



LOUISIANA



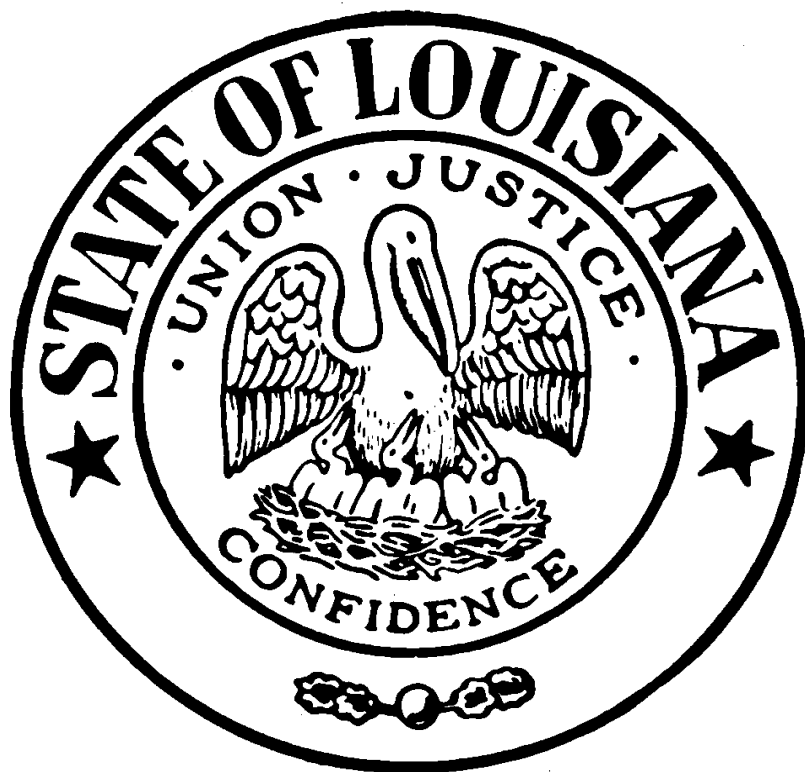
COMPREHENSIVE ANNUAL FINANCIAL REPORT *For The Fiscal Year Ended June 30, 2011*



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**State of Louisiana
Comprehensive Annual Financial Report
for the Year Ended June 30, 2011**

BOBBY JINDAL
Governor



Prepared By
DIVISION OF ADMINISTRATION
PAUL W. RAINWATER
Commissioner

On the Cover

Exploring Louisiana's Key Industries. Louisiana is home to strong traditional industries, such as petrochemicals and manufacturing, as well as newer growth industries with strong foundations in technology and research. Our state continues to work aggressively to strengthen our business environment, diversify our economy, and promote business investment opportunities. Louisiana's key industries include:

- **Advanced Manufacturing**—A favorable income tax environment and strong infrastructure and logistics provide companies the resources they need to be successful and grow their businesses in Louisiana.
- **Agribusiness:** In Louisiana, agriculture is a multibillion-dollar industry, providing companies with access to innovative research centers and an abundance of raw materials and commodities.
- **Clean-Technologies:** Clean-Tech companies can take advantage of Louisiana's skilled workforce, established manufacturing culture, and competitive tax advantages.

- **Digital Media and Software:** With the strongest incentive program in the U.S. for business software and a strong pro-business environment, digital media and software companies find success in Louisiana.
- **Energy:** For decades as an oil and gas leader, Louisiana's infrastructure, workforce, logistics, and regulatory environment present an ideal situation for energy businesses.
- **Entertainment:** With innovative incentives in digital media, live performance, motion picture, and sound recording, Louisiana's entertainment industry is thriving.
- **Specialty Health Care:** With bioscience centers located throughout the state and aggressive biotech and biomed initiatives under way, Louisiana is well-positioned to become a leader in specialty health care.
- **Water Management:** Louisiana's expertise in water management, combined with its geography, make it the perfect location for companies to take advantage of ground-breaking exploration.

Photo Credits

Front Cover:

- Top-left: Agribusiness—Aquatic Energy. Photo courtesy of Louisiana Economic Development.
- Top-right: Protecting Louisiana's Coast—Following the explosion of the Deepwater Horizon oil rig on April 20, 2010, and the resulting oil spill, Louisiana National Guardsmen hook a 4,500 pound sandbag to a UH-60 Black Hawk helicopter before delivering it to one of five breaches along the coast of the southeast side of Lafourche Parish. Louisiana National Guard photo by Sgt. Michael Owens.
- Right-center: The Cyber Innovation Center in Bossier City, Louisiana. Photo courtesy of the Cyber Innovation Center.
- Bottom-right: Water Management Industry. Photo courtesy of Louisiana Economic Development.
- Bottom-left: Louisiana's State Capitol. Photo courtesy of Louisiana Office of Tourism.

Back Cover:

- Top left: Clean-Tech Industry. Photo courtesy of Louisiana Economic Development.
- Top-right: A machine used in advanced manufacturing classes. Photo courtesy of Louisiana FastStart™.
- Right-center: The Celtic Media Center in Baton Rouge. Photo courtesy of Celtic Media Center.
- Bottom-right: A bronze relief in the rotunda of Louisiana's State Capitol. Photo courtesy of Louisiana Office of Tourism.
- Bottom-left: Specialty Health Care—Pharmaceutical manufacturing. Photo courtesy of Louisiana FastStart™.



Bobby Jindal

Governor

State of Louisiana

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I. INTRODUCTORY SECTION



State of Louisiana
Division of Administration
Office of the Commissioner

December 28, 2011

To: The Honorable Bobby Jindal, 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, 2011. The report was prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the 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, and 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 1, Section A of the financial statements.

GASB requires that management provide a narrative introduction, overview, and 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 the 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, 2011, 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 reconciliation between GAAP and non-GAAP budgetary basis fund balances is presented as required supplementary information.

PROFILE OF THE GOVERNMENT

Located on the Gulf of Mexico and bounded by Arkansas, Texas, and Mississippi, Louisiana serves a population of 4,544,000. 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 57 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.

THE GOVERNMENT'S MAJOR FISCAL INITIATIVES

The main focus of the 2010 legislative session was balancing the state's fiscal year 2011 budget. Article 7, Section 10 (F) of the Louisiana constitution requires the legislature to pass a balanced budget each year. Declining state revenues caused by the national recession and the elected government's desire not to impose any new taxes led to the need to close an expected \$1 billion budget deficit.

The following measures were enacted, which had significant fiscal impacts:

- In order to streamline government while at the same time protecting and improving critical services to citizens, numerous initiatives were included in the fiscal year 2011 budget to restructure and reform government to do more with less. For example, in 2010 the Department of Social Services began undertaking one of the largest departmental reorganizations in decades, consolidating and modernizing its operations, and improving its priority initiatives as the revamped Department of Children and Family Services. Similar reform and restructuring efforts were undertaken across state government.

- The Louisiana GRAD (Granting Resources and Autonomy for Diplomas) Act was passed during the 2010 legislative session giving colleges and universities in the State increased autonomy and flexibility in exchange for a commitment to meet clearly defined statewide performance goals, including boosting graduation rates. Participating institutions will be allowed to increase tuition and fees, without legislative approval, by up to 10 percent until they reach the average tuition and fees of their institutional peers. The tuition autonomy granted by the GRAD Act will allow colleges and universities to generate additional revenue through tuition and fee increases reducing their dependence upon General Fund appropriations.
- Under the direction of the State Healthcare Reform Act (Act 273 of 2007 Regular Session) the Louisiana Department of Health and Hospitals has begun the process of moving the State's Medicaid System away from a strictly fee-for-service model into a system that encourages coordination among different types of healthcare providers (e.g. inpatient, physician) through the use of Coordinated Care Networks (CCNs). The Department of Health and Hospitals projects that the statewide rollout of the Coordinated Care Networks will be completed by December of 2015. The switch to CCNs is expected to improve the quality of healthcare provided by the State Medicaid System and reduce Medicaid related expenditures in the state by two to nineteen percent.
- Louisiana reduced its number of state civil service employees by 6,226 in fiscal year 2011. The reduction was accomplished through the elimination of almost 3,000 appropriated fulltime positions (T.O.) in the fiscal year 2011 budget, as well as a combination of retirements and attrition. As a result civil service related payroll expenditures were reduced by approximately \$279 million in fiscal year 2011.

IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

During the current year, Louisiana implemented GASB Statement 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. It establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement also clarifies existing governmental fund type definitions, which resulted in changes to Louisiana's fund structure. These changes primarily related to many special revenue funds no longer meeting the GAAP definition of a special revenue fund, so are now being reported in the General Fund for GAAP purposes.

ECONOMIC OUTLOOK

The national recession has negatively impacted Louisiana's economy; however, it has been less severe in Louisiana than in many other states. According to figures obtained from the Bureau of Labor Statistics, the unemployment rate increased in Louisiana from 7.1% in state fiscal year 2010 to 7.8% in state fiscal year 2011. During the same period, the U.S. unemployment rate decreased from 9.7% to 9.3%. The national economy is showing signs of growth. The economic outlook for the nation and the State is projected to be positive over the next two fiscal years.

The forecasts for the State of Louisiana are based on the following assumptions: 1) the national real gross domestic product is expected to rise by 2.1 percent in 2012 and 2.8 percent in 2013; 2) the consumer price index is expected to rise modestly by 2.4 percent in 2012 and 2.5 percent in 2013; and 3) oil prices will fluctuate between \$80-\$110 a barrel over the next two years and natural gas prices are expected to remain relatively low and stable at \$4 per mmbtu.

Louisiana's economy is quite diverse, as can be seen in comparing the Metropolitan Statistical Areas (MSAs) of Louisiana. Below are the forecasts for the major MSAs of Louisiana.

- New Orleans, the largest MSA in the State, is projected to have flat job growth in 2012 and a loss of 600 (-.1%) jobs in 2013. Over the next two years, economic growth will be offset by the loss of 4,500 jobs at Avondale Shipyards, the loss of \$1.3 billion of British Petroleum oil spill clean-up funds, and a \$2.5 billion reduction in construction spending.
- Baton Rouge is the fastest growing MSA in the State with an estimated job growth of 4,400 (1.2%) jobs in 2012 and 3,300 (0.9%) jobs in 2013. Low natural gas prices have led to significant expansion in the petrochemical industry giving rise to \$3.4 billion of announced construction projects. The potential development of the Tuscaloosa Marine Shale could radically improve the growth for this area in coming years.
- Oil and Gas extraction activity in the Gulf of Mexico is expected to begin recovering from the recent Deep Water Horizon oil spill providing an economic boost to the Lafayette and Houma MSAs, which are both dependent on the extraction industry. Lafayette is expected to add 2,200 (1.5%) jobs in 2012 and another 2,000 (1.3%) jobs in 2013. Houma is expected to add 800 (0.9%) jobs in 2012 and an additional 1,400 (1.5%) jobs in 2013.
- The Lake Charles MSA is expected to have a remarkable \$10.6 billion of construction projects over the next two years. A large amount of the construction is associated with the low cost of natural gas in Louisiana, which is very attractive to the petrochemical industry. This area is expected to add 2,500 (2.7%) jobs in 2012 and another 2,700 (2.9%) jobs in 2013.
- The Shreveport-Bossier MSA has the highest concentration of durable goods manufacturing in Louisiana, which makes it the most sensitive region of the State to the national recession. Isle of Capri is building a new casino in Bossier City which is expected to open in May 2013. The Haynesville Shale, a very large deposit of natural gas, continues to provide a major economic boost to the MSA. The decision of General Motors to close its factory gives the MSA relatively modest job growth over the next two years despite the other positive factors present. The Shreveport/Bossier MSA is expected to add 1,500 (0.9%) jobs in 2012 and another 2,100 (1.2%) jobs in 2013.
- The Monroe MSA is projected to add 400 (0.5%) jobs in 2012 and an additional 700 (0.9%) jobs in 2013. The MSA's growth is primarily due to planned construction projects of \$88.1 million and ConAgra's expected \$55-\$110 million expansion of its sweet potato processing plant in Richland Parish.
- Private employers in the Alexandria MSA are expected to add relatively few jobs over the next two years. State road and bridge projects of approximately \$1.1 billion are planned or are already under construction in the area. The Alexandria MSA is expected to have slow job growth over the next two years, adding 600 (0.9%) jobs in 2012 and another 600 (0.9%) jobs in 2013.

The nation's slow recovery from the great recession continues to impact Louisiana's economy. Additionally, weak growth in the New Orleans area and the lingering effects of the permitatorium on Louisiana's extraction-oriented regions are both expected to impact the State's economy over the next two years. As a whole, Louisiana enjoys very positive prospects in the future and is projected to add 14,200 (0.8%) jobs in 2012 and another 14,800 (0.8%) jobs in 2013. If this forecast proves true, Louisiana will be about 3,600 jobs short of its pre-great recession peak by the end of 2013.

CERTIFICATE OF ACHIEVEMENT

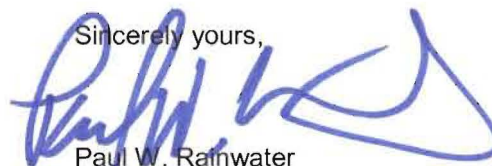
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Louisiana for its CAFR for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award 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,



Paul W. Rainwater
Commissioner of Administration

PR: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, 2010

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.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

PRINCIPAL STATE OFFICIALS

Executive (Elected)

Bobby Jindal
Governor
Jay Dardenne
Lieutenant Governor
J. Thomas "Tom" Schedler
Secretary of State
James D. "Buddy" Caldwell
Attorney General
John Neely Kennedy
Treasurer
Dr. Mike Strain
Commissioner of Agriculture and Forestry
James J. Donelon
Commissioner of Insurance

Legislative (Elected)

Jim Tucker
Speaker of the House of Representatives
Joel T. Chaisson, II
President of the Senate

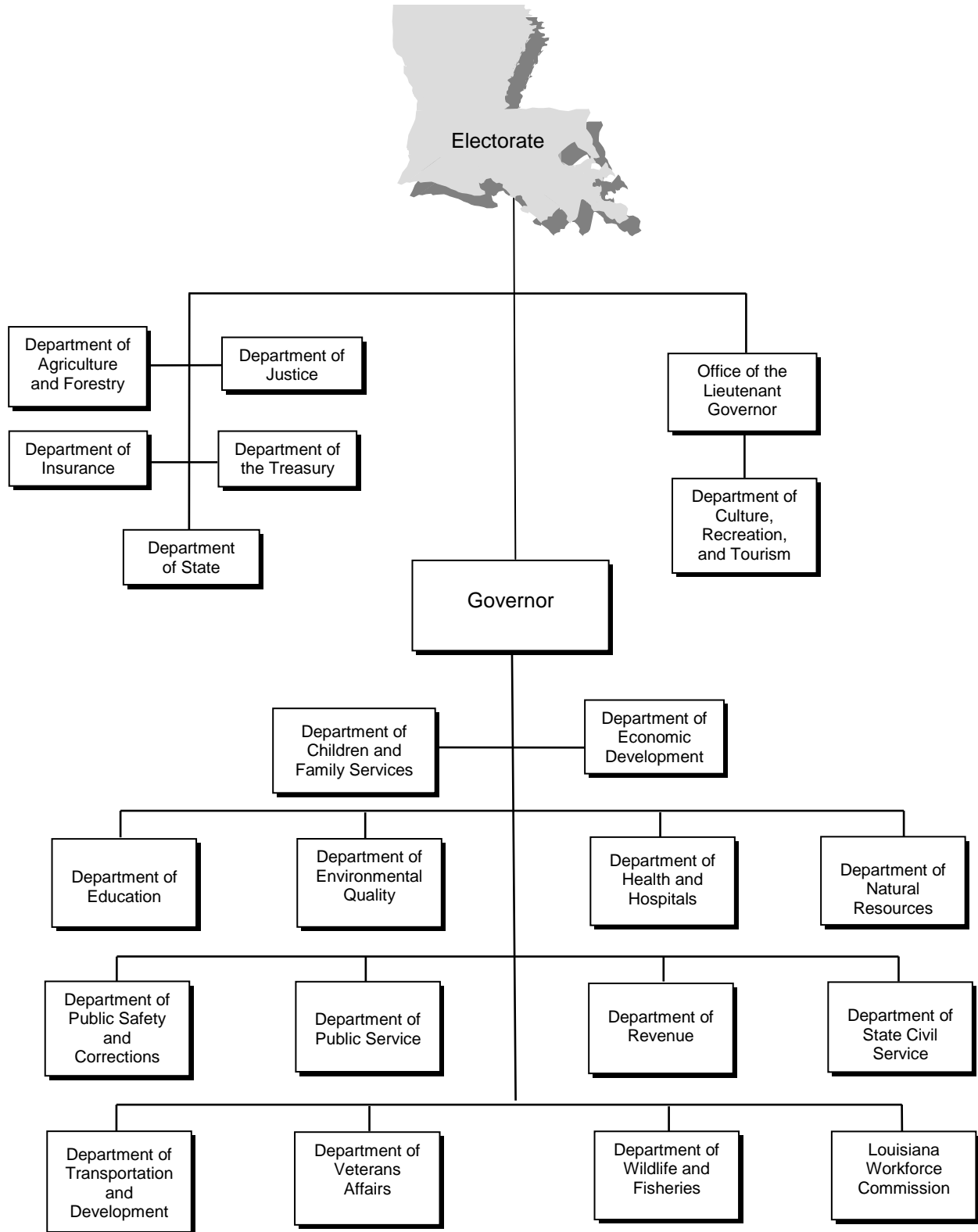
Judicial (Elected)

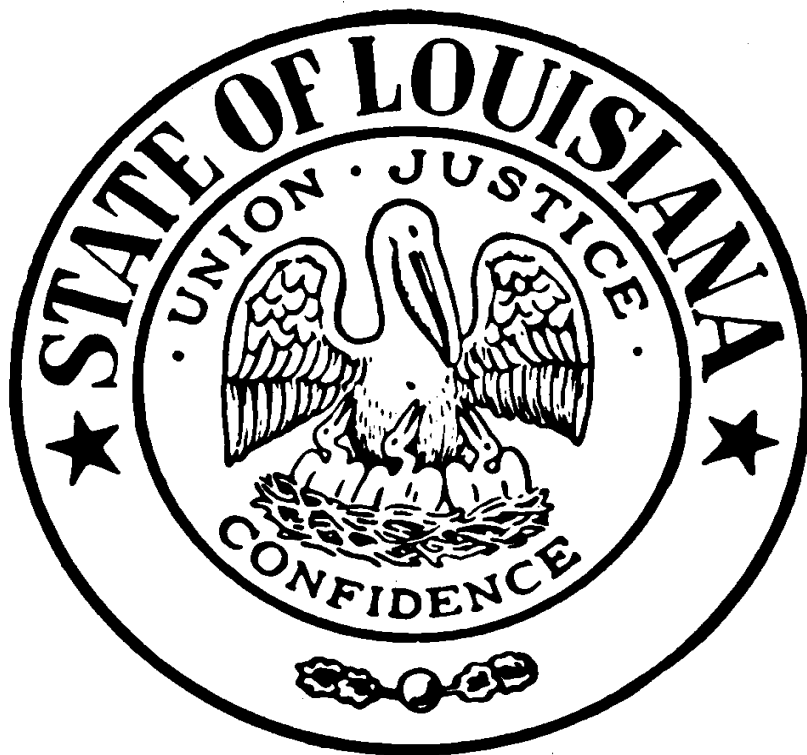
Catherine D. "Kitty" Kimball
Chief Justice of the Supreme Court of Louisiana

Executive (Appointed)

Ruth Johnson
Secretary of Children and Family Services
Jay Dardenne
Secretary of Culture, Recreation, and Tourism
Stephen Moret
Secretary of Economic Development
Ollie S. Tyler
Acting State Superintendent of Education
Peggy M. Hatch
Secretary of Environmental Quality
Bruce D. Greenstein
Secretary of Health and Hospitals
Scott A. Angelle
Secretary of Natural Resources
James M. LeBlanc
Secretary of Public Safety and Corrections
Colonel Michael D. Edmonson
Deputy Secretary of Public Safety and Corrections
Superintendent, Office of State Police
Eve Kahao Gonzalez
Secretary of Public Service Commission
Cynthia Bridges
Secretary of Revenue
Shannon S. Templett
Director of State Civil Service
Sherri LeBas
Secretary of Transportation and Development
Lane Carson
Secretary of Veterans Affairs
Robert Barham
Secretary of Wildlife and Fisheries
Curt Eysink
Executive Director of Louisiana Workforce Commission

STATE ORGANIZATIONAL CHART





II. FINANCIAL SECTION



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 28, 2011

Independent Auditor's Report

Honorable Bobby Jindal, Governor
Honorable Joel T. Chaisson, President, and
Members of the Senate
Honorable Jim Tucker, 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, 2011, 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	1.0%	2.0%	0.9%
Business-Type Activities	1.3%	1.3%	2.6%
Aggregate Discretely Presented Component Units	17.0%	25.3%	11.9%
Aggregate Remaining Funds (pension trust funds)	83.7%	84.8%	68.1%

December 28, 2011

Page Two

Those financial statements were audited by other auditors whose reports thereon 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 on the reports of the other auditors.

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 Tiger Athletic Foundation, both component units of the Louisiana State University System (major component unit); the University Facilities, Inc., the University of Louisiana Monroe Facilities, Inc., the NSU Facilities Corporation, and the Black and Gold Facilities, Inc., all component units of the University of Louisiana System (major component unit); and the Southern University System Foundation and the SUSLA Facilities, Inc., both component units of the Southern University System (major component unit), which were audited by other auditors upon whose reports we are relying, were audited in accordance with auditing standards generally accepted in the United States of America, but not 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.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Louisiana, as of June 30, 2011, and the respective changes in financial position and, where applicable, the cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in note 6 to the financial statements, the actuarial accrued liability for the Louisiana State Employees' Retirement System and the Teachers' Retirement System of Louisiana (Systems) is reported as \$15,221,055,000 and \$24,096,754,000, respectively, at June 30, 2011. These actuarial valuations were based on various assumptions made by the Systems' actuary including an investment return assumption of 8.25%. Because this investment return assumption may or may not be indicative of the actual future investment returns and could be overly optimistic in that regard, there is a risk that the reported actuarial accrued liability for each of the Systems at June 30, 2011, could be understated.

As disclosed in note 10 to the financial statements, the State of Louisiana changed its method of recording and depreciating infrastructure in fiscal year 2011.

As disclosed in note 11 to the financial statements, the State of Louisiana implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and Statement No. 59, *Financial Instruments Omnibus*, for the year ended June 30, 2011. The implementation of GASB Statement No. 54 resulted in a reclassification of fund balances in the governmental funds and reduced the number of the state's special revenue funds from 213 reported in fiscal year 2010 to only 10 in fiscal year 2011. Substantially, all of the former special revenue funds are now reported as part of the state's General Fund as disclosed in note 10 to the financial statements.

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, grants, and other matters 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 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 considered in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis and the *Required Supplementary Information Other Than Management's Discussion and Analysis* presented on pages 15 through 27 and 113 through 115, respectively, are not required parts of the basic financial statements, but are supplementary information required by GASB. We and the other auditors have applied certain limited procedures, which consisted principally 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 (pages 1 through 9), the Budgetary Comparison Schedule - Budget to Actual - Bond Security and Redemption Fund (page 117), the Combining and Individual Fund Statements and Schedule - Nonmajor Funds (pages 120 through 151), and the Statistical Section (pages 153 through 180) 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 - Budget to Actual - Bond Security and Redemption Fund and the Combining and Individual Fund Statements and Schedule - Nonmajor Funds have been subjected to the auditing procedures applied by us and the other auditors 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

December 28, 2011

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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,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

BC:THC:DGP:dl

CAFR 2011

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, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts. Please 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 28.

FINANCIAL HIGHLIGHTS

- **Government Wide:**

Net Assets – The assets of the State exceeded its liabilities at the close of the fiscal year by \$15.6 billion, a decrease of 20.3% from the prior fiscal year. This amount includes \$5.9 billion in restricted assets that are not available to pay the general obligations of the State.

The State changed the accounting method it uses to record infrastructure assets. This caused a decrease in invested in capital assets net of related debt in the amount of \$2.8 billion (19%).

Changes in Net Assets – Net assets of governmental activities decreased by \$4 billion (22.8%), while net assets of the business-type activities increased by \$29.7 million (1.5%).

- **Fund Level:**

The State implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As a result, there were significant changes to the State's fund structure including merging 248 special revenue funds that did not meet the new special revenue fund definition into the General Fund.

As the State completed the year, its governmental funds (as presented in the balance sheet on page 31) reported a total fund balance of \$8.2 billion (a 9.6% decrease from the prior year balance). Unassigned fund balance constitutes 1.4% of this total and has no constraints upon its use. The remainder of this fund balance is not available for spending because it has already been dedicated to other purposes.

- **Long-term Debt:**

The State's long-term obligations for governmental activities increased by \$549 million (5.2%). The major portion of this increase in debt is due to an increase in bonds payable of \$386 million (5.9%), and in other post employment benefits of \$321 million (19.5%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Basic Financial Statements of the State of Louisiana, which are 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 – Reporting the State as a Whole

The government-wide financial statements are designed to provide readers with a broad overview of the finances of the State of Louisiana as a whole, and are prepared 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 helps in assessing the economic condition of the State 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

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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 28) 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 30) 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).

Both government-wide statements report three types of activities:

Governmental Activities – The activities in this section are primarily 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; youth services; 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 Patient's Compensation Fund Oversight Board and 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, the Louisiana Stadium and Exposition District, the Louisiana Housing Finance Agency, and the Louisiana Lottery Corporation. For a list of some of the component units included in the government-wide statements, see Note 1 (page 45) of the notes to the basic financial statements.

Fund Financial Statements

The fund financial statements begin on page 31 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 56 active funds; of this total, 21 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 120 - 127 of this report.

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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 45-112 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 113 of this report.

THE STATE AS A WHOLE

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 Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 14,826,467	\$ 14,851,986	\$ 2,742,047	\$ 2,855,883	\$ 17,568,514	\$ 17,707,869
Capital assets	15,134,906	17,749,674	386,457	337,254	15,521,363	18,086,928
Total assets	29,961,373	32,601,660	3,128,504	3,193,137	33,089,877	35,794,797
Other liabilities	5,265,954	4,468,248	142,795	190,537	5,408,749	4,658,785
Long-term debt outstanding	11,165,890	10,617,335	963,752	1,010,371	12,129,642	11,627,706
Total liabilities	16,431,844	15,085,583	1,106,547	1,200,908	17,538,391	16,286,491
Invested in capital assets, net of related debt	11,862,399	14,737,911	218,826	170,960	12,081,225	14,908,871
Restricted	5,008,705	5,096,314	906,600	1,048,285	5,915,305	6,144,599
Unrestricted	(3,341,575)	(2,318,148)	896,531	772,984	(2,445,044)	(1,545,164)
Total net assets	<u>\$ 13,529,529</u>	<u>\$ 17,516,077</u>	<u>\$ 2,021,957</u>	<u>\$ 1,992,229</u>	<u>\$ 15,551,486</u>	<u>\$ 19,508,306</u>

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Net Assets:

As noted earlier, the overall financial position for the State decreased (20.3%) from the previous year with net assets decreasing to \$15.6 billion. Net assets for governmental activities decreased by \$4 billion (22.8%) and net assets for business-type activities increased by \$29.7 million (1.5%). The largest portion of the net assets of the State, \$12.1 billion (77.7%), reflects investment in capital assets (e.g., land, roads, buildings, machinery, and equipment) net of related debt. These net assets are used to provide services to residents of the State, and consequently are not available for future spending. Capital assets decreased by \$2.6 billion (14.2%), due mainly to the State changing the accounting method used to record infrastructure from a total expenditure based approach (the Wooster method) to an individual asset approach. The change resulted in a 672% increase in construction in progress, and a 45.5% reduction in infrastructure for governmental activities. The 2010 condensed financial statements were not restated to reflect the prior period adjustment in infrastructure, however the beginning net assets for the 2011 condensed financial statements were restated. A more detailed explanation of the decline in infrastructure is provided in Note 10, Fund Balance/Net Asset Disclosures (page 107).

