

“Restoring The Pride”

FINANCIAL HIGHLIGHTS for the **PEOPLE** of
the **STATE OF LOUISIANA**



For the Fiscal Year ended June 30, 2000

FINANCIAL HIGHLIGHTS FOR THE PEOPLE OF THE STATE OF LOUISIANA

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 the second in the series of publications intended to provide an overview of selected financial information of the State of Louisiana. Its purpose is to provide in a simplified, easy to read format, the condition of the state for the fiscal year ended June 30, 2000. While not intended to replace the detailed accounting data presented in the Comprehensive Annual Financial Report (CAFR), “Restoring the Pride” is meant to enhance the understanding of Louisianians concerning our state’s financial condition.

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

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

State of Louisiana

DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

January 31, 2001

To: Honorable M. J. "Mike" Foster, Jr., Governor
Members of the Legislature, and the
People of the State of Louisiana

I am pleased to present the second edition of "Restoring the Pride" which presents a synopsis of the financial and service accomplishment highlights of the fiscal year ended June 30, 2000 for the people of the State of Louisiana. We have attempted to provide 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 the report provides a synopsis of the state's fiscal position, including its 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. More detailed financial information is contained in the state's Comprehensive Annual Financial Report (CAFR) which may be accessed on the internet at <http://www.state.la.us/osrap/osrap.htm>.

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

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, Attention: Mr. F. Howard Karlton, CPA or you may call (225) 342-0708.

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),

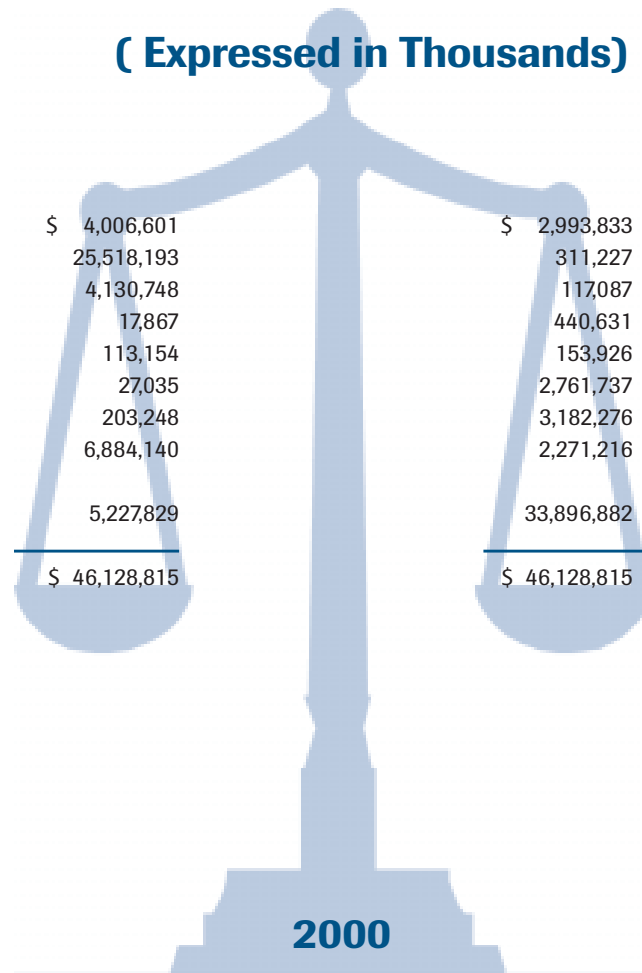
Liabilities (debts or obligations of the state), and *Equity or Fund Balance* (the excess of assets over liabilities) and other credits.

ASSETS

(Expressed in Thousands)

LIABILITIES, EQUITY and OTHER CREDITS

Cash & Cash Equivalents	\$ 4,006,601
Investments	25,518,193
Receivables	4,130,748
Prepayments	17,867
Inventories	113,154
Other Assets	27,035
Restricted Assets	203,248
Property, Plant & Equipment	6,884,140
Other Debits	5,227,829
Total Assets	\$ 46,128,815



\$ 2,993,833
311,227
117,087
440,631
153,926
2,761,737
3,182,276
2,271,216
33,896,882
\$ 46,128,815

Payables
Compensated Absences Payable
Deferred Revenues
Amounts Held in Custody for Others
Obligations Under Capital Lease
Bonds Payable
Estimated Liabilities for Claims
Other Liabilities
Fund Equity and Other Credits
Total Liabilities and Fund Equity

Financial Position

General Fund Balance Sheet

While the foregoing balance sheet showed the condition of the entire state, inclusive of all funds, of special interest is the following balance sheet of the General Fund, or the operating fund of the state for the 2000 fiscal year. Assets of \$1.5 billion and obligations of \$1.2 billion leave a balance of \$294 million. The majority of this balance is reserved for many specific purposes, while

the remaining amount is referred to as “the unreserved and undesignated fund balance” which is theoretically the amount left over after all of the state’s obligations have been met. For the fiscal year ended June 30, 2000, since liabilities and reservations exceeded the available assets, the fund experienced a deficit or negative posture.

