishments. Finally, we close with a section on events that are "restoring our future" and contributing to bringing the pride back to our state.

If you are interested in more detailed information than what is presented in this report, we invite you to access the State's Comprehensive Annual Financial Report (CAFR) on the internet at <http://www.state.la.us/osrap/cafr.htm>.

OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY



The Honorable M.J. "Mike" Foster, Jr., et al.
Page 2
January 31, 2000

I hope this report is informative and will encourage you to participate in your state government. Your comments and observations concerning this publication are welcome and should be sent to the Office of Statewide Reporting and Accounting Policy, P.O. Box 94095, Baton Rouge, Louisiana, 70804-9095 to the attention of the director, Mr. F. Howard Karlton, CPA or you may call (225) 342-6300.

Sincerely,

Mark C. Drennen
Commissioner of Administration

MCD:WJK:fhk



FINANCIAL POSITION

COMBINED BALANCE SHEET

Louisiana's financial position can be reflected by examining the total balance sheet which includes all entities and funds for which the state is responsible. The balance sheet reflects *Assets* (items owned by the state), *Liabilities* (debts or obligations of the state), and *Equity or Fund Balance* (the excess of assets over liabilities) and other credits.

ASSETS

LIABILITIES, EQUITY and OTHER CREDITS

(Expressed in Thousands)

Cash & Cash Equivalents	\$ 4,041,400	\$ 2,922,570	Payables
Investments	23,997,876	303,728	Compensated Absences Payable
Receivables	4,003,293	104,936	Deferred Revenues
Prepayments	14,313	798,916	Amounts Held in Custody for Others
Inventories	110,880	96,130	Obligations Under Capital Lease
Other Assets	44,727	2,643,260	Bonds Payable
Restricted Assets	74,648	3,017,557	Estimated Liabilities for Claims
Property, Plant & Equipment	6,864,706	2,326,537	Other Liabilities
Other	5,118,873	32,057,082	Fund Equity and Other Credits
Total Assets	\$ 44,270,716	\$ 44,270,716	Total Liabilities and Fund Equity

1999



FINANCIAL POSITION

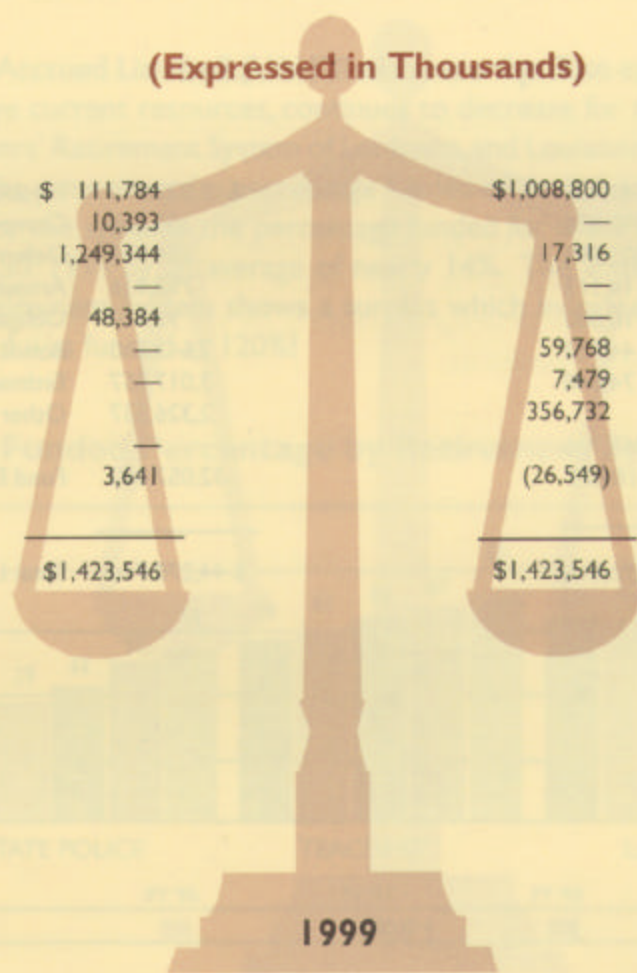
GENERAL FUND BALANCE SHEET

While the forgoing balance sheet showed the entire reporting entity, of special interest is the following balance sheet of the General Fund, or the operating fund of the state for the 1999 fiscal year. Assets of \$1.4 billion and obligations of \$1.1 billion leave a balance of \$330 million. The majority of this balance is reserved for many specific purposes, while the remaining is referred to as the "unreserved and undesignated fund balance" which is the amount left over after all of the state's obligations have been met.

