



LOUISIANA

POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014



Introduction

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

The CAFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and is independently audited by the Louisiana Legislative Auditor. Conversely, the PAFR is unaudited and includes financial data (in the Government-wide Financial Analysis section) that departs from GAAP since it does not include the entire GAAP reporting entity (such as discrete component units of the State) and includes only selected financial data. Discrete component units are reported separately in the CAFR and are legally separate organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading. Additionally, the data found in the "General Fund Budgetary Information" section departs from GAAP because it is prepared on a non-GAAP budgetary basis.

The financial data presented in the "Government-wide Financial Analysis" and "General Fund Balance Sheet" sections of this report use the same accounting measurements and principles as the CAFR. A copy of the CAFR can be obtained on the Office of Statewide Reporting and Accounting Policy's (OSRAP) website at www.doa.louisiana.gov/osrap/cafr-2.htm. The source of all illustrations is the 2014 and/or prior years CAFRs unless otherwise indicated.

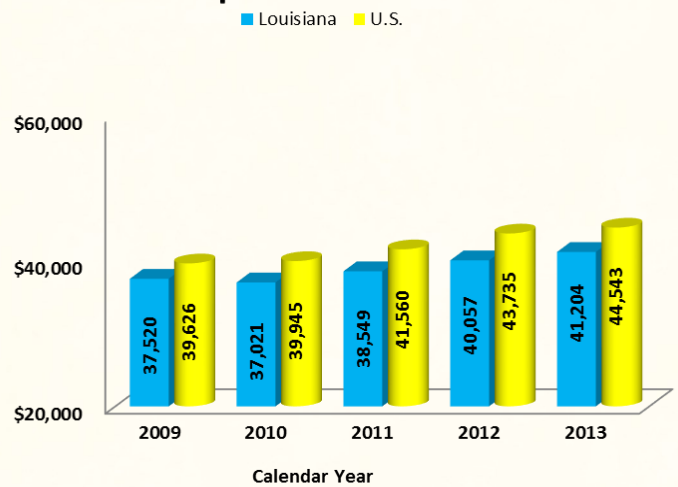
Key Economic Factors

Disregarding federal funds, the State relies mainly on income taxes, sales taxes, and mineral revenues (severance taxes and royalties) to fund the services provided to citizens. Significant changes in the drivers of these funding sources may cause reductions in state-provided services.

Income and sales taxes largely depend on the personal income and employment of Louisiana's citizens. Louisiana's unemployment rate decreased by .2% in 2013. Louisiana is expected to add 34,100 jobs in 2015 and another 32,600 in 2016. Louisiana has enjoyed four straight years of growth, began setting employment records in January 2013, and has been steadily growing. In 2013, Louisiana's income per capita increased by \$1,147. Despite the steady growth, income and sales taxes have yet to exhibit sustained growth.

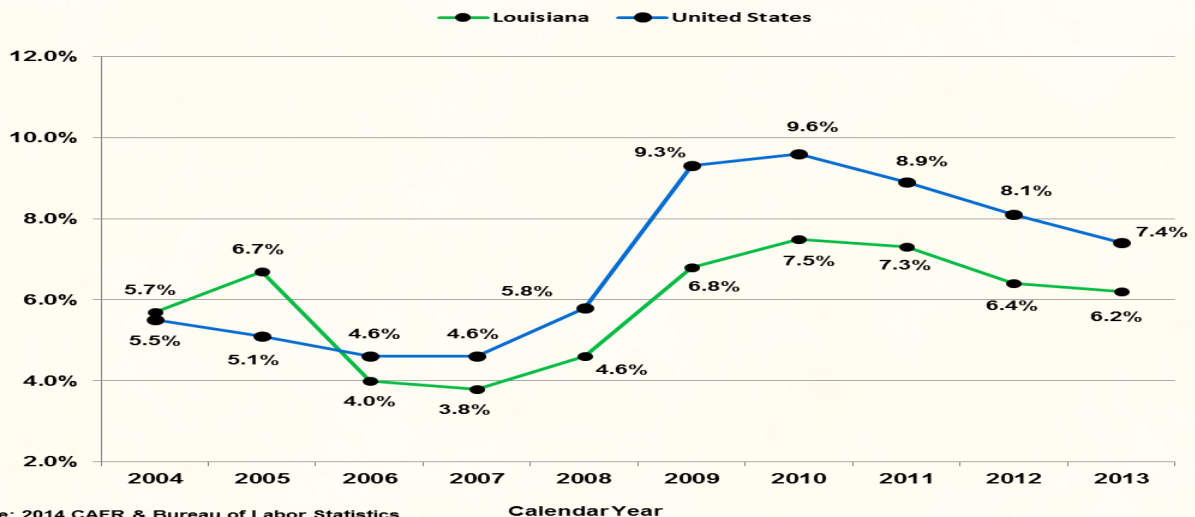
Mineral revenues depend largely on the price of oil. As oil prices increase, the State's mineral revenues generally increase. The year began with the price of oil at around \$100/bbl. Prices remained strong throughout the fiscal year peaking at around \$110/bbl. However oil prices rapidly declined soon after the fiscal year end with the price of oil hovering around \$60/bbl. at the date of this publication.