ASSETS

(Expressed in Thousands)

LIABILITIES, EQUITY and OTHER CREDITS

Cash & Cash Equivalents
Investments
Receivables
Prepayments
Inventories
Other Assets
Restricted Assets
Property, Plant, &
Equipment
Other

\$ 69,574
13,502
1,382,840
—
52,906
—
—
—
—
281

Total Assets

\$1,519,103

\$ -1,115,204
—
20,568
—
—
88,037
799
375,140
—
(80,645)

Payables
Compensated Absences Payable
Deferred Revenues
Amounts Held in Custody for Others
Obligations Under Capital Lease
Estimated Liabilities for Claims
Other Payables
Reserved Fund Balance
Unreserved and Undesignated
Fund Balance

Total Liabilities and Fund Equity

\$ 1,519,103

2000

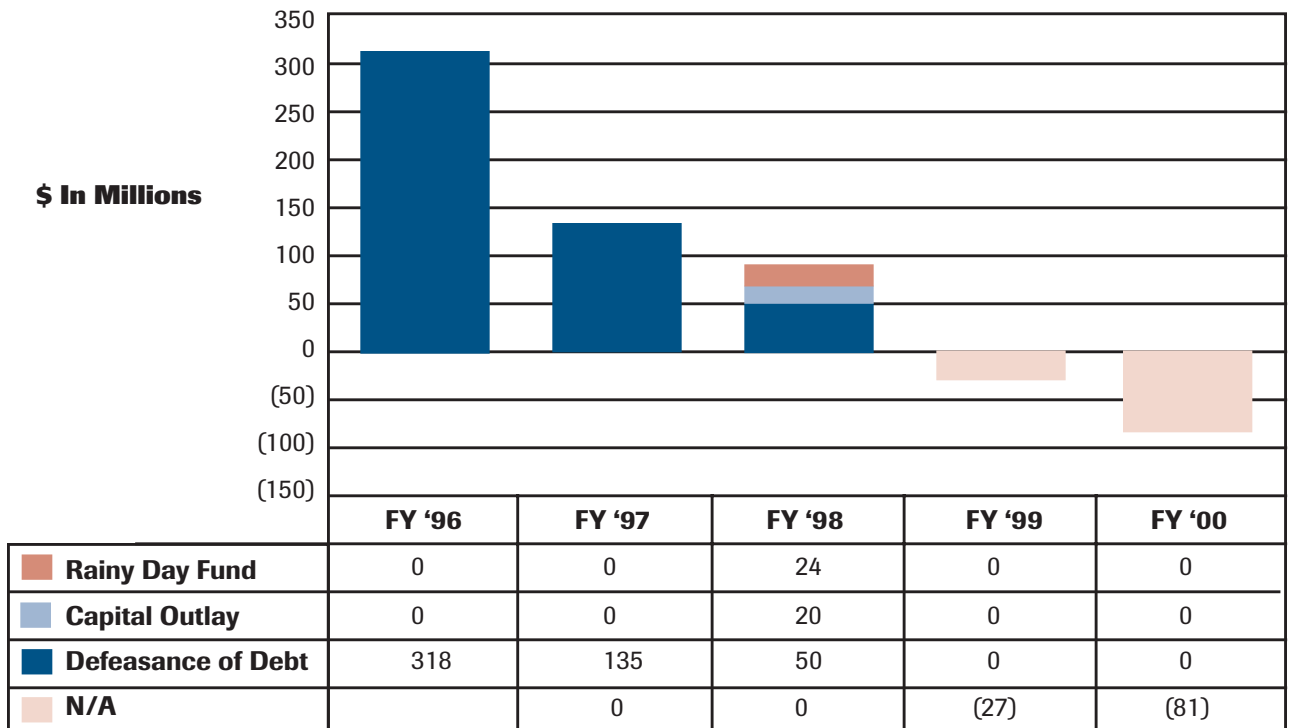


Unreserved / Undesignated Fund Balance—General Fund

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 theoretically “left over” after assets (items owned by the state) are compared against liabilities (items owed by the state to others). This, per the Louisiana Constitution, can only be used for either 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 non-recurring revenue, such as surpluses, must be placed in

the Budget Stabilization or “Rainy Day” Fund. For the two fiscal years ending June 30, 1999 and 2000, the state has incurred a General Fund deficit despite cash revenues exceeding cash expenditures. This is the result of the state’s comprehensive financial report being presented using the accrual basis of accounting which requires certain items that are budgeted in the following fiscal year to be included in the current fiscal year. For example, both the federal and state matching portion of certain health care expenditures must be accrued in the current year, while only the federal portion of the revenues is accrued.