ASSETS

LIABILITIES, EQUITY and OTHER CREDITS

(Expressed in Thousands)



Cash & Cash Equivalents	\$ 111,784	\$1,008,800	Payables
Investments	10,393	—	Compensated Absences Payable
Receivables	1,249,344	17,316	Deferred Revenues
Prepayments	—	—	Amounts Held in Custody for Others
Inventories	48,384	—	Obligations Under Capital Lease
Other Assets	—	59,768	Estimated Liabilities for Claims
Restricted Assets	—	7,479	Other Liabilities
Property, Plant, & Equipment	—	356,732	Reserved Fund Balance
Other	3,641	(26,549)	Unreserved and Undesignated Fund Balance
Total Assets	\$1,423,546	\$1,423,546	Total Liabilities and Fund Equity

1999

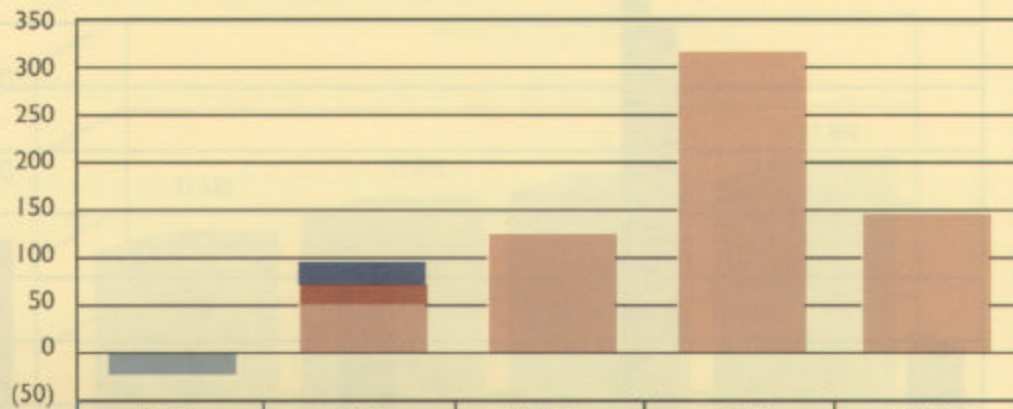


FINANCIAL POSITION

UNRESERVED / UNDESIGNATED FUND BALANCE - GENERAL FUND

One measure of the financial performance of the state is the comparison of the unreserved and undesignated fund balance of the General Fund (the general operating account of the state) for the last few years. The unreserved/undesignated fund balance, or the surplus, is the amount "left over" after all of the state's obligations have been paid. This, per the Louisiana Constitution, can only be used for capital construction, retiring or defeasance of state debt, or providing payments against the unfunded accrued liability of the retirement systems. In addition, 25% of any nonrecurring revenue, such as surpluses, must be placed in the Budget Stabilization or "Rainy Day" Fund. The following chart shows the use of the unreserved and undesignated fund balance of the General Fund for the last 5 years.

General Fund Surpluses by Year and How These Balances Were Spent



	FY '99	FY '98	FY '97	FY '96	FY '95
Rainy Day Fund	0	24	0	0	0
Capital Outlay	0	20	0	0	0
Defeasance of Debt	0	50	135	318	146
N/A	(27)	0	0	0	0

Most of the accumulated surplus has been used to reduce state debt. See *State Debt*, further in this publication. However, declining state revenues, primarily sales tax and oil revenues, plus extraordinary budget pressures to continue to fund state programs, have taken their toll. In fiscal year 1998, the Governor signed an executive order freezing certain spending and in December, 1999, he cut agency budgets by a total of \$50 million for fiscal year 2000 spending. In addition, a special session may be called in the spring of 2000 to address anticipated shortfalls.