In contrast, current and other assets (e.g., cash, investments, receivables, and inventory) totaled \$17.6 billion (53.1%) of total assets at fiscal year-end; the State uses these resources in part to repay debt associated with capital assets. The current and other assets of the State at June 30, 2011, represent a less than 1% decrease from the prior fiscal year. Cash and investments have decreased by \$1.2 billion (10.4%), largely due to the downturn in the economy and the very low interest rate environment experienced over the past fiscal year.

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 decreased by \$88 million (1.7%) from the previous fiscal year for governmental activities, reflecting a decrease in assets restricted for purposes other than debt service and capital projects of \$119 million (2.4%). Restricted net assets for funds held as permanent investments increased by \$132 million (5.2%) over last year. At June 30, 2011 the State had \$2.5 billion restricted as nonexpendable permanent fund principal and \$161 million restricted as expendable portions of permanent funds.

Restricted net assets decreased by \$142 million (13.5%) for business-type activities, and was primarily caused by a decrease in the amount restricted for unemployment compensation, which is reported in the Unemployment Trust Fund. Balances in the fund continue to decrease reflecting the relatively high number of unemployment claims following lay-offs, which were related to the downturn in the nation's economy.

For fiscal year 2011, unrestricted net assets decreased by \$1 billion (44.2%) from the previous year for governmental activities. A large portion of this decrease is due to the recessionary environment, which continues to negatively impact state revenue sources. Although revenues increased and expenditures decreased, expenditures still exceeded revenues which resulted in decline of net assets. A more detailed explanation of the change in revenues is provided on page 21.

Unrestricted net assets increased by \$124 million (16%) for business-type activities. This increase is due mostly to the Patient's Compensation Fund Oversight Board collecting \$65 million more in assessments than it paid out in claims. The purpose of the Patient's Compensation Fund Oversight Board is to guarantee that affordable, medical malpractice coverage is available to all private healthcare providers and to provide a certain, stable source of compensation for legitimate injured parties of medical malpractice.

Changes in Net Assets:

(on the following page)

State of Louisiana

Changes in Net Assets

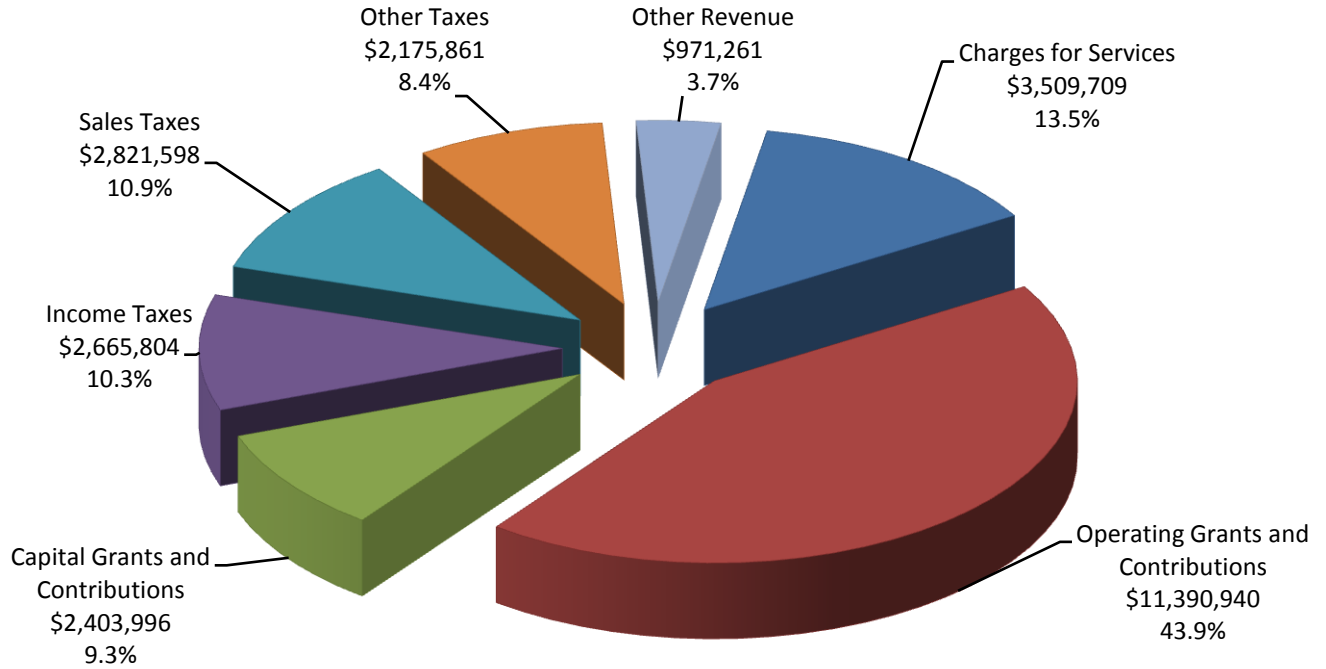
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
	Revenues:					
Program revenues:						
Charges for services	\$ 3,509,709	\$ 3,415,864	\$ 567,276	\$ 893,745	\$ 4,076,985	\$ 4,309,609
Operating grants and contributions	11,390,940	11,138,352	376,724	412,463	11,767,664	11,550,815
Capital grants and contributions	2,403,996	2,526,649	107,519	68,045	2,511,515	2,594,694
General revenues:						
Income taxes	2,665,804	2,491,144	--	--	2,665,804	2,491,144
Sales and use taxes	2,821,598	2,560,775	--	--	2,821,598	2,560,775
Other taxes	2,175,861	2,194,907	--	--	2,175,861	2,194,907
Other	971,261	808,424	14,483	21,732	985,744	830,156
Total revenues	25,939,169	25,136,115	1,066,002	1,395,985	27,005,171	26,532,100
Expenses:						
Governmental activities:						
General government	6,497,216	5,896,826	--	--	6,497,216	5,896,826
Culture, recreation and tourism	110,078	86,845	--	--	110,078	86,845
Transportation and development	1,370,238	1,111,846	--	--	1,370,238	1,111,846
Public safety	337,149	349,369	--	--	337,149	349,369
Health and welfare	9,335,925	10,248,151	--	--	9,335,925	10,248,151
Corrections	671,436	686,957	--	--	671,436	686,957
Youth services	134,274	152,562	--	--	134,274	152,562
Conservation and environment	372,703	595,690	--	--	372,703	595,690
Education	6,602,774	6,599,451	--	--	6,602,774	6,599,451
Other	78,078	45,821	--	--	78,078	45,821
Intergovernmental	430,763	398,377	--	--	430,763	398,377
Interest on long-term debt	255,491	299,326	--	--	255,491	299,326
Business-type activities:						
Patient's Compensation	--	--	126,324	160,427	126,324	160,427
Unemployment Trust Fund	--	--	761,747	985,779	761,747	985,779
Other	--	--	123,340	344,750	123,340	344,750
Total expenses	26,196,125	26,471,221	1,011,411	1,490,956	27,207,536	27,962,177
Net increase (decrease) before transfers	(256,956)	(1,335,106)	54,591	(94,971)	(202,365)	(1,430,077)
Transfers In (out)	1,609	141,615	(1,609)	(141,615)	--	--
Net increase (decrease)	(255,347)	(1,193,491)	52,982	(236,586)	(202,365)	(1,430,077)
Net Assets—Beginning, as restated	13,784,876	18,709,568	1,968,975	2,228,815	15,753,851	20,938,383
Net Assets—Ending	\$ 13,529,529	\$ 17,516,077	\$ 2,021,957	\$ 1,992,229	\$ 15,551,486	\$ 19,508,306

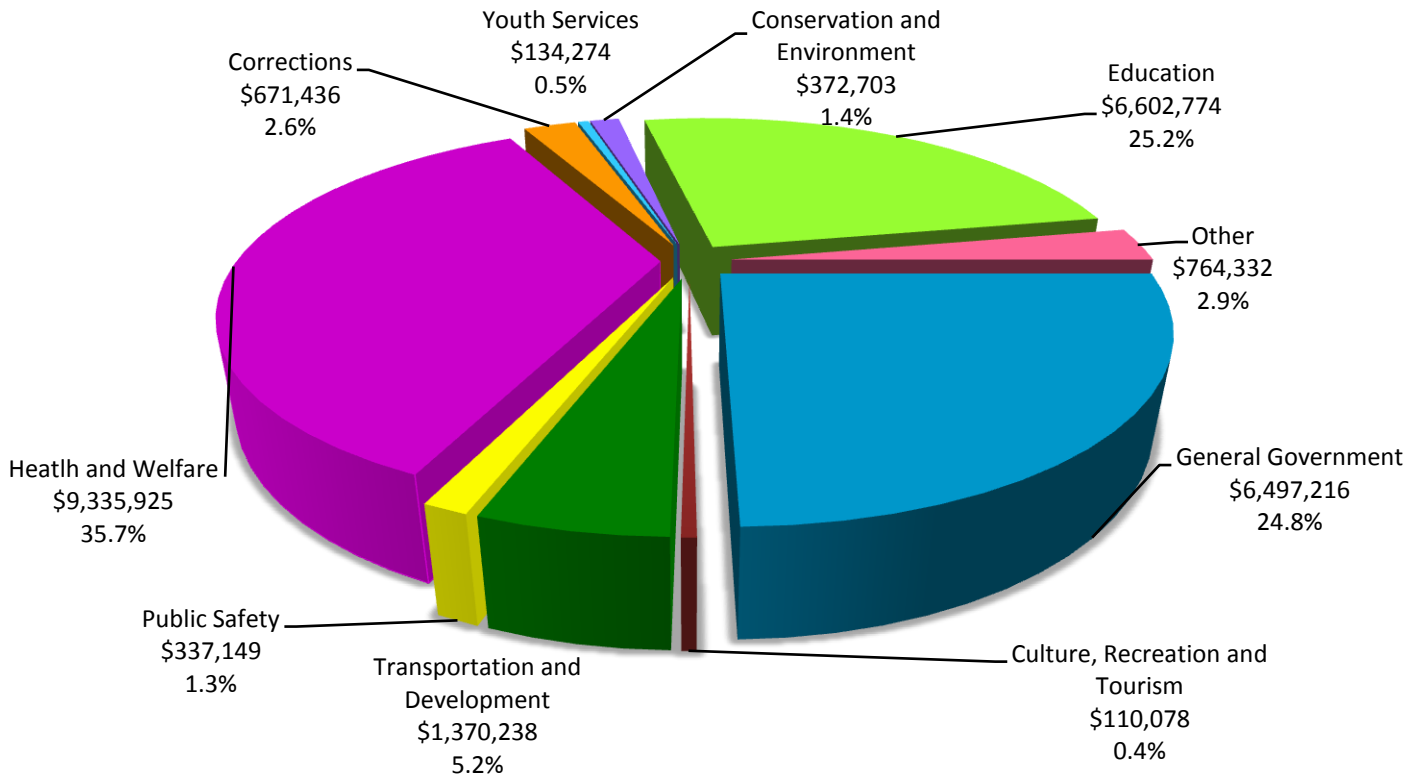
State of Louisiana

Governmental Activities - Net assets decreased by \$4 billion from prior year, with a \$803 million increase in total revenue and a \$275 million decrease in total expenses. Approximately 43.9% of the total revenue came from operating grants and contributions, 29.6% from taxes, and 13.5% from charges for services (see chart below). Sales tax collections increased by \$261 million from the prior year. The largest expenses were for health and welfare (35.7%), education (25.2%) and general government (24.8%) as depicted in the second chart below.

The following chart depicts the governmental activities' revenues by source for the fiscal year (in thousands):

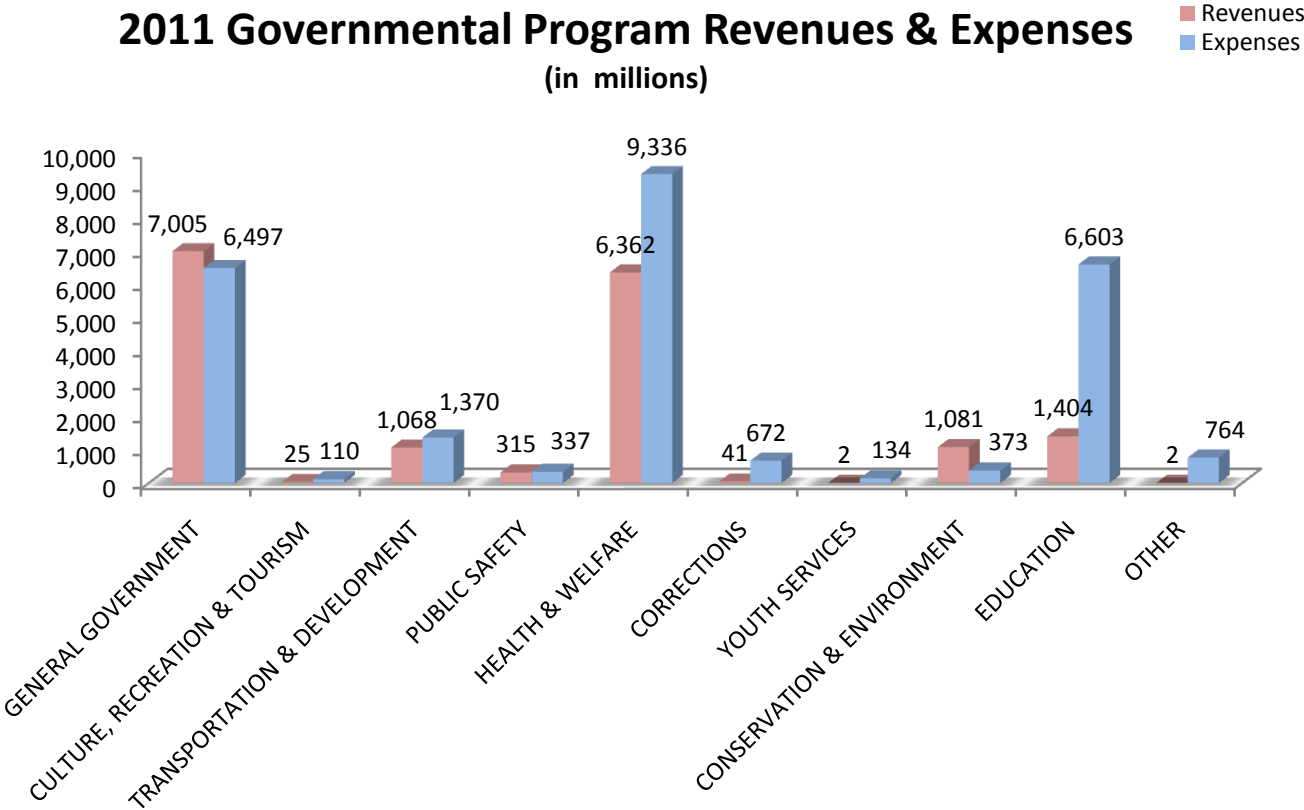


The following chart depicts the governmental activities' expenses by function for the fiscal year (in thousands):



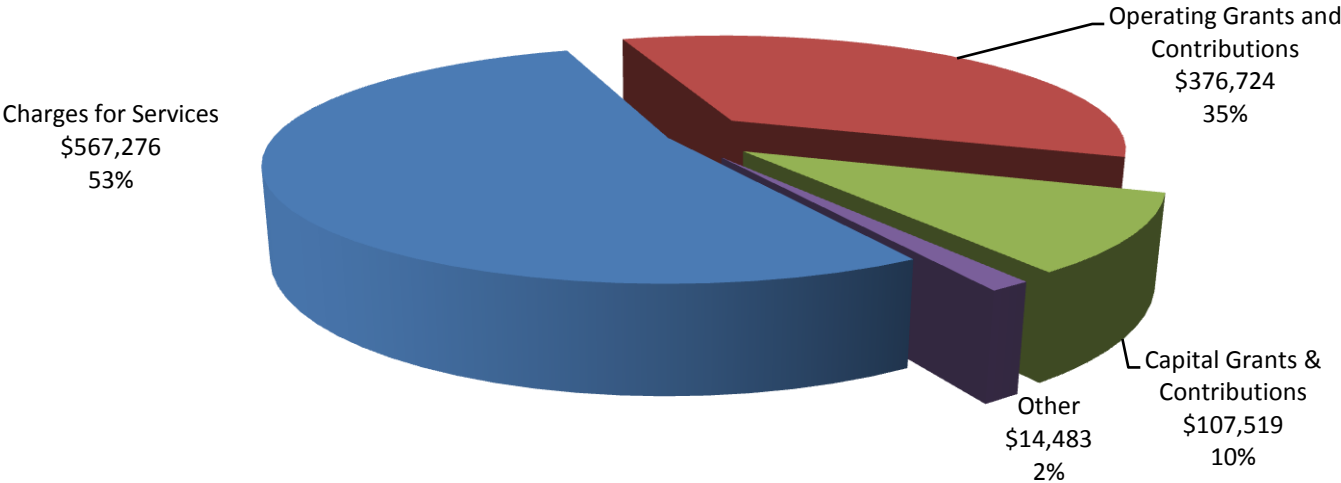
State of Louisiana

The following chart depicts the governmental activities' program revenues and expenses for the 2011 fiscal year:



Business-Type Activities – Net assets increased by \$29.7 million (1.5%) from the prior year restated balance. Charges for services of \$567 million accounted for much of the total revenue (53%), while operating grants and contributions provided \$377 million (35%) and capital grants and contributions provided \$108 million (10%) of the total revenues. The largest component of business-type activity expenses was attributable to the Unemployment Trust Fund, which accounts for 75% of the total. For fiscal year 2011, a surplus occurred for business-type activities primarily because of reduced unemployment claims paid by the Unemployment Trust Fund.

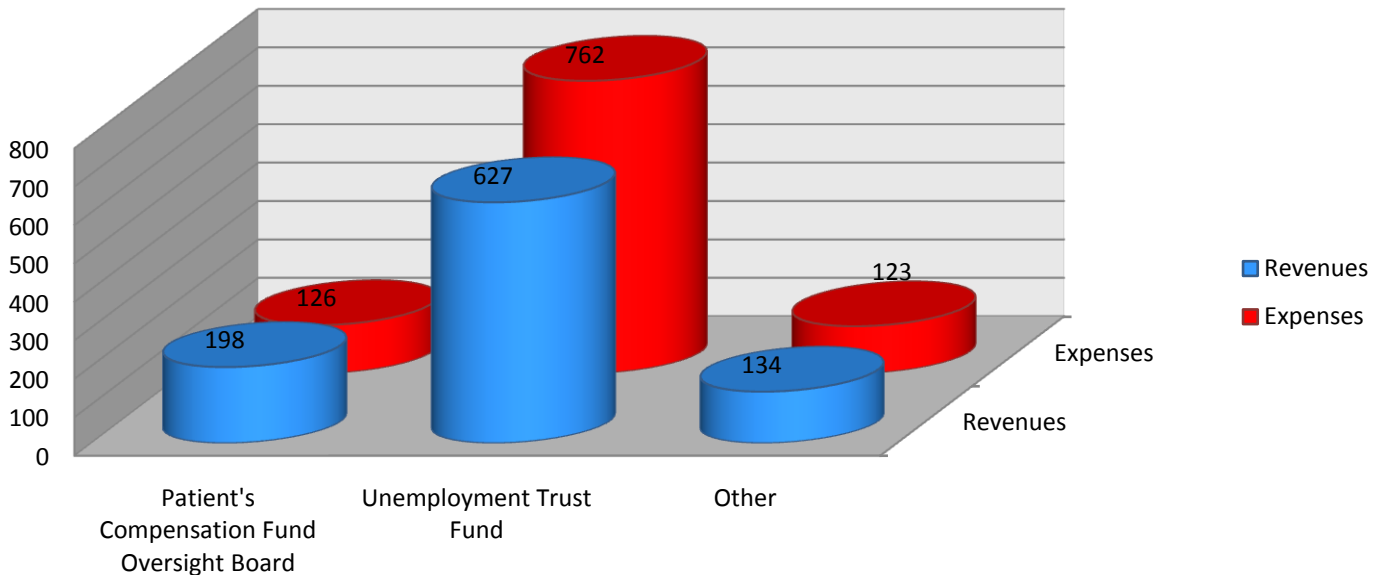
The following chart depicts business-type activities' revenues for the 2011 fiscal year (in thousands):



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The following chart depicts the business-type activities' revenues and expenses (including transfers) for fiscal year 2011:

Total Revenues and Expenses: Business-type Activities (in millions)



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

The major governmental funds are the General Fund, Bond Security and Redemption Fund, the Capital Outlay Escrow Fund, and the Louisiana Education Quality Trust Fund. The General Fund is the main operating fund of the State. The Bond Security and Redemption Fund (BSRF) receives all monies deposited into the State Treasury except federal funds, donations, or other forms of assistance. The BSRF pays all obligations secured by the full faith and credit of the State that are due and payable in the current fiscal year. The Capital Outlay Escrow Fund accounts for the capital outlay expenditures of state government, state institutions and other public entities as appropriated in the annual Capital Outlay Act. The Louisiana Education Quality Trust Fund uses funds received from the federal government from mineral production or leases on the outer continental shelf; receipts are used to improve the quality of education in Louisiana.

The fund balance of the General Fund increased by \$3 billion from the prior year. GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented in this fiscal year. It established fund balance classifications based on the extent to which the State is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Implementing this statement resulted in significant changes in the State's fund structure. Funds that did not meet the new special revenue fund definition were merged into the General Fund. Amounts previously reported as reserved and unreserved fund balance are now reported under the following fund balance classifications: Nonspendable, Restricted, Committed, Assigned, or Unassigned. The merger of these funds with the General Fund accounts for the \$3 billion increase in fund balance. For more details on fund balance classifications see Note 1, Summary of Significant Accounting Policies (page 45).

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The following table ranks the revenue sources with the largest annual percentage growth and a \$25 million or higher increase over the prior fiscal year:

Revenue Source	Annual Change (Million \$)	Annual Change (%)
Sales Tax	260.8	10.2
Individual Income Tax	192.6	8.7
Corporate Franchise & Income Tax	87.5	50.1
Royalties	81.2	19.4
Motor Vehicle Sales Tax	46.1	18.7

As the economy slowly recovers, tax revenues are recovering as well. However, the strength of such recovery is yet to be seen. The biggest increases (in dollar terms) have been in the individual income tax and the general sales tax. Both have increased in collections due to the recovery in economic activity.

The following table identifies revenue sources with a decline of \$25 million or more during Fiscal Year 2010/11:

Revenue Source	Annual Change (Million \$)	Annual Change (%)
Interest on Investments	-47.9	-30.5
Severance Tax	-28.1	-3.6

Interest earnings on the State General Fund declined, given the low interest environment the national economy is experiencing since the start of the recession. Severance tax collections have fallen because much of the growing production in north Louisiana's Haynesville shale is exempt from taxes, while production in areas subject to severance taxes has declined.

General Fund expenditures increased by \$817 million (3.5%) from the previous year. The major reason for the increase in expenditures was \$457 million spent on disaster recovery programs to pay for hazard mitigation such as debris removal, emergency protective measures, and repairs. In addition, with the implementation of GASB Statement 54, 248 special revenue funds that did not meet the new special revenue definition were merged with the General Fund. This merger increased general fund expenditures by an additional \$154 million.

The Bond Security and Redemption Fund revenues increased by \$198 million (1.8%) in fiscal year 2011, mainly due to increases in tax collections and gaming-related revenues. The Louisiana Education Quality Trust Fund reported interest earnings of \$4.4 million (a 41.1% decrease) and an increase in the fair value of investments of \$69.7 million.

Proprietary Funds

The major enterprise funds of the State are the Patient's Compensation Fund Oversight Board and Unemployment Trust Fund. The Unemployment Trust Fund accounts for 44% of the net assets of the enterprise funds. Combined net assets for the enterprise funds increased by \$29.7 million compared to the prior fiscal years' ending balance. This was primarily due to a decline in the expenses of the Unemployment Trust Fund that is discussed in the next paragraph. In addition to the major funds, enterprise funds also include the Clean Water State Revolving Fund, the Drinking Water Revolving Loan Fund, and 11 other non-major enterprise funds.

The Unemployment Trust Fund accounts for the Unemployment Insurance Program in the State. Expenses for the Fund decreased by more than \$224 million (22.7%) and revenues decreased by \$9.7 million (1.5%). The national, state, and local economies have been in a recession since 2008, causing a high level of unemployment. The decrease in expenses was caused by a reduction in the number of people qualifying for unemployment insurance benefits. The Unemployment Trust Fund only pays the first 26 weeks of unemployment benefits. Benefits beyond that point are paid by the federal government.

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GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental appropriations are usually approved before the end of the fiscal year based on revisions to estimated revenues by the Revenue Estimating Conference (REC) and the needs of various departments and programs. These supplemental appropriations are included in the final budget. Transfers between funds provide additional resources to make up the difference between revenues and expenditures. Final budgeted revenues were approximately \$825 million greater than originally budgeted, and final budgeted expenditures were approximately \$1.3 billion greater than originally budgeted. Final budgeted revenues and expenditures in excess of original budgeted amounts include, but are not limited to, carry-overs of the Medicaid budget, increases in American Recovery and Reinvestment Act funds for Medicaid, increased budget for programs associated with hurricane disaster recovery, increased budget for 3 new education grants and increased budget authority to continue the recovery efforts within the Recovery School District, which has authority over the lowest-performing public schools statewide.

The State is still recovering from the devastation caused by Hurricanes Katrina and Rita in 2005 and Hurricanes Gustav and Ike in 2008. The U.S. Department of Housing and Urban Development provided grants for disaster recovery from the hurricanes. These programs are still in place and are one of the major reasons that actual revenues and expenditures were less than the final budgeted amounts for FY 2011-- \$713 million for revenues and \$2.5 billion for expenditures. The budgeted amount for the majority of federal grants is based upon the remaining grant balances, which decrease each year as expenses are incurred. The remaining portion of the grants for disaster recovery programs, the three years remaining on the grants, was placed in the State's budget for fiscal year 2011 because it was unknown how much money would be expended for the fiscal year. Ultimately, the State spent approximately \$1.2 billion on disaster recovery programs and was reimbursed by the federal government for these expenditures.

Additional reasons that actual revenues and expenditures are less than the final budgeted revenues and expenditures include delays in architectural contracts on construction projects for the Recovery School District, budget saving measures by the Department of Health and Hospitals, and lower than expected activity which resulted in unexpended budget authority in oil spill funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

(net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,225,727	\$ 2,198,173	\$ 4,421	\$ 5,667	\$ 2,230,148	\$ 2,203,840
Buildings and Improvements	1,708,798	1,431,405	15,113	16,953	1,723,911	1,448,358
Equipment	163,915	210,711	5,444	6,475	169,359	217,186
Infrastructure	7,329,282	13,435,651	100,188	--	7,429,470	13,435,651
Intangible Assets	81,716	4,024	273	315	81,989	4,339
Construction-in-Progress	3,625,468	469,710	261,018	307,844	3,886,486	777,554
Total	<u>\$ 15,134,906</u>	<u>\$ 17,749,674</u>	<u>\$ 386,457</u>	<u>\$ 337,254</u>	<u>\$ 15,521,363</u>	<u>\$ 18,086,928</u>

Capital Assets

Investment in capital assets for governmental and business-type activities of the State as of June 30, 2011, totaled approximately \$15.1 billion and \$386 million (net of accumulated depreciation), respectively. Approximately 60.6% of combined governmental and business-type capital assets are depreciable. Investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The decrease in investment in governmental capital assets for the current fiscal year is \$2.6 billion (14.7%). The decrease was caused

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primarily by a change in the way the State accounts for its infrastructure assets, resulting in large changes in construction-in-progress and infrastructure assets for governmental activities.