General Fund Surpluses by Year and How These Balances Were Spent



In previous years, most of the accumulated surplus has been used to reduce state debt. See *State Debt*, page 14 in this publication. However, while revenues increased slightly, the required inclusion of the State Employee’s Group Benefits Program in the General Fund accounted for more than one half of the deficit. Other items con-

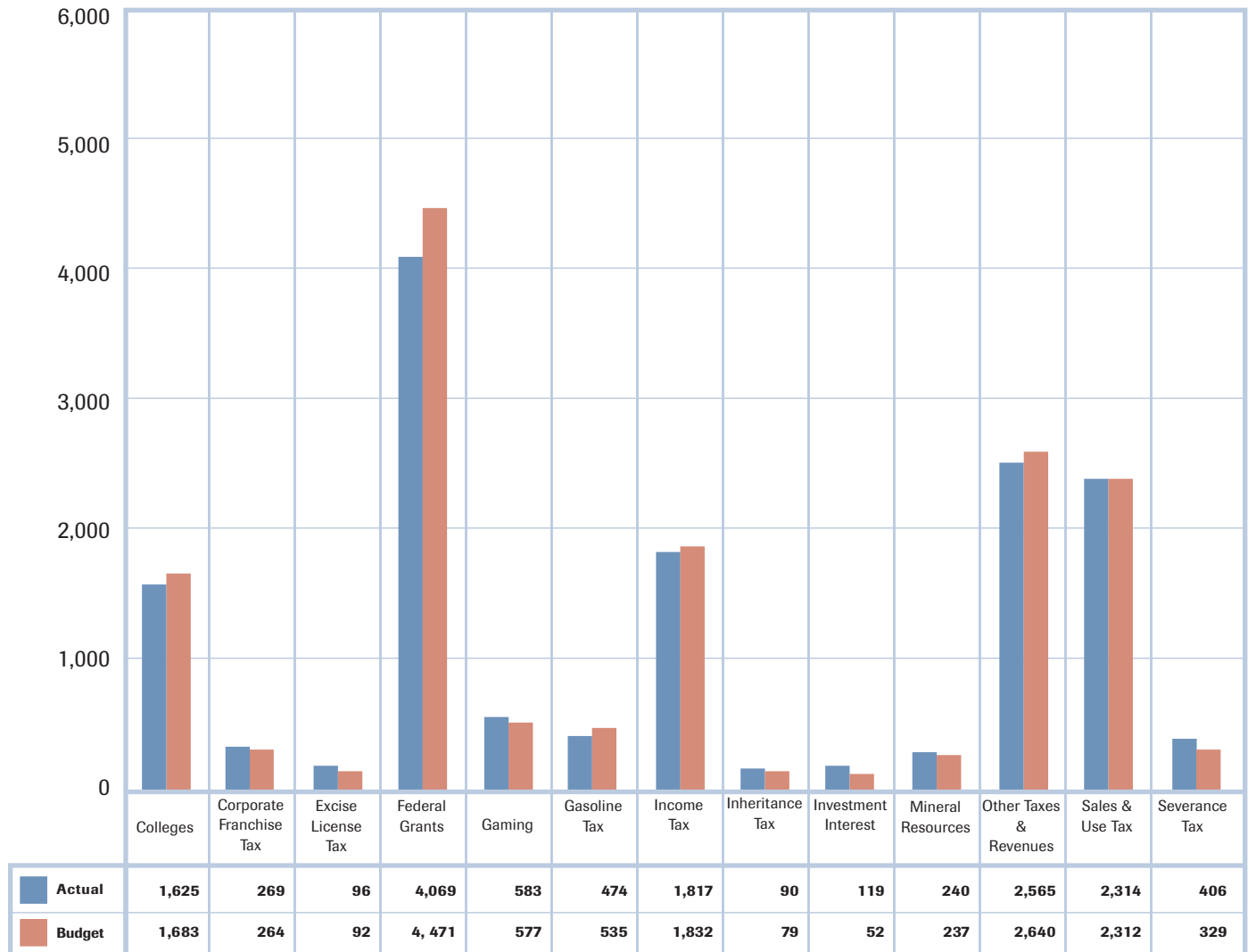
tributing to the deficit include the accruals mentioned above and the reporting of the unrealized losses (market valuation) on the state’s investment portfolio, which occurred due to a decline in the market value of the portfolio during the year.