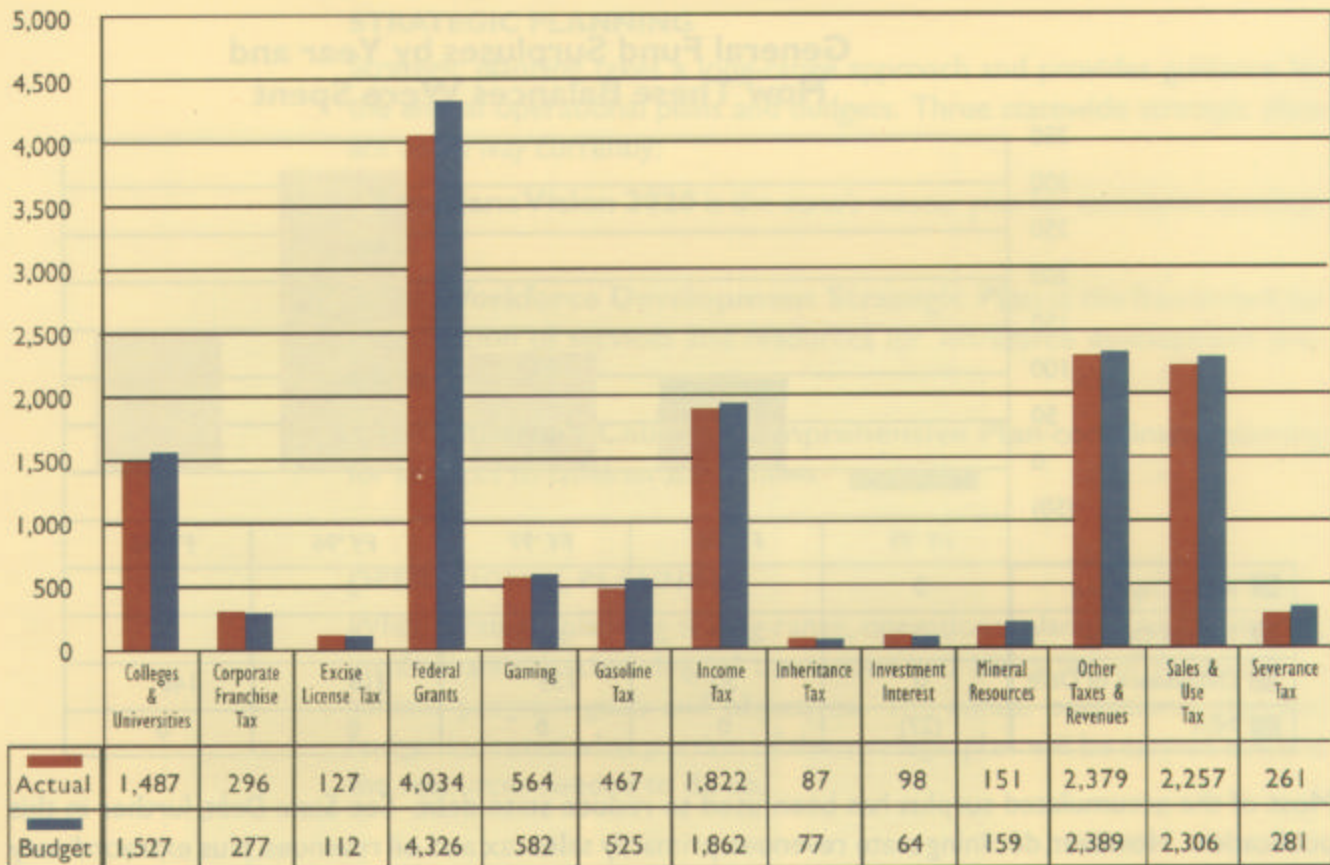


BUDGETARY INFORMATION

The State of Louisiana is legally required to prepare an annual budget for both revenues and expenditures. State agencies are required to adhere to this budget during the fiscal year. The following charts depict actual and budget amounts to reflect the state's performance in adhering to the legally adopted budget for the '99 fiscal year.

Comparison of Actual to Budget by Revenue Source – FY 98-99 (In Millions)