Louisiana changed the method it uses to capitalize infrastructure as explained in Note 10, Section B (page 107). Under the former method (Wooster Method), all infrastructure expenses for the fiscal year were capitalized if the aggregate amount of infrastructure expenses met or exceeded the capitalization threshold, which included maintenance and repairs. Under the new method, individual infrastructure assets are capitalized separately if they meet the capitalization threshold individually. Under the Wooster Method, there were no construction-in-progress infrastructure assets recorded since all infrastructure expenses were capitalized. Using the new individual asset approach, all infrastructure assets under construction are being capitalized as construction-in-progress if the individual assets meet or are expected to meet the infrastructure capitalization threshold of \$3 million. The adoption of the individual asset approach was the primary reason for the \$6.1 billion decrease in infrastructure assets, as well as the \$3.2 billion increase in construction-in-progress in fiscal year 2011 for governmental activities.

The investment in capital assets for business-type activities increased by \$49 million over fiscal year 2011 because of ongoing construction-in-progress by the Louisiana Transportation Authority to improve Louisiana Highway 1, which will 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, which will assist in promoting the State's economic growth and ability to compete in regional, national, and global markets.

Refer to Note 5 – “Capital Assets” on page 72 for more details of the changes in capital assets.

Outstanding Debt						
General Obligation and Revenue Bonds						
(in thousands)						
	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 2,559,600	\$ 2,467,675	\$ --	\$ --	\$ 2,559,600	\$ 2,467,675
Revenue bonds and notes	4,178,280	3,869,615	197,155	195,800	4,375,435	4,065,415
Deferred Amounts	158,750	172,987	(30,049)	(31,235)	128,701	141,752
Total	\$ 6,896,630	\$ 6,510,277	\$ 167,106	\$ 164,565	\$ 7,063,736	\$ 6,674,842

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.

In fiscal year 2011, \$300,000,000 in general obligation bonds were issued for the financing of certain capital projects. The Louisiana Bond Commission also authorized the issuance of \$394,310,000 of Gasoline and Fuels Tax Second Lien Revenue Bonds, Series 2010-B, for the purpose of providing funds to finance the construction of certain highway and bridge projects and to pay certain costs of issuance. To take advantage of low interest rates, \$475,135,000 of general obligation bonds were issued to refund previously issued bonds.

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Bond ratings for general obligation debt increased from AA- to AA as rated by Fitch. Moody's rating increased from A1 to Aa2. Details on long-term debt, including debt authorization and limitations are discussed in Note 8, Long-Term Obligations (page 95).

ECONOMIC FACTORS

(The Louisiana Economic Outlook: 2012 and 2013, by Loren C. Scott, James A. Richardson, and Judy S. Collins, published in October 2011; the U.S. Census Bureau; and press releases from the Louisiana Department of Economic Development.)

Louisiana's recovery from the "Great Recession" continues on a positive track. The State began losing jobs in January 2009, a year later than the country as a whole. The unemployment rate in Louisiana was 7.8% in fiscal year 2011, while the U.S. unemployment rate was 9.3% over the same period. Louisiana's employment expanded at a rate of 0.6% over the past fiscal year.

As in the past, Louisiana has done much better than the rest of the country due to its low dependence on durable goods (auto, furniture, electronics, etc). The benefits of construction projects over 2012-13 in the New Orleans region of \$10.5 billion, the Lake Charles region of \$20.6 billion and the Baton Rouge region of \$3.4 billion serve to further protect the State from serious economic decline.

Louisiana's economic forecast greatly improves with the potential development of the Tuscaloosa Marine Shale. Using a fracking technique first developed to extract natural gas from shale deposits, exploration companies expect to harvest an estimated 7 billion barrels of oil from this region. An expected 30-40 drilled wells means a potential of 5,400-7,200 new jobs in 2012.

In September of 2011, *Area Development* magazine ranked Louisiana No. 6 in the U.S. in its 2011 ranking of Top States for Doing Business. The magazine surveyed leading site-selection consultants on which U.S. states are the most attractive locations for business investment. Louisiana ranked No. 3 among states that are leading the economic recovery, No. 4 for states with the best workforce development programs, and No. 4 for states with the best overall business environment. Since 2008, the Louisiana Department of Economic Development (LED) has secured economic development projects resulting in the creation of more than 45,000 new jobs, more than \$10 billion in capital investment and hundreds of millions of dollars in new sales for small businesses across the State.

A major economic achievement for Louisiana was the September 2011 announcement that the South African company, Sasol Limited will locate a potential gas-to-liquids (GTL) complex in Calcasieu Parish. The GTL complex will entail a capital investment of approximately \$8-10 billion and produce employment of approximately 850 direct and 4,000 indirect jobs in Southwest Louisiana. Additionally, at full production capacity, the facility would consume a huge new source of demand for natural gas in Louisiana, which would benefit the Haynesville Shale and other natural gas plays.

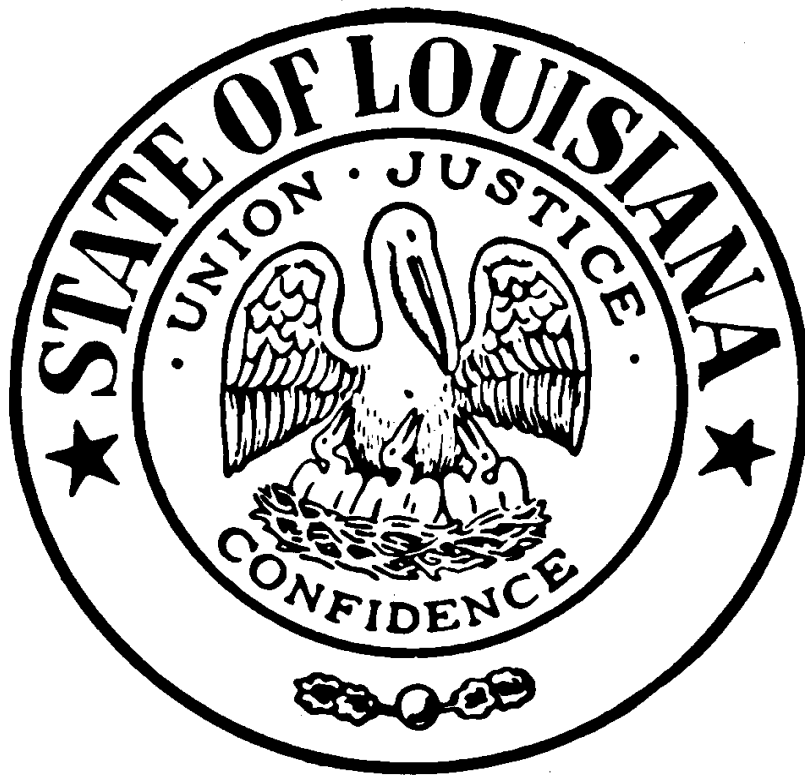
In July 2011, LED and Huntington Ingalls Industries (HII) entered into a Memorandum of Understanding concerning a joint venture to help preserve jobs at Avondale Shipyards in New Orleans. According to the Memorandum of Understanding, HII would receive performance-based incentives for retooling the site and retraining employees at Avondale, as long as HII preserves the roughly 3,850 jobs currently at the shipyard. Northrop Grumman previously announced its intentions to wind-down ship production at Avondale as a result of changes in the Navy's shipbuilding procurement plan. HII and LED have been working together to identify and cultivate potential customers and partners with a significant focus on major growth markets, such as oil and gas, offshore wind, commercial nuclear energy and commercial shipbuilding. Preliminary discussions with multiple leading companies have taken place, but there is no guarantee that a joint venture agreement will be reached.

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, 2011

(EXPRESSED IN THOUSANDS)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT	
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 5,176,165	\$ 1,380,382	\$ 6,556,547	\$ 2,173,449
INVESTMENTS	3,519,253	525,650	4,044,903	2,095,376
DERIVATIVE INSTRUMENTS	408	--	408	--
DEFERRED OUTFLOW OF RESOURCES	61,529	--	61,529	11,330
RECEIVABLES (NET)	2,297,900	67,939	2,365,839	594,111
AMOUNTS DUE FROM PRIMARY GOVERNMENT	--	--	--	182,325
AMOUNTS DUE FROM COMPONENT UNITS	91,934	--	91,934	--
DUE FROM FEDERAL GOVERNMENT	3,029,279	4,069	3,033,348	91,167
INTERNAL BALANCES	340	(340)	--	--
INVENTORIES	77,781	6,058	83,839	51,969
PREPAYMENTS	504,876	63	504,939	40,849
NOTES RECEIVABLE	--	754,441	754,441	284,285
OTHER ASSETS	67,002	3,785	70,787	178,984
CAPITAL ASSETS (NOTE 5)				
LAND	2,225,727	4,421	2,230,148	439,539
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	1,708,798	15,113	1,723,911	3,129,363
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	163,915	5,444	169,359	425,239
INFRASTRUCTURE (NET OF DEPRECIATION)	7,329,282	100,188	7,429,470	352,089
INTANGIBLE ASSETS (NET OF AMORTIZATION)	81,716	273	81,989	18,031
CONSTRUCTION IN PROGRESS	3,625,468	261,018	3,886,486	715,950
TOTAL ASSETS	29,961,373	3,128,504	33,089,877	10,784,056
LIABILITIES				
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	3,008,476	11,915	3,020,391	554,747
ACCRUED INTEREST ON BONDS	44,172	--	44,172	--
DERIVATIVE INSTRUMENTS	64,490	--	64,490	45,447
DEFERRED INFLOW OF RESOURCES	408	--	408	--
AMOUNTS DUE TO PRIMARY GOVERNMENT	--	--	--	91,934
AMOUNTS DUE TO COMPONENT UNITS	182,325	--	182,325	--
DUE TO FEDERAL GOVERNMENT	725,709	737	726,446	5,670
DUE TO LOCAL GOVERNMENTS	13,299	--	13,299	--
UNEARNED REVENUE	695,386	90,272	785,658	309,701
TAX REFUNDS PAYABLE	306,951	--	306,951	--
UNCLAIMED PROPERTY LIABILITY	117,210	--	117,210	--
AMOUNTS HELD IN CUSTODY FOR OTHERS	--	2,085	2,085	37,448
OTHER LIABILITIES	107,528	37,786	145,314	96,904
CURRENT PORTION OF LONG-TERM LIABILITIES (NOTE 8):				
COMPENSATED ABSENCES	25,713	353	26,066	22,918
CAPITAL LEASE OBLIGATIONS	1,676	36	1,712	5,344
NOTES PAYABLE	203	104	307	22,388
BONDS PAYABLE	292,802	400	293,202	257,947
POLLUTION REMEDIATION OBLIGATIONS	9,721	--	9,721	308
ESTIMATED LIABILITY FOR CLAIMS	245,520	119,664	365,184	1,266
OTHER LONG-TERM LIABILITIES	3,580	266	3,846	34,111
NONCURRENT PORTION OF LONG-TERM LIABILITIES (NOTE 8):				
COMPENSATED ABSENCES	188,187	1,914	190,101	196,253
CAPITAL LEASE OBLIGATIONS	1,230	22	1,252	55,205
NOTES PAYABLE	238	2,361	2,599	102,919
BONDS PAYABLE	6,603,828	166,706	6,770,534	4,177,236
OPEB PAYABLE	1,964,730	20,140	1,984,870	1,190,942
POLLUTION REMEDIATION OBLIGATIONS	22,772	--	22,772	95
ESTIMATED LIABILITY FOR CLAIMS	1,743,475	651,786	2,395,261	141,856
OTHER LONG-TERM LIABILITIES	62,215	--	62,215	141,161
TOTAL LIABILITIES	16,431,844	1,106,547	17,538,391	7,491,800

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

State of Louisiana

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT	
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	11,862,399	218,826	12,081,225	3,423,648
RESTRICTED FOR:				
BUDGET STABILIZATION	646,130	--	646,130	--
CAPITAL PROJECTS	--	5,703	5,703	39,783
COMPONENT UNITS	--	--	--	194,125
CONSERVATION AND ENVIRONMENT	562,752	--	562,752	
CORRECTIONS	365	--	365	--
CULTURE, RECREATION, AND TOURISM	1,510	--	1,510	--
DEBT SERVICE	44,885	--	44,885	208,443
EDUCATION	173,357	--	173,357	--
GENERAL GOVERNMENT	140,827	--	140,827	--
HEALTH AND WELFARE	296,825	--	296,825	--
OTHER PURPOSES	--	2,006	2,006	--
PUBLIC SAFETY	1,223	--	1,223	--
TRANSPORTATION AND DEVELOPMENT	500,227	--	500,227	--
UNEMPLOYMENT COMPENSATION	--	898,891	898,891	--
YOUTH SERVICES	76	--	76	--
PERMANENT FUNDS AND ENDOWMENTS:				
NONEXPENDABLE	2,479,800	--	2,479,800	631,077
EXPENDABLE	160,728	--	160,728	870,594
UNRESTRICTED	(3,341,575)	896,531	(2,445,044)	(2,075,414)
TOTAL NET ASSETS	<u>\$ 13,529,529</u>	<u>\$ 2,021,957</u>	<u>\$ 15,551,486</u>	<u>\$ 3,292,256</u>

State of Louisiana

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

(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	\$ 6,497,216	\$ 1,906,708	\$ 3,684,354	\$ 1,413,680	\$ 507,526		\$ 507,526	
CULTURE, RECREATION, AND TOURISM	110,078	10,932	9,467	4,940	(84,739)		(84,739)	
TRANSPORTATION AND DEVELOPMENT	1,370,238	88,817	147,602	831,514	(302,305)		(302,305)	
PUBLIC SAFETY	337,149	279,280	34,833	459	(22,577)		(22,577)	
HEALTH AND WELFARE	9,335,925	208,998	6,151,823	1,144	(2,973,960)		(2,973,960)	
CORRECTIONS	671,436	39,958	973	548	(629,957)		(629,957)	
YOUTH SERVICES	134,274	1,490	865	6	(131,913)		(131,913)	
CONSERVATION AND ENVIRONMENT	372,703	966,275	81,288	33,320	708,180		708,180	
EDUCATION	6,602,774	5,518	1,279,735	118,385	(5,199,136)		(5,199,136)	
OTHER	49,174	--	--	--	(49,174)		(49,174)	
INTERGOVERNMENTAL	430,763	1,733	--	--	(429,030)		(429,030)	
INTEREST ON LONG-TERM DEBT	284,395	--	--	--	(284,395)		(284,395)	
TOTAL GOVERNMENTAL ACTIVITIES	26,196,125	3,509,709	11,390,940	2,403,996	(8,891,480)		(8,891,480)	
BUSINESS-TYPE ACTIVITIES:								
PATIENT'S COMPENSATION FUND OVERSIGHT BOARD	126,324	187,259	--	--	\$ 60,935		60,935	
UNEMPLOYMENT TRUST FUND	761,747	281,951	344,869	--	(134,927)		(134,927)	
NONMAJOR ENTERPRISE FUNDS	123,340	98,066	31,855	107,519	114,100		114,100	
TOTAL BUSINESS-TYPE ACTIVITIES	1,011,411	567,276	376,724	107,519	40,108		40,108	
TOTAL PRIMARY GOVERNMENT	\$ 27,207,536	\$ 4,076,985	\$ 11,767,664	\$ 2,511,515	(8,891,480)	40,108	(8,851,372)	
COMPONENT UNITS:								
STATE UNIVERSITIES:								
LOUISIANA STATE UNIVERSITY SYSTEM	\$ 3,441,372	\$ 1,970,647	\$ 477,739	\$ 126,158				\$ (866,828)
UNIVERSITY OF LOUISIANA SYSTEM	1,111,418	401,923	232,178	58,714				(418,603)
SOUTHERN UNIVERSITY SYSTEM	265,436	53,962	73,868	7,667				(129,939)
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM	515,971	85,509	109,376	40,143				(280,943)
BOARD OF REGENTS	66,303	529	11,961	--				(53,813)
AUTHORITIES:								
LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION	158,398	158,173	--	--				(225)
LOUISIANA HOUSING FINANCE AUTHORITY	317,488	18,665	332,889	22,576				56,642
LOUISIANA LOTTERY CORPORATION	385,476	383,586	--	--				(1,890)
LOUISIANA STADIUM AND EXPOSITION DISTRICT	131,417	37,477	20,760	48,741				(24,439)
LOUISIANA UTILITIES RESTORATION CORPORATION	771,820	201,140	--	--				(570,680)
OTHER COMPONENT UNITS	537,798	55,471	162,360	18,244				(301,723)
TOTAL COMPONENT UNITS	\$ 7,702,897	\$ 3,367,082	\$ 1,421,131	\$ 322,243				(2,592,441)
GENERAL REVENUES:								
INCOME TAXES					2,665,804		2,665,804	
SALES TAXES					2,821,598		2,821,598	
SEVERANCE TAXES					748,355		748,355	
GASOLINE TAXES, restricted for transportation					639,452		639,452	
TOBACCO TAXES					142,064		142,064	
MISCELLANEOUS TAXES					645,990		645,990	
TOBACCO SETTLEMENT, restricted for education, health and welfare					140,978		140,978	
GAMING					823,418		823,418	
UNRESTRICTED INVESTMENT EARNINGS					(4,208)		(4,208)	
MISCELLANEOUS					3,123		3,123	1,299,643
OTHER					7,950	14,483	22,433	1,152,619
TRANSFERS					1,609	(1,609)	--	--
TOTAL GENERAL REVENUES AND TRANSFERS					8,636,133	12,874	8,649,007	2,452,262
CHANGE IN NET ASSETS					(255,347)	52,982	(202,365)	(140,179)
NET ASSETS - BEGINNING AS RESTATED					13,784,876	1,968,975	15,753,851	3,432,435
NET ASSETS - ENDING					\$ 13,529,529	\$ 2,021,957	\$ 15,551,486	\$ 3,292,256

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 are deposited by the Treasurer in this fund. The funds are held in a trustee capacity and interest earned is used for various educational purposes.

CAPITAL OUTLAY ESCROW FUND

The Capital Outlay Escrow Fund was created to provide for the capital outlay expenditures of the State as appropriated in the annual capital outlay appropriations act. The fund accounts for a large volume of ongoing and new construction, routine maintenance and repairs, as well as repairs and renovations related to the damage caused by hurricanes. The fund is financed by bond issues, federal funds, self-generated revenues, statutory dedications, and appropriations by the Louisiana Legislature.

State of Louisiana

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	GENERAL FUND	BOND SECURITY AND REDEMPTION FUND	CAPITAL OUTLAY ESCROW FUND	LOUISIANA EDUCATION QUALITY TRUST FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
CASH AND CASH EQUIVALENTS	\$ 2,994,197	\$ 322,766	\$ 912,529	\$ 76,602	\$ 857,204	\$ 5,163,298
INVESTMENTS	768,583	--	30,220	1,033,679	1,594,924	3,427,406
RECEIVABLES (NET)	438,939	1,403,805	4,583	4	9,745	1,857,076
DUE FROM OTHER FUNDS	934,348	207,294	179,167	1,947	88,475	1,411,231
AMOUNTS DUE FROM COMPONENT UNITS	74,978	16,956	--	--	--	91,934
DUE FROM FEDERAL GOVERNMENT	2,444,794	--	1,402	--	109,466	2,555,662
INVENTORIES	76,272	--	--	--	--	76,272
PREPAYMENTS	504,374	--	--	--	--	504,374
OTHER ASSETS	148	--	22,745	--	--	22,893
TOTAL ASSETS	\$ 8,236,633	\$ 1,950,821	\$ 1,150,646	\$ 1,112,232	\$ 2,659,814	\$ 15,110,146
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
ACCOUNTS PAYABLE AND ACCRUALS	\$ 2,250,677	\$ 63	\$ 288,865	\$ --	\$ 16,396	\$ 2,556,001
TAX REFUNDS PAYABLE	--	306,951	--	--	--	306,951
UNCLAIMED PROPERTY LIABILITY	117,210	--	--	--	--	117,210
OTHER PAYABLES	1,979	--	--	--	--	1,979
DUE TO OTHER FUNDS	225,800	955,413	42,285	7,311	180,078	1,410,887
AMOUNTS DUE TO COMPONENT UNITS	174,140	--	12	8,173	--	182,325
DUE TO FEDERAL GOVERNMENT	725,709	--	--	--	--	725,709
DUE TO LOCAL GOVERNMENTS	13,299	--	--	--	--	13,299
DEFERRED REVENUES	547,740	688,394	145,419	--	--	1,381,553
ESTIMATED LIABILITY FOR CLAIMS	238,211	--	--	--	--	238,211
OTHER LIABILITIES	6,563	--	--	--	32	6,595
TOTAL LIABILITIES	4,301,328	1,950,821	476,581	15,484	196,506	6,940,720
FUND BALANCES:						
NONSPENDABLE	76,273	--	--	1,048,615	1,431,185	2,556,073
RESTRICTED	1,439,257	--	35,751	48,133	972,802	2,495,943
COMMITTED	2,073,954	--	638,314	--	59,321	2,771,589
ASSIGNED	234,052	--	--	--	--	234,052
UNASSIGNED	111,769	--	--	--	--	111,769
TOTAL FUND BALANCES	3,935,305	--	674,065	1,096,748	2,463,308	8,169,426
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,236,633	\$ 1,950,821	\$ 1,150,646	\$ 1,112,232	\$ 2,659,814	\$ 15,110,146

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 \$ 8,169,426

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	\$ 2,225,426	
Buildings and Improvements	2,391,936	
Machinery and Equipment	763,420	
Infrastructure	21,893,576	
Intangible Assets	98,424	
Construction in Progress	3,625,468	
Accumulated Depreciation and Amortization	<u>(15,865,236)</u>	15,133,014

Net assets of the Internal Service Funds are reported separately in the proprietary funds, but are consolidated for the government-wide statements. 42,211

Commodities inventory is not reported in the funds. Ending inventory must be reported on the government-wide statements. 1,010

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. 43,945

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. (119,075)

The other postemployment benefits (OPEB) annual required contributions of certain governmental funds have been under-funded, creating a year-end liability, which is not reported in the funds. (1,956,845)

The pollution remediation obligations established under GASB 49 represent amounts not accrued at the fund level because of their long-term nature. (25,930)

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	(213,221)	
Capital Lease Obligations	(2,906)	
Bonds Payable	(6,896,630)	
Estimated Liabilities for Claims	(1,750,784)	
Accrued Interest Payable	(44,172)	
Derivative Instruments	(2,961)	
Other Liabilities	<u>11,579</u>	(8,899,095)

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:

Accounts Receivable	431,780	
Due From Federal Government	473,617	
Deferred Revenues	686,489	
Other Assets	(2,471)	
Prepayments	<u>473</u>	1,589,888

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. (449,020)

Net Assets of Governmental Activities \$ 13,529,529

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, 2011

(EXPRESSED IN THOUSANDS)

	GENERAL FUND	BOND SECURITY AND REDEMPTION FUND	CAPITAL OUTLAY ESCROW FUND	LOUISIANA EDUCATION QUALITY TRUST FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
INTERGOVERNMENTAL REVENUES	\$ 12,568,845	\$ 27,468	\$ 268,462	\$ --	\$ 958,674	\$ 13,823,449
TAXES	--	7,516,082	--	--	152,367	7,668,449
GAMING	--	810,424	--	--	--	810,424
TOBACCO SETTLEMENT	--	55,407	--	--	83,111	138,518
USE OF MONEY AND PROPERTY	7,253	842,932	(475)	69,661	6,311	925,682
LICENSES, PERMITS, AND FEES	4,058	707,337	--	--	64,245	775,640
SALES OF COMMODITIES AND SERVICES	--	916,938	--	--	--	916,938
POLLUTION REMEDIATION SETTLEMENT	258,631	--	--	--	--	258,631
OTHER	40,046	252,883	--	627	14,902	308,458
TOTAL REVENUES	12,878,833	11,129,471	267,987	70,288	1,279,610	25,626,189
EXPENDITURES						
CURRENT:						
GENERAL GOVERNMENT	5,764,484	--	--	--	--	5,764,484
CULTURE, RECREATION, AND TOURISM	82,009	--	--	--	--	82,009
TRANSPORTATION AND DEVELOPMENT	428,301	--	--	--	--	428,301
PUBLIC SAFETY	306,984	--	--	--	--	306,984
HEALTH AND WELFARE	9,671,602	--	--	--	--	9,671,602
CORRECTIONS	620,948	--	--	--	--	620,948
YOUTH SERVICES	125,651	--	--	--	--	125,651
CONSERVATION AND ENVIRONMENT	259,065	--	--	--	--	259,065
EDUCATION	6,263,206	--	--	30,572	--	6,293,778
OTHER	21,641	9,176	--	--	39,724	70,541
INTERGOVERNMENTAL	430,763	--	--	--	57,573	488,336
CAPITAL OUTLAY	--	--	2,502,456	--	--	2,502,456
DEBT SERVICE:						
PRINCIPAL RETIREMENT	37,120	194,445	--	--	42,200	273,765
INTEREST AND FISCAL CHARGES	28,904	107,951	--	--	167,210	304,065
TOTAL EXPENDITURES	24,040,678	311,572	2,502,456	30,572	306,707	27,191,985
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,161,845)	10,817,899	(2,234,469)	39,716	972,903	(1,565,796)
OTHER FINANCING SOURCES (USES)						
TRANSFERS IN	10,804,657	3,384	1,561,618	61,271	704,642	13,135,572
TRANSFERS OUT	(228,202)	(10,851,643)	(76,585)	(31,567)	(1,945,966)	(13,133,963)
PAYMENTS TO REFUNDED BOND ESCROW AGENT	--	(528,128)	--	--	--	(528,128)
LONG-TERM DEBT ISSUED	--	475,135	300,000	--	394,310	1,169,445
LONG-TERM DEBT ISSUED - PREMIUMS	--	83,353	--	--	32,646	115,999
TOTAL OTHER FINANCING SOURCES (USES)	10,576,455	(10,817,899)	1,785,033	29,704	(814,368)	758,925
NET CHANGE IN FUND BALANCES	(585,390)	--	(449,436)	69,420	158,535	(806,871)
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	4,516,536	--	1,123,501	1,027,328	2,304,773	8,972,138
INCREASE IN RESERVES FOR INVENTORIES	4,159	--	--	--	--	4,159
FUND BALANCES AT END OF YEAR	\$ 3,935,305	\$ --	\$ 674,065	\$ 1,096,748	\$ 2,463,308	\$ 8,169,426

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 \$ (806,871)

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	\$ 27,554	
Buildings and Improvements	(60,047)	
Machinery and Equipment	(28,890)	
Infrastructure	490,470	
Intangible Assets	77,692	
Construction in Progress	<u>299,954</u>	806,733

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.

319,841

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.

Bond Proceeds and Premiums Received	(1,280,380)	
Repayment of Bond Principal	269,140	
Payment to Refunded Bond Escrow Agent	<u>528,128</u>	(483,112)

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.

(6,407)

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	13,014	
Capital Lease Obligations	3,609	
Accrued Interest Payable	(38,002)	
Estimated Liabilities for Claims	193,582	
Unamortized Bond Premium	57,174	
OPEB Payable	(319,376)	
Pollution Remediation Obligations	(1,837)	
Termination Benefits	1,648	
Deferred Charges - Bond Discounts	(7,842)	
Deferred Charges - Issuance Costs	<u>9,637</u>	(88,393)

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.