Budgetary Information

The State of Louisiana is legally required to prepare an annual balanced budget for both revenues and expenditures. State agencies are required to adhere to this budget during the fiscal year. The revenues are presented by the source of the revenue, mostly from taxes and fed-

eral grants. The expenditures are shown on the following page. The chart below depicts the budgeted and actual revenues to illustrate the state's performance in adhering to the legally adopted revenue budget for the 2000 fiscal year.

Revenues – Actual to Budget by Revenue Source – FY 99-00 (In Millions)



Source: 2000 CAFR

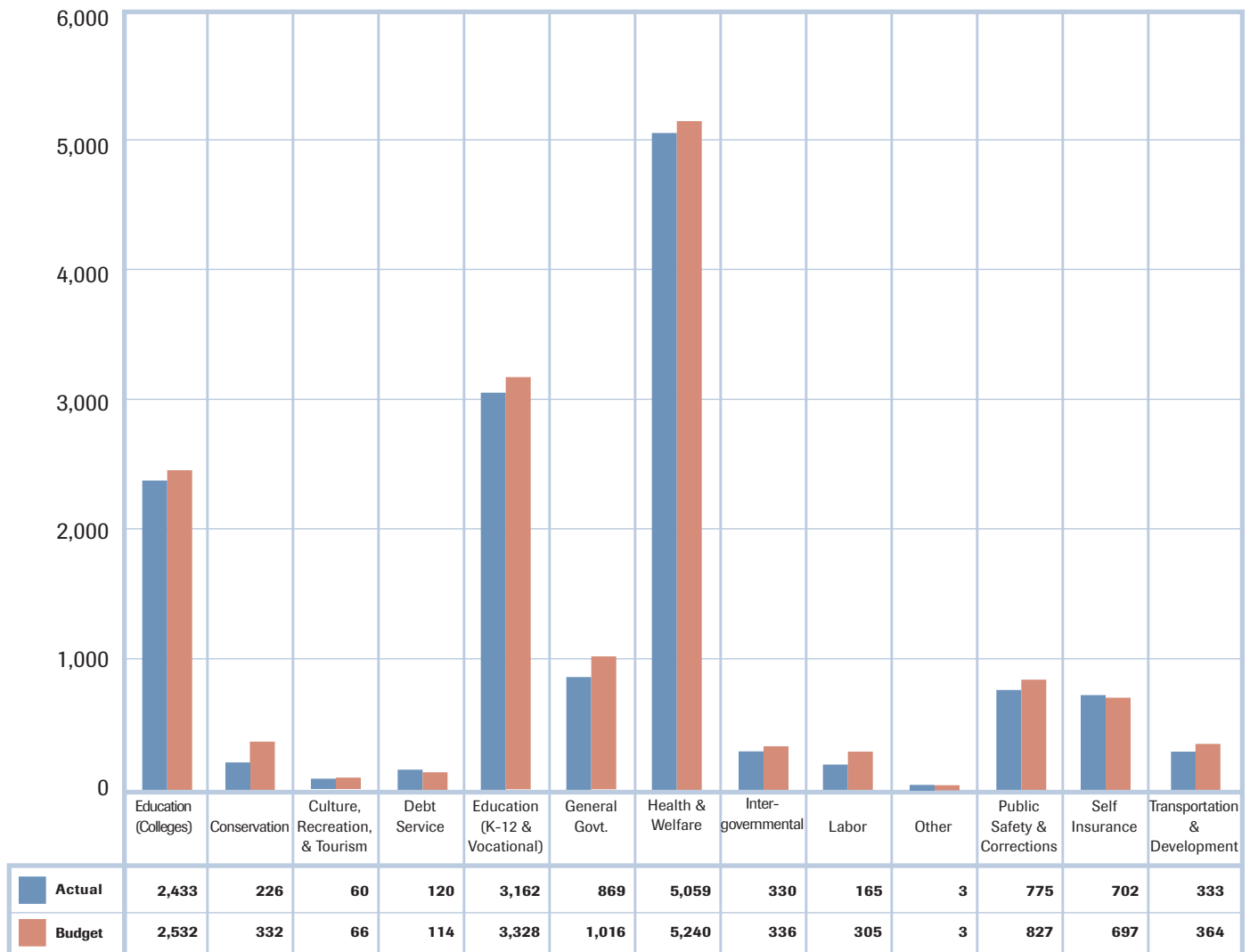


Budgetary Information

While the foregoing chart depicted the revenue budget by source of revenue, the expenditures are shown by functional uses such as education, transportation & development, and health & welfare. The chart below depicts

the budgeted and actual expenditures to illustrate the state's performance in adhering to the legally adopted expenditure budget for the 2000 fiscal year.