Revenues



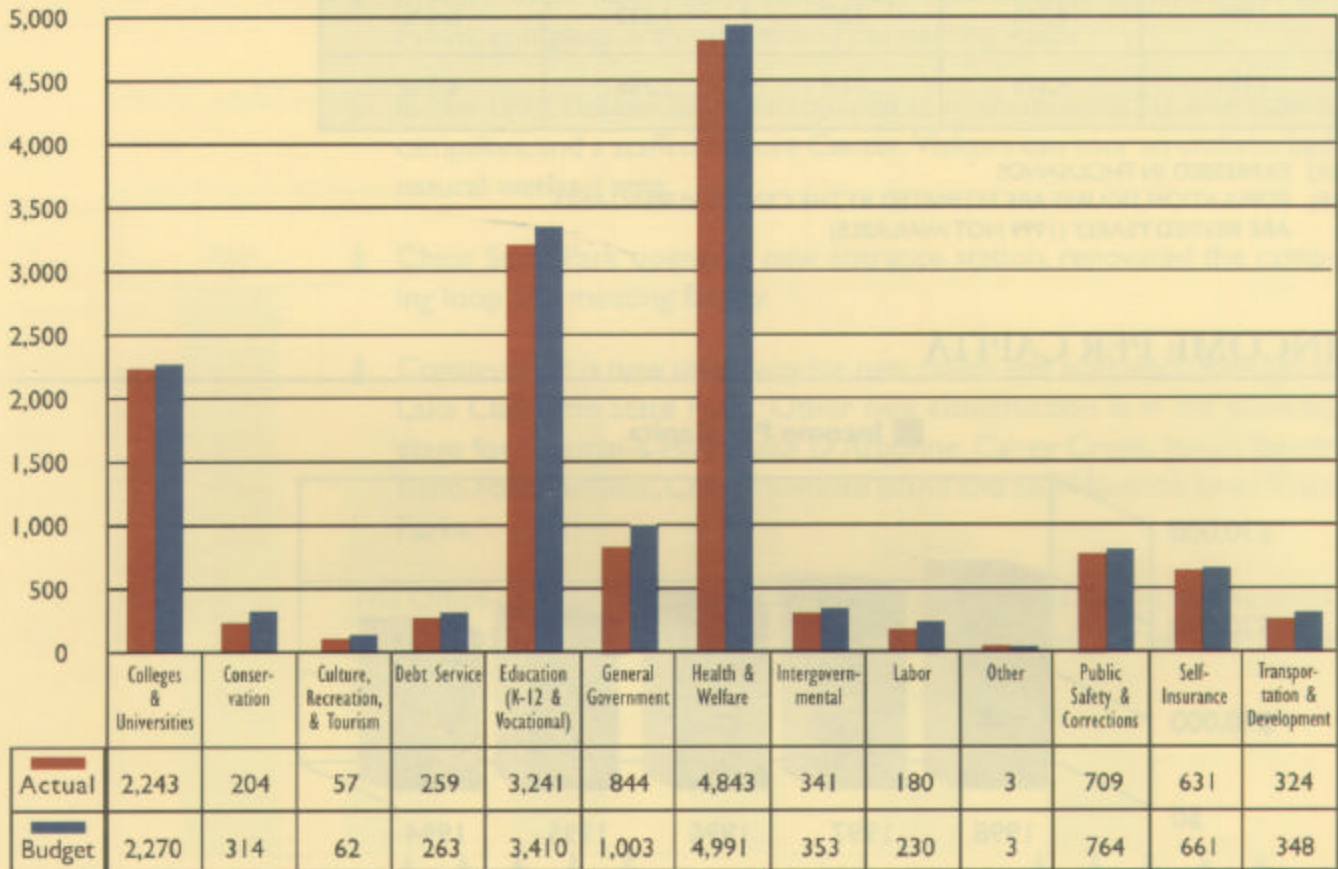
Source: 1999 CAFR



BUDGETARY INFORMATION

Comparison of Actual to Budget by Function of Government FY 98-99 (In Millions)

Expenditures



Source: 1999 CAFR



ECONOMIC DEMOGRAPHICS

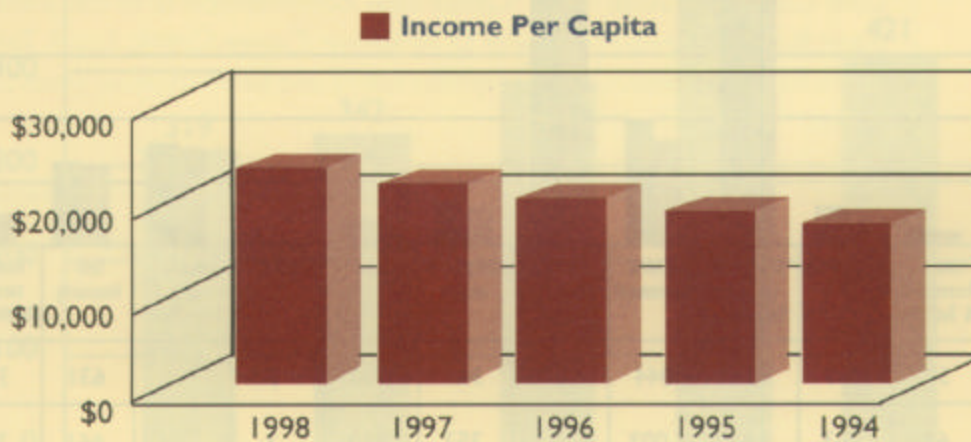
POPULATION AND EMPLOYMENT

YEAR	POPULATION (A) (B) 1	MEDIAN AGE 1	EMPLOYMENT (A) 2	LOUISIANA UNEMPLOYMENT RATE (A) 2
1998	4,369	33.9	1,945	5.7 %
1997	4,352	33.6	1,900	6.1 %
1996	4,351	33.0	1,863	6.7 %
1995	4,342	32.7	1,822	6.9 %
1994	4,315	32.4	1,785	8.0 %

(A) EXPRESSED IN THOUSANDS

(B) POPULATION FIGURES ARE ESTIMATED BY THE CENSUS BUREAU AND ARE REVISED YEARLY (1999 NOT AVAILABLE)

INCOME PER CAPITA



Source: 1999 CAFR



ECONOMIC DEMOGRAPHICS

STATE PARKS



Louisiana has set out to develop the best State Park system in the South. Beginning in February, 2000 we will have a central reservation system on-line at www.crt.state.la.us. A major focus was to increase overnight accommodations. With this in mind many new cabins and other improvements have been constructed at various sites.