Income Per Capita Last 5 Calendar Years



Source: 2014 CAFR & Bureau of Economic Analysis

Unemployment Rates Last 10 Calendar Years

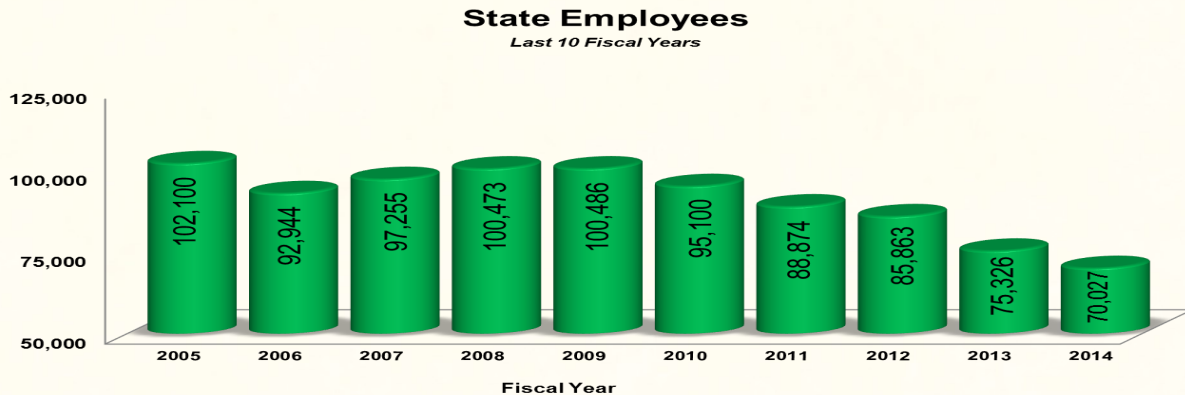


Source: 2014 CAFR & Bureau of Labor Statistics



Number of State Employees

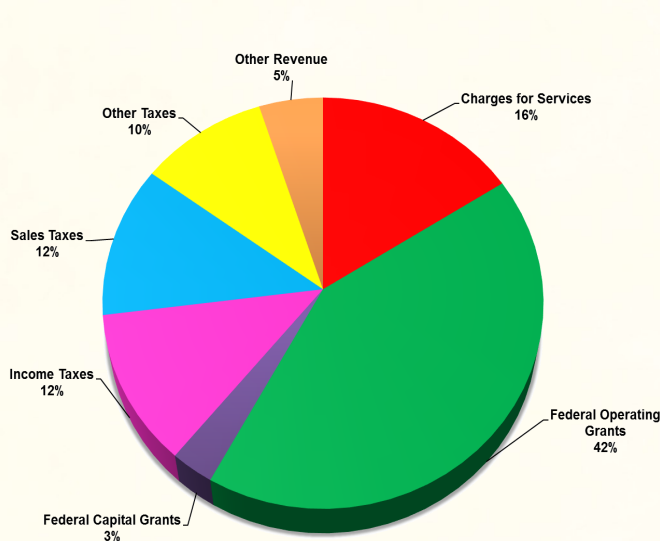
Louisiana employed 70,027 state civil service employees in fiscal year 2014. This represented a reduction of 5,299 (7%) full-time positions in the fiscal year 2014 budget, which was accomplished through elimination of positions, as well as a combination of retirements and attrition.



Government-wide Financial Analysis

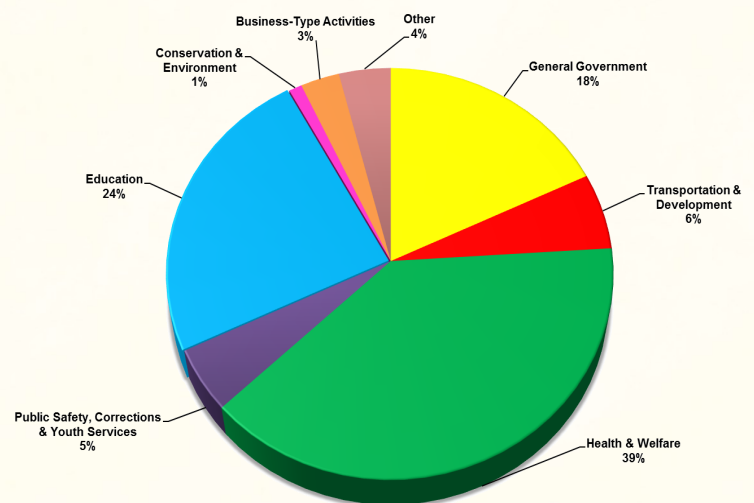
Government-wide activities provide a broad overview of the State's finances similar to private-sector accounting. The government-wide activities present the financial position and operating results of the state. Discrete component units (e.g. Louisiana Lottery Corporation) are excluded from this analysis (see introductory section) because the PAFR focuses on the State government reporting entities other than discrete component units. Fiduciary funds (such as pension funds) are also excluded from the State's government-wide financial statements in the CAFR as well as the PAFR because the State cannot use these assets to finance its operations.

The government-wide statements reflect total assets and deferred outflows of resources totaling \$30.6 billion and total liabilities and deferred inflows of resources of approximately \$17.9 billion. As a result, total net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) equaled approximately \$12.7 billion at June 30, 2014. On the Statement of Activities (Operating Statement) total expenses exceeded total revenue by \$1 billion.



Government-wide Revenues

State revenue totaled \$25.1 billion in fiscal year 2013-2014. These revenues and other state assets were used to support government programs. The accompanying chart displays revenue by source. Federal grants (capital and operating) comprised 45% of the State's revenue.

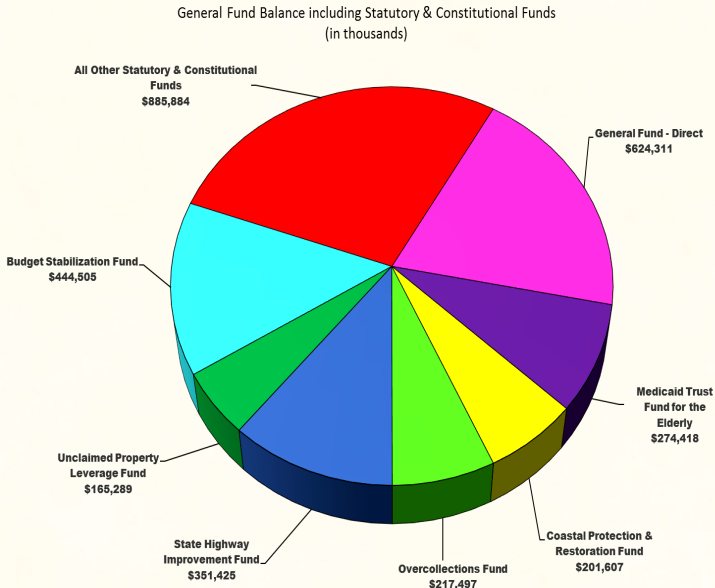


Government-wide Expenses

On a government-wide basis, the State spent \$26.1 billion. As depicted in the accompanying chart, health and welfare represents the State's largest spending category accounting for 39% of the State's spending for the fiscal year. Education and general government follow, accounting for 24% and 18% of the State's spending, respectively.



General Fund Balance Sheet



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

At June 30, 2014, the General Fund had assets of \$7 billion and liabilities of \$3.9 billion, leaving a total fund balance of \$3.1 billion. Of this balance, \$2.5 billion is comprised of statutorily dedicated funds and \$624 million of General Fund (Direct) and are depicted in the chart on the left.

Governmental Accounting Standards Board (GASB) Statement No. 54 revised fund balance categories to focus on the extent to which the government is bound to honor constraints on the specific purposes for which fund sources can be used. The accompanying chart depicts the five fund categories of the General Fund for the past two fiscal years.

Nonspendable Fund Balance - amount that will never convert to cash, such as inventories of supplies, prepaid items, and permanent fund principal.