Expenditures – Actual to Budget by Function of Government – FY 99-00 (In Millions)



Source: 2000 CAFR

Economic Demographics

Population and Employment

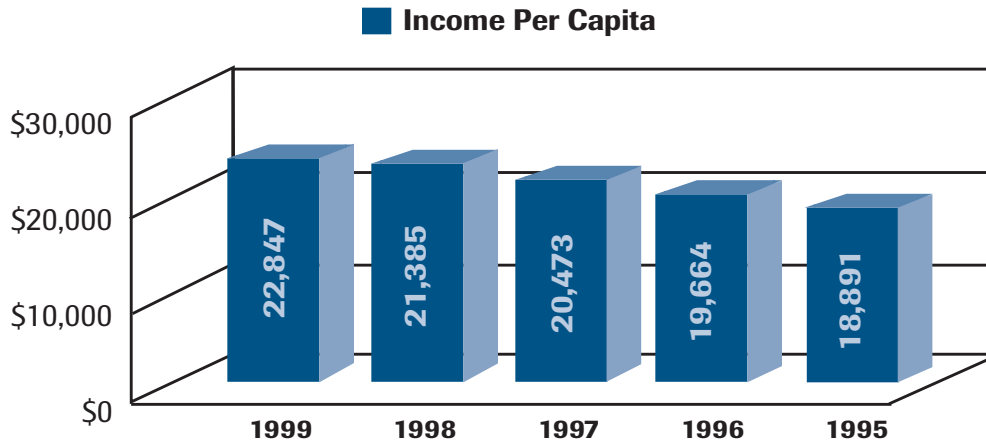
The following shows selected data on population and employment in Louisiana:

YEAR	POPULATION (A) (B)	MEDIAN AGE	EMPLOYMENT (A)	UNEMPLOYMENT RATE
1999	4,372	34.1	1,948	5.1 %
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

(A) EXPRESSED IN THOUSANDS

(B) POPULATION FIGURES ARE ESTIMATED BY THE CENSUS BUREAU AND ARE REVISED YEARLY
(2000 NOT AVAILABLE)

Income Per Capita





State Parks and Tourism

Louisiana has an established objective to develop the best State Park system in the South. The system set an all-time high for total visitors, with 1.7 million visitors, for the year ended June 30, 2000. This was a 16.6 percent increase over the previous year.

Some of the highlights occurring within the Office of State Parks this year include the following:

🌲 A central reservation system was instituted and is available on-line at www.crt.state.la.us. The call center can be used to reserve cabins, campsites, lodges, meeting rooms, or picnic pavilions at any of Louisiana's 17 recreational sites.

🌲 Numerous renovation and improvements projects were either started or completed during the past year. This included a complete renovation of all 20 cabins and the wave pool complex at Bayou Segnette State Park, an interior renovation of 10 of the 12 cabins at Sam Houston Jones State Park, and a newly restored beach area on Lake Pontchartrain at Fountainebleau State Park to name a few of the projects that have improved the facilities of the parks across the state. Also, construction is underway for new cabins and boat dock facilities at Lake Claiborne State Park, with an expected availability date of January 2001.

🌲 During the year ended June 30, 2000, over 800 programs or special events were presented across the state at the recreational sites, historic sites, and the Louisiana State Arboretum. The number of nature and educational program offerings has increased largely due to the addition of 12 park rangers over the last 4 years.

The Louisiana Department of Culture, Recreation, and Tourism recently developed a 10-year Action Plan as a product of a forum called "Louisiana Tourism Collegium 2010". The long-term action plan aims at sustaining growth in Louisiana's travel industry, which generated over \$8 billion last year, making it the second highest revenue-producing industry in the state.