- ▲ In April 1998, Lake Fausse Point State Park opened an additional ten cabins, complete with utilities and connecting roads.
- ▲ In May 1999, Tickfaw State Park opened as an ecotourism site with cabins, campsites, and a staffed Nature Center. Visitors can tour an undisturbed natural wetland area.
- ▲ Chico State Park opened a new entrance station, renovated the camping loop and meeting facility.
- ▲ Construction is now underway for new cabins and boat dock facilities at Lake Claiborne State Park. Other new construction is in the planning stage for Chemin-a-Haut, Lake D'Arbonne, Caney Creek, South Toledo Bend, Fontainebleau, Chico, Palmetto Island and Sam Houston Jones State Parks.

The Office of State Parks is performing statewide preventative maintenance repairs and improvements and road resurfacing to keep the parks in prime condition.





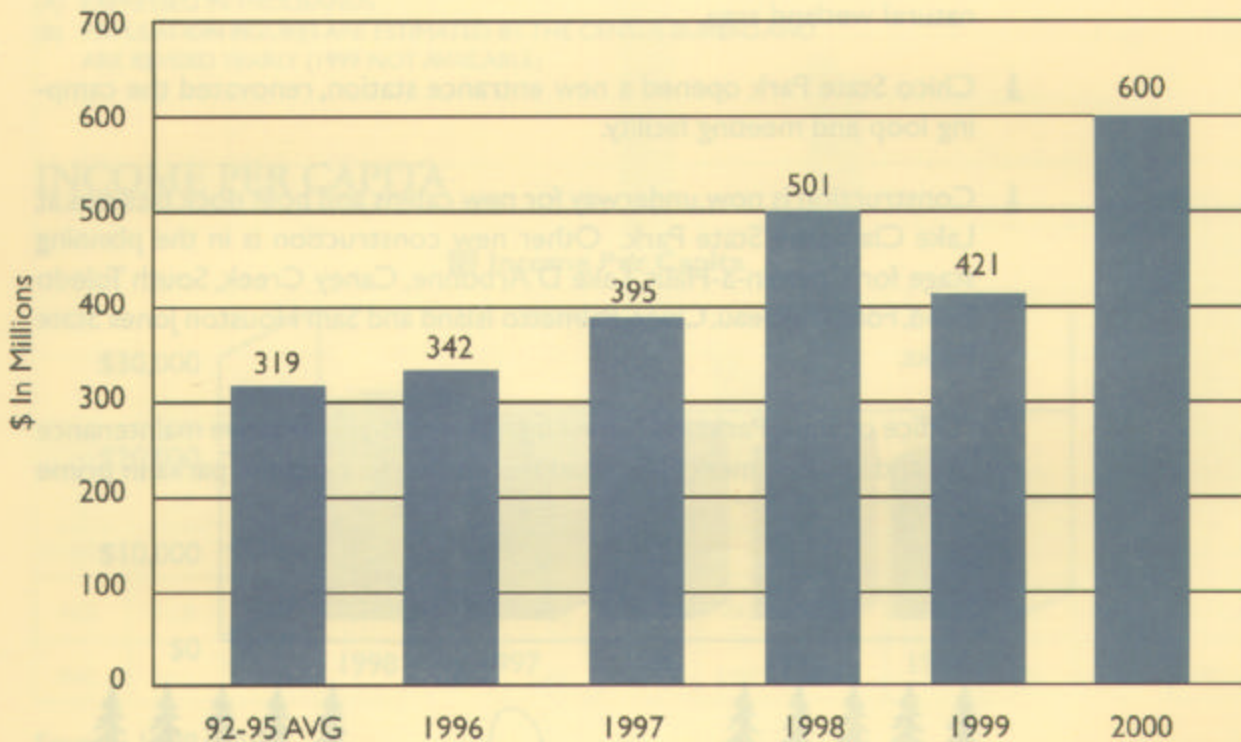
SERVICE EFFORTS & ACCOMPLISHMENTS

TRANSPORTATION



The Department of Transportation and Development (DOTD) was reorganized to run more efficiently and effectively. The outcome is impressive and has resulted in significant improvements to Louisiana's roads and interstates. Innovative methods such as working at night, incentives for finishing ahead of schedule, and improved phasing of construction have resulted in a more efficient manner of managing road projects. Use of inmate labor in cutting grass and picking up litter have helped to clean up our highways and improve the appearance of our rest areas. Construction has increased significantly as over \$421 million in projects began in 1999 with a projection of \$600 million in 2000. The following chart depicts some of this progress.