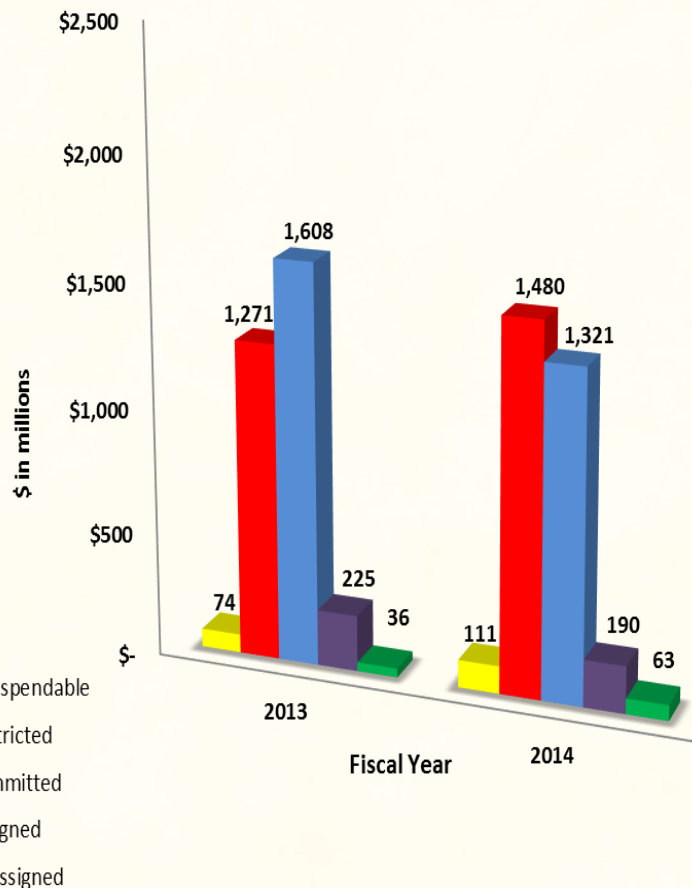
Restricted Fund Balance - includes amounts that have constraints placed on the use of the resources either by an external party or by imposition of law through constitutional provisions or enabling legislation.

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

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

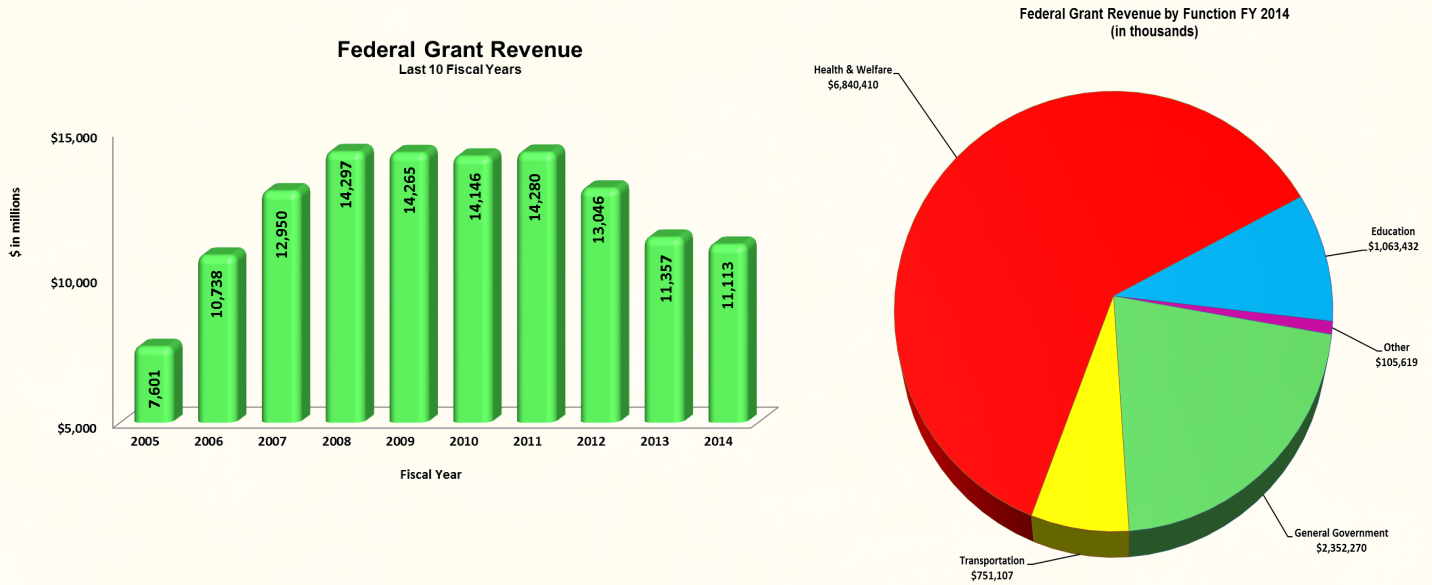
Unassigned Fund Balance - the residual classification for the government's General Fund and includes all spendable amounts not contained in the other above classifications.

Components of General Fund Balance



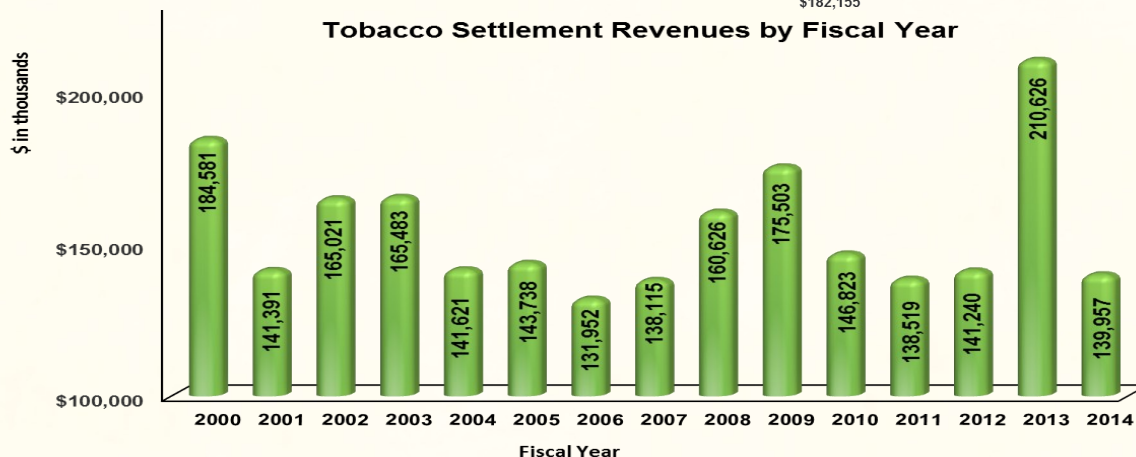
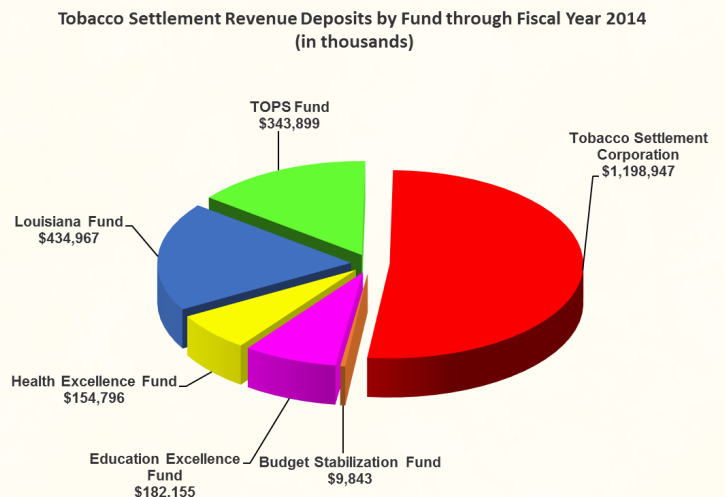
Federal Grant Revenue

The federal government awards financial assistance to the State in the form of federal grants. These federal grants increased in the years after Hurricanes Katrina and Rita in 2005 but have been decreasing since 2011. For the fiscal year ended June 30, 2014, total grant revenue was \$11.1 billion with health and welfare programs receiving \$6.8 billion, followed by general government and education, receiving \$2.3 billion, and \$1 billion respectively. Various other state departments received the remaining funds.