2,862

Change in Net Assets of Governmental Activities \$ (255,347)

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

**PROPRIETARY FUND
FINANCIAL STATEMENTS**

PROPRIETARY FUND FINANCIAL STATEMENTS

Major Funds

UNEMPLOYMENT TRUST FUND

The Unemployment Trust Fund accounts for the unemployment insurance contributions from employers and for the payment of unemployment benefits to eligible claimants.

PATIENT'S COMPENSATION FUND OVERSIGHT BOARD

The purpose of the Patient's Compensation Fund Oversight Board is to guarantee that affordable, medical malpractice coverage is available to all private healthcare providers by establishing and maintaining surcharge rates that are held to moderate levels and to provide a certain, stable source of compensation for legitimate injured parties of medical malpractice.

State of Louisiana

BALANCE SHEET

PROPRIETARY FUNDS

JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	PATIENT'S COMPENSATION FUND OVERSIGHT BOARD	UNEMPLOYMENT TRUST FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	
ASSETS					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 181,604	\$ 884,916	\$ 311,173	\$ 1,377,693	\$ 12,867
RESTRICTED CASH AND CASH EQUIVALENTS	--	--	1,599	1,599	--
INVESTMENTS	504,645	--	6,892	511,537	79,872
RECEIVABLES (NET)	7,956	53,223	6,624	67,803	9,044
DUE FROM FEDERAL GOVERNMENT	--	3,812	257	4,069	--
INVENTORIES	--	--	6,058	6,058	499
PREPAYMENTS	--	--	63	63	29
NOTES RECEIVABLE	--	--	32,012	32,012	--
OTHER CURRENT ASSETS	--	--	1	1	365
TOTAL CURRENT ASSETS	694,205	941,951	364,679	2,000,835	102,676
NONCURRENT ASSETS:					
RESTRICTED ASSETS					
CASH	--	--	1,090	1,090	--
INVESTMENTS	77	--	11,260	11,337	11,975
RECEIVABLES	--	--	136	136	--
INVESTMENTS	--	--	2,776	2,776	--
NOTES RECEIVABLE	--	--	722,429	722,429	--
CAPITAL ASSETS (NOTE 5)					
LAND	--	--	4,421	4,421	301
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	--	--	15,113	15,113	--
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	28	--	5,416	5,444	1,591
INFRASTRUCTURE (NET OF DEPRECIATION)	--	--	100,188	100,188	--
INTANGIBLE ASSETS (NET OF AMORTIZATION)	--	--	273	273	--
CONSTRUCTION IN PROGRESS	--	--	261,018	261,018	--
OTHER NONCURRENT ASSETS	--	--	3,784	3,784	2,270
TOTAL NONCURRENT ASSETS	105	--	1,127,904	1,128,009	16,137
TOTAL ASSETS	\$ 694,310	\$ 941,951	\$ 1,492,583	\$ 3,128,844	\$ 118,813
LIABILITIES					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ 199	\$ --	\$ 11,716	\$ 11,915	\$ 1,476
DUE TO OTHER FUNDS	--	249	91	340	4
DUE TO FEDERAL GOVERNMENT	--	737	--	737	--
DEFERRED REVENUES	78,286	7,027	4,693	90,006	322
AMOUNT HELD IN CUSTODY FOR OTHERS	--	2,085	--	2,085	--
OTHER CURRENT LIABILITIES	4,024	32,962	800	37,786	--
CURRENT PORTION OF LONG-TERM LIABILITIES:					
COMPENSATED ABSENCES PAYABLE	86	--	267	353	46
CAPITAL LEASE OBLIGATIONS	--	--	36	36	--
CLAIMS AND LITIGATION PAYABLE	119,664	--	--	119,664	--
NOTES PAYABLE	--	--	104	104	203
BONDS PAYABLE (NET OF UNAMORTIZED DISCOUNTS)	--	--	400	400	--
OTHER LONG-TERM LIABILITIES	--	--	266	266	3,580
TOTAL CURRENT LIABILITIES	202,259	43,060	18,373	263,692	5,631
NONCURRENT LIABILITIES:					
NON-CURRENT PORTION OF LONG-TERM LIABILITIES:					
COMPENSATED ABSENCES PAYABLE	151	--	1,763	1,914	633
CAPITAL LEASE OBLIGATIONS	--	--	22	22	--
DEFERRED REVENUES	--	--	266	266	--
CLAIMS AND LITIGATION PAYABLE	651,736	--	50	651,786	--
NOTES PAYABLE	--	--	2,361	2,361	238
BONDS PAYABLE (NET OF UNAMORTIZED DISCOUNTS)	--	--	166,706	166,706	--
OPEB PAYABLE	2,464	--	17,676	20,140	7,885
OTHER LONG-TERM LIABILITIES	--	--	--	--	62,215
TOTAL NONCURRENT LIABILITIES	654,351	--	188,844	843,195	70,971
TOTAL LIABILITIES	856,610	43,060	207,217	1,106,887	76,602
NET ASSETS					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	28	--	218,798	218,826	1,451
RESTRICTED FOR CAPITAL PROJECTS	--	--	5,703	5,703	--
RESTRICTED FOR DEBT SERVICE	--	--	--	--	21,919
RESTRICTED FOR UNEMPLOYMENT COMPENSATION	--	898,891	--	898,891	--
RESTRICTED FOR OTHER SPECIFIC PURPOSES	77	--	1,929	2,006	--
UNRESTRICTED	(162,405)	--	1,058,936	896,531	18,841
TOTAL NET ASSETS	(162,300)	898,891	1,285,366	2,021,957	42,211
TOTAL LIABILITIES AND NET ASSETS	\$ 694,310	\$ 941,951	\$ 1,492,583	\$ 3,128,844	\$ 118,813

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, 2011

(EXPRESSED IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	PATIENTS COMPENSATION FUND OVERSIGHT BOARD	UNEMPLOYMENT TRUST FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	
OPERATING REVENUES:					
SALES OF COMMODITIES AND SERVICES	\$ --	\$ --	\$ 45,429	\$ 45,429	\$ 58,325
ASSESSMENTS	186,960	244,529	6,035	437,524	--
USE OF MONEY AND PROPERTY	--	37,422	11,194	48,616	26,464
LICENSES, PERMITS, AND FEES	299	--	32,725	33,024	--
FEDERAL GRANTS AND CONTRACTS	--	344,869	31,857	376,726	--
OTHER	--	--	2,771	2,771	33
TOTAL OPERATING REVENUES	187,259	626,820	130,011	944,090	84,822
OPERATING EXPENSES:					
COST OF SALES AND SERVICES	122,023	--	59,389	181,412	46,545
ADMINISTRATIVE	4,280	--	50,523	54,803	41,388
DEPRECIATION	21	--	4,219	4,240	818
AMORTIZATION	--	--	183	183	203
UNEMPLOYMENT INSURANCE BENEFITS	--	761,747	--	761,747	--
TOTAL OPERATING EXPENSES	126,324	761,747	114,314	1,002,385	88,954
OPERATING INCOME (LOSS)	60,935	(134,927)	15,697	(58,295)	(4,132)
NONOPERATING REVENUES (EXPENSES):					
INTERGOVERNMENTAL EXPENSES	--	--	(1,012)	(1,012)	--
USE OF MONEY AND PROPERTY	10,773	--	256	11,029	9,585
GAIN ON DISPOSAL OF FIXED ASSETS	--	--	459	459	--
LOSS ON DISPOSAL OF FIXED ASSETS	--	--	(576)	(576)	(37)
INTEREST EXPENSE	--	--	(1,579)	(1,579)	(12,719)
OTHER REVENUES	--	--	2,905	2,905	896
OTHER EXPENSES	--	--	(5,859)	(5,859)	--
TOTAL NONOPERATING REVENUES (EXPENSES)	10,773	--	(5,406)	5,367	(2,275)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	71,708	(134,927)	10,291	(52,928)	(6,407)
CAPITAL CONTRIBUTIONS	--	--	107,519	107,519	--
TRANSFERS OUT	(10)	(590)	(1,009)	(1,609)	--
CHANGE IN NET ASSETS	71,698	(135,517)	116,801	52,982	(6,407)
TOTAL NET ASSETS - BEGINNING AS RESTATED	(233,998)	1,034,408	1,168,565	1,968,975	48,618
TOTAL NET ASSETS - ENDING	\$ (162,300)	\$ 898,891	\$ 1,285,366	\$ 2,021,957	\$ 42,211

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

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	PATIENT'S COMPENSATION FUND OVERSIGHT BOARD	UNEMPLOYMENT TRUST FUND	NONMAJOR ENTERPRISE FUNDS		
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH RECEIVED FROM CUSTOMERS	\$ 173,613	\$ 590,119	\$ 133,194	\$ 896,926	\$ 85,106
CASH PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	(1,018)	--	(47,220)	(48,238)	(74,831)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(2,873)	--	(29,493)	(32,366)	(11,758)
CLAIMS PAID TO OUTSIDERS	(124,023)	(763,076)	(93,217)	(980,316)	--
OTHER OPERATING REVENUES	--	37,422	23,318	60,740	190
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>45,699</u>	<u>(135,535)</u>	<u>(13,418)</u>	<u>(103,254)</u>	<u>(1,293)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
PROCEEDS FROM SALE OF BONDS	--	--	10,431	10,431	--
PRINCIPAL PAID ON BONDS	--	--	(8,500)	(8,500)	--
INTEREST PAID ON BOND MATURITIES	--	--	(58)	(58)	--
TRANSFERS OUT	(10)	(590)	(999)	(1,599)	--
OTHER	--	--	19	19	2,526
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(10)</u>	<u>(590)</u>	<u>893</u>	<u>293</u>	<u>2,526</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
PROCEEDS FROM SALE OF BONDS	--	--	--	--	61,939
PRINCIPAL PAID ON BONDS	--	--	(645)	(645)	(83,365)
INTEREST PAID ON BOND MATURITIES	--	--	(1,042)	(1,042)	(13,792)
PROCEEDS FROM ISSUANCE OF NOTES PAYABLE	--	--	1,300	1,300	474
PRINCIPAL PAID ON NOTES PAYABLE	--	--	(586)	(586)	(149)
INTEREST PAID ON NOTES PAYABLE	--	--	(114)	(114)	(5)
ACQUISITION/CONSTRUCTION OF CAPITAL ASSETS	(13)	--	(15,480)	(15,493)	(766)
PROCEEDS FROM SALE OF CAPITAL ASSETS	--	--	557	557	--
CAPITAL CONTRIBUTIONS	--	--	58,467	58,467	--
OTHER	--	--	(2)	(2)	30,668
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(13)</u>	<u>--</u>	<u>42,455</u>	<u>42,442</u>	<u>(4,996)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
PURCHASES OF INVESTMENT SECURITIES	(379,903)	--	(13,670)	(393,573)	(5,668)
PROCEEDS FROM SALE OF INVESTMENT SECURITIES	132,637	--	29,057	161,694	15,279
INTEREST AND DIVIDENDS EARNED ON INVESTMENT SECURITIES	8,736	--	264	9,000	766
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(238,530)</u>	<u>--</u>	<u>15,651</u>	<u>(222,879)</u>	<u>10,377</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(192,854)	(136,125)	45,581	(283,398)	6,614
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR AS RESTATED	<u>374,458</u>	<u>1,021,041</u>	<u>268,281</u>	<u>1,663,780</u>	<u>6,253</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 181,604</u>	<u>\$ 884,916</u>	<u>\$ 313,862</u>	<u>\$ 1,380,382</u>	<u>\$ 12,867</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
OPERATING INCOME (LOSS)	\$ 60,935	\$ (134,927)	\$ 15,697	\$ (58,295)	\$ (4,132)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
DEPRECIATION/AMORTIZATION	21	--	4,402	4,423	1,021
OTHER	--	--	(1,122)	(1,122)	--
CHANGES IN ASSETS AND LIABILITIES					
(INCREASE)DECREASE IN ACCOUNTS RECEIVABLE	(1,171)	1,223	(875)	(823)	549
(INCREASE)DECREASE IN DUE FROM OTHER FUNDS	--	3,257	28	3,285	--
(INCREASE)DECREASE IN PREPAYMENTS	--	--	(10)	(10)	(9)
(INCREASE)DECREASE IN INVENTORIES	--	--	(589)	(589)	232
(INCREASE)DECREASE IN OTHER ASSETS	--	--	(33,352)	(33,352)	45
INCREASE(DECREASE) IN ACCOUNTS PAYABLE AND ACCRUALS	10	--	(465)	(455)	(83)
INCREASE(DECREASE) IN COMPENSATED ABSENCES PAYABLE	7	--	(110)	(103)	(78)
INCREASE(DECREASE) IN DUE TO OTHER FUNDS	--	(6,569)	(67)	(6,636)	--
INCREASE(DECREASE) IN DEFERRED REVENUES	(13,546)	--	94	(13,452)	(22)
INCREASE(DECREASE) IN OPEB PAYABLE	371	--	2,907	3,278	1,229
INCREASE(DECREASE) IN OTHER LIABILITIES	(928)	1,481	44	597	(45)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 45,699</u>	<u>\$ (135,535)</u>	<u>\$ (13,418)</u>	<u>\$ (103,254)</u>	<u>\$ (1,293)</u>

(Continued)

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, 2011

(EXPRESSED IN THOUSANDS)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

	2011
LOUISIANA TRANSPORTATION AUTHORITY CONTRIBUTIONS OF FIXED ASSETS	49,210

(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, 2011

(EXPRESSED IN THOUSANDS)

	PENSION TRUST FUNDS	INVESTMENT TRUST FUND *	PRIVATE PURPOSE TRUST FUND	AGENCY FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 275,426	\$ 6,274	\$ --	\$ 359,335
RECEIVABLES:				
EMPLOYER CONTRIBUTIONS	176,043	--	--	--
MEMBER CONTRIBUTIONS	75,291	--	--	--
INVESTMENT PROCEEDS	717,004	--	--	--
INTEREST AND DIVIDENDS	62,410	103	932	--
OTHER	15,706	--	234	152,238
TOTAL RECEIVABLES	1,046,454	103	1,166	152,238
INVESTMENTS (AT FAIR VALUE):				
SHORT TERM INVESTMENTS	1,117,893	914,526	--	--
U. S. GOVERNMENT AND AGENCY OBLIGATIONS	1,436,319	258,676	68,191	--
BONDS - DOMESTIC	1,728,080	--	--	--
BONDS - INTERNATIONAL	1,475,419	--	--	--
MARKETABLE SECURITIES - DOMESTIC	7,374,570	--	--	--
MARKETABLE SECURITIES - INTERNATIONAL	6,638,532	--	--	--
ALTERNATIVE INVESTMENTS	5,971,060	--	--	--
COLLATERAL HELD UNDER SECURITIES LENDING PROGRAM	2,006,276	--	--	--
REPURCHASE AGREEMENTS	--	690,327	--	--
OTHER	2,003	--	248,200	199,828
TOTAL INVESTMENTS	27,750,152	1,863,529	316,391	199,828
OTHER ASSETS	--	8	--	417
PROPERTY, PLANT AND EQUIPMENT (NET)	18,313	52	--	--
TOTAL ASSETS	29,090,345	1,869,966	317,557	711,818
LIABILITIES				
ACCOUNTS PAYABLE	43,743	142	4,569	--
INVESTMENT COMMITMENTS PAYABLE	741,387	--	--	--
AMOUNTS HELD IN CUSTODY FOR OTHERS	--	--	--	532,463
OBLIGATIONS UNDER SECURITIES LENDING PROGRAM	2,014,856	--	--	--
OPEB PAYABLE	16,920	--	--	--
REFUNDS PAYABLE AND OTHER	28,901	54	--	--
OTHER LIABILITIES	--	--	--	179,355
TOTAL LIABILITIES	2,845,807	196	4,569	711,818
NET ASSETS				
HELD IN TRUST FOR:				
EMPLOYEES' PENSION BENEFITS	26,244,538	--	--	--
INVESTMENT POOL PARTICIPANTS	--	1,869,770	--	--
INDIVIDUALS, PRIVATE ORGANIZATIONS, AND OTHER GOVERNMENTS	--	--	312,988	--
TOTAL NET ASSETS	\$ 26,244,538	\$ 1,869,770	\$ 312,988	\$ --

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

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

State of Louisiana

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	PENSION TRUST FUNDS	INVESTMENT TRUST FUND *	PRIVATE PURPOSE TRUST FUND
ADDITIONS			
CONTRIBUTIONS:			
EMPLOYER	\$ 1,519,705	\$ --	\$ --
MEMBERS	567,453	--	--
POOL PARTICIPANTS (DEPOSITS)	--	1,998,762	--
TOTAL CONTRIBUTIONS	<u>2,087,158</u>	<u>1,998,762</u>	<u>--</u>
INVESTMENT INCOME:			
NET INCREASE IN FAIR			
VALUE OF INVESTMENTS	4,427,418	115	15,927
INTEREST AND DIVIDENDS	498,943	2,651	7,157
ALTERNATIVE INVESTMENT INCOME	355,005	--	--
LESS ALTERNATIVE INVESTMENT EXPENSES	(72,262)	--	--
GAIN ON SALE OF INVESTMENT	--	179	--
SECURITIES LENDING INCOME	20,507	--	--
LESS SECURITIES LENDING EXPENSES	1,292	--	--
OTHER INVESTMENT INCOME	8	2,712	--
LESS INVESTMENT EXPENSE OTHER THAN SECURITIES LENDING	(65,031)	--	--
NET INVESTMENT INCOME	<u>5,165,880</u>	<u>5,657</u>	<u>23,084</u>
OTHER INCOME	<u>110,289</u>	<u>5</u>	<u>53,690</u>
TOTAL ADDITIONS	<u>7,363,327</u>	<u>2,004,424</u>	<u>76,774</u>
DEDUCTIONS			
RETIREMENT BENEFITS	2,717,958	--	--
REFUNDS OF CONTRIBUTIONS	87,892	--	--
ADMINISTRATIVE EXPENSES	38,289	2,179	--
DEPRECIATION AND AMORTIZATION EXPENSES	2,583	--	--
DISTRIBUTIONS TO POOL PARTICIPANTS	--	2,163,262	--
OTHER	550	--	15,932
TOTAL DEDUCTIONS	<u>2,847,272</u>	<u>2,165,441</u>	<u>15,932</u>
CHANGE IN NET ASSETS HELD IN TRUST FOR:			
EMPLOYEES' PENSION BENEFITS	4,516,055	--	--
INVESTMENT POOL PARTICIPANTS	--	(161,017)	--
INDIVIDUALS, PRIVATE ORGANIZATIONS, AND OTHER GOVERNMENTS	--	--	60,842
NET ASSETS - BEGINNING OF YEAR AS RESTATED	<u>21,728,483</u>	<u>2,030,787</u>	<u>252,146</u>
NET ASSETS - END OF YEAR	<u>\$ 26,244,538</u>	<u>\$ 1,869,770</u>	<u>\$ 312,988</u>

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

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

**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 which are reported in the following systems:

- Louisiana State University System includes Louisiana State University and A&M College and 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. Louisiana State University's Board of Supervisors 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 Grambling State University at Grambling, Louisiana Tech University at Ruston, McNeese State University at Lake Charles, Nicholls State University at Thibodaux, Southeastern Louisiana University at Hammond, Northwestern State University at Natchitoches, University of Louisiana at Monroe, and University of Louisiana at Lafayette.
- Louisiana Community and Technical College System includes seven community colleges, two technical community colleges and one technical college with forty campuses.
- Board of Regents is the policy making board for each of the university systems listed above and each System's Board of Supervisors.

LOUISIANA STADIUM AND EXPOSITION DISTRICT

The purpose of the district is to plan, finance, construct, develop, maintain, and operate facilities, including an enclosed and covered stadium within the district for various sporting events, exhibitions, and public meetings. The District is responsible for servicing and retiring the principal and interest on all bonds issued.

LOUISIANA HOUSING FINANCE AGENCY

The Louisiana Housing Finance Agency was created in 1980 to address the shortage of safe, decent and sanitary residential housing available to persons of low or moderate income, and also provides financing for these housing needs.

LOUISIANA LOTTERY CORPORATION

The Louisiana Lottery Corporation was created to conduct and administer lottery games in the state. Quarterly, the corporation transfers net revenues determined to be surplus to its needs, but not less than 35% of gross revenues each year to the Lottery Proceeds Fund.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION

This nonprofit insurance corporation was created in 2003 to provide insurance to residential and commercial property owners who are in good faith entitled, but unable, to procure insurance through the voluntary insurance marketplace.

LOUISIANA UTILITIES RESTORATION CORPORATION

This nonprofit entity provides alternate financing mechanisms to the Public Service Commission and the New Orleans City Council to attract low-cost capital to finance utility company system restoration and capital contributions to financially strengthen and stabilize. The corporation issues bonds and the proceeds are provided to the utility companies to assist with restoration cost.



State of Louisiana

COMBINING BALANCE SHEET

COMPONENT UNITS

JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	LOUISIANA STATE UNIVERSITY SYSTEM	UNIVERSITY OF LOUISIANA SYSTEM	SOUTHERN UNIVERSITY SYSTEM	LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
ASSETS				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 740,768	\$ 244,433	\$ 19,985	\$ 127,250
RESTRICTED CASH AND CASH EQUIVALENTS	--	--	--	--
INVESTMENTS	354,211	63,956	2,447	--
RESTRICTED INVESTMENTS	--	--	--	--
DEFERRED OUTFLOW OF RESOURCES	--	--	--	--
RECEIVABLES (NET)	249,882	53,578	3,510	27,333
PLEDGES RECEIVABLE (NET)	17,988	737	131	--
AMOUNTS DUE FROM PRIMARY GOVERNMENT	71,146	38,284	16,288	17,036
DUE FROM FEDERAL GOVERNMENT	36,652	13,361	17,738	13,819
INVENTORIES	37,384	5,779	514	409
PREPAYMENTS	16,920	6,782	803	759
NOTES RECEIVABLE	3,602	4,207	147	--
OTHER CURRENT ASSETS	14,796	4,065	1,088	1
TOTAL CURRENT ASSETS	1,543,349	435,182	62,651	186,607
NONCURRENT ASSETS:				
RESTRICTED ASSETS:				
CASH	110,356	165,012	35,297	130,135
INVESTMENTS	680,177	327,029	7,172	34,347
RECEIVABLES (NET)	--	6,311	--	--
NOTES RECEIVABLE	27,394	25,178	--	22
OTHER	12,557	--	--	--
INVESTMENTS	22,589	--	--	--
NOTES RECEIVABLE	--	7	--	--
PLEDGES RECEIVABLE (NET)	17,529	--	--	--
CAPITAL ASSETS (NOTE 5)				
LAND	133,676	55,314	7,165	24,868
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	1,363,363	840,956	239,690	221,189
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	275,349	60,423	13,863	32,258
INFRASTRUCTURE (NET OF DEPRECIATION)	35,518	11,001	8,799	--
INTANGIBLE ASSETS (NET OF AMORTIZATION)	758	--	6,291	5,480
CONSTRUCTION IN PROGRESS	259,900	145,470	14,934	22,521
OTHER NONCURRENT ASSETS	38,609	21,202	6,001	3,887
TOTAL NONCURRENT ASSETS	2,977,775	1,657,903	339,212	474,707
TOTAL ASSETS	\$ 4,521,124	\$ 2,093,085	\$ 401,863	\$ 661,314
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUALS	\$ 268,876	\$ 47,905	\$ 14,193	\$ 26,844
DERIVATIVE INSTRUMENTS	--	--	--	--
AMOUNTS DUE TO PRIMARY GOVERNMENT	54,725	266	1,150	4,680
DUE TO FEDERAL GOVERNMENT	2,950	--	--	357
DEFERRED REVENUES	106,192	39,137	10,935	30,233
AMOUNTS HELD IN CUSTODY FOR OTHERS	27,600	4,602	603	4,643
OTHER CURRENT LIABILITIES	9,136	3,890	2,075	--
CURRENT PORTION OF LONG-TERM LIABILITIES				
CONTRACTS PAYABLE	--	48	--	68
COMPENSATED ABSENCES PAYABLE	12,260	3,770	802	1,244
CAPITAL LEASE OBLIGATIONS	3,393	12	578	53
ESTIMATED LIABILITY FOR CLAIMS	--	769	254	--
NOTES PAYABLE	2,166	499	1,285	--
BONDS PAYABLE	16,720	9,358	1,161	5,720
POLLUTION REMEDIATION OBLIGATIONS	--	306	2	--
OTHER LONG-TERM LIABILITIES	11,527	4,664	--	2,916
TOTAL CURRENT LIABILITIES	515,545	115,226	33,038	76,758
NONCURRENT LIABILITIES:				
NONCURRENT PORTION OF LONG-TERM LIABILITIES				
CONTRACTS PAYABLE	--	--	--	188
COMPENSATED ABSENCES PAYABLE	127,504	32,975	11,855	16,910
CAPITAL LEASE OBLIGATIONS	46,178	--	349	3,400
ESTIMATED LIABILITY FOR CLAIMS	--	--	--	--
NOTES PAYABLE	8,572	3,963	42,168	--
BONDS PAYABLE	604,043	598,413	71,739	295,661
OPEB PAYABLE	620,658	315,195	78,027	107,048
POLLUTION REMEDIATION OBLIGATIONS	--	--	--	--
OTHER LONG-TERM LIABILITIES	51,000	2,820	1,876	--
TOTAL NONCURRENT LIABILITIES	1,457,955	953,366	206,014	423,207
TOTAL LIABILITIES	1,973,500	1,068,592	239,052	499,965
NET ASSETS:				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,504,608	691,800	185,680	137,545
RESTRICTED FOR:				
CAPITAL PROJECTS	--	--	--	--
DEBT SERVICE	--	--	--	--
NONEXPENDABLE	411,843	201,409	13,296	4,529
EXPENDABLE	524,599	228,725	41,512	72,005
OTHER PURPOSES	--	--	--	--
UNRESTRICTED	106,574	(97,441)	(77,677)	(52,730)
TOTAL NET ASSETS	2,547,624	1,024,493	162,811	161,349
TOTAL LIABILITIES AND NET ASSETS	\$ 4,521,124	\$ 2,093,085	\$ 401,863	\$ 661,314

* As of December 31, 2010.