HIGHWAY PROJECTS APPROVED AND AWARDED TO CONTRACTORS





SERVICE EFFORTS & ACCOMPLISHMENTS

EDUCATION



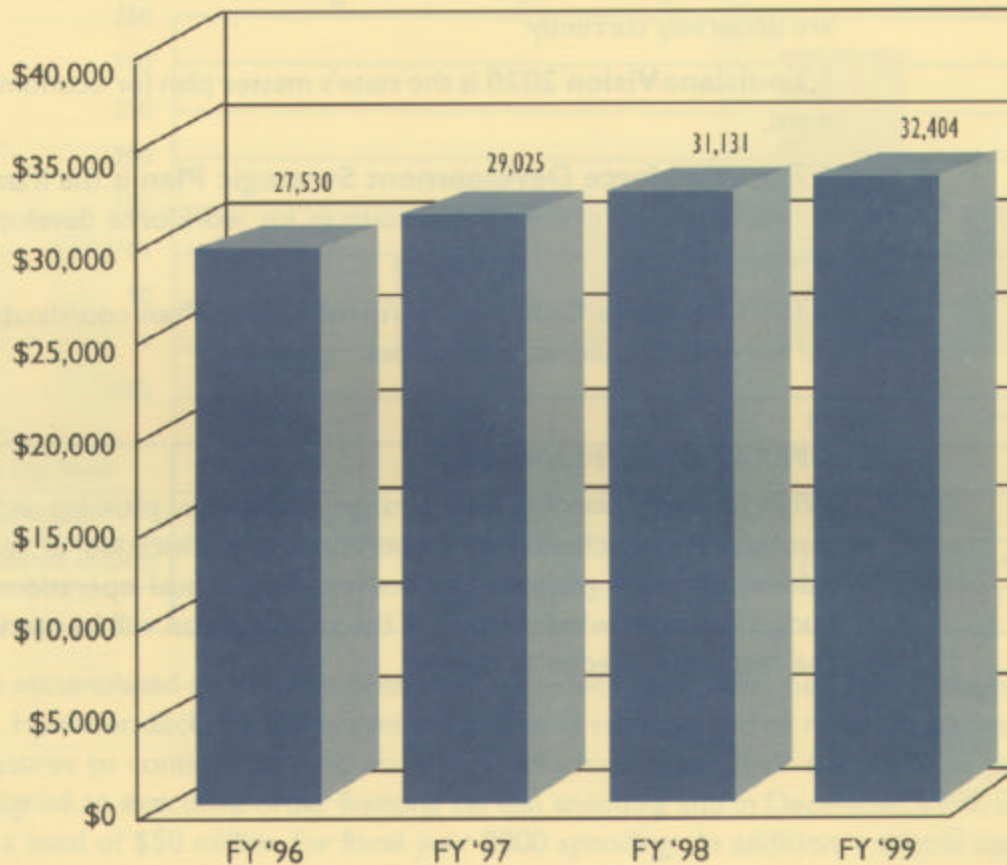
The Baton Rouge Community College, opened in FY 98-99, offers college-level courses to prepare students to enter into the job market.

All 4th and 8th grade students will now have to pass tough state tests in order to be promoted to the next grade. These tests are designed specifically to test their knowledge and determine whether they are capable of performing at a higher grade level.

Pre K-12 will be receiving a significant share of the Tobacco Settlement funding each year. This money will be used for instructional enhancement.

Teacher salaries have increased by nearly \$5000 since the 95/96 FY.

AVERAGE TEACHER SALARIES





SERVICE EFFORTS & ACCOMPLISHMENTS

MANAGING FOR RESULTS



The **Louisiana Government Performance and Accountability Act** passed in 1997 mandates what is referred to as “Performance Based Budgeting” (PBB). The act requires strategic planning, operational planning, performance accountability, and performance reporting for all state agencies. By following the mandate of this Act and implementing a philosophy of “Managing for Results”, Louisiana’s Division of Administration, Office of Planning and Budget has been working to improve the quality of services to better meet the needs and expectations of our customers and citizens.

STRATEGIC PLANNING

Strategic planning takes a long-range approach and provides guidance for the annual operational plans and budgets. Three statewide strategic plans are underway currently:

1. **Louisiana Vision 2020** is the state’s master plan for economic development.
2. The **Workforce Development Strategic Plan** is the framework for coordination of services and resources for workforce development programs.
3. The **Children’s Cabinet Comprehensive Plan** coordinates planning for services to children and families.

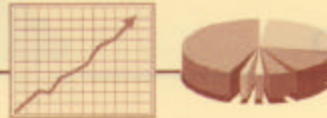
OPERATIONAL PLANNING

While strategic planning is long-range, operational planning and budgeting involves annual scheduling of operations and allocation of resources to achieve program goals and objectives. The annual operational plan and budget indicates what portion of the strategic plan will be carried out and the resources needed to do so.