Tobacco Settlement Revenue

The Tobacco Settlement Revenues (TSRs) consist of amounts collected as part of a Master Settlement Agreement (MSA) between participating cigarette manufacturers (PMs) and 46 states and other jurisdictions (Settling States). Under the MSA, the PMs are required to pay the Settling States annual payments in perpetuity. The accompanying graphs display the total TSRs received by the State and where these revenues were deposited from inception of the MSA through fiscal year 2014. The graphs do not include the bond proceeds received from securitizing 60% of the State's future TSRs through the Tobacco Settlement Corporation.



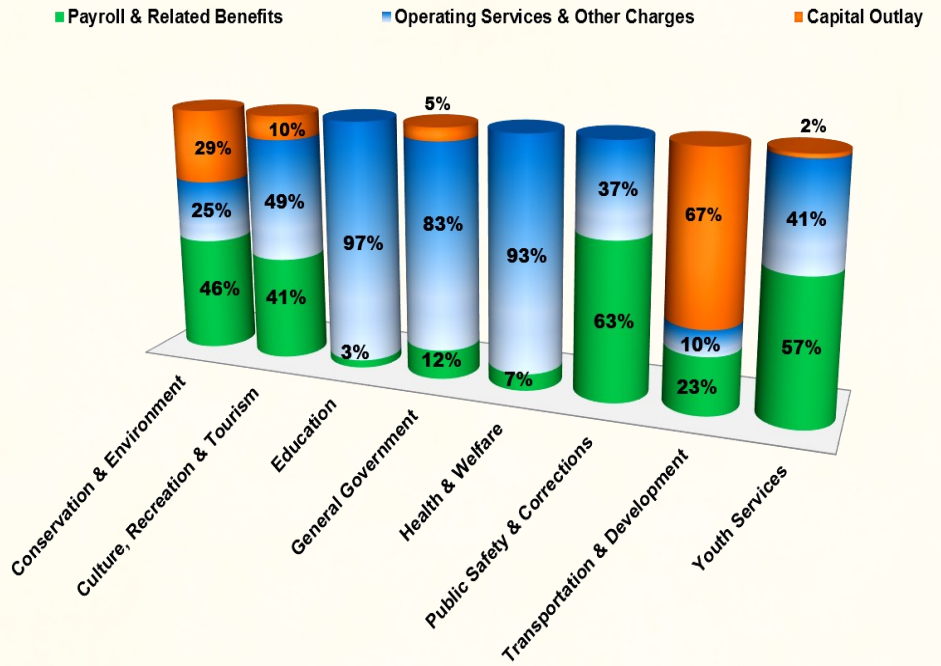
Source: LA Department of Treasury



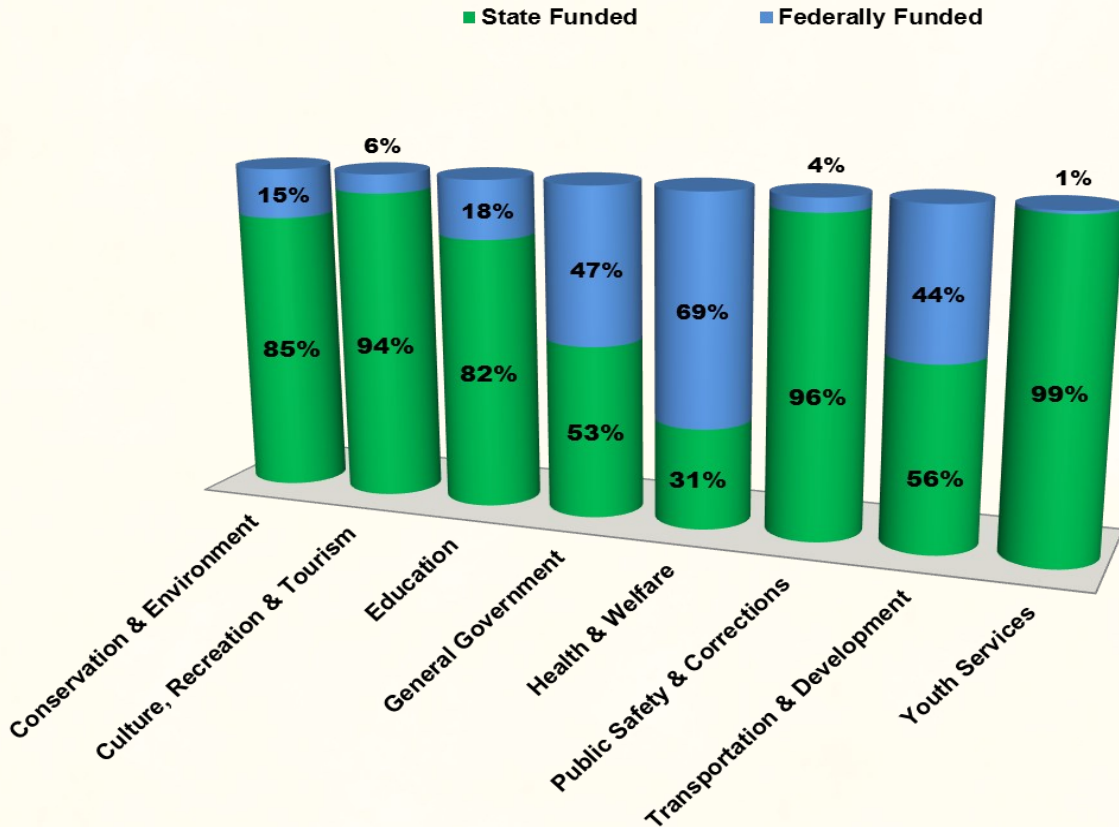
Governmental Fund Expenditures

Governmental fund expenditures totaled \$26.2 billion. These expenditures include \$2.5 billion for payroll and related employee costs, \$22.1 billion for costs related to operating services and other charges, and \$1.6 billion for capital outlay. The sources of funding for these expenditures include \$15.1 billion in state funding and \$11.1 billion in federal funding. The Louisiana Departments of Education and Health and Welfare comprise \$16.3 billion of these expenditures, of which \$8.2 billion is state funded and \$8.1 billion is federally funded. Debt service and intergovernmental expenditures are not depicted in these functional graphs and total more than \$2.4 billion.