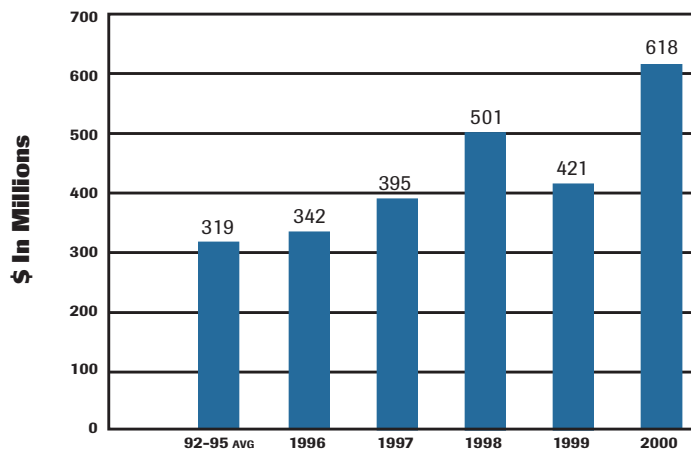


Cabin at Bayou Segnette State Park

Transportation and Development

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 has helped to clean up our highways and improve the appearance of our rest areas. Construction has increased significantly as \$618 million in projects were begun in 2000 as compared to \$421 million in 1999. The following chart depicts some of this progress.

HIGHWAY PROJECTS APPROVED AND AWARDED TO CONTRACTORS



Motorist Assistance Patrol (MAP)

The Motorist Assistance Patrol (MAP) is a free service provided by the Louisiana Department of Transportation and Development (DOTD) and the Federal Highway Administration. This service is operated by DOTD in the metropolitan areas of Baton Rouge, Lake Charles, and Shreveport-Bossier City. A service funded by DOTD is also available in the New Orleans metropolitan area. Since its inception in July of 1997, the service operated by DOTD in the Baton Rouge, Lake Charles, and Shreveport-Bossier City metropolitan areas has assisted 51,470 motorists and patrolled 1,403,431 miles. During the period of July 1999 through June 2000, MAP assisted 27,345 motorists which was nearly twice that of the previous year. The New Orleans service is not included in these statistics. Some of the free services offered include providing a gallon of fuel, changing flat tires, jumpstarting stalled cars, filling radiators with water, and providing a cellular phone for a local call if additional assistance is needed.



Service Efforts & Accomplishments

Education

Louisiana’s “Public Education Accountability System” (PEAS) is intended to drive fundamental changes in classroom teaching by:

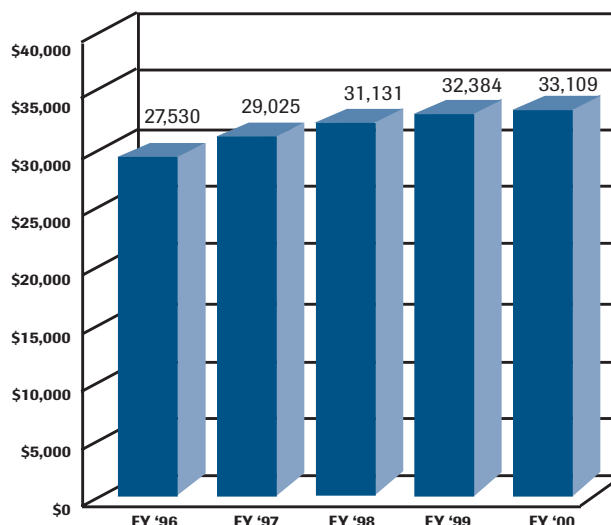
- 🍏 Clearly establishing the state’s goals for schools and students;
- 🍏 Creating an easy way to communicate to schools and the public how well a school is performing;
- 🍏 Recognizing schools for effectiveness in demonstrating growth in student achievement; and
- 🍏 Focusing attention, energy, and resources on those schools that need help in improving student achievement.

One of the components of the PEAS includes state tests such as the high stakes Leap 21 test. All 4th and 8th grade students must now pass the Leap test to be promoted to the next grade. The norm-referenced Iowa Tests are given for grades 3, 5, 6, 7, and 9.

Another component of the PEAS is the set of 10 and 20 year state goals which set out the minimum educational performance level expected of all schools. Each school will receive a performance score based on 4 indicators (the Leap 21 Tests, the Iowa Tests, student attendance, and dropout rate).

Increasing teacher salaries to attract top professionals and retain the veteran teachers already in the school systems continues to be an administrative priority. As the following chart shows, teacher salaries have increased by more than \$5000 since the 95/96 FY.

AVERAGE TEACHER SALARIES



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.