SERVICE EFFORTS & ACCOMPLISHMENTS

PERFORMANCE MEASURES



PERFORMANCE ACCOUNTABILITY

Performance accountability involves measuring progress and results by monitoring and reviewing policies, plans, and programs and comparing actual results with expected results. In order for the state to follow the requirements of the Louisiana Performance and Accountability Act, the Office of Planning and Budget has created a system that tracks and reports performance standards and actual performance for the state's departments and agencies. Performance standards are the expected levels of performance to be achieved during the year for a particular service, and is developed and established along with the operating budget.

PERFORMANCE REPORTING AND TRACKING

The system used for tracking and reporting performance is called The Louisiana Performance Accountability System, or LaPAS. Actual performance is reported quarterly through performance progress reports that provide information on an agency's actual progress toward achieving the performance standards. For more information on LaPAS and to view the performance progress reports for the state's programs and agencies, log on to the website at:

<http://www.doa.state.la.us/opb/lapas/lapas.html>





RESTORING OUR FUTURE

RAINY DAY FUND

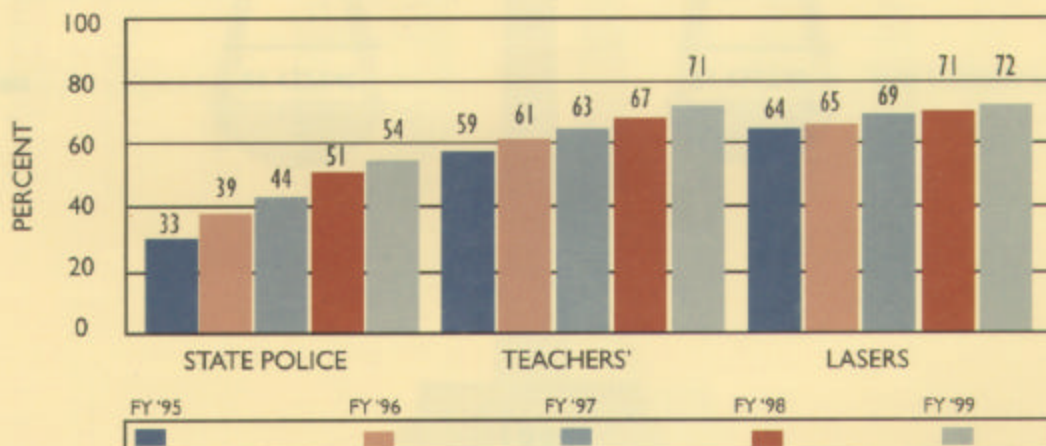


An amendment approved by the voters in October, 1998 created the Budget Stabilization Fund as a "rainy day fund" for use in times of declining revenues – a savings account that can be used as a source of funding for an emergency! The fund receives its monies from non-recurring revenues, mineral revenues, monies in excess of the expenditure limit, and other monies appropriated by the legislature. The fiscal year 97/98 surplus of \$94 million resulted in the first deposit into the fund in FY 98/99 of \$23.5 million. Monies in the fund can be spent if the forecast for recurring revenues for the next fiscal year is less than the current fiscal year, or if a deficit for the current fiscal year is projected due to a decrease in recurring revenues.

UNFUNDED ACCRUED LIABILITY

Louisiana's "Unfunded Accrued Liability" (UAL), the amount the state expects to pay in future retiree benefits over and above current resources, continues to decrease for the Louisiana State Police Retirement System, Teachers' Retirement System of Louisiana, and Louisiana State Employees' Retirement System (LASERS). At the same time, the percentage funded of the liability has increased. According to the actuarial reports for the systems, the percentage funded for these three systems increased from June 30, 1995 to June 30, 1999 by an average of nearly 14%. The actuarial report for the Louisiana School Employees' Retirement System shows a surplus which increased by over \$48 million during the 1999 fiscal year, and was funded at 120%!