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

State of Louisiana

BOARD OF REGENTS	LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION *	LOUISIANA HOUSING FINANCE AGENCY	LOUISIANA LOTTERY CORPORATION	LOUISIANA STADIUM AND EXPOSITION DISTRICT	LOUISIANA UTILITIES RESTORATION CORPORATION	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
\$ 1,982	\$ 90,640	\$ 2,761	\$ 18	\$ 46,473	\$ --	\$ 238,839	\$ 1,513,149
--	--	--	--	--	132,676	14,062	146,738
--	--	43,947	26,630	--	--	82,090	573,281
--	--	--	--	--	--	9,167	9,167
--	--	--	--	11,330	--	--	11,330
27	58,794	401	9,692	14,755	24,271	59,763	502,006
--	--	--	--	--	--	--	18,856
9,748	--	4	--	3,275	--	26,544	182,325
3,864	--	4,561	--	--	--	1,172	91,167
--	--	--	--	124	--	7,759	51,969
1	10,379	821	147	2,995	--	1,242	40,849
--	--	1,207	--	--	--	18,250	27,413
--	3,250	--	14	140	--	7,657	31,011
<u>15,622</u>	<u>163,063</u>	<u>53,702</u>	<u>36,501</u>	<u>79,092</u>	<u>156,947</u>	<u>466,545</u>	<u>3,199,261</u>
--	8,836	20,622	--	15,884	--	27,420	513,562
--	201,650	23,740	63,337	--	--	34,586	1,372,038
--	--	36,604	--	815	--	11,990	55,720
--	--	122,512	--	--	--	--	175,106
--	--	2,123	--	--	--	--	14,680
--	50,011	--	--	--	--	68,290	140,890
--	--	--	--	--	--	81,759	81,766
--	--	--	--	--	--	--	17,529
--	--	712	1,542	13,944	--	202,318	439,539
--	--	36,895	2,996	261,972	--	162,302	3,129,363
1,167	453	326	680	9,706	--	31,014	425,239
--	--	--	--	--	--	296,771	352,089
--	2,532	--	--	--	--	2,970	18,031
--	--	46,453	--	104,109	--	122,563	715,950
--	16,131	--	5,598	12,414	8,979	20,472	133,293
<u>1,167</u>	<u>279,613</u>	<u>289,987</u>	<u>74,153</u>	<u>418,844</u>	<u>8,979</u>	<u>1,062,455</u>	<u>7,584,795</u>
<u>\$ 16,789</u>	<u>\$ 442,676</u>	<u>\$ 343,689</u>	<u>\$ 110,654</u>	<u>\$ 497,936</u>	<u>\$ 165,926</u>	<u>\$ 1,529,000</u>	<u>\$ 10,784,056</u>
\$ 14,303	\$ 58,475	\$ 784	\$ 2,087	\$ 39,495	\$ 38,391	\$ 41,338	\$ 552,691
--	--	--	--	45,447	--	--	45,447
1,167	--	--	12,171	--	--	17,775	91,934
--	--	1,362	--	--	--	1,001	5,670
--	107,600	--	--	12,658	--	2,946	309,701
--	--	--	--	--	--	--	37,448
--	9,989	--	31,097	2,599	--	38,118	96,904
--	--	--	--	--	--	1,752	1,868
102	81	895	348	348	--	3,068	22,918
1,133	--	--	--	98	--	77	5,344
--	--	--	--	--	--	243	1,266
--	--	10,446	--	7,500	--	492	22,388
--	40,396	1,641	--	4,944	164,009	13,998	257,947
--	--	--	--	--	--	--	308
--	--	14,937	--	--	--	67	34,111
<u>16,705</u>	<u>216,541</u>	<u>30,065</u>	<u>45,703</u>	<u>113,089</u>	<u>202,400</u>	<u>120,875</u>	<u>1,485,945</u>
--	--	--	--	--	--	--	188
770	--	--	--	--	--	6,239	196,253
4,521	--	--	--	713	--	44	55,205
--	112,495	1,000	--	--	--	28,361	141,856
--	--	3,269	--	13,978	--	30,969	102,919
--	871,457	17,824	--	270,271	1,331,450	116,378	4,177,236
3,011	1,109	4,717	--	--	--	61,177	1,190,942
--	--	--	--	--	--	95	95
--	8,836	--	42,152	--	--	34,477	141,161
<u>8,302</u>	<u>993,897</u>	<u>26,810</u>	<u>42,152</u>	<u>284,962</u>	<u>1,331,450</u>	<u>277,740</u>	<u>6,005,855</u>
<u>25,007</u>	<u>1,210,438</u>	<u>56,875</u>	<u>87,855</u>	<u>398,051</u>	<u>1,533,850</u>	<u>398,615</u>	<u>7,491,800</u>
(4,487)	2,985	79,721	5,218	101,679	--	718,899	3,423,648
--	--	--	--	--	--	39,783	39,783
--	175,140	--	--	14,457	--	18,846	208,443
--	--	--	--	--	--	--	631,077
3,753	--	--	--	--	--	--	870,594
--	--	162,480	--	15,605	--	16,040	194,125
(7,484)	(945,887)	44,613	17,581	(31,856)	(1,367,924)	336,817	(2,075,414)
(8,218)	(767,762)	286,814	22,799	99,885	(1,367,924)	1,130,385	3,292,256
<u>\$ 16,789</u>	<u>\$ 442,676</u>	<u>\$ 343,689</u>	<u>\$ 110,654</u>	<u>\$ 497,936</u>	<u>\$ 165,926</u>	<u>\$ 1,529,000</u>	<u>\$ 10,784,056</u>

State of Louisiana

COMBINING STATEMENT OF ACTIVITIES

COMPONENT UNITS

FOR THE YEAR ENDED JUNE 30, 2011

(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	\$ 3,441,372	\$ 1,970,647	\$ 477,739	\$ 126,158	\$ (866,828)
UNIVERSITY OF LOUISIANA SYSTEM	1,111,418	401,923	232,178	58,714	(418,603)
SOUTHERN UNIVERSITY SYSTEM	265,436	53,962	73,868	7,667	(129,939)
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM	515,971	85,509	109,376	40,143	(280,943)
BOARD OF REGENTS	66,303	529	11,961	--	(53,813)
LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION *	158,398	158,173	--	--	(225)
LOUISIANA HOUSING FINANCE AGENCY	317,488	18,665	332,889	22,576	56,642
LOUISIANA LOTTERY CORPORATION	385,476	383,586	--	--	(1,890)
LOUISIANA STADIUM AND EXPOSITION DISTRICT	131,417	37,477	20,760	48,741	(24,439)
LOUISIANA UTILITIES RESTORATION CORPORATION	771,820	201,140	--	--	(570,680)
NONMAJOR COMPONENT UNITS	537,798	55,471	162,360	18,244	(301,723)
TOTAL COMPONENT UNITS	<u>\$ 7,702,897</u>	<u>\$ 3,367,082</u>	<u>\$ 1,421,131</u>	<u>\$ 322,243</u>	<u>\$ (2,592,441)</u>

	GENERAL REVENUES			NET ASSETS BEGINNING OF YEAR	NET ASSETS END OF YEAR
	PAYMENTS FROM PRIMARY GOVERNMENT	OTHER GENERAL REVENUES	CHANGE IN NET ASSETS	AS RESTATED	
COMPONENT UNITS:					
LOUISIANA STATE UNIVERSITY SYSTEM	\$ 589,066	\$ 367,098	\$ 89,336	\$ 2,458,288	\$ 2,547,624
UNIVERSITY OF LOUISIANA SYSTEM	323,415	208,064	112,876	911,617	1,024,493
SOUTHERN UNIVERSITY SYSTEM	63,353	60,964	(5,622)	168,433	162,811
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM	158,816	153,689	31,562	129,787	161,349
BOARD OF REGENTS	51,719	1,250	(844)	(7,374)	(8,218)
LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION *	--	101,788	101,563	(869,325)	(767,762)
LOUISIANA HOUSING FINANCE AGENCY	--	2,529	59,171	227,643	286,814
LOUISIANA LOTTERY CORPORATION	--	1,435	(455)	23,254	22,799
LOUISIANA STADIUM AND EXPOSITION DISTRICT	--	59,797	35,358	64,527	99,885
LOUISIANA UTILITIES RESTORATION CORPORATION	--	1	(570,679)	(797,245)	(1,367,924)
NONMAJOR COMPONENT UNITS	113,274	196,004	7,555	1,122,830	1,130,385
TOTAL COMPONENT UNITS	<u>\$ 1,299,643</u>	<u>\$ 1,152,619</u>	<u>\$ (140,179)</u>	<u>\$ 3,432,435</u>	<u>\$ 3,292,256</u>

* As of December 31, 2010.

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 – Pensions
Note 6A	Employee Benefits – Other Postemployment Benefits (OPEB)
Note 6B	Employee Benefits – Termination 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, 2011

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, 2011.

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 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 component units were evaluated to identify those entities whose financial activities should be blended with the primary government, discretely reported, or disclosed in the Notes to the Basic Financial Statements as a related organization, a joint venture, or a jointly governed organization:

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, or if the component unit provides services exclusively, or almost exclusively, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it. The following blended component units provide services almost exclusively to the primary government: Tobacco Settlement Financing Corporation, Louisiana Correctional Facilities Corporation, Louisiana Office Building Corporation, Office Facilities Corporation, Louisiana Coastal Protection and Restoration Financing Corporation, Louisiana Transportation Authority, and the various retirement systems.

Tobacco Settlement Financing Corporation, P.O. Box 44154, Baton Rouge, LA 70804-4154, a special purpose, public corporate entity, is responsible for financing, purchasing, and managing 60% of the tobacco assets and related incidental activities for the State of Louisiana. The board of directors consists of thirteen 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. The board of directors consists of a designee of the Governor, the Commissioner of Administration, and the director of the Office of Facility Planning and Control.

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 Transportation Authority, P.O. Box 94245, Baton Rouge, LA 70804, a nonprofit corporation established in 2001 to promote, plan, finance, construct, operate, and maintain specific tollways or transitways constructed within Louisiana. The board of directors consists of nine members, including the Governor, the Department of Transportation and the Department of Economic Development secretaries, President of the Senate and Speaker of the House of Representatives.

Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, LA 70804-4516, was established in 1947 for the benefit of non-instructional personnel of the Louisiana public school system.

State of Louisiana

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 as well as the secretary and deputy secretary of the Department of Public Safety.

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.

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 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 the LSU System 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 at New Orleans including Charity Hospital and University Hospital
- Leonard J. Chabert Medical Center at Houma
- University Medical Center at Lafayette
- Bogalusa Medical Center at Bogalusa

- University Hospital Shreveport
- E.A. Conway Medical Center in Monroe

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
- Northwestern State University at Natchitoches
- Southeastern Louisiana University at Hammond
- University of Louisiana at Lafayette
- University of Louisiana at Monroe

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 at Baton Rouge
- Southern University Agricultural Research and Extension Center at Baton Rouge

Board of Supervisors of the Louisiana Community and Technical College System, 265 S. Foster Drive, Baton Rouge, LA 70806, is the managing and supervising board of seven community colleges, two technical community colleges, and the Louisiana Technical College with 38 branch campuses and one technical division.

The board of the following discretely presented component unit is appointed by and serves at the pleasure of the Governor.

Louisiana Stadium and Exposition District, P.O. Box 52439, New Orleans, LA 70152, is responsible for financing and operating an enclosed covered stadium, as well as other related facilities and structures for holding sporting events, athletic contests, exhibitions, and other events of public interest.

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

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.

Greater New Orleans Expressway Commission, P.O. Box 7656, Metairie, LA 70010, was created to construct,

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operate, and maintain the Greater New Orleans Expressway. The fiscal year end of the commission is October 31.

Kenner Naval Museum Commission, 2538 Williams Blvd., Kenner, LA 70062, is responsible for the public display, maintenance, and restoration of the aircraft carrier U.S.S. Cabot-Dedalo and other naval museum vessels.

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

- Amite River Basin Drainage and Water Conservation District, 3535 S. Sherwood Forest Blvd., Suite 135 Baton Rouge, LA 70816
- Atchafalaya Basin Levee District, P.O. Box 170, Port Allen, LA 70767
- Bayou D'Arbonne Lake Watershed District, P.O. Box 696, Farmerville, LA 71241. The district has a December 31 fiscal year end.
- Bossier Levee District, P.O. Box 8279, Bossier City, LA 71113
- Caddo Levee District, P.O. Box 78282, Shreveport, LA 71137-8282
- Fifth Louisiana Levee District, 102 Burnside Drive, Tallulah, LA 71282
- Lafitte Area Independent Levee District, 2654 Jean Lafitte Blvd., Lafitte, LA 70067
- Lafourche Basin Levee District, P.O. Box 670, Vacherie, LA 70090. The district has a December 31 fiscal year end.
- Natchitoches Levee and Drainage District, P.O. Box 1036, Natchitoches, LA 71458
- Nineteenth Louisiana Levee District, P.O. Box 267, Colfax, LA 71417
- North Lafourche Conservation, Levee and Drainage District, P.O. Box 230, Raceland, LA 70394. The district has a December 31 fiscal year end.
- Pontchartrain Levee District, P.O. Box 426, Lusher, LA 70071
- Red River, Atchafalaya, and Bayou Boeuf Levee District, P.O. Box 6235, Alexandria, LA 71306
- Red River Levee and Drainage District, P.O. Box 433, Coushatta, LA 71019
- South Lafourche Levee District, P.O. Box 426, Galliano, LA 70354
- Tensas Basin Levee District, P.O. Box 68, Rayville, LA 71269

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 Board of Cosmetology, 11622 Sunbelt Court, Baton Rouge, LA 70809, regulates and licenses members of the Cosmetology industry to maintain public health and welfare standards set by the State of 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 Naval War Memorial Commission, 305 South River Road, Baton Rouge, LA 70802, has control over the destroyer U.S.S. Kidd or other naval memorial vessels.

Louisiana Public Facilities Authority, 2237 S. Acadian Thruway, Suite 650, Baton Rouge, LA 70808, is a public trust authorized to issue obligations and provide funds to finance projects and programs in the best interest of the citizens of Louisiana. The authority has a December 31 fiscal year end.

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 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.

Louisiana Utilities Restoration Corporation, P.O. Box 91154, Baton Rouge, LA 70802-9154, serves to finance utility system restoration costs.

Ouachita Expressway Authority, P.O. Box 2653, West Monroe, LA 71294, provides a well-maintained limited access highway system and promotes economic growth.

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

Relay Administration Board, P.O. Box 91154, Baton Rouge, LA 70821-9154, is charged with oversight of telephone relay services for the State, insuring equal access to telecommunications services for all hearing and speech impaired citizens. The board has a December 31 fiscal year end.

Road Home Corporation, doing business as Louisiana Land Trust, P.O. Box 4549, Baton Rouge, LA 70821, was created for the acquisition, disposition, purchase, renovation, leasing, or expansion of housing stock to help Louisiana residents displaced by the hurricanes get back into a home or apartment as quickly and fairly as possible.

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 of the boards of the entities listed below, they are fiscally dependent on the State.

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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.

Capital Area Human Services District, 4615 Government Street, Building 2, Baton Rouge, LA 70806, was established to direct the operation of community-based programs and services relative 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.

Florida Parishes Human Services Authority, 11236 Hwy. 16 West, Amite, LA 70422, was established to direct the operation and management of mental health, developmental disabilities, and addictive disorders services for the residents of Livingston, St. Helena, St. Tammany, Tangipahoa, and Washington parishes.

Jefferson Parish Human Services Authority, 3300 W. Esplanade Avenue, Suite 213, Metairie, LA 70002, was established to provide administration, management, and operation of mental health, developmental disabilities, and addictive disorders services for the residents of Jefferson parish.

Metropolitan Human Services District, 400 Poydras Street, Suite 1800, New Orleans, LA 70130, was established to direct the operation and management of mental health, developmental disabilities, and addictive disorders services for the residents of Orleans, St. Bernard, and Plaquemines parishes.

South Central Louisiana Human Services Authority, 7942 Park Avenue, Houma, LA 70364, was established to direct the operation and management of community-based programs and services relative to mental health, developmental disabilities, and substance abuse services for the residents of Assumption, Lafourche, St. Charles, St. James, St. John the Baptist, St. Mary, and Terrebonne parishes.

Louisiana Economic Development Corporation, P.O. Box 94185, Baton Rouge, LA 70804-9185, was established to serve as the single review board and administrator of the Department of Economic Development's financial assistance programs, such as loan guarantees and venture capital for small- and medium-sized businesses.

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

Louisiana Cancer Research Center, 1615 Poydras St., Suite 1000, New Orleans, LA 70112, conducts research and promotes education in the diagnosis, detection, and treatment of cancer.

Louisiana Citizens Property Insurance Corporation, 433 Metairie Road, Suite 600, Metairie, LA 70005, 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.

Southeast Louisiana Flood Protection Authority-East, 6508 Spanish Fort Blvd., New Orleans, LA 70124-4322, and Southeast Louisiana Flood Protection Authority-West, 7001 River Road, Marrero, LA 70072, were created to provide regional coordination of flood protection. These two authorities are reported together as the Southeast Louisiana Flood Protection Authority-East and West (SLFPA-East and West). Entities under SLFPA-East and West for fiscal year 2011 include the Board of Commissioners-SLFPA-East, Board of Commissioners-SLFPA-West, Algiers Levee District, East Jefferson Levee District, Lake Borgne Basin Levee District, Orleans Levee District, and West Jefferson Levee District.

White Lake Preservation, Inc, 710 W. Prien Lake Road, Suite 202A, Lake Charles, LA 70601, operates, manages, and supervises all activities on the White Lake Property consistent with the "Conservation Purposes".

External Investment Pool

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.

Related Organizations

Related organizations are those entities for which a primary government's accountability does not extend beyond appointing a voting majority of the board. The State is not financially accountable for the following related organizations, and they are not reported in the accompanying basic financial statements.

- Algiers Park Commission
- Allen Parish Reservoir District
- Ambulance Service District Commission
- Ascension-St. James Airport and Transportation Authority
- Associated Branch Pilots of the Port of Lake Charles
- Associated Branch Pilots of the Port of New Orleans
- Bayou Desiard Restoration Commission
- Bayou Lafourche Fresh Water District

- Castor Creek Reservoir District
- Crescent River Port Pilots' Association
- Ernest N. Morial New Orleans Exhibition Hall Authority
- Fourteenth and Sixteenth Wards Neighborhood Development District
- Gentilly Taxing District
- Grand Isle Independent Levee District
- Greater Ouachita Port Commission
- Iberia Parish Levee, Hurricane, & Conservation District
- John K. Kelly Grand Bayou Reservoir District
- Louisiana Disaster Recovery Foundation, Inc.
- New Orleans and Baton Rouge Steamship Pilots' Association
- North Lafayette Redevelopment Authority
- Parish Hospital Service Districts
- River Parishes Transit Authority
- River Region Cancer Screening and Early Detection District
- St. Mary Levee District
- Seventh Ward Neighborhood Development District
- South Tangipahoa Parish Port Commission
- Southwest Acadiana Parishes Public Housing Rehabilitation District
- Terrebonne Levee and Conservation District
- Twelfth and Thirteenth Wards Neighborhood Development District
- West Ouachita Parish Reservoir Commission

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, 15091 Texas Highway, Many, LA 71449-5718, participates equally with the Sabine River Authority of Texas in the Sabine River Compact Administration (Compact) and through the Sabine River Authority, with the Sabine River Authority of Texas, 450 Spur 135, Burkeville, TX 75932, in the Toledo Bend Joint Operation (Joint Operation). 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 administer 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.

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 2011, the Sabine River Authority of Louisiana reported an increase in net assets of \$228,732 from fiscal year 2010.

The Pest Control Compact Insurance Fund Governing Board, P.O. Box 3481, Baton Rouge, LA 70821-3481, participates equally in the multistate Pest Control Compact and through the Interstate Pest Control Compact, 845 Sutherland Drive, Saint Albans, WV 25177. The Insurance Fund must annually submit to the governor of each party state a report covering its activities for the preceding year. Louisiana's participation in the Compact was confirmed by the Louisiana Legislature to alleviate financial losses from the depredations of pests and to protect fully against those pests that present serious dangers. The governing board of the Insurance Fund is made up of one representative from each party state that shall be entitled to one vote on such board; if provisions are made, the United States may be represented on the board not to exceed three representatives with non-voting powers. The budget of each party state shall contain a specific recommendation of the amount or amounts to be appropriated by each party state, which is one-tenth of the total budget in equal shares and the remainder in proportion to the value of agriculture and forest crops and products. The party states may request expenditures from the Insurance Fund.

Jointly Governed Organizations

A jointly governed organization is one governed by representatives from each of the governments creating it and one 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 High-Speed Rail Commission, Interstate Commission for Adult Offender Supervision, Interstate Insurance Product Regulation Compact and Commission, Interstate Commission for Juveniles, and Interstate Commission on Educational Opportunity for Military Children.

B. BASIS OF PRESENTATION

The financial report consists of Management's Discussion and Analysis (MD&A), basic financial statements, notes to

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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 is otherwise being supported by general government revenues, is compared to the revenues generated directly by the function. In the Statement of Activities, gross expenses, including depreciation, are reduced by related program revenues, which are comprised of charges for services, operating grants, 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

considered 45 days after the end of the fiscal year, except for federal grants, which generally are considered available for 12 months 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; a 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 for agency fund statements which 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, the Bond Security and Redemption Fund, Capital Outlay Escrow 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 include 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 are deposited by the State Treasurer into this fund. The money is held in a trustee capacity to be used for various educational purposes.

Capital Outlay Escrow Fund - This fund provides for the capital outlay expenditures of state government, state institutions, and other public entities as appropriated by the legislature. Sources of funding include federal revenues, transfers from the General Fund and Transportation Trust Fund, interest earnings, and contributions from other sources.

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. The State has two types of proprietary funds:

- *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, telecommunications, regional laundry services, 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 State's major enterprise funds are Patient's Compensation Fund Oversight Board and Unemployment Trust Fund.

Patient's Compensation Fund Oversight Board - This fund is comprised of collections from private health care providers. The purpose of the board is to guarantee that affordable, medical malpractice coverage is available to all private healthcare providers and to provide a certain, stable source of compensation for legitimate injured parties of medical malpractice.

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 Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, 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. For purposes of the financial statements, including the Statement of Cash Flows, the State considers all highly

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liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

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 (Deposits and Investments).

In accordance with bond resolution requirements, the trustee for Transportation Trust Fund debt service invests in repurchase agreements. These investments are included in the disclosure of custodial credit risk as U.S. Government Obligations (see Note 2).

Receivables and Payables

Activity between funds that is outstanding at the end of the fiscal year is 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 predominately 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 governmental funds and 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, market risk as a result of possible future changes in market prices, and legal risk, the risk that a transaction will be prohibited by law, regulation, or contract.

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. Capital assets are recorded as expenditures generally in the Capital Outlay Escrow Fund at the fund level and capitalized at the government-wide level; fixed assets of enterprise, and internal service funds are reported in the respective funds. 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. For reporting purposes, the State has defined capital assets as follows:

- Land is an inexhaustible asset with no capitalization threshold and an unlimited useful life; therefore, it is not depreciated.
- Movable property consists of assets that are not fixed or stationary in nature with an initial, individual cost of at least \$5,000. The straight-line method of depreciation is used, which divides the historical cost by the estimated useful life of the asset, generally 5 to 10 years.
- Buildings are permanent structures erected above ground, while improvements are major repairs, renovations, or additions that increase the future service potential of the asset. Leasehold improvements are improvements made by the lessee to leased property. The capitalization threshold for buildings and improvements is \$100,000. They are depreciated principally using the straight-line method with an estimated useful life typically of 40 years for structures and improvements and 20 years for depreciable land improvements. Leasehold improvements are depreciated using the straight-line method with an estimated useful life depending on the term of the lease. Construction in progress is not depreciated.
- Infrastructure assets are roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Infrastructure has a capitalization threshold of \$3,000,000, and is depreciated using the straight-line method with 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.

- Internally generated software has a capitalization threshold of \$1,000,000, and is depreciated using the straight-line method over an estimated useful life determined by its value. Internally generated software valued at \$10,000,000 or less is depreciated over 7 years and that valued over \$10,000,000 is depreciated over 10 years.
- 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 Sciences 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 a threshold of \$5,000 for all assets, depreciable lives greater than 40 years on some assets, and recognition of a half year of depreciation in the year of acquisition and final year of useful life.

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 of up to 25 days of unused sick leave at the time of retirement or death if prior to retirement 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 is applied to the number of years of service only for computing the rate of pay due to the retiree and does 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. In the fund financial statements, proprietary fund long-term obligations are reported as liabilities in the proprietary fund type statement of net assets. The General Fund has typically been used to liquidate other long-term liabilities such as compensated absences, claims and litigation payable, etc. (see "Other liabilities", Note 8, Section D, under "Governmental Activities"). Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. In accordance with paragraph 16 of the Accounting Principles Board Opinion No. 21, unamortized balances of premiums and discounts are netted against the outstanding balance of the related bonds payable. Unamortized premium and discount balances are displayed in Note 8, Section D.

Fund Balances and Fund Balance Classification Policies and Procedures

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented, effective for the fiscal year ending June 30, 2011. It establishes fund balance classifications based on the extent to which the state is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. As a result of implementing this statement, there were significant changes in the state's fund structure. Funds that did not meet the new special revenue fund definition were moved to the General Fund. Amounts previously reported as reserved and unreserved fund balance are now reported under the following fund balance classifications:

- Nonspendable – include amounts that cannot be spent because they are not in spendable form (e.g., inventories) or are legally or contractually required to be maintained intact (e.g corpus of a permanent fund).
- Restricted – include 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 – include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the State Legislature, the State's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the state legislature removes or changes the specified use by taking the same type of action employed to commit those amounts. This formal action is the passage of law by the Legislature, or creating, modifying or rescinding an appropriation.
- Assigned – included amounts that are constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed. Intent is

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expressed by state officials to whom the state has delegated the authority to assign amounts to be used for specific purposes.

- Unassigned – include amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

The State has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, and unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the general policy of the State is to use committed resources first, followed by assigned, and then unassigned. The use of restricted/committed resources may be deferred 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 of 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 between programs within a budget unit. The Commissioner of Administration may approve such a transfer 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, 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. The Governor may direct the Commissioner of Administration to reduce or disapprove warrants in order to prevent 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 present the original, final, and actual budgetary basis of the General Fund and each individual major special revenue fund that has a legally adopted annual budget. For fiscal year 2011, there are no major special revenue funds. The accompanying Required Supplementary Information includes notes and a schedule making this comparison for the General Fund.

The following governmental funds have legally adopted annual budgets:

- General Fund
- Bond Security and Redemption Fund
- Employment Security Administration
- Federal Energy Settlement Fund
- Incumbent Worker Training Account
- Labor Penalty and Interest Account
- Louisiana Tourism Promotion District

- Marsh Island Operating Fund
- Retirement System Insurance Proceeds Fund
- State Highway Fund #2
- Transportation Trust 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, Central Regional Laundry, Drinking Water Revolving Loan Fund, Donald J. Thibodeaux Training Complex, Louisiana Federal Property Assistance Agency, Louisiana Property Assistance Agency, Clean Water State Revolving Fund, Office of Aircraft Services, Office of Telecommunications Management, Prison Enterprises, and Public Safety Services Cafeteria. 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 expenditure.

F. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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NOTE 2: DEPOSITS AND INVESTMENTS

A. DEPOSITS

Bank account and short-term investments, such as nonnegotiable certificates of deposit and money market deposit accounts, are included as deposits. 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, 2011. Deposits are listed in terms of whether they are exposed to custodial credit risk, which is the risk that the state's deposits may not be returned in the event of a bank failure. 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.

Bank Deposit Balances (Expressed in Thousands) Deposits Exposed to Custodial Credit Risk

	<u>Uninsured and Uncollateralized</u>	<u>Uninsured and Collateralized with Securities Held by Pledging Institution</u>	<u>Uninsured and Collateralized with Securities Held by Pledging Institution's Trust Dept. or Agent but not in State's Name</u>	<u>Total Bank Balances – All Deposits</u>	<u>Total Carrying Value – All Deposits</u>
Primary Gov't & Fiduciary:					
Cash	\$ 171	\$ 42,529	\$ 27,009	\$ 1,385,787	\$ 1,147,554
Certificates of Deposit	143,877		586	327,816	175,641
Other	188,705			535,188	346,186
Total Primary Gov't & Fiduciary:	<u>\$ 332,753</u>	<u>\$ 42,529</u>	<u>\$ 27,595</u>	<u>\$ 2,248,791</u>	<u>\$ 1,669,381</u>
Component Units:					
Cash	10,539	77,548	25,051	1,446,353	1,335,660
Certificates of Deposit		451	9,226	160,701	160,570
Other		13,618	132,001	445,781	433,239
Total Component Units	<u>\$ 10,539</u>	<u>\$ 91,617</u>	<u>\$ 166,278</u>	<u>\$ 2,052,835</u>	<u>\$ 1,929,469</u>
Total Bank Balances	<u>\$ 343,292</u>	<u>\$ 134,146</u>	<u>\$ 193,873</u>	<u>\$ 4,301,626</u>	<u>\$ 3,598,850</u>

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. Repurchase Agreements must be collateralized by the pledge of securities at 102%. 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. Act 1004 of the 2010 regular session amended LRS 11:263 to require that pension systems give weight to certain factors including, but not limited to the experience of the professionals who will manage each investment, the jurisdiction of the laws that govern each investment, and the risk of fluctuations in currency that may accompany each investment when making investment decisions. It further requires pension systems to submit quarterly reports, as specified in the statute, to the House and Senate committees beginning with the quarter ending June 30, 2010. The amendment is effective beginning July 1, 2010.