Governmental Fund Expenditures by Expenditure Category



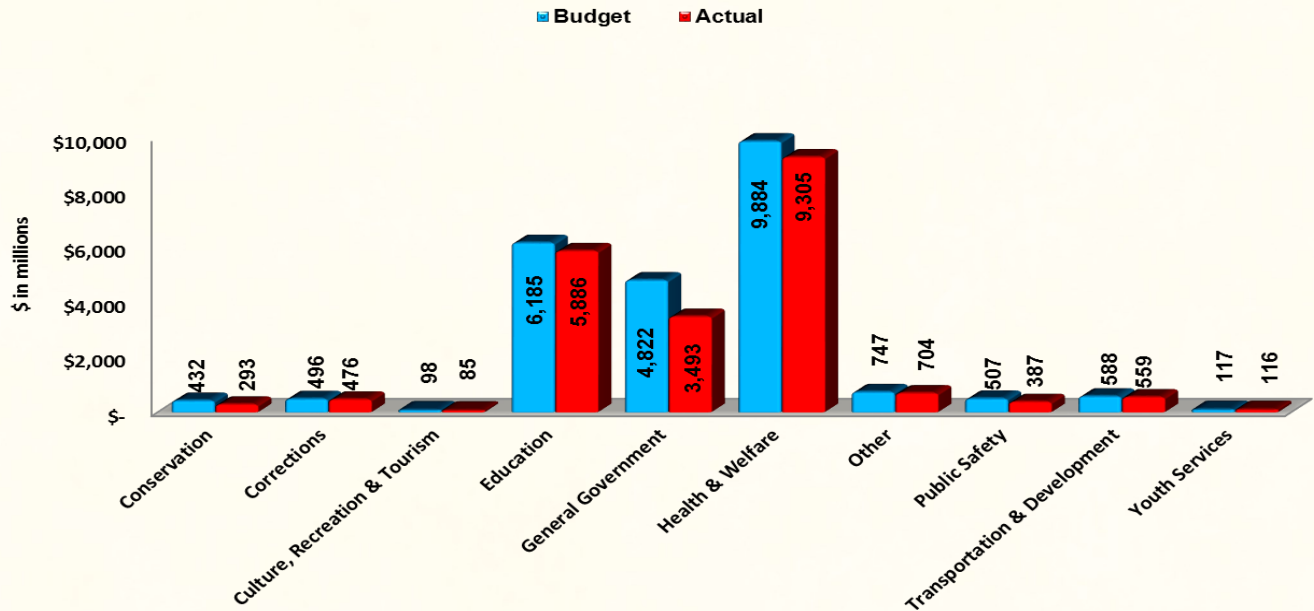
Percentage of State Funded Expenditures to Federally Funded Expenditures for Governmental Funds by Category



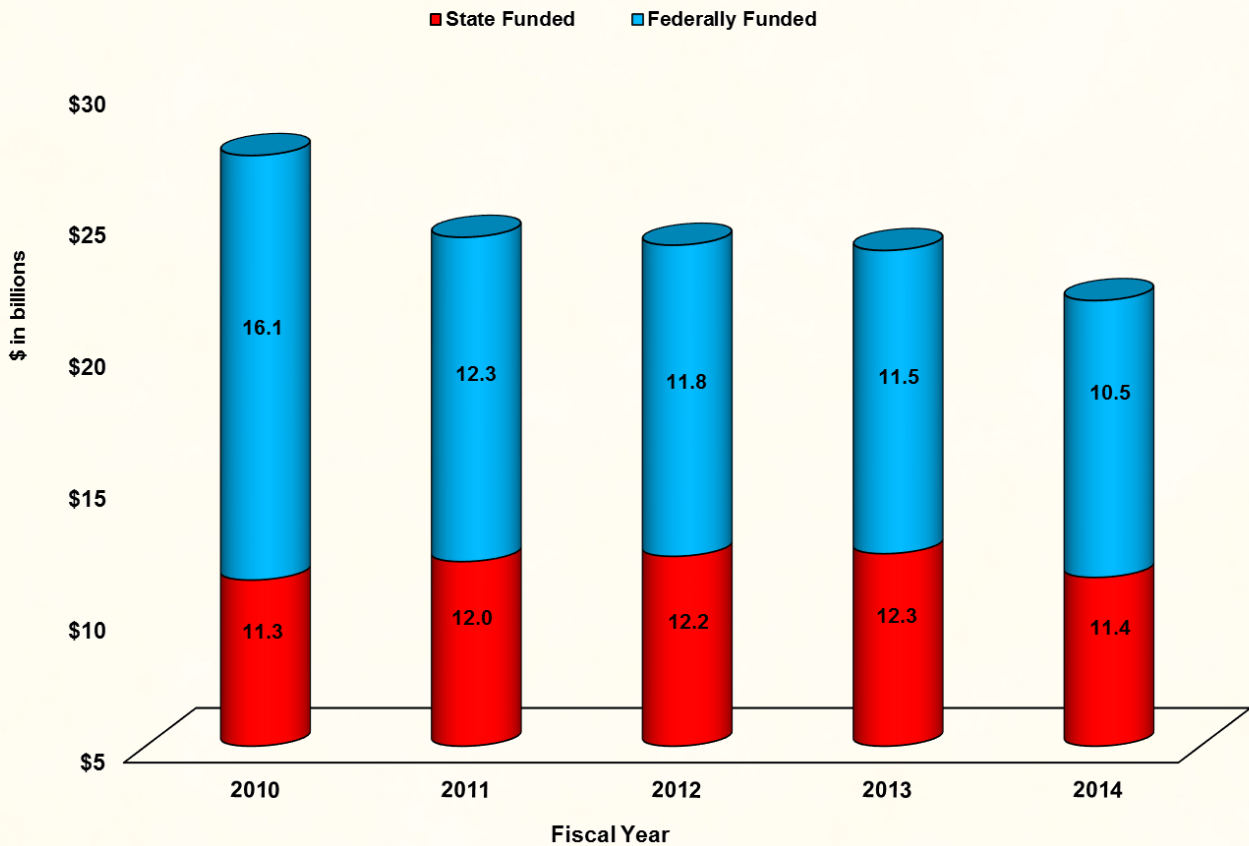
General Fund Budgetary Information

The State of Louisiana is legally required to prepare a balanced annual budget, and all state agencies are required to adhere to the budget during the fiscal year. The accompanying graphs depict the budgeted and actual expenditures for fiscal year 2014 and illustrates the State's final budgeted expenditures for the last five fiscal years.