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>

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 it’s monies from non-recurring revenues, mineral revenues, monies in excess of the expenditure limit, and other monies appropriated by the legislature. The fiscal year 99/00 deposit into the

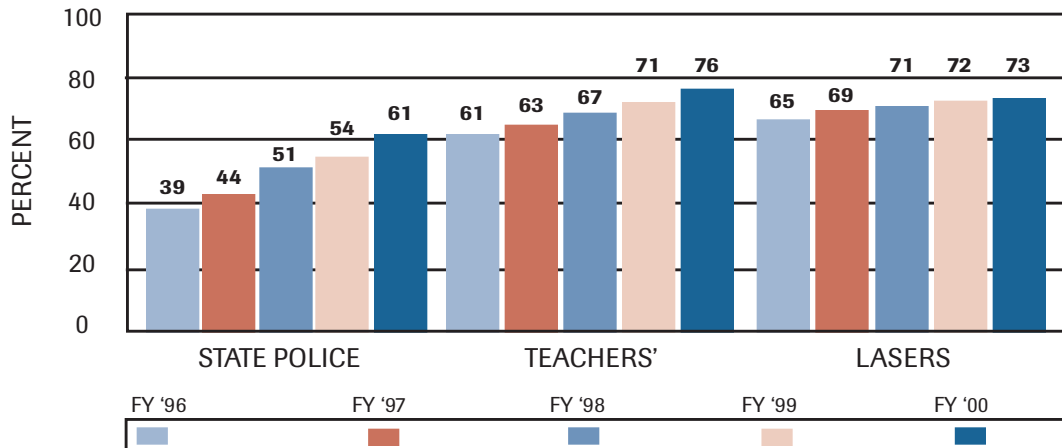
fund was \$35.7 million compared to \$23.6 million in fiscal year 98/99. Monies in the fund can be spent if the forecast for recurring revenues for the next fiscal year is less than the current fiscal year, or if a deficit for the current fiscal year is projected due to a decrease in recurring revenues. There have been no expenditures from the fund since it’s inception.

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, 1996 to June 30, 2000 by an average of nearly 15%. The actuarial report for the Louisiana School Employees’ Retirement System shows a surplus which increased by \$14 million during the 2000 fiscal year, and was funded at 121%!

Funded Percentage by Retirement System



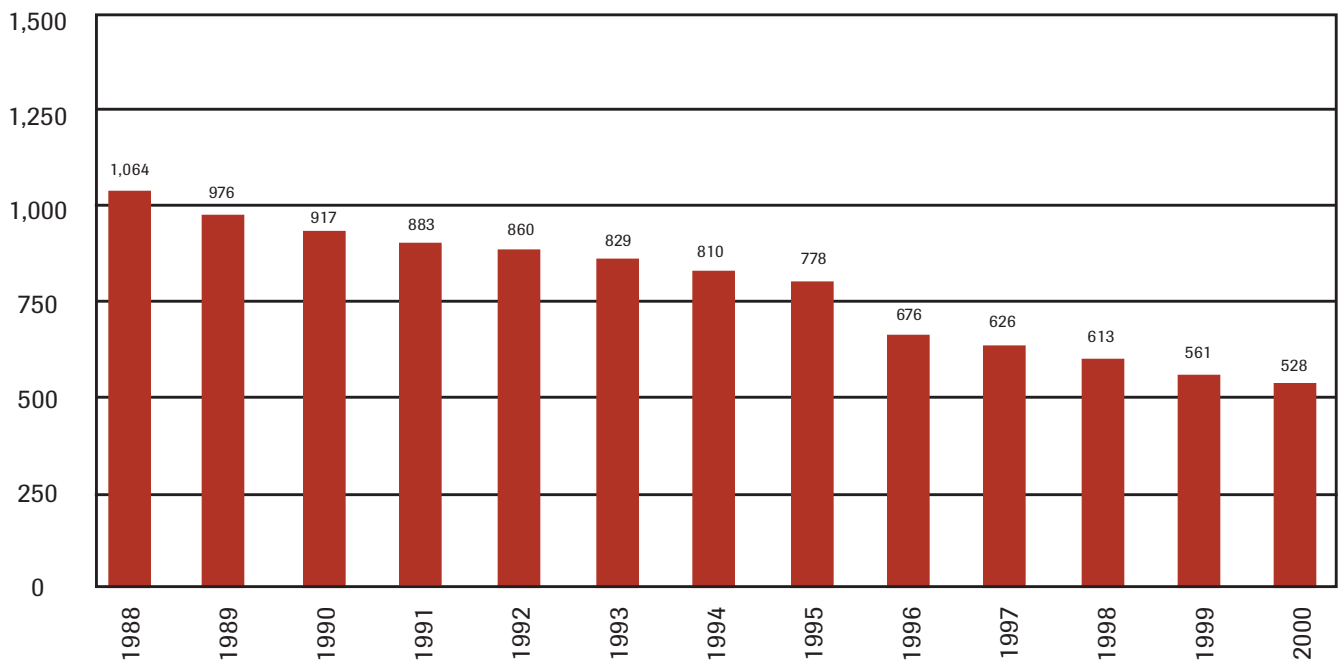


State Debt

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, 2000, Louisiana's authorized limit was \$16,046,056,000; total general obligation bonds authorized totaled \$1,759,655,000, or 11% of the bond authorization limit. The state debt in Louisiana is comparable to that in other states.