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 Prudent 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, 2011, \$22,547,737 net appreciation of investments of endowment funds was available to be spent; all was restricted for specific purposes. These amounts are reported in the financial statements of the colleges and universities as restricted expendable net assets, except for that which is unrestricted.

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 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	\$	3,598,850
Carrying Value of Investments per Note		<u>41,481,697</u>
		<u>\$ 45,080,547</u>
Cash per Financial Statements	\$	8,708,042
Investments per Financial Statements		34,865,662
Restricted Cash per Financial Statements		662,989
Restricted Investments per Financial Statements		1,404,517
Reconciling Items between Note and Financial Statements		<u>(560,663)</u>
		<u>\$ 45,080,547</u>

C. INVESTMENTS - CUSTODIAL CREDIT RISK

The following chart presents the investment position of the State at June 30, 2011, 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.

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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:				
Negotiable Certificates of Deposit			\$4,307	\$4,307
Repurchase Agreements		\$9,571	856,700	856,700
U.S. Government Obligations:				
On Securities Loan			5,983,944	5,983,944
Not On Securities Loan			73,625	73,625
Common & Preferred Stock		7,295	37,754	37,754
Domestic & Foreign Bonds			2,223,880	2,223,880
Mortgages, Notes and Other			89,671	89,671
Miscellaneous Short Term			44,853	44,853
Mutual Funds		93,269	679,435	679,435
Miscellaneous			10,876	10,876
Total General Government		110,135	10,005,045	10,005,045
Retirement Systems and Other Trusts:				
Repurchase Agreements			861,605	861,605
U.S. Government Obligations:				
On Securities Loan			298,599	298,599
Not On Securities Loan			1,313,367	1,313,367
Common & Preferred Stock:				
On Securities Loan			1,555,554	1,555,554
Not On Securities Loan			12,485,855	12,485,855
Domestic & Foreign Bonds:				
On Securities Loan			128,584	128,584
Not On Securities Loan			2,964,226	2,964,226
Mortgages, Notes and Other			1,466,703	1,466,703
Miscellaneous Short Term			1,033,532	1,033,532
Mutual Funds			172,454	172,454
Real Estate			1,001,438	1,001,438
Guaranteed Investment Contracts			301,420	301,420
Mezzanine Financing Investments			326,256	326,256
Alternative Investments			4,653,813	4,653,813
Collateral Held Under Securities				
Lending Program		1,915	1,226,024	1,226,024
Total Retirement Systems and Other Trusts		1,915	29,789,430	29,789,430
Total Primary Government and Fiduciary		112,050	39,794,475	39,794,475
Component Units:				
Negotiable Certificates of Deposit		12,000	24,575	24,575
Repurchase Agreements			30,242	30,242
U.S. Government Obligations	40,749	31,947	477,457	477,371
Common & Preferred Stock			95,916	107,866
Domestic & Foreign Bonds		16,311	133,849	133,849
Mortgages, Notes & Other	18,142		122,384	122,384
Mutual Funds	12,983		491,051	491,051

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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 Trust Dept. or Agent but not in the State's Name</u>		
External Investment Pool	8,978		91,803	91,803
Real Estate			9,045	9,045
Alternative Investments			52,730	52,829
Investments Held in Private Foundations			158,170	158,170
Total Component Units	80,852	60,258	1,687,222	1,699,185
TOTAL INVESTMENTS	\$80,852	\$172,308	\$41,481,697	\$41,493,660

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 risk of the Louisiana Education Quality Trust

Fund (LEQTF), Millennium Trust Fund, and the Medicaid Trust Fund portfolios are limited by managing their maturity and 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 Fund 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, 2011, the State Treasury had the following debt investments and maturities (amounts expressed in thousands).

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater Than 10</u>
U.S. Government Obligations	\$4,097,147	\$1,046,298	\$2,988,382	\$25,036	\$37,431
U.S. Agency Obligations	1,956,223	375,421	1,068,722	393,609	118,471
Corporate Bonds	1,191,700	62,033	500,655	346,825	282,187
Municipal Bonds	984,878	38,171	342,906	233,509	370,292
Repurchase Agreements	775,000	775,000			
Total	\$9,004,948	\$2,296,923	\$4,900,665	\$998,979	\$808,381

Retirement Systems and Other Trusts

At June 30, 2011, the Louisiana School Employees' Retirement System (LSERS) held \$359,940,389 in total debt investments, \$5,286,946 with maturities of less than 1 year, \$109,920,142 with maturities of 1 to 5 years, \$94,759,412 with maturities of 6 to 10 years, and \$149,973,889 with maturities of more than 10 years. The Louisiana State Employees' Retirement System (LASERS) held \$2,950,082,831 in total debt investments,

\$1,099,173,660 with maturities of less than 1 year, \$473,979,392 with maturities of 1 to 5 years, \$616,567,994 with maturities of 6 to 10 years, and \$760,361,786 with maturities of more than 10 years. The Teachers' Retirement System of Louisiana (TRSLA) held \$2,782,711,553 in total debt investments, \$778,321,191 with maturities of less than 1 year, \$482,508,499 with maturities of 1 to 5 years, \$442,788,823 with maturities of 6 to 10 years, and \$1,079,093,040 with maturities of more than 10 years. The Louisiana State Police Retirement

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System (LSPRS) held \$37,252,335 in total debt investments, \$2,486,167 with maturities of less than 1 year, \$4,170,238 with maturities of 1 to 5 years, \$11,922,229 with maturities of 6 to 10 years, and \$18,673,701 with maturities of more than 10 years.

The TRSLA and LSPRS investment policies expect its fixed income managers to approximate the portfolio's duration to established benchmarks for fixed income investments. LSERS investment policy indicates that its fixed income securities portfolio is limited to 20% for

domestic and 15% for international debt securities. LASERS have no formal interest rate risk policy, but LASERS expects its fixed income managers to approximate the portfolio's duration to within two years of its respective benchmarks for fixed income investments.

The table below displays the aggregate total of the state retirement systems and other trusts debt investments by type and maturities (amounts expressed in thousands) as of June 30, 2011.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
U.S. Government obligations	\$1,032,423	\$4,022	\$64,370	\$72,115	\$891,916
U.S. Agency obligations	286,641	5	825	36,045	249,766
Mortgage backed securities and Collateralized mortgage obligations	552,177	6,994	26,810	15,880	502,493
Corporate bonds	1,353,342	299,445	368,191	522,220	163,486
Foreign bonds	1,543,609	371,064	529,955	473,925	168,665
Mutual funds					
Other bonds	447	123		15	309
Other	1,362,896	1,203,840	80,480	46,132	32,444
Total	\$6,131,535	\$1,885,493	\$1,070,631	\$1,166,332	\$2,009,079

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, 8.73% are issues of the Federal National Mortgage Association (Fannie Mae), 6.30% are issues of the Federal Home Loan Bank, and 2.29% are issues of the Federal Farm Credit Bank.

The accompanying table illustrates the State Treasury's investments exposure to credit risk as of June 30, 2011 (expressed in thousands):

Rating	Fair Value
U.S. Government Securities	\$4,097,147
U.S. Government Agencies (GSEs)	1,956,223
AAA	667,297
AA	734,794
A	440,366
BBB	561,345
BB	13,143
B	5,515
Not Rated	1,498,841
Total	\$9,974,671

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. In addition, the Louisiana Asset Management Pool (LAMP, an investment trust fund) had investments in U.S. government agency obligations with a fair value of \$258,675,673, all of which were rated AAA by S&P and \$914,526,457 in commercial paper rated at either A-1 or A-1+.

LSPRS has the following investments that represent 5% or more of LSPRS's total investments at June 30, 2011:

(1) Loomis Sayles Fixed Income Fund; (2) Institutional Equity Funds; (3) Artio International Equity Group; (4) State Street S&P 500 Flagship Fund; and (5) State Street Aggregate Bond Market Index Securities Lending. None of the other retirement systems or trusts had investments in

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any one issuer (other than those issued or guaranteed by the U.S. government) that represented more than 5% of its total investments.

The following table details the total fair market value of investments in debt securities exposed to credit risk at June 30, 2011 for each of the state's retirement systems.

Rating	Fair Value (in thousands)			
	LSERS	LASERS	TRSLA	LSPRS
AAA	\$37,578	\$594,553	\$273,706	\$569
AA+	3,681	51,305		1,104
AA	6,013	51,946		863
AA-	1,246	77,703		1,124
A+	10,227	85,563		818
A	34,405	89,600		10,987
A-	20,498	30,081		3,757
A-1		363,159	26,256	
A-2			48,206	
A-3			42,290	
AA1			20,036	
AA2			20,543	
AA3			36,714	
BBB+	17,092	21,188		1,412
BBB	18,802	37,159		887
BBB-	12,538	45,745		874
BB+	1,707	23,538		
BB	6,565	66,548		
BB-	924	80,794		
B+	925	79,104		
B	5,389	97,925		
B-	1,372	65,520		
B1			28,205	
B2			31,617	
B3			31,888	
BA1			6,850	
BA2			12,090	
BA3			39,123	
BAA1			50,700	
BAA2			36,053	
BAA3			11,753	
CA			500	
CAA1			15,208	
CAA2			14,253	
CAA3			1,604	
CCC+	2,819	49,307		
CCC	11,066	148,369		
CCC-	1,373	4,118		
CC	2,453	30,490		
C		78	1	
D	2,399	52,381		
NA			1,192,353	
P-1				
VMIG1-3			1,548	
Not Rated	158,953	790,001	102,994	
Sec. Lending				
Collat. Pool		13,908		
Total	\$358,025	\$2,950,083	\$2,044,491	\$22,395

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 targets 10% of its portfolio to be invested in foreign marketable securities. However, at June 30, 2011, the current position is 8% and totals \$184,498,417. The Louisiana State Employees' Retirement System (LASERS) held foreign marketable securities with a fair value of \$1,697,188,039 at June 30, 2011, the Teachers' Retirement System of Louisiana (TRSLA) held \$3,521,427,827, and the Louisiana State Police Retirement System (LSPRS), \$23,402,219. LSPRS' investment policy allows no more than 15.0% of their portfolio to be international equities. The following table illustrates the total exposure to foreign currency risk at June 30, 2011 of \$5,426,516,552 by currency denomination and investment type:

Currency	Fair Value (U.S. dollars) (in thousands)	
	Bonds	Stocks & Other
Australian dollar	\$48,186	\$275,860
Brazilian real	15,485	13,488
British pound	64,886	886,514
Canadian dollar	28,257	125,695
Czech koruna	9,065	441
Danish krone		51,052
Euro	291,726	1,384,582
Hong Kong dollar		305,563
Hungarian forint	11,377	
Indonesian rupiah	14,220	
International pooled funds		23,402
Israeli shekel		11,857
Japanese yen	194,870	736,873
Malaysian ringgit	25,278	5,189
Mexican new peso	59,794	7,468
New Turkish lira		14,511
New Zealand dollar	15,905	14,760
Norwegian krone	18,846	25,269
Peruvian pen	2,404	
Polish zloty	59,996	
Singapore dollar		105,234
South African rand	16,825	4,561
South Korean won	19,752	25,585
Swedish krona	22,220	140,646
Swiss franc		348,874
Total	\$919,092	\$4,507,424

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G. SECURITIES LENDING

State Treasury

In accordance with its authority under LRS. 49:321.1, the State has entered into a securities lending agreement that functions as a reverse repurchase/repurchase arrangement, with Morgan Stanley acting as principal. Under the arrangement, Morgan Stanley purchases (or borrows) on an overnight basis that portion of the State's pool of U.S. Treasury and Agency securities which the State from time to time makes available for such purposes, with a simultaneous agreement to resell or repurchase such securities at the termination of the transaction. The reverse repurchase and repurchase transactions are executed pursuant to the terms of a paired repurchase agreement among the State, the Bank of New York and Morgan Stanley. The State receives U.S. Government Sponsored Entity, or "agency", collateral in return for the securities that it reverses to Morgan Stanley under the terms of the reverse repurchase transaction on a fixed-spread basis.

Four separate funds were included in the securities lending agreement for the fiscal year ending June 30, 2011. At June 30, 2011, the collateral exceeded the value of the securities on loan by \$111,623,733 for the general fund, \$4,696,902 for the Louisiana Education Quality Trust Fund (LEQTF), \$16,388,671 for the Medicaid Trust Fund for the Elderly (the Medicaid Trust), and \$13,124,737 for the Millennium Trust Fund (the Millennium Trust).

At June 30, 2011, the value of securities on loan was \$5,285,425,335 for the Treasurer's pooled general fund investments; \$235,145,085 for LEQTF; \$256,225,186 for the Medicaid Trust Fund; and \$207,148,090 for the Millennium Trust Fund.

In each transaction, Morgan Stanley delivers collateral from its account at the Bank of New York to the State's custodial account at the Bank of New York. The Bank of New York monitors the movement of the collateral to ensure it is sufficient (equal to at least 102% of the value of the securities borrowed) and in compliance with the terms of the reverse repurchase/repurchase agreement. Each morning, the overnight repurchase transaction is "reversed" and Morgan Stanley receives the collateral against its return of investments to the State. During the term of any particular transaction, the State's right to receive or sell the collateral is determined pursuant to the terms of the repurchase agreement, which provides for such rights upon borrower default, and in accordance with other applicable state and federal laws. The State has experienced no losses on securities lending transactions and loss indemnification is provided in the contract with Morgan Stanley.

As of June 30, 2011, the State had limited credit risk exposure because the market value of the U.S. Government and Government Sponsored Entity securities pledged as collateral to the State exceeded the value of securities the State had out on loan by \$145,834,044. The value of the securities on loan was \$5,983,943,696 and the total market value of the securities held as collateral was \$6,129,777,740. The value of the collateral securities was 102.44% of the value of loaned securities. The Risk to the State is further mitigated because loss indemnification is provided to the State in the securities lending contract with Morgan Stanley.

Retirement Systems and Other Trusts

The Teachers' Retirement System of Louisiana (TRSLA), the Louisiana State Police Retirement System (LSPRS), 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 and LSPRS lend securities for cash, cash collateral or other securities/investment collateral. The LASERS and LSERS lend securities for cash, cash collateral, and U.S. government securities. Additionally, LSERS may lend its securities for irrevocable letters of credit and LASERS may lend securities for other securities/investments collateral. 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. None of the retirement systems may pledge or sell collateral securities received unless the borrower defaults.

The TRSLA lends domestic securities for cash collateral of 100%, domestic securities for other securities collateral at 102%, and international securities for cash collateral or other securities collateral of 105%. The LSPRS, LSERS and LASERS lend U.S. securities for collateral valued at 102% of the market value of the securities. For the LSERS and LASERS, non-U.S. securities are loaned for collateral valued at 105% of the market value of the securities. In instances where LSPRS, TRSLA and LSERS loans are for term, the reinvestment of the cash is matched to the maturity of the loan. The majority of 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, 2011, neither LASERS, LSPRS, TRSLA nor LSERS had any credit risk exposure to borrowers at year

end because the amount the plan owes the borrowers exceeds the amount the borrowers owe the plan. Securities loans of all four 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 LSPRS and LSERS. However, Lehman Brothers and Sigma Finance Corporation defaulted in an aggregate amount of \$5,773,039 at December 31, 2008 on their securities lending contracts with TRSLA and approximately \$27,000,000 on their securities lending contracts with LASERS of which \$2,700,000 in security lending income has been applied during fiscal year 2011. The LSPRS, LASERS and LSERS have indemnification agreements with their securities lending agents in case of borrower default. Securities on loan at June 30, 2011 totaled \$816,907,672 for LASERS, \$16,815,529 for LSPRS, \$1,147,134,685 for TRSLA, and \$1,879,696 for LSERS.

H. INVESTMENTS IN DERIVATIVES

During the fiscal year ended June 30, 2010, the State implemented Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB requires certain derivative instruments be reported in the government-wide, proprietary fund, and fiduciary fund

financial statements at fair value as of the balance sheet date. The Statement further requires certain risk disclosures associated with these derivatives.

Governmental Activities

As of June 30, 2011 the governmental funds of the State held derivative instruments in interest rate swaps. All pay-fixed swap transactions are associated with variable debt. Combining a pay-fixed receive-variable rate swap with variable debt results in what is termed "synthetic" fixed rate debt. It is called synthetic because the economics are similar to fixed rate debt, but another instrument is involved unlike regular fixed rate debt.

The primary function of the fixed rate swaps is to mitigate the interest rate exposure of the variable rate bonds. The state pays a fixed rate and receives a floating rate. In an interest rate environment whose level is generally higher than the rate at which the State is fixed, the swap would result in a positive value to the State. Correspondingly, a lower rate environment than the fixed rate would result in a negative value to the State.

The tables below provide summary data for the State's outstanding derivative instruments within governmental activities as of June 30, 2011.

Summary of Hedging Derivative Instruments
(In Thousands)

	Changes in Fair Value		Fair Value at June 30		
	Notional	Classification	Amount	Classification	Amount
Governmental Activities:					
<u>Hedging Derivative Instruments</u>					
<u>Cash Flow Hedges</u>					
Pay-Fixed Interest Rate Swaps	\$382,000	Deferred Outflow of Resources	(\$50,851)	Derivative Instrument Liability	(\$61,529)
Pay-Fixed Interest Rate Swaps	\$295,730	Deferred Inflow of Resources	(\$408)	Derivative Instrument Asset	\$408
<u>Investment Derivative Instruments</u>					
Pay-Fixed Interest Rate Swaps	\$0	Investment Loss	\$2,961	Derivative Instrument Liability	(\$2,961)

State of Louisiana

Terms and Objectives of Hedging Derivative Instruments

(In Thousands)

Type	Notional	Objective	Effective Date	Maturity Date	Terms	Counterparty Credit Rating (Moody's/S&P)
Pay-Fixed Interest Rate Swap	\$134,910	hedge changes in cash flow s on the 2008 Series A bonds and 2011 Series B bonds	07/17/08	07/15/26	Pay 4.303%; Receive 70% of USD-LIBOR	Aa3/A+
Pay-Fixed Interest Rate Swap	\$57,820	hedge changes in cash flow s on the 2008 Series A bonds and 2011 Series B bonds	07/17/08	07/15/26	Pay 4.303%; Receive 70% of USD-LIBOR	Aa3/A
Pay-Fixed Interest Rate Swap	\$46,500	hedge changes in cash flow s on the 2010 Series A bonds	05/01/09	05/01/43	Pay 3.694%; Receive 70% of USD-LIBOR	Aa1/AA-
Pay-Fixed Interest Rate Swap	\$14,125	hedge changes in cash flow s on the 2009 Series A-1 and 2010 Series A bonds	05/01/09	05/01/41	Pay 3.699%; Receive 70% of USD-LIBOR	Aa1/AA-
Pay-Fixed Interest Rate Swap	\$56,500	hedge changes in cash flow s on the 2010 Series A bonds	05/01/09	05/01/41	Pay 3.692%; Receive 70% of USD-LIBOR	Aa3/A+
Pay-Fixed Interest Rate Swap	\$186,000	hedge changes in cash flow s on the 2009 Series A-1 bonds	05/01/09	05/01/43	Pay 3.692%; Receive 70% of USD-LIBOR	Aa3/A+
Pay-Fixed Interest Rate Swap	\$14,125	hedge changes in cash flow s on the 2009 Series A-4 bonds	05/01/09	05/01/41	Pay 3.690%; Receive 70% of USD-LIBOR	A1/A+
Pay-Fixed Interest Rate Swap	\$46,500	hedge changes in cash flow s on the 2009 Series A-4 bonds	05/01/09	05/01/43	Pay 3.682%; Receive 70% of USD-LIBOR	A1/A+
Pay-Fixed Interest Rate Swap	\$93,000	hedge changes in cash flow s on the 2009 Series A-3 bonds	05/01/09	05/01/43	Pay 3.6985%; Receive 70% of USD-LIBOR	A1/A+
Pay-Fixed Interest Rate Swap	\$28,250	hedge changes in cash flow s on the 2009 Series A-3 bonds	05/01/09	05/01/41	Pay 3.7065%; Receive 70% of USD-LIBOR	A2/A

On October 16, 2008 the State Bond Commission, authorized the issuance of \$485,000,000 of in Gasoline and Fuels Tax Revenue Bonds, Series 2009A bonds to replace the Series 2008 bonds that were authorized to finance multiple construction projects associated with the Transportation Infrastructure Model for Economic Development (TIMED). Due to market volatility and credit availability, the bonds were issued in four separate series (2009A, 2009A-1, 2009A-3, & 2009A-4). Forward floating to fixed interest rate swap agreements which were originally issued in December 2008 for the Series 2008 bonds were extended for the new bond issuance and became effective May 1, 2009.

On June 1, 2011, the State Bond Commission (SBC) issued \$177,130,000 of Series 2011-B General Obligation Refunding Bonds, which partially refunded the 2008-A Series General Obligation Refunding Bonds maturing in 2026. This resulted in a partial termination of hedge accounting under GASB 53 for the two swaps associated with the Series 2008A bonds. The portions of these two swaps associated with the Series 2011B bonds were tested and qualified for hedge accounting. All of the rest of the State's swaps qualify for hedge accounting under GASB 53, therefore all cumulative changes in fair value, as of June 30, 2011, are offset by a corresponding deferral amount on the statement of net assets.

The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bonds due on the date of each future net settlement payment on the swaps.

The interest rate swaps with an aggregate notional value of \$677,730,000 includes \$192,730,000 of General Obligation Series 2008-A and Series 2011-B Bonds and \$485,000,000 of (TIMED) Bonds. No cash payment or receipt was paid or due by any party upon initiation of any of these agreements.

Hedging Derivative Instrument Payments and Hedged Debt

As of June 30, 2011, aggregate debt service requirements of the State's debt and net receipts/payments on associated hedging derivative instruments are as follows:

State of Louisiana

Hedging Derivative Instrument Payments & Hedged Debt (In Thousands)

<u>FISCAL YEAR</u>	<u>HEDGING</u>			
<u>ENDING</u>			<u>DERIVATIVE</u>	
<u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>INSTRUMENT, NET</u>	<u>TOTAL</u>
2011-12	7,980	896	24,668	33,544
2012-13	8,360	883	24,323	33,566
2013-14	8,755	871	23,959	33,585
2014-15	160,015	859	23,578	184,452
2015-16	--	848	23,177	24,025
2017-21	--	4,020	109,205	113,225
2022-26	1,965	3,595	95,896	101,456
2027-31	12,468	3,238	84,943	100,649
2032-36	27,361	3,080	80,742	111,183
2037-41	47,176	2,776	72,791	122,743
2042-43	396,030	722	18,963	415,715
Total	670,110	21,788	582,245	1,274,143

Risk Disclosures

Credit Risk: Credit risk is the risk that the swap provider will not fulfill its obligations. To mitigate the potential for credit risk, the hedge agreements include provisions for collateral thresholds and transfer amounts that correspond to the credit ratings of the swap providers. However at June 30, 2011, the State is not exposed to credit risk since the fair values of the swap agreements are in the swap provider's favor.

Interest Rate Risk: Interest rate risk is the risk that an adverse change in variable interest rates will increase the overall cost of borrowing for the State. Interest rate swap agreements used to hedge variable rate bonds that extend through maturity of the related debt effectively eliminate interest rate risk, unless the swap agreement is terminated before maturity. At June 30, 2011, and as of the date of issuance of these financial statements, the State Bond Commission (SBC) has no plans to terminate the swap agreements.

The reference rate for the interest rate swaps is 70% of USD-LIBOR-BBA. Although not specifically identified in the information provided, there are embedded options. Also, there are puts associated with the underlying debt.

Foreign Currency Risk: At June 30, 2011, there was limited foreign currency risk associated with the interest rate swaps because the State Treasury prohibits investing in instruments denominated in foreign currencies.

Basis Risk: Basis risk is the risk that arises when variable interest rates on a swap and the associated debt are based on different indexes; i.e. when the variable payment component of a fixed payer interest rate swap does not match the associated underlying variable rate bonds. To mitigate this risk, the State has structured a higher percentage of the London Interbank Offered Rate (LIBOR)

fixed payer hedge (70%) on the bonds.

Basis risk associated with the Series 2008-A General Obligation Bonds was eliminated with the refunding and issuance of the 2011-B Series General Obligation Refunding Bonds.

Termination Risk: The State or the swap providers may terminate the swap agreement if the other party fails to perform under the terms of the contract. As long as the State continues to perform its obligations on the swap contracts, there is no termination risk arising from the provider actions during the next fiscal period. However, there is termination risks should the State determine to take actions currently under consideration regarding the outstanding bonds which would trigger an event of termination on the existing swaps. Also, if at the time of the termination the swap has a negative fair value, the State would be liable to the swap providers for a payment equal to the swap's fair value.

Market Access Risk: Market access risk is the risk that the State will not be able to enter credit markets or that credit will become more costly than normal. With the recovery of the financial markets, and provided no market dislocations occur, the State is currently not exposed to market access risk when issuing General Obligation or such debt.

Rollover Risk: Rollover risk is the risk that the swaps do not extend to the maturity of the associated debt. The State is exposed to rollover risk because the swap agreements on the 2009A-3 and 2009A-4 series bonds will terminate prior to the maturity of the associated bonds.

The swaps associated with the 2009A-3 and 2009A-4 series TIMED bonds will terminate in May and July 2012, respectively, while the bonds mature in May 2041 and 2043. In addition, the swaps associated with the 2009A-3 bonds have a hard put date of May 27, 2014, which leaves

State of Louisiana

these bonds without a swap agreement for a period of two years. When the hard put is exercised, the State must redeem the bonds through a refinancing or through utilization of the available collected gas and fuels taxes.

Retirement Systems and Other Trusts

LASERS, TRSLA, and LSERS held investments in various derivative financial instruments including interest-only strips, principal-only strips, collateralized mortgage obligations, options, forward foreign exchange contracts, futures contracts, and Synthetic Guaranteed Investment Contracts (SGIC).

TRSLA invests 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.

TRSLA and LASERS invest in collateralized mortgage obligations which are collateralized by mortgages, mortgage pass-through securities, and stripped mortgage-backed securities and can be highly sensitive to interest rate fluctuations. Additionally, TRSLA and LASERS invest in forward foreign exchange contracts which are contractual agreements between two parties to pay or

receive specific amounts of foreign currency at a future date in exchange for another currency for an agreed upon exchange rate. The systems also invests in futures contracts which are agreements for delayed delivery of securities, currency, commodities, or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument, at a specific price or yield. TRSLA further invests in options on futures allowing the holder and writer of the option the right to exchange futures positions.

LASERS also maintains a fully benefit-responsive synthetic guaranteed investment contract option for members of the Optional Retirement Plan and the Self-Directed Plan. The investment objective of the SGIC is to protect members from loss of their original investment and to provide a competitive interest rate. As of June 30, 2011, the fair value of LASERS Stable Value Fund is \$311.0 million. The fair value of this fund exceeded the value protected by the wrap contract by \$9.6 million. The counterparty rating for the wrap contract is AA.

The table below provides summary data for the State's outstanding derivative instruments within the fiduciary funds as of June 30, 2011.