Funded Percentage by Retirement System





RESTORING OUR FUTURE

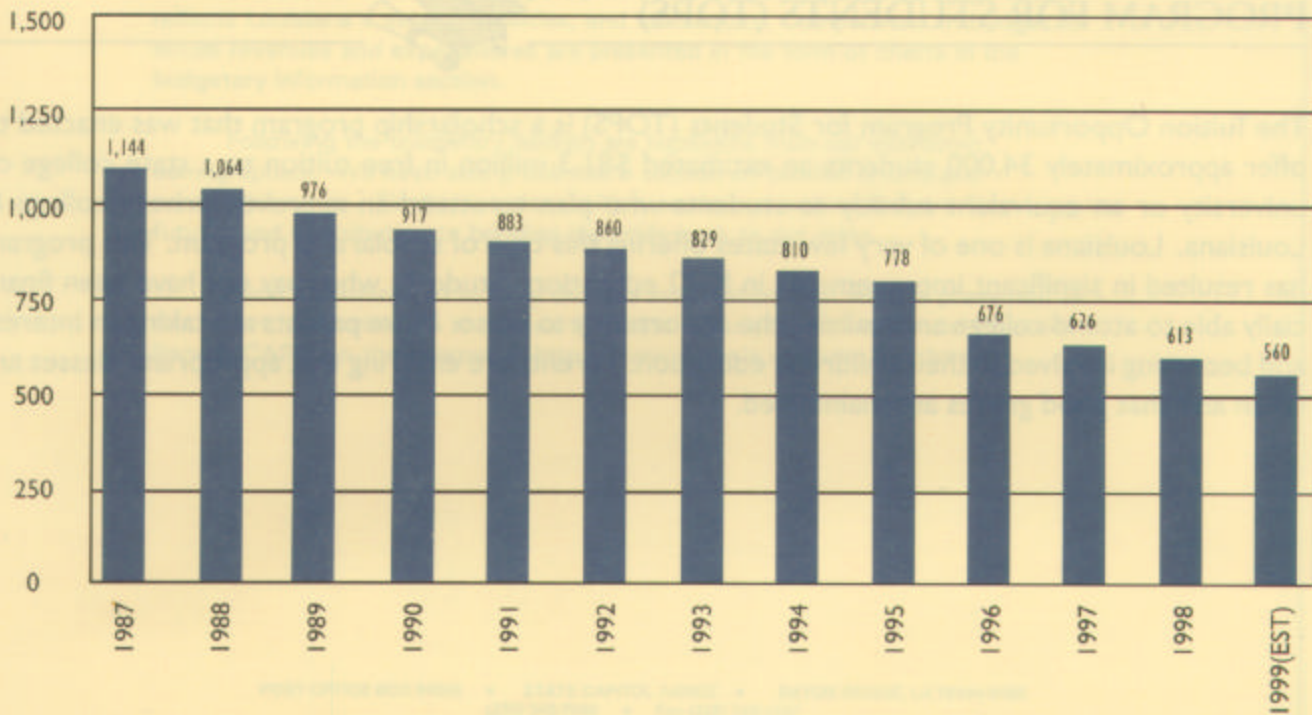
STATE DEBT



Louisiana Revised Statutes (LRS) 39:1365(25) and 39:1402(D) limit the authorization and issuance, respectively, of general obligation bonds. As of June 30, 1999, Louisiana's authorized limit was \$15,501,084,000; total general obligation bonds authorized totaled \$1,761,745,000, or 11.4% of the bond authorization limit. The state debt in Louisiana is now comparable to that in other states.

Based on an estimate of projected population, we anticipate the debt service per capita for fiscal year 1999 to be approximately \$560. This represents a decrease in debt service of approximately \$584 per person in Louisiana since 1987. Expressed as a percentage, the debt per Louisianian has decreased more than 50% in 13 years!

DEBT SERVICE PER CAPITA





RESTORING OUR FUTURE

TOBACCO SETTLEMENT



Louisiana is one of 46 states that will receive a share of the landmark settlement with the five largest tobacco manufacturers in 1998. Louisiana will receive an estimated \$4.4 billion over the next 25 years. The first payment was for \$56 million and was received in December, 1999. The settlement will provide funding for the following funds: 75% to the Millennium Trust Fund, a permanent trust fund comprised of three expendable funds (Education Excellence Fund, Tuition Opportunity Program for Students (TOPS) Fund, and Health Excellence Fund) that will equally share the trust and trust fund earnings. The remaining 25% will go to the Louisiana Fund for other health and education initiatives.

TUITION OPPORTUNITY PROGRAM FOR STUDENTS (TOPS)



The Tuition Opportunity Program for Students (TOPS) is a scholarship program that was enacted to offer approximately 34,000 students an estimated \$81.3 million in free tuition to a state college or university or an equivalent subsidy to students who plan to attend an approved private college in Louisiana. Louisiana is one of very few states offering this type of scholarship program. This program has resulted in significant improvements in K-12 education. Students who may not have been financially able to attend college are realizing the opportunity to do so. More parents are taking an interest and becoming involved in their children's education. Parents are ensuring that appropriate classes are taken and that good grades are maintained.

THANK YOU

Sincere thanks to the following groups and individuals. Their assistance and input contributed greatly to the compilation of this publication:



The entire staff of the Office of Statewide Reporting and Accounting Policy



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The staff of the State Treasurer’s Office



Angele Davis,
Deputy Commissioner, Communications,
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The staff of the Department of Education, Division of Education Finance

STATE OF LOUISIANA

AGENCY WEBSITE ADDRESSES

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Governor's Office	http://www.gov.state.la.us
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Louisiana State Police	http://www.lsp.org
Louisiana State Employees' Retirement System	http://www.lasers.state.la.us
Louisiana School Employees' Retirement System	http://www.lasers.state.la.us
Teachers' Retirement System of Louisiana	http://www.trsl.state.la.us

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