General Fund Expenditures - Budget to Actual by Function



General Fund Budgeted Expenditures - State vs Federally Funded



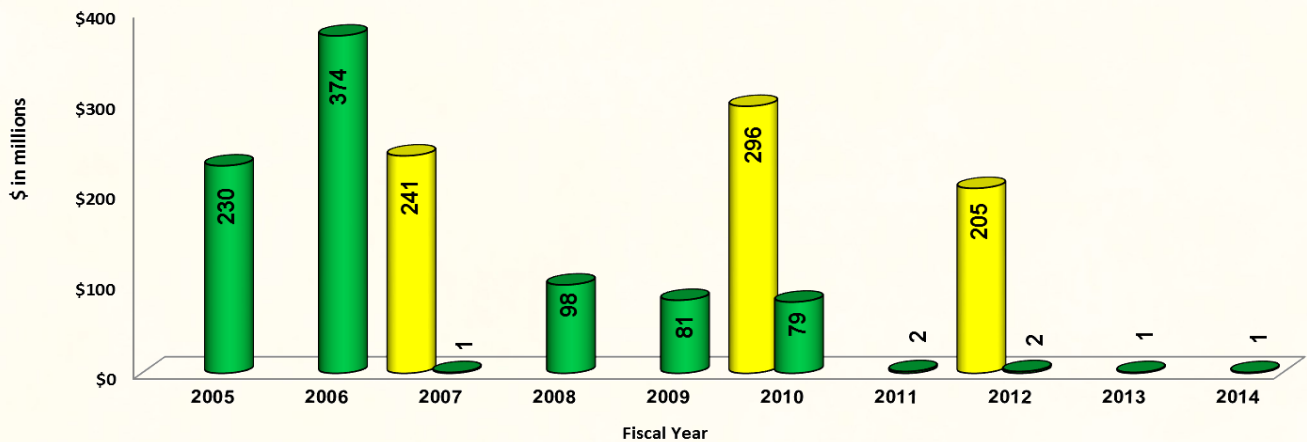
Budget Stabilization Fund

The Budget Stabilization Fund was created in 1990 for use as a source of funding in times of declining revenues. The fund receives its monies from excess mineral revenues, non-recurring revenues, monies in excess of the expenditure limit, investment earnings, and other monies appropriated by the legislature. One-third of the fund balance can be spent if the official forecast for recurring revenues for the upcoming fiscal year is less than the official forecast of recurring revenues for the current fiscal year, or if a deficit for the current fiscal year is projected due to a decrease in recurring revenues. For fiscal year 2014, \$636,571 in interest earnings was deposited into the Budget Stabilization Fund. According to LRS 39:94, no appropriation or deposit to the fund shall be made if such appropriation or deposit would cause the balance in the fund to exceed four percent of total State revenue receipts for the previous fiscal year. The Budget Stabilization Fund cap was \$801 million for fiscal year 2014. There were no expenditures from the fund for fiscal year 2014. The fund balance of the Budget Stabilization Fund was \$444.5 million at the end of fiscal year 2014.

Budget Stabilization Fund

■ Expenditures ■ Deposits

Last 10 Fiscal Years

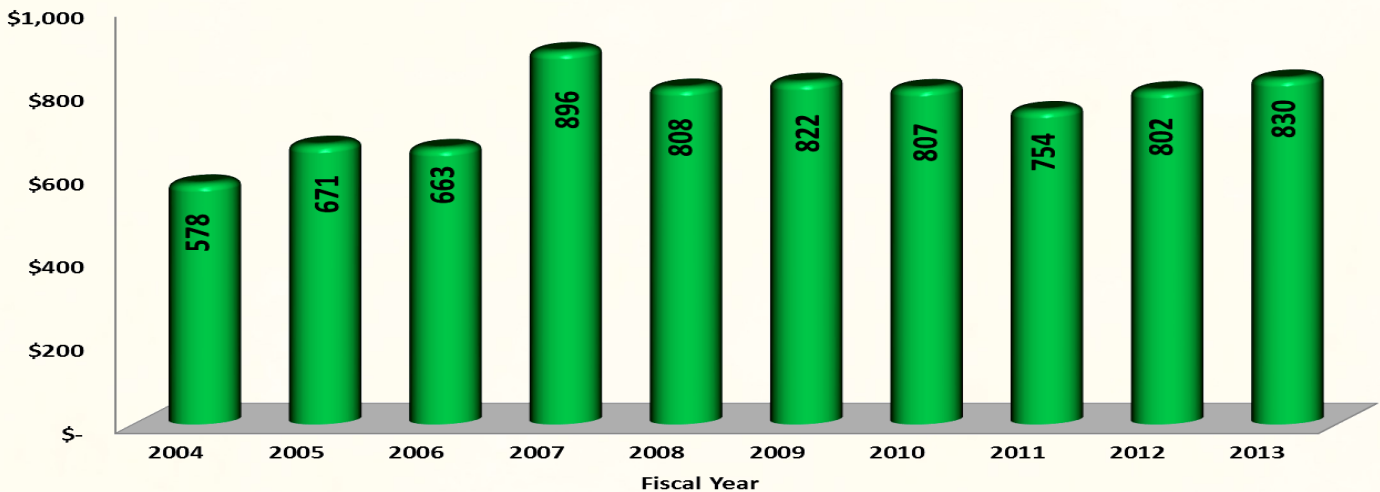


State Debt

LRS 39:1365(25) and 39:1402(D) limit the authorization and issuance, respectively, of general obligation bonds. “Debt service per capita” is the amount the State will pay per person for the general obligation debt of the State. Based on the U.S. Census Bureau population statistics, the debt service per capita for fiscal year 2013 was \$830. (Fiscal year 2014 is not presented due to the unavailability of the 2014 population estimate at the date of this printing.)