Summary of Investment Derivative Instruments

(In Thousands)

	Notional	Changes in Fair Value Classification	Amount	Fair Value at June 30	
				Classification	Amount
Fiduciary Funds					
<u>Investment Derivative Instruments</u>					
Futures Based Overlay Program	\$194,903	Net Appreciation/Depreciation in Fair Value of Investments	\$4,687	Alternative Investments	\$1,954
Equity Futures	\$0	Net Appreciation/Depreciation in Fair Value of Investments	\$686	Investments Payable	\$0
Fixed Income Futures	(\$6,416)	Net Appreciation/Depreciation in Fair Value of Investments	(\$572)	Not Applicable	\$0
Forward Foreign Exchange Contracts	\$36,114	Net Appreciation/Depreciation in Fair Value of Investments	(\$3,125)	Investments	(\$445)

Risk Disclosures

Credit Risk: As of June 30, 2011, TRSLA's credit risk had not increased with the use of the overlay strategy because the futures based overlay program uses exchange traded futures contracts. Likewise, LSER's has no direct credit risk exposure from the equity futures or fixed income futures because the futures are settled daily by the exchange, which is the counterparty for all transactions.

Foreign Currency Risk: As of June 30, 2011, LSER's fixed income futures and LASER's forward currency forwards were exposed to foreign currency risk. At June 30, 2011 the fixed income futures, which are denominated in British pounds, Australian dollars, and Canadian dollars had a fair value of \$-0-.

The following table illustrates LASER's total exposure to foreign currency risk at June 30, 2011 of \$(444,590) by currency denomination:

<u>Currency</u>	<u>Fair Value</u> <u>(U.S. dollars)</u>
Australian dollar	\$(58,208)
British pound	(295)
Euro	(385,010)
Mexican peso	(641)
Singapore dollar	1,222
Swiss franc	(1,658)
Total	<u>\$(444,590)</u>

At June 30, 2011 foreign currency risk has been reduced by use of the futures based overlay program. The use of the overlay program reduced the variance of TRSLA's actual return to the benchmark return.

Interest Rate Risk: At June 30, 2011 LSERS is exposed to interest rate risk on the fixed income futures. The values of the futures are directly linked to interest rate indices which increase and decrease as interest rates change.

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NOTE 3: ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Balances of receivables and payables have been aggregated for presentation in the accompanying financial statements. The following schedules provide additional detail information concerning balances of receivables and payables by category and fund type.

A. RECEIVABLES

Receivable balances at June 30, 2011, are as follows (expressed in thousands):

	Governmental Funds					
	General Fund	Bond Security and Redemption Fund	Capital Outlay Fund	Louisiana	Nonmajor Funds	Total Governmental Funds
				Education Quality Trust Fund		
Applicants and Clients	\$ 424,497	\$ --	\$ --	\$ --	\$ --	\$ 424,497
Corporate/Individual Tax	--	601,315	--	--	--	601,315
Excise Tax	--	77,651	--	--	--	77,651
Gaming	--	12,137	--	--	--	12,137
Licenses, Permits, and Fees	--	16,251	--	--	--	16,251
Mineral Resources	--	58,548	--	--	34	58,582
Motor Fuel Tax	--	48,860	--	--	--	48,860
Public Assistance	--	9,755	--	--	--	9,755
Sales of Commodities and Services	--	24,563	--	--	--	24,563
Sales Tax	--	322,547	--	--	1,822	324,369
Severance Tax	--	76,258	--	--	--	76,258
Tobacco Products Tax	--	25,939	--	--	--	25,939
Other Taxes	--	111,722	--	--	6,824	118,546
Other	14,442	27,258	4,583	4	1,065	47,352
Total Receivables	438,939	1,412,804	4,583	4	9,745	1,866,075
Allowance for Uncollectibles	--	(8,999)	--	--	--	(8,999)
Receivables, Net	\$ 438,939	\$ 1,403,805	\$ 4,583	\$ 4	\$ 9,745	\$ 1,857,076
Amounts Not Expected to be Collected Within One Year	\$ --	\$ 574,950	\$ --	\$ --	\$ --	\$ 574,950

	Proprietary Funds				Governmental Activities -
	Business-Type Activities - Enterprise Funds				
	Patient's Compensation Fund Oversight Board	Unemployment Trust Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
Employer Contributions	\$ --	\$ 140,404	\$ --	\$ 140,404	\$ --
Surcharges	7,956	--	--	7,956	--
Other	--	--	6,624	6,624	9,044
Total Receivables	7,956	140,404	6,624	154,984	9,044
Allowance for Uncollectibles	--	(87,181)	--	(87,181)	--
Receivables, Net	\$ 7,956	\$ 53,223	\$ 6,624	\$ 67,803	\$ 9,044
Amounts Not Expected to be Collected Within One Year	\$ --	\$ --	\$ --	\$ --	\$ --

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B. ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable and accruals at June 30, 2011, are as follows (expressed in thousands):

	Governmental Funds				
	General Fund	Bond Security and Redemption Fund	Capital Outlay	Nonmajor Funds	Total Governmental Funds
Aid to Local Governments	\$ 18,329	\$ --	\$ --	\$ --	\$ 18,329
Community Development	103,613	--	--	--	103,613
Disadvantaged Student Support	162,966	--	--	--	162,966
Economic Development	8,209	--	--	--	8,209
Emergency Preparedness and Disaster Recovery	987,208	--	--	--	987,208
Engineering and Operations	25,993	--	--	--	25,993
General Administration	36,848	--	--	--	36,848
Highway Operation and Maintenance	--	--	288,865	--	288,865
Inmate Housing	19,203	--	--	--	19,203
Job Training and Placement Programs	24,295	--	--	--	24,295
Medicaid	459,843	--	--	--	459,843
Personal and Mental Health	69,380	--	--	--	69,380
Public Assistance	60,114	--	--	--	60,114
Public Safety and Law Enforcement	57,903	--	--	--	57,903
Recovery School District	30,652	--	--	--	30,652
School and Community Educational Support	87,516	--	--	--	87,516
School, Student, and Educator Performance	35,787	--	--	--	35,787
Other State Programs	62,818	63	--	16,396	79,277
Total Accounts Payable and Accruals	\$ 2,250,677	\$ 63	\$ 288,865	\$ 16,396	\$ 2,556,001

	Proprietary Funds			
	Business-Type Activities – Enterprise Funds			Governmental Activities
	Patient's Compensation Fund Oversight Board	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Highway Construction and Maintenance	\$ --	\$ 5,891	\$ 5,891	\$ --
Other	199	5,825	6,024	1,476
Total Accounts Payable and Accruals	\$ 199	\$ 11,716	\$ 11,915	\$ 1,476

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NOTE 4: INTERFUND ACCOUNTS AND TRANSFERS

A. RECEIVABLES AND PAYABLES

A summary of interfund receivables and payables at June 30, 2011 is shown below (expressed in thousands):

	Primary Government	
	Due From	Due To
GOVERNMENTAL FUNDS:		
General Fund	\$ 934,348	\$ 225,800
Bond Security and Redemption Fund	207,294	955,413
Capital Outlay Escrow Fund	179,167	42,285
Louisiana Education Quality Trust Fund	1,947	7,311
Nonmajor Funds	88,475	180,078
Total Governmental Funds	<u>1,411,231</u>	<u>1,410,887</u>
PROPRIETARY FUNDS:		
Unemployment Trust Fund	--	249
Nonmajor Funds	--	91
Internal Service Funds	--	4
Total Proprietary Funds	<u>--</u>	<u>344</u>
GRAND TOTALS	\$ <u>1,411,231</u>	\$ <u>1,411,231</u>

B. TRANSFERS IN AND OUT

A summary of transfers in and out at June 30, 2011, is shown below (expressed in thousands):

	Primary Government	
	Transfers In	Transfers Out
GOVERNMENTAL FUNDS:		
General Fund	\$ 10,804,657	\$ 228,202
Bond Security and Redemption Fund	3,384	10,851,643
Capital Outlay Escrow Fund	1,561,618	76,585
Louisiana Education Quality Trust Fund	61,271	31,567
Nonmajor Funds	704,642	1,945,966
Total Governmental Funds	<u>13,135,572</u>	<u>13,133,963</u>
PROPRIETARY FUNDS:		
Patient's Compensation Fund Oversight Board	--	10
Unemployment Trust Fund	--	590
Nonmajor Funds	--	1,009
Total Proprietary Funds	<u>--</u>	<u>1,609</u>
GRAND TOTALS	\$ <u>13,135,572</u>	\$ <u>13,135,572</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; therefore, general obligation debt is paid from the BSRF. This arrangement 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 special revenue funds. Since most special revenue 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 these special revenue 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.

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

- 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 2011, this fund had transfers out of \$280 million; and transfers in totaled \$25 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, and ports and airports priority programs, among others. During fiscal year 2011, transfers out amounted to \$1.6 billion and transfers in were \$588 million.
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State of Louisiana

NOTE 5: CAPITAL ASSETS

A. PRIMARY GOVERNMENT (in thousands)

Governmental Activities:	Capital Assets			Capital Assets
	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
Capital assets not being depreciated:				
Land	\$ 2,198,173	\$ 44,702	\$ 17,148	\$ 2,225,727
Construction in progress	<u>*3,396,462</u>	<u>1,218,317</u>	<u>989,311</u>	<u>3,625,468</u>
Total capital assets not being depreciated	<u>5,594,635</u>	<u>1,263,019</u>	<u>1,006,459</u>	<u>5,851,195</u>
Other capital assets historical cost:				
Buildings and improvements	*2,334,032	76,864	18,848	2,392,048
Machinery and equipment	*778,068	52,440	56,060	774,448
Infrastructure	*21,016,043	907,785	30,252	21,893,576
Intangible assets	<u>11,205</u>	<u>87,219</u>	<u>--</u>	<u>98,424</u>
Total other capital assets historical cost	<u>24,139,348</u>	<u>1,124,308</u>	<u>105,160</u>	<u>25,158,496</u>
Less accumulated depreciation and amortization:				
Buildings and improvements	*636,137	57,491	10,378	683,250
Machinery and equipment	*585,175	81,381	56,023	610,533
Infrastructure	*14,177,231	417,315	30,252	14,564,294
Intangible assets	<u>7,181</u>	<u>9,527</u>	<u>--</u>	<u>16,708</u>
Total accumulated depreciation & amortization	<u>15,405,724</u>	<u>565,714</u>	<u>96,653</u>	<u>15,874,785</u>
Other capital assets, net of depreciation & amortization	<u>8,733,624</u>	<u>558,594</u>	<u>8,507</u>	<u>9,283,711</u>
Governmental activities capital assets, net	<u>\$ 14,328,259</u>	<u>\$ 1,821,613</u>	<u>\$ 1,014,966</u>	<u>\$ 15,134,906</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ *4,125	\$ 296	\$ --	\$ 4,421
Construction in progress	<u>307,844</u>	<u>62,131</u>	<u>108,957</u>	<u>261,018</u>
Total capital assets not being depreciated	<u>311,969</u>	<u>62,427</u>	<u>108,957</u>	<u>265,439</u>
Other capital assets historical cost:				
Buildings and improvements	*29,044	1,841	27	30,858
Machinery and equipment	*19,508	1,846	1,843	19,511
Infrastructure	--	105,461	--	105,461
Intangible assets	<u>383</u>	<u>46</u>	<u>--</u>	<u>429</u>
Total other capital assets historical cost	<u>48,935</u>	<u>109,194</u>	<u>1,870</u>	<u>156,259</u>
Less accumulated depreciation and amortization:				
Buildings and improvements	*15,163	605	23	15,745
Machinery and equipment	*13,816	957	706	14,067
Infrastructure	--	5,273	--	5,273
Intangible assets	<u>68</u>	<u>88</u>	<u>--</u>	<u>156</u>
Total accumulated depreciation & amortization	<u>29,047</u>	<u>6,923</u>	<u>729</u>	<u>35,241</u>
Other capital assets, net of depreciation & amortization	<u>19,888</u>	<u>102,271</u>	<u>1,141</u>	<u>121,018</u>
Business-type activities capital assets, net	<u>\$ 331,857</u>	<u>\$ 164,698</u>	<u>\$ 110,098</u>	<u>\$ 386,457</u>

* Restated Beginning Balances

State of Louisiana

Depreciation and amortization expense was charged to functions as follows:

Governmental activities:

General government	\$	67,353
Culture, recreation, and tourism		4,984
Transportation and development		437,873
Public safety		16,116
Health and welfare		9,624
Corrections		11,762
Youth Services		2,031
Conservation		9,944
Education		<u>6,027</u>
Total governmental activities depreciation and amortization expense	\$	<u><u>565,714</u></u>

B. COMPONENT UNITS (in thousands)

		Capital Assets		Capital Assets	
		July 1, 2010 *	Additions	Deletions	
				June 30, 2011	
Capital assets not being depreciated:					
Land	\$	*477,819	\$ 9,211	\$ 47,491	\$ 439,539
Construction in progress		<u>*587,018</u>	<u>433,719</u>	<u>304,787</u>	<u>715,950</u>
Total capital assets not being depreciated		<u>1,064,837</u>	<u>442,930</u>	<u>352,278</u>	<u>1,155,489</u>
Other capital assets historical cost:					
Buildings and improvements		*5,139,579	356,069	12,097	5,483,551
Machinery and equipment		*1,844,372	94,952	66,863	1,872,461
Infrastructure		*661,140	15,519	56,406	620,253
Intangible assets		<u>*24,334</u>	<u>17,987</u>	<u>--</u>	<u>42,321</u>
Total other capital assets historical cost		<u>7,669,425</u>	<u>484,527</u>	<u>135,366</u>	<u>8,018,586</u>
Less accumulated depreciation and amortization:					
Buildings and improvements		*2,202,902	161,129	9,843	2,354,188
Machinery and equipment		*1,387,410	123,701	63,889	1,447,222
Infrastructure		*263,583	12,660	8,079	268,164
Intangible assets		<u>*18,205</u>	<u>6,085</u>	<u>--</u>	<u>24,290</u>
Total accumulated depreciation & amortization		<u>3,872,100</u>	<u>303,575</u>	<u>81,811</u>	<u>4,093,864</u>
Other capital assets, net of depreciation & amortization		<u>3,797,325</u>	<u>180,952</u>	<u>53,555</u>	<u>3,924,722</u>
Component units capital assets, net	\$	<u><u>4,862,162</u></u>	<u><u>623,882</u></u>	<u><u>405,833</u></u>	<u><u>5,080,211</u></u>

* Restated Beginning Balances

State of Louisiana

C. IMPAIRMENT OF CAPITAL ASSETS

In fiscal year 2006, State capital assets were impaired as a result of physical damage sustained from Hurricanes Katrina and Rita. An impairment loss was 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 State's college systems have assets impaired as a result of damage received from Hurricanes Katrina and Rita that remain idle at the end of fiscal year 2011. The carrying value of these idle impaired assets is as follows:

	Buildings	Machinery & Equipment
Louisiana State University System	\$ --	\$ 111,813
Louisiana Community & Technical College System	187,197	--
Southern University	1,158,265	--
	<u>\$ 1,345,462</u>	<u>\$ 111,813</u>

Impairment losses calculated for discrete entities include \$1.7 million for Hurricane Katrina and Gustav damages at Louisiana State University.

The Office of Risk Management received \$14 million in insurance recovery monies during fiscal year 2011 for Hurricane Katrina and \$7.5 million for Hurricane Gustav. Insurance recoveries of \$4,905,038 for discrete entities were paid during the year by ORM as property claims for damage from Hurricanes Rita, Gustav and Ike.

Other entities reporting insignificant insurance recovery from impairment losses not related to Hurricanes Katrina, Rita, and Gustav include the University of Louisiana System for a building that had wind damage and mechanical failure along with a vehicle that was totaled.

NOTE 6: EMPLOYEE BENEFITS – PENSION

A. PUBLIC EMPLOYEES' 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, school maintenance employees, and any regular school employee who works on a school bus helping with the transportation of school children. 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), (10), and (11) establish requirements for the amortization of unfunded accrued liabilities of these Public Employees Retirement Systems (PERS). LRS 11:42(B)(4) requires the unfunded accrued liability of LSERS as of June 30, 1988, be amortized over a forty-year period, beginning in fiscal year 1989-1990, with level dollar payments annually.

LASERS and TRSLA requirements before LRS 11:42(B)(5) and (11) were amended as follows:

The unfunded accrued 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."

LRS 11:42(B)(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 11:42(B)(5) and (11) were amended in fiscal year 2009 by Act 497 of 2009 Regular Session to require that the outstanding balance of

the unfunded accrued liability as of June 30, 2009, for LASERS and TRSLA, "...shall be consolidated with other amortization bases and credits as provided in LRS 11:102.1, and that consolidated total shall be amortized over the remaining constitutionally-mandated period with annual payments beginning in fiscal year 2010-2011. The final payment shall be made in fiscal year 2028-2029."

LRS 11:42(B)(10) specifies that the unfunded accrued liability of the LSPRS 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 each year for each system, 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 the 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 payrolls. 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. The Employer Credit Account is credited with contributions from the Actuarially Required Contribution rate that is in excess of the minimum rate set by the Legislature.

Act 852 of the 2008 Regular session establishes LRS 11:102(B)(3)(d)(viii) relative to the amortization periods and methods of amortizing outstanding balances of established amortization bases established before June 30, 2009, for the LSPRS. Effective July 1, 2009, the outstanding balances of existing increasing bases payable through June 30, 2029, are re-amortized as a level dollar. New bases established on and after the effective date will be amortized over a 30 year period as a level dollar.

Act 497 of the 2009 Regular Session provides that effective July 1, 2010, all LASERS & TRSLA amortization payment schedules established on or before July 1, 2008, except those established due to an increase in benefits for Peace Officers, Alcohol Tobacco Control employees and regular employees per Act 262 of 2008, will be consolidated into two amortization schedules, the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB). The OAB will consist of the outstanding balance of the Initial Unfunded Accrued Liability and schedules with negative outstanding

balances. The outstanding balance of this schedule will be credited with funds from the Initial UAL account, excluding the subaccount of this fund. For TRSLA, the outstanding balance of this schedule will also be credited with the balance of the Employer Credit Account. The Initial UAL account will be credited interest at 8.25% in fiscal year 2009 and 2010.

For TRSLA, the OAB payment schedule will increase by 7% for 3 years, 6.5% for 4 years, and 2% until paid off in fiscal year 2029.

For LASERS, the OAB payment schedule will increase by 6.5% for 1 year, 5.5% for 4 years, 5% for 2 years, and 2% until paid off in fiscal year 2029.

The EAAB will consist of the 2004 schedule and all remaining schedules. The outstanding balance of this schedule will be credited with the balance of funds from the Initial UAL subaccount, which were transferred from the Employee Experience Account on June 30, 2009.

For TRSLA, the EAAB payment schedule will increase by 7% for 3 years, 6.5% for 4 years, then will be level until paid off in fiscal year 2040.

For LASERS, the EAAB payment schedule will increase by 6.5% for 1 year, 5.5% for 4 years, 5% for 2 years, then will be level until paid off in fiscal year 2040.

Act 497 also revises the amortization of contribution variances. For TRSLA, any overpayment of contributions received from fiscal years 2010 through 2040 will be credited to the EAAB and the EAAB will be re-amortized according to the new payment schedule. For LASERS, any overpayment of contributions received through fiscal year 2017 will be credited to the OAB and the OAB will be re-amortized according to the new payment schedule. Similarly, any overpayment resulting from the statutory minimum contribution of 15.5% exceeding the actuarially calculated contribution from fiscal year 2010 through 2040 for TRSLA and through 2017 for LASERS, will be credited to the EAAB and the EAAB will be re-amortized. Additionally, TRSLA's first \$100,000,000 and LASERS' first \$50,000,000 of investment gain above the actuarially assumed investment rate will be used to reduce and re-amortize the OAB. TRSLA's next \$100,000,000 and LASERS' next \$50,000,000 of excess investment return will be used to reduce and re-amortize the EAAB. Fifty percent of any excess return above \$200,000,000 for TRSLA and \$100,000,000 for LASERS will be credited to the Employee Experience Account.

Act 357 of the 2011 Regular Session became effective with passage of an amendment to Constitutional Article VII, Section 10(D)(2)(b). It requires a minimum of 5% of any money designated as nonrecurring revenue in the

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official forecast to be applied to the payment of the balance of the unfunded accrued liability (UAL) for FY 2013-2014 and FY 2014-2015 for those liabilities existing at June 30, 1988, for LASERS and TRSLA in proportion to the balance of the unfunded liability of each system. For FY 2015-2016 and thereafter, the minimum amount of nonrecurring revenue applied to payment of the balance of the UAL increases to 10%.

Plan Description

Louisiana State Employees' Retirement System.

Although there are 354 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 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. 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. For members employed on or after July 1, 2006, final average compensation will be based on the member's average annual earned compensation for the highest sixty months of successive employment or the highest sixty successive joined months of employment where an interruption of service occurred. Eligibility for these members is limited to age 60, or thereafter, upon attainment of ten 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 740 of the 2008 Regular Session changes the eligibility requirement of enforcement personnel of the Alcohol and Tobacco Control Office of the Department of Revenue to 25 years of service at any age, or 10 years of service at age 60. Act 835 of the 2006 Regular Session increases the maximum retirement allowance for peace officers (other

than state troopers) employed by the Department of Public Safety and Corrections, Office of State Police, to 3.33% for each year of qualifying service. Act 353 of the 2007 Regular Session, effective June 30, 2007, increases the maximum retirement allowance for personnel employed by the Department of Revenue, Office of Alcohol and Tobacco Control to 3.33% for each year of qualifying service. All other benefit provisions remain the same as those for regular members.

Act 992 of 2010 Regular Session, effective January 1, 2011, provides for the creation of three new plans for LASERS' members who are hired on or after January 1, 2011: Rank and File Plan, Judges Plan, and Hazardous Duty Plan. The act also provides for a change in retirement eligibility for Act 75 members from 10 years of service at age 60 to 5 years of service at age 60.

The Rank and File Plan created within LASERS combines certain subplans and eliminates enhanced benefit provisions with LASERS relative to certain members. It further provides that the governor, lieutenant governor and certain legislators will receive the same benefits as rank and file members. The Judges Plan created within LASERS is for judges and court officers with special retirement eligibility requirements and benefit provisions.

The Hazardous Duty Services Plan (HDSP) created within LASERS is for persons whose first employment making them eligible for LASERS membership occurred on or after January 1, 2011, for certain hazardous duty positions. Each member of an existing hazardous duty plan (Alcohol and Tobacco Control, Appellate Law Clerks, Bridge Police, Corrections, Legislators, Peace Officers and Wildlife Agents) with LASERS may retain membership in that plan. Existing hazardous duty plans were closed for new members effective January 1, 2011. Final average compensation will be based on the member's average earned compensation for the highest 60 consecutive months of employment. For members under this new plan, retirement eligibility is 25 years of service at any age, 12 years or more at age 55, or 20 years at any age with reduced benefits. Retirement benefits are payable at 3.33% of the members' average salary, multiplied by the number of creditable service not to exceed 100% of the average compensation. Act 368 of the 2011 Regular Session, effective July 1, 2011, allows any member of the HDSP, if he does not meet retirement eligibility under the HDSP, to retire under the Rank and File Plan provision with 5 years at age 60 with benefits calculated at the 2.5% accrual rate. Act 368 of the 2011 Regular Session allows members of HDSP to participate in the Deferred Retirement Option Plan (DROP), Initial Benefits Option (IBO) and Cost-of-Living Adjustment (COLA) retirement options. Disability benefits are provided based upon a total and permanent disability resulting solely from injuries sustained in the performance of his official duty of 75% of average compensation regardless of years of service. This benefit is payable only if the injury or injuries were sustained while on active duty status.

Act 301 of 2009 Regular Session allows a member employed at a public college or university, who voluntarily or involuntarily participates in a furlough plan implemented as a result of budget reductions, the option to accrue service credit for the periods of the furlough. The service credit shall be used for calculation of benefits and attaining retirement eligibility. The employee and the employer shall remit their respective contributions which would have been remitted if not for the furlough. The service credit accrued, together with certain other credit purchases, shall not exceed 5 years. This provision shall not apply to furloughs implemented as a result of a declaration of financial exigency or force majeure. The furlough days shall not exceed 30 days in any fiscal year.

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 in 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 2,569 members in the program.

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 who 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 became 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% of the member's average compensation; 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% of the member's average compensation. A teacher member who became 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% of the member's average compensation. Average compensation for members employed on or

before December 31, 2010, will be based on the highest three successive years of employment or the highest three successive joined years of employment where an interruption of service occurred. Average compensation for members employed on or after January 1, 2011, will be based on the highest five successive years of employment or the highest five successive joined years of employment where an interruption of service occurred. 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 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. These benefits are calculated on a percentage of the member's average salary for the thirty-six highest successive months.

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. Act 992 of 2010 Regular Session changed the eligibility for disability benefits from five years to ten years for members hired on or after January 1, 2011. 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 14.5% of the 20.2% 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'

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Actuarial Committee to be 5.7%. The number of employers participating in the ORP program is currently 126. Current membership in the program is 24,516. The ORP is not an obligation of the State or TRSLA, and is therefore not included in the CAFR.

Act 301 of 2009 Regular Session allows a member employed at a public college or university, who voluntarily or involuntarily participates in a furlough plan implemented as a result of budget reductions, the option to accrue service credit for the periods of the furlough. The service credit shall be used for calculation of benefits and attaining retirement eligibility. The employee and the employer shall remit their respective contributions which would have been remitted if not for the furlough. The service credit accrued, together with certain other credit purchases, shall not exceed 5 years. This provision shall not apply to furloughs implemented as a result of a declaration of financial exigency or force majeure. The furlough days shall not exceed 30 days in any fiscal year. Members of the ORP are eligible for this provision but they do not earn service credit, rather the employee and the employer contributions are remitted to a third-party provider who invests the ORP funds on behalf of the participant.

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. Act 368 of the 2011 Regular Session allows members hired on or after January 1, 2011, to participate in DROP with 5 years of service at age 60. Current membership in the program is 3,032. The election is irrevocable once participation begins.

The Initial Lump-Sum Benefit (ILSB) became effective January 1, 1996. Under this program, a retiring member who does not participate in DROP can 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 11:1141-1152.1.

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, and any regular school employee who works on a school bus helping with the transportation of school children. 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. Act 368 of the 2011 Regular Session provides that members hired on or after July 1, 2010, may retire at 20 years of service subject to an actuarial reduction of benefits, and at 5 years of service at age 60. 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. For members who joined the system on or after July 1, 2006, the average compensation used to calculate benefits consist of the 5 highest consecutive years' average salary. Once an employee has accumulated 5 years of service, disability benefits apply based on the normal benefit formula without age restrictions. A member who joined the system on or after July 1, 2006, must have at least 10 years of service to qualify for disability benefits. 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. Interest credited and payments from the DROP account are made in accordance with LRS 11:1152(F)(3). Upon termination of participation in both the plan 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, 2011, there were 619 members participating in the program.

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 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 11:1307-1323.1.

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.

Act 992 of 2010 Regular Session created a new State Police Retirement Plan within LSPRS for members whose first employment making them eligible for membership in LSPRS occurred on or after January 1, 2011. For members under this new plan, retirement eligibility is 25 years of service at any age, 12 years or more at age 55, or 20 years at any age with reduced benefits and are not eligible to participate in the Back-DROP. Retirement benefits are payable at 3.33% of the members' average salary, multiplied by the number of creditable service not to exceed 100% of the average compensation. For members hired on or after January 1, 2011, the average compensation used to calculate benefits consists of the highest sixty months of successive employment, or for the highest sixty successive joined months of employment where interruption of service occurred. Disability benefits are provided based upon a total and permanent disability resulting solely from injuries sustained in the performance of his official duty of 75% of average compensation

regardless of years of service. This benefit is payable only if the injury or injuries were sustained while on active duty status.