Based on an estimate of projected population, we anticipate the debt service per capita for fiscal year 2000 to be approximately \$528. This represents a decrease in debt service of approximately \$536 per person in Louisiana since 1988. Expressed as a percentage, the debt per Louisianian has continued to decrease, as evidenced by the chart below.

NET GENERAL OBLIGATION DEBT SERVICE PER CAPITA*

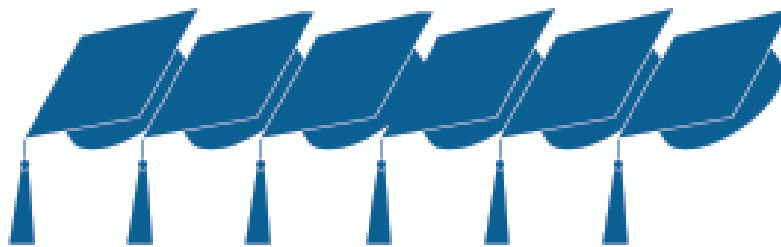


* Net General Obligation Debt Service Per Capita is the amount the state will pay per Louisianian for the general obligation debt of the state (principal plus interest) less amounts to be received from local governments for their portion of the debt.

Tuition Opportunity Program for Students (TOPS)

The Tuition Opportunity Program for Students (TOPS) is a scholarship program that was enacted to offer qualified students free tuition to a state college or university or an equivalent subsidy to attend an approved private college in Louisiana. Students who may not have been financially able to attend college are realizing the opportunity to do so. Louisiana is one of very few states offering this type of scholarship program. Due to the grade point average, ACT score, and core curriculum requirements for eligibility, the TOPS scholarship pro-

gram has resulted in significant improvements in education. More parents are taking an interest and becoming involved in their children's education by ensuring that appropriate classes are taken and that good grades are maintained. In the first two years of existence of this program which includes the 1998-99 and 1999-00 academic years, scholarships were awarded to 23,402 students in the first academic year and to 28,876 students in the second year.



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 24 years. Over \$174 million was received during the fiscal year ended June 30, 2000. In future years, the settlement will provide funding for the Millennium Trust Fund and continued funding for the Louisiana Fund. The Millennium Trust Fund is a permanent trust fund comprised of the Education Ex-

cellence Fund, the Tuition Opportunity Program for Students (TOPS) Fund, and the Health Excellence Fund. The monies received by these funds will be restricted for various health and education initiatives aimed at ensuring the optimal development of Louisiana's children. The monies received by the Louisiana Fund will be restricted to children's health and education initiatives and specific tobacco-related health initiatives for all of Louisiana's residents.



Thank You!

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

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STATE OF LOUISIANA

AGENCY WEBSITE ADDRESSES



State of Louisiana	http://www.doa.state.la.us
Governor's Office	http://www.gov.state.la.us
Division of Administration	http://www.doa.state.la.us
Department of Agriculture & Forestry	http://www.ldaf.state.la.us
Office of Attorney General	http://www.ag.state.la.us
Department of State Civil Service	http://www.dscs.state.la.us
Department of Culture, Recreation & Tourism	http://www.crt.state.la.us
Department of Economic Development	http://www.lded.state.la.us
Department of Education	http://www.doe.state.la.us
Department of Elections & Registration	http://www.laelections.org
Department of Environmental Quality	http://www.deq.state.la.us
Department of Health & Hospitals	http://www.dhh.state.la.us
Department of Insurance	http://wwwldi.lidi.state.la.us
Department of Labor	http://www.ldol.state.la.us
Department of Natural Resources	http://www.dnr.state.la.us
Department of Public Safety & Corrections	http://www.dps.state.la.us
Department of Revenue	http://www.rev.state.la.us
Department of State (Secretary of State)	http://www.sec.state.la.us
Department of Social Services	http://www.dss.state.la.us
Department of Transportation & Development	http://www.dotd.state.la.us
Department of the Treasury	http://www.treasury.state.la.us
Department of Wildlife & Fisheries	http://www.wlf.state.la.us
Louisiana Board of Regents for Higher Education	http://www.regents.state.la.us
Louisiana Legislative Auditor	http://www.lla.state.la.us
Louisiana Performance Accountability System (LaPAS)	http://www.doa.state.la.us/opb/lapas
Louisiana Public Service Commission	http://www.lpsc.org
Louisiana State Library	http://pelican.state.lib.la.us
Louisiana State Legislature	http://www.legis.state.la.us
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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