General Obligation Debt Service Per Capita

Last 10 Fiscal Years

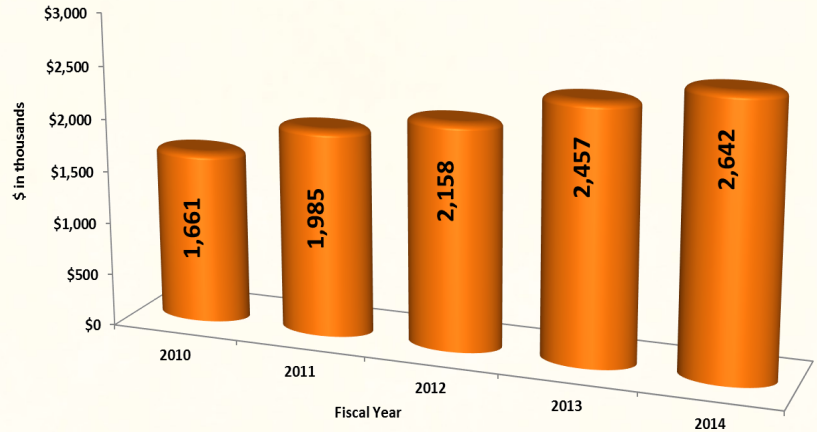


Other Postemployment Benefits

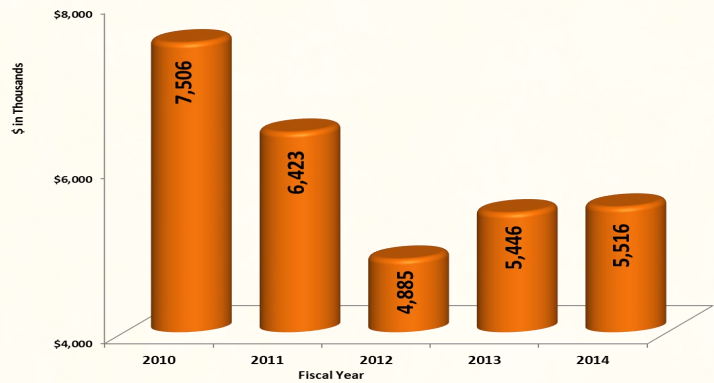
Louisiana's Division of Administration, Office of Group Benefits (OGB), is the administrator of a plan that provides health and life insurance benefits to eligible participants. Substantially all state employees become eligible for postemployment benefits if they reach normal retirement age while employed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

Effective July 1, 2007, the State began reporting the liability for these other postemployment benefits (Net OPEB Obligation). Each year the State records the adjusted Annual Required Contribution (ARC) less contributions. The ARC represents the normal cost and a portion of the Unfunded Actuarial Accrued Liability (UAAL) amortized over thirty years. The Net OPEB Obligation at the end of fiscal year 2014 was approximately \$2.6 billion and is reported on the Statement of Net Position in the CAFR. The UAAL that is expected to be paid in future retiree benefits over and above current resources was approximately \$5.5 billion. As of June 30, 2014, no assets have been accumulated to fund future postemployment benefit costs.

Net OPEB Obligation
Last 5 Fiscal Years



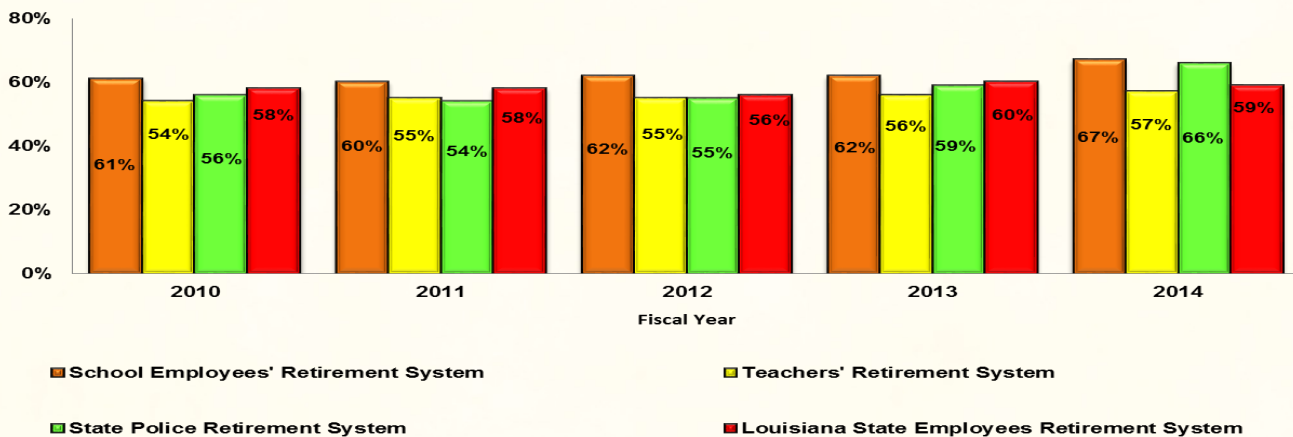
Unfunded Actuarial Accrued Liability
Last 5 Fiscal Years



Retirement System Funding

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

Funded Percentage of Actuarial Accrued Liability
Last 5 Fiscal Years

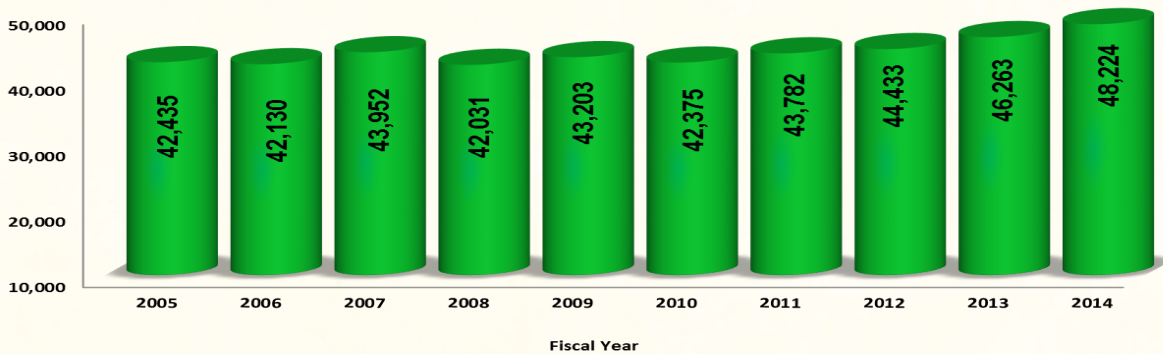


Education

Taylor Opportunity Program for Students (TOPS), created by LRS 17:3048.1, is a program of state scholarships for Louisiana residents who attend one of Louisiana's public colleges and universities, the Louisiana Community and Technical College System, Louisiana approved Proprietary and Cosmetology Schools, or institutions that are a part of the Louisiana Association of Independent Colleges and Universities. LRS 17:3048.1 authorizes the State to financially assist any student who enrolls on a full-time basis to pursue an academic undergraduate degree or a skill or occupational training, as defined by the Board of Regents, including a vocational or technical education certificate or diploma program or a nonacademic undergraduate degree. The accompanying charts depict the number of TOPS recipients and amounts of TOPS awards for the last ten fiscal years. In fiscal year 2014, \$244,627,136 was awarded to 48,224 recipients. Information on eligibility requirements and applying for TOPS awards can be found at the Louisiana Office of Student Financial Assistance's website at www.osfa.louisiana.gov.

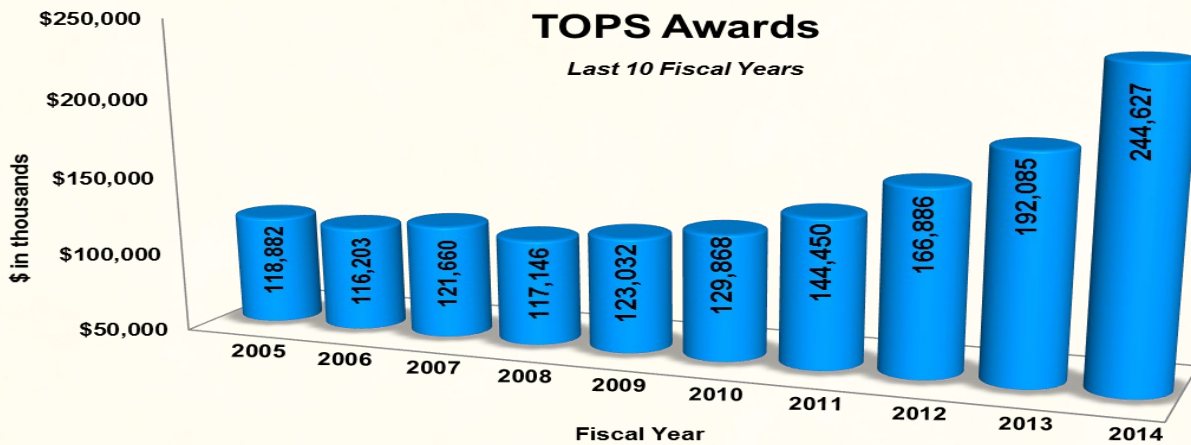
TOPS Recipients

Last 10 Fiscal Years



TOPS Awards

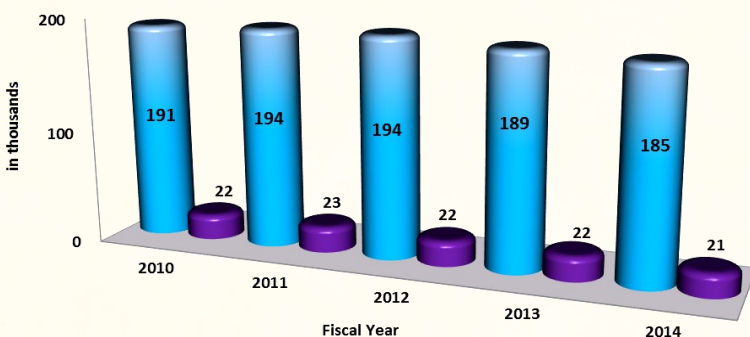
Last 10 Fiscal Years



Public College & University Annual Enrollment

Last 5 Fiscal Years

Undergraduate Graduate/Professional



Higher Education in public institutions of Louisiana consists of four main systems: the University of Louisiana System, Louisiana Community & Technical College System, Louisiana State University System, and Southern University System. Enrollment in these systems reached an approximate average of 206,000 in 2014. The Board of Regents is authorized to develop a master plan for public higher education in Louisiana to raise the educational attainment of its adult residents to successfully compete in the 21st century world economy. It also addresses the need to strategically invest in targeted research to sustain and expand the State's economic prosperity through development of skilled, educated residents. For more information on higher education in Louisiana, visit the Board of Regents website at www.regents.louisiana.gov.

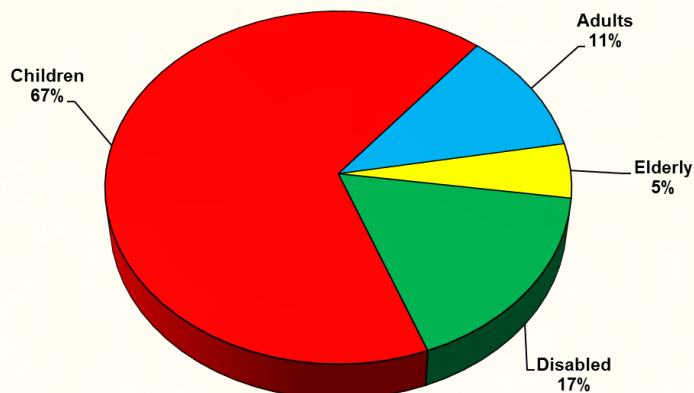


Health and Welfare

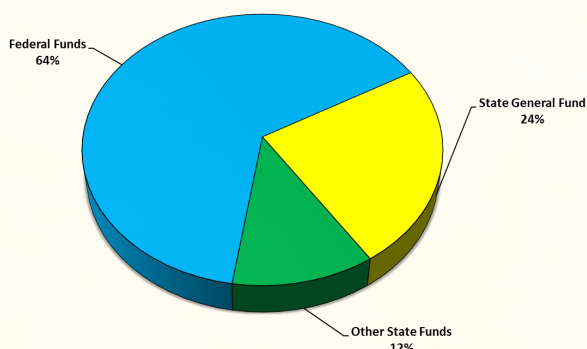
Louisiana is dedicated to providing its residents with the best social welfare and economic security available. Many programs and services have been established to aid individuals in need of benefits from the health and welfare system. Louisiana healthcare, which incurs much of the State's expenses, has made significant improvements in the provision of health and welfare services to its residents. The Medicaid program, one of the largest health insurance programs in the State, provided medical services for slightly over one million Louisiana residents during the fiscal year ended June 30, 2014. Services were provided to 51,940 elderly, 176,894 disabled, and 117,776 adult residents, as well as 694,547 children. The overall enrollment increased by 24,257 individuals. *

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

Louisiana Medicaid Enrollment by Category



Medicaid Expenditures by Means of Financing



Louisiana's Medicaid expenditures are grouped into two types, Medical Vendor Program (MVP) and Medical Vendor Administration, both which are jointly funded with state and federal dollars. Medicaid expenditures for the fiscal year ended June 30, 2014 totaled \$7.8 billion with \$1.8 billion funded by State General Fund; \$1 billion funded by other state funding sources; and \$5 billion funded by federal funds.

Louisiana Agricultural and Natural Resources

2013

(in dollars)

Commodity	Gross Farm Value	Value Added	Total Value
Cattle (calves)	\$589,576,255	\$73,697,032	\$663,273,287
Horses	460,731,000	50,680,410	511,411,410
Poultry	1,016,436,152	991,025,248	2,007,461,400
Aquaculture (e.g. craw fish)	265,204,414	179,012,979	444,217,393
Fisheries/Marine (e.g. seafood)	284,369,628	276,012,498	560,382,126
Cotton	147,816,799	36,954,200	184,770,999
Feed Grain Crops	791,773,725	138,560,402	930,334,127
Forestry	720,765,806	2,162,297,418	2,883,063,224
Rice	494,415,302	164,640,295	659,055,597
Soybeans	773,443,391	135,352,593	908,795,984
Sugarcane	454,959,052	315,741,582	770,700,634
Other	934,347,409	331,932,842	1,266,280,251
TOTAL	\$6,933,838,933	\$4,855,907,499	\$11,789,746,432

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

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

WEBSITE ADDRESSES

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

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





www.doa.louisiana.gov/osrap/popularreport.htm