The following Acts of the 2003 Regular Legislative Session affect LSPRS as described. Act 211 provides a retroactive (to January 1, 1999) benefit to the surviving spouse of any member who died of terminal cancer, which was initially diagnosed after the marriage, where such diagnosis occurred before 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 provides 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 2.

Effective October 1, 2009, active members who have not participated in DROP may elect to participate in BACK-DROP. BACK-DROP allows an eligible member, at retirement, to look back up to three years and make an election to have entered DROP based on service and final average compensation that existed at that time. Benefit adjustments are made to the benefit accruals and employee contributions that occurred during the DROP period. As of June 30, 2011, there were 11 members participating in the program.

A summary of government employers participating in the plans at June 30, 2011, is as follows:

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	Number of <u>Employers</u>
<u>LASERS</u>	
State Agencies	215
Other Public Employers	<u>139</u>
Total	<u>354</u>
<u>TRSLA</u>	
School Boards	69
Colleges and Universities	27
State Agencies	63
Charter Schools	32
Other	<u>15</u>
Total	<u>206</u>
<u>LSERS</u>	
School Boards	67
Other Agencies	<u>33</u>
Total	<u>100</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. 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 investments that are organized as limited partnerships and have no readily ascertainable fair value (such as private equity, real estate, and tangible assets) has been determined by management based on the individual investment's capital account balance, reported at fair value, at the closest available reporting period, adjusted for subsequent contributions, distributions, and management fees. Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near-term. Investments that do not have an established market are reported at estimated fair value. Unrealized gains and losses are included as investment earnings in the Statement of Changes in

Fiduciary Net Assets. Synthetic Guaranteed Investment Contracts are carried at contract value as required by GASB 53.

LASERS has no investments in any single organization (other than those issued or guaranteed by the U.S. Government) that represents more than 5% of the plan net assets nor does LASERS hold more than 5% of any corporation's stock available for benefits.

Land, buildings, equipment, furniture, and computer software are carried at historical cost. Depreciation is computed using the straight-line method based on useful lives of 40 years for buildings, 3 to 15 years for equipment and furniture, and 7 years for computer software.

TRSLA. 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. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on a 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 as determined by the custodian under the direction of trustees.

TRSLA has no investments of any single organization (other than those issued or guaranteed by the U.S. Government) that represents more than 5% of the plan net assets available for pension benefits, nor does TRSLA hold more than 5% of any corporation's outstanding stock.

Land, buildings, equipment, and furniture are carried at historical cost. Depreciation is computed by the straight-line method based on useful lives of 40 years for buildings 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. Shares in the external investment pool and mutual funds are equivalent to the fair value of the external investment pool and mutual funds. Real estate held for investment is valued at fair market value, which is based upon appraised value.

LSERS has no investments of any one organization (other than those issued or guaranteed by the U.S. Government) that represent more than 5% of the plan net assets, nor

does LSERS hold more than 2% of a companies' outstanding equity. 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, buildings, equipment, and furniture are carried at historical cost. Depreciation is computed by the straight-line method based on useful lives of 40 years for buildings and 3 to 10 years for equipment and furniture.

LSPRS. 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 rates. Investments that do not have an established market are reported at estimated fair value as determined by the Retirement System's investment consultant.

LSPRS has the following investments that represent 5% or more of LSPRS's total investments at June 30, 2011: (1) Loomis Sayles Fixed Income Fund; (2) Institutional Equity Funds; (3) Artio International Equity Group; (4) State Street S&P 500 Flagship Fund; and (5) State Street Aggregate Bond Market Index Securities Lending.

Properties consist of construction-in-progress and furniture, fixtures, and equipment that 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 became 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 Department of Public Safety and Corrections, Office of State Police, other than state troopers to 9.0%. Act 353 of the 2007 Regular Session increases the contribution rate of personnel employed by the Department of Revenue, Office of Alcohol and Tobacco Control, to 9%. Other 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, the Secretary of the Senate, and special legislative employees who contribute 9.5% of their salaries; correctional officers, security personnel, and probation officers who contribute 9.0%; wildlife agents who contribute 9.5%; Bridge Police employees for the Crescent City Connection who contribute 8.5% of their salaries; and the State Treasurer who contributes 7.5% of his salary. The employers of each group listed contributed 22.0% of the employees' salaries toward future benefits for fiscal year 2011.

Act 992 of 2010 Regular Session changed the rate for members whose first employment making them eligible for membership in LASERS occurs on or after January 1, 2011, as follows: rank-and-file members - 8%; court officers, the governor, lieutenant governor and legislators - 8%; Clerk of the House of Representatives and Secretary and special legislative employees of the Senate - 8%; members of the Hazardous Duty Services Plan - 9.5%; and judges holding positions specified in LRS 11:553 - 13%. Act 1004 of the 2010 Regular Session provides for an additional benefit equal to 1% times the number of creditable service years as a judge in a position specified in LRS 11:553.

LRS 11:429 allows any LASERS member with at least one year of service credit in the system to purchase up to five years of additional service credit in one-year increments. The purchased service credit is to be used solely for the calculation of retirement benefits, and may not be used for the attainment of additional years of retirement eligibility. Act 322 of the 2011 Regular Session provides that any member of LASERS who has at least 5 years of service will be eligible to purchase up to 5 years of service credit in one-year increments for the purposes of attaining eligibility for retirement and the calculation of benefits. Service credit previously purchased for benefit calculation only is eligible for an upgrade of service credit to both retirement eligibility and benefit calculation. The effective date of Act 322 is July 1, 2011.

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, 2011, members of the system's Regular Plan contributed 8.0% of their earned compensation, with the employer contributing 20.2%. Members of the TRSLA Plan A contributed 9.1% of their salary and the employer contributed 20.2%. Members of TRSLA Plan B contributed 5.0% of their compensation and the employer made a 20.2% 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. Act 318 of

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the 2010 Regular Session increased the member's contribution from 7.5% to 8% for members employed on or after July 1, 2010. Employer contributions, provided by the Board of Trustees, were increased to 24.3% for fiscal year 2011.

Act 1331 of the 1999 Regular Session provides for the establishment of an Employer Credit Account consisting of the accumulated excess employer contributions that exceeded the actuarially required employer rate.

LSPRS. Effective October 1, 2009, member contributions are 8.5% of earned compensation and are deducted from the member's salary. Act 992 of the 2010 Regular Session changed the rate for members whose first employment making them eligible for membership in LSPRS occurs on or after January 1, 2011, is 9.5%. The employer's contribution includes various fees collected by the Office of Motor Vehicles and appropriations from the State.

As required by GASB Statement 27, paragraph 20(b)(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>		
6/30/09	\$ 57,895,311	96.2%
6/30/10	\$ 75,027,998	71.0%
6/30/11	\$ 88,620,630	82.3%
<u>TRSLA</u>		
6/30/09	\$ 697,190,561	106.4%
6/30/10	\$ 904,382,657	83.5%
6/30/11	\$1,086,319,774	90.2%

The ARC differs significantly from actual contributions made. This difference is in part due to a state statute that requires the contribution rate to be calculated and set two years prior to the year effective and in part due to each Plan's requirement to contribute the actuarially required amount or the contribution percentage required by the Louisiana Constitution, whichever is greater.

Excess contributions collected over the amount set by the Legislature are added to the Employer Credit Account. The Employer Credit Account is used to fund future years' actuarially required employer contributions. At June 30, 2011, the balance in the account for LSERS remains at \$0 and the balance for TRSLA is \$0.

LASERS, subject to the minimum contribution requirement, currently has a balance of \$0 in the Employer Credit Account.

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	\$ 678,123,319	\$ 36,257,596
Interest on net pension obligation	2,509,833	(474,740)
Adjustment to annual required contribution	<u>(8,303,313)</u>	<u>5,138,569</u>
Annual pension cost	672,329,839	40,921,425
Contributions made	<u>(580,107,119)</u>	<u>(38,160,841)</u>
Increase (Decrease) in net pension obligation	92,222,720	2,760,584
Net pension obligation beginning of year	<u>30,422,218</u>	<u>(6,329,863)</u>
Net pension obligation end of year	\$ <u>122,644,938</u>	\$ <u>(3,569,279)</u>

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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>			
6/30/09	\$491,379,499	103.0 %	\$(49,857,589)
6/30/10	\$590,821,448	86.4 %	\$ 30,422,218
6/30/11	\$672,329,839	86.3 %	\$122,644,938
<u>LSPRS</u>			
6/30/09	\$ 23,854,267	83.3 %	\$(15,838,774)
6/30/10	\$ 39,150,610	75.7 %	\$(6,329,863)
6/30/11	\$ 40,921,425	93.3 %	\$ (3,569,279)

Actuarial Methods and Assumptions

The following table provides information concerning actuarial methods and assumptions as of the June 30, 2011, actuarial valuation date.

	<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 Dollar*	Level Dollar*	Level Dollar*	Level Dollar**
Remaining Amortization *** Period (Open or Closed Period)	Up to 30 years* Closed	Up to 30 years* Closed	18-30 years* Closed	18 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	4.3 – 14%****	3.5 – 7.50%	4.0– 6.0%	4.5 – 15.5%
Cost of Living Adjustment	None ^{##}	None ^{##}	None	None
[#] Includes inflation at:	3%	3%	3%	3%

^{##} Act 144 of 2009 provides a one-time minimum benefit increase, effective July 1, 2009, to retirees who meet the eligibility requirements. The increase in actuarial accrued liability resulting from the minimum benefit increase will be funded from the Employee Experience account, prior to liquidating per Act 497. Act 497 of 2009 moves the remaining balance of this Employee Experience account on June 30, 2009, after deducting the cost of the minimum benefit increase to a subaccount of the IUAL Amortization Fund.

Act 270 of 2009 Regular Session, effective July 1, 2009, provides a member, upon applying for retirement, the irrevocable option to elect a retirement plan whereby his benefit is actuarially reduced, but he shall receive a 2.5% cost of living adjustment (COLA) annually on his retirement anniversary date. The COLA shall be payable to any retiree who is age 55 and older. This provision is not available to disability retirees in LASERS. This provision is available to disability retirees upon conversion to a service retirement in TRSLA, LSERS and LSPRS, but this provision does not apply to any participant in the Back-DROP program in LSPRS.

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* Effective July 1, 2004, LRS 11:102 mandated the following amortization periods and methods of unfunded accrued liabilities for changes, gains and losses:

<u>System</u>	<u>Occurring</u>	<u>Amortization Method</u>	<u>Remaining Period</u>
LASERS	Before 1999	Level Dollar	Through 2029
	1999-2003	Annuity increasing at 4.5% annually	30 years from change
	2004 and later	Level Dollar	30 years from change
TRSLA	Before 2001	Level Dollar	Through 2029
	2001 - 2003	Annuity increasing at 4.5% annually	30 years from change
	2004 and later	Level Dollar	30 years from change
LSERS	Before 2001	Level Dollar	Through 2029
	2001 - 2003	Annuity increasing at 4.5% annually	30 years from change
	2004 and later	Level Dollar	30 years from change

** Effective July 1, 2009, LRS 11:102 mandated the following amortization periods and methods of unfunded accrued liabilities for changes, gains and losses for the LSPRS:

<u>Occurring</u>	<u>Amortization Method</u>	<u>Remaining Period</u>
Before 2009	Level Dollar	Through 2029
2009 and later	Level Dollar	30 years from change

*** Act 497 of 2009 consolidates the outstanding balance of all amortization schedules established on or before July 1, 2008, into two amortization schedules, the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB). The consolidation is effective July 1, 2010.

Changes to Actuarial Methods and Assumptions from prior year:

	<u>2011</u>	<u>2010</u>
<u>LSERS</u>		
Remaining Amortization Period	18-30	19-30
<u>LSPRS</u>		
Remaining Amortization Period	18	19

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

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, 2011. The Schedule of Funding Progress for the six* most recent actuarial valuations are as follows:

Schedule of Funding Progress (Expressed in Thousands)

<u>LASERS</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarial Valuation Date	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06
Actuarial Value of Assets	\$8,763,101	\$8,512,403	\$8,499,662	\$9,167,170	\$8,345,495	\$7,430,784
Actuarial Accrued Liability	\$15,221,055	\$14,764,015	\$13,986,847	\$13,562,214	\$12,421,907	\$11,548,680
Unfunded AAL	\$6,457,954	\$6,251,612	\$5,487,185	\$4,395,044	\$4,076,411	\$4,117,896
Funded Ratio	57.6%	57.7%	60.8%	67.6%	67.2%	64.3%
Annual Covered Payroll	\$2,408,840	\$2,546,457	\$2,562,576	\$2,436,956	\$2,175,367	\$1,979,705
UAAL as a Percentage of Covered Payroll	268.1%	245.5%	214.1%	180.3%	187.4%	208.0%
Unfunded Funding Actuarial Liability	\$6,457,954	\$6,251,612	\$5,693,998	\$4,473,115	\$4,129,688	\$4,164,544
<u>TRSLA</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarial Valuation Date	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06
Actuarial Value of Assets	\$13,286,295	\$12,868,484	\$13,500,766	\$15,507,834	\$14,812,298	\$13,088,358
Actuarial Accrued Liability	\$24,096,754	\$23,674,842	\$22,839,411	\$22,090,516	\$20,772,330	\$19,390,781
Unfunded AAL	\$10,810,459	\$10,806,358	\$9,338,645	\$6,582,683	\$5,960,032	\$6,302,423
Funded Ratio	55.1%	54.4%	59.1%	70.2%	71.3%	67.5%
Annual Covered Payroll	\$3,902,647	\$3,977,819	\$3,912,326	\$3,675,014	\$3,224,566	\$2,892,959
UAAL as a Percentage of Covered Payroll	277.0%	271.7%	238.7%	179.1%	184.8%	217.9%
Unfunded Funding Actuarial Liability	\$10,810,459	\$10,806,358	\$10,117,515	\$6,967,625	\$6,250,578	\$6,554,990
<u>LSERS</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarial Valuation Date	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06
Actuarial Value of Assets	\$1,349,830	\$1,350,073	\$1,410,316	\$1,578,991	\$1,558,328	\$1,480,748
Actuarial Accrued Liability	\$2,254,351	\$2,213,362	\$2,153,360	\$2,060,242	\$1,947,603	\$1,872,594
Unfunded AAL	\$904,521	\$863,289	\$743,044	\$481,251	\$389,275	\$391,846
Funded Ratio	59.9%	61.0%	65.5%	76.6%	80.0%	79.1%
Annual Covered Payroll	\$296,693	\$306,333	\$315,400	\$289,259	\$259,045	\$239,321
UAAL as a Percentage of Covered Payroll	304.9%	281.8%	235.6%	166.2%	150.3%	163.7%
Unfunded Funding Actuarial Liability	\$904,521	\$863,289	\$743,044	\$481,251	\$389,275	\$391,846
<u>LSPRS</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarial Valuation Date	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06
Actuarial Value of Assets	\$401,146	\$391,669	\$395,905	\$438,075	\$428,880	\$379,704
Actuarial Accrued Liability	\$740,257	\$704,747	\$678,307	\$637,832	\$587,527	\$546,238
Unfunded AAL	\$339,111	\$313,078	\$282,402	\$199,757	\$158,646	\$166,534
Funded Ratio	54.2%	55.6%	58.4%	68.7%	73.0%	69.5%
Annual Covered Payroll	\$58,592	\$59,340	\$59,556	\$56,728	\$49,763	\$49,256
UAAL as a Percentage of Covered Payroll	578.8%	527.6%	474.2%	352.1%	318.8%	338.1%
Unfunded Funding Actuarial Liability	\$339,111	\$313,078	\$282,402	\$199,757	\$158,646	\$166,534

Unfunded Actuarial Accrued Liability (UAAL) differs from the Unfunded Funding Actuarial Liability (UFAL) for funding purposes. UFAL for funding purposes excludes Initial Unfunded Actuarial Liability (IUAL) Amortization Fund Assets and the Employer Credit Account, when applicable.

Pursuant to Act 497 of the 2009 Regular Session, the balance in the Experience Account (formerly the Employee Experience Account) is reset to zero effective June 30, 2009, and is limited to no more than the reserve for two permanent benefit increases (formerly cost-of-living adjustments). Funds remaining in the Experience Account at June 29, 2009, were moved to a subaccount of the Initial Unfunded Actuarial Liability Amortization Fund and retained there until applied in a manner consistent with the provisions of this Act. The account is used to fund permanent benefit increases for retirees. At June 30, 2011, the Experience Accounts for both LASERS and TRSLA had zero balances as prescribed by the Act.

* 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.

A Schedule of Funding Progress is Required Supplementary Information for each of the individual retirement systems. This RSI can be found on the following pages of the individual reports: LASERS – 45, TRSLA – 56, LSERS – 31, LSPRS – 21.

Readers wishing to see pension information not included in this report, such as Required Supplementary Information, may request a copy of the separately issued financial reports by writing to each retirement system individually at the addresses listed in Note 1.

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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 2011 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 2011 were \$312,527 and \$252,039, 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 2011. Generally, participants are not permitted to contribute to the Plan; however, participants may contribute proceeds from a qualified rollover distribution as allowed by IRC 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. Effective January 1, 2011, the waiting period for eligibility was eliminated. New employees will participate immediately. 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. Effective January 1, 2011, the waiting period for vesting was eliminated. New

employees will vest immediately. 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 2011 were \$309,787.

NOTE 6A: EMPLOYEE BENEFITS - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Background

The State of Louisiana compensates its employees in a variety of ways in exchange for their services. In addition to a salary, many employees are provided benefits over their years of service that will not be received until their employment with the State ends. The most common type of these postemployment benefits is a pension. Other postemployment benefits (OPEB) provided are healthcare and life insurance benefits. For fiscal year 2011, costs of providing the State's portion of retiree medical and life insurance benefit premiums were recognized as an expense when the benefit premiums were due and thus were financed on a pay-as-you-go basis.

A. OFFICE OF GROUP BENEFITS (OGB) PLAN

Plan Description

Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the fiscal year ending June 30, 2007 addresses the OPEB reporting requirements for the State's OPEB plan, Office of Group Benefits (OGB). Through self-insured and self-funded OGB programs, premiums are collected and benefits are paid as they come due in accordance with an agreement between the employers and plan members, and their beneficiaries. OGB is the administrator for the agent multiple-employer defined benefit OPEB plan; it provides healthcare coverage and life insurance to eligible participants who are employees of the State, some school systems, and certain non-state employers. A summary of employers and members participating in the plan at June 30, 2011 is as follows:

	<u>Number of Employers</u>		<u>Plan Membership</u>
States	1	Retirees and	
School systems	43	beneficiaries	49,867
Non-state agencies	87	Active plan members	<u>82,910</u>
State agencies	<u>236</u>	Total	<u>132,777</u>
Total	<u>367</u>		

Benefit provisions are established or may be amended under the authority of LRS 42:802. All benefits and premium structures are reviewed by the OGB Policy and Planning Board. A written report from this Board is forwarded to the House Appropriations Committee and Senate Finance Committee for oversight. OGB does not issue a stand-alone financial report on the Plan; however, the financial information is included in the State's Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained on the website at www.doa.la.gov/OSRAP/CAFR-2.htm.

Summary of Significant Accounting Policies

OGB's financial statements are prepared on the full-accrual basis of accounting using the economic resources measurement focus. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The financial statements of OGB include the financial transactions of only the state agencies and are reported in the General Fund. There were no long-term contracts for contributions to the plan, legally required reserves, or designations of net assets for the plan at the reporting date. The financial statements of the non-state agencies and school systems collectively are reported in the agency fund, Non-State Entities OPEB Fund. These agency fund statements are prepared on the accrual basis but do not have a measurement focus, as they report only assets and liabilities.

Funding Policy

Substantially all employees become eligible for postretirement benefits if they reach normal retirement age while working for the State and are a member of OGB. 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. To be eligible for retiree health insurance coverage, the coverage must be in effect prior to the retirement date. For those beginning participation or rejoining on or after January 1, 2002, the state subsidy of the premium is based on the number of years of participation in a Group Benefits Health Plan. This also applies to dependents that begin coverage after July 1, 2002. LRS 42:851 provides the authority under which the obligations of the plan members, employers, and other contributing entities that contribute to the plan are established or may be amended. OGB offers four standard healthcare plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) Plan, the Consumer Driven Health Plan (CDHP) with a Health Savings Account (HSA), and the Medical Home Health HMO Plan (MHHP). Retired employees who have Medicare Part A and Part B coverage also have access to five OGB Medicare supplemental plans. Administrative costs of the OGB plan are financed through the premiums collected for all classes of active and retired plan members. Contribution amounts vary depending on which healthcare provider is selected from the plan, years of participation, and if the member has Medicare coverage. Following is a summary of plan provisions:

Summary of Plan Provisions

Health Insurance Monthly Premiums

Employees hired before January 1, 2002 pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Total annual per capita medical contribution rates for 2010-2011 are shown in the table below.

Employees hired on or after January 1, 2002 pay a percentage of the total contribution rate upon retirement based on the following schedule:

<u>Service</u>	<u>Employer Contribution Percentage</u>	<u>Employee Contribution Percentage</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

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Total premium rates are as follows:

	<u>PPO</u>	<u>HMO</u>	<u>CDHP</u> <u>With</u> <u>HSA</u>	<u>MHHP</u>
<u>Active</u>				
Single	558.64	527.76	433.64	532.00
With Spouse	1186.56	1120.84	921.04	1129.96
With Children	681.32	643.64	529.04	649.04
Family	1251.40	1182.08	971.32	1191.68
<u>Retired No Medicare & Re-employed Retiree</u>				
Single	1039.28	985.00	N/A	989.52
With Spouse	1835.20	1739.24	N/A	1747.60
With Children	1157.64	1097.20	N/A	1102.28
Family	1826.32	1730.92	N/A	1739.12
<u>Retired with 1 Medicare</u>				
Single	337.96	325.88	N/A	321.84
With Spouse	1248.72	1190.92	N/A	1189.00
With Children	584.96	560.52	N/A	557.00
Family	1663.80	1585.20	N/A	1584.28
<u>Retired with 2 Medicare</u>				
With Spouse	607.48	584.12	N/A	578.28
With Family	752.16	723.24	N/A	716.08

Medicare Supplemental Rates

	<u>Retired with</u>	
	<u>1 Medicare</u>	<u>2 Medicare</u>
Humana HMO	145.00	290.00
Peoples Health HMO	115.00	230.00
Vantage HMO	258.00	516.00
Humana PPO Secure	149.00	298.00
Horizons/United Healthcare PPO	198.50	397.00

All members who retire on or after July 1, 1997 must have Medicare Parts A and B in order to qualify for the reduced premium rates.

Life Insurance Premiums

Retiree pays 50 cents for each \$1,000 of life insurance.

Retiree pays 88 cents for each \$1,000 of spouse life insurance.

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. Effective July 1, 2007, the State implemented GASB 45 prospectively which requires reporting on an accrual basis

the liability associated with other postemployment benefits and the OPEB liability at transition was zero. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at the end of the year for the OGB plan were as follows (dollar amounts in thousands):

	<u>Primary Government</u>	<u>Component Units</u>
Annual required contribution	\$ 472,125	\$ 231,989
Interest on OPEB obligation	66,243	33,086
Adjustment to annual required contribution	<u>(63,282)</u>	<u>(31,607)</u>
Annual OPEB cost (expense)	475,086	233,468
Contributions made	<u>(152,871)</u>	<u>(71,125)</u>
Increase in net OPEB obligation	322,215	162,343
Net OPEB obligation beginning of year	<u>1,656,234</u>	<u>827,852</u>
End of year	\$ <u>1,978,449</u>	\$ <u>990,195</u>

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Primary Gov't:			
6/30/2009	765,524	18.46%	1,225,742
6/30/2010	578,667	25.41%	1,656,234
6/30/2011	475,086	32.18%	1,978,449
Component Units:			
6/30/2009	377,200	18.09%	621,277
6/30/2010	275,945	25.16%	827,852
6/30/2011	233,468	30.46%	990,195

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$6,405,570,000 for the primary government and \$2,943,379,000 for component units. The covered payroll (annual payroll of active employees covered by the plan) was \$1,806,149,000 for the primary government and \$1,447,577,000 for the component units, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 355% for the primary government and 203% for the component units. As of June 30, 2011, the State did not have an OPEB trust. A trust was established with an effective date of July 1, 2008, but was not funded, had no assets, and hence had a funded ratio of zero.

Actuarial valuations of the State's plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents information that shows whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by

the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is based on the expected long-term investment returns on the employer's own investments, and on initial annual healthcare cost trend rates of 8.0% and 9.1% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized using the level percentage of projected payroll amortization method on an open basis. The remaining amortization period at June 30, 2011, was thirty years.

B. LSU HEALTH PLAN

Plan Description

The Louisiana State University (LSU) System (System), a discretely presented component unit of the State, offers its eligible employees, retirees, and their beneficiaries the opportunity to participate in one of two healthcare coverage plans. One offering is OGB, which has already been discussed in this note, and the other is LSU Health Plan (the Plan). The Plan is also offered to members of the State House of Representatives and the State Senate, its officers and staff, and the Legislative Budgetary Control Council which are primary government entities. Upon leaving employment with LSU, the State House of Representatives, State Senate, or the Legislative Budgetary Control Council, employees can transfer the Plan to OGB eligible employers provided the employer signs a successor employer agreement with LSU. Therefore, some participants of the Plan are currently employees of the primary government. Participation in the Plan by primary government employees is limited and not material. As a result, the plan is identified as a single-employer defined benefit healthcare plan that is not administered as a trust or equivalent arrangement. The System selects claim and pharmaceutical administrators to administer the plan; they are selected through a formal Request for Proposals process followed by negotiations between the System and qualified vendors. The Plan does not issue a stand-alone financial report, but the financial information on the Plan is included in the System's audited Financial Report which can be obtained on the System's website at www.fas.lsu.edu/acctservices/far_b/supp_2011.html. A summary of members participating in the plan at June 30, 2011, is as follows:

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Retirees and beneficiaries	1,944
Active plan members	<u>11,656</u>
Total	<u><u>13,600</u></u>

Summary of Significant Accounting Policies

The System's financial statements are prepared on the full-accrual basis of accounting using the economic resources measurement focus. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. There were no long-term contracts for contributions to the plan, legally required reserves, or designations of net assets for the plan at the reporting date.

Funding Policy

Administrative costs of the LSU Health Plan are financed through the premiums collected for all classes of active and retired plan members. The plan rates are actuarially determined and must be approved by OGB under LRS 42:851.B; they are in effect for one year and members have the opportunity to change providers during the open enrollment period which usually occurs in April. Employees become eligible for postemployment benefits if they reach normal retirement age while working for the State. The Plan offers plan members a choice of selecting Option 1 or Option 2. Contribution amounts vary depending on which option is selected from the plan. Following is a summary of plan provisions:

Summary of Plan Provisions

Health Insurance Monthly Premiums

Employees hired before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Total annual per capita medical contribution rates for 2010-2011 are shown in the table below.

Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate upon retirement based on the following schedule:

<u>Service</u>	<u>Employer Contribution Percentage</u>	<u>Employee Contribution Percentage</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

Total Premium Rates are as follows:

	<u>Option 1</u>	<u>Option 2</u>
<u>Active</u>		
Single	532.38	460.32
With Spouse	949.84	821.26
With Children	653.22	583.68
Family	1,135.54	993.44
<u>Retired No Medicare & Re-employed Retiree</u>		
Single	1,010.94	924.02
With Spouse	1,785.15	1,631.60
With Children	1,126.06	1,024.72
Family	1,776.52	1,619.30
<u>Retired with 1 Medicare</u>		
Single	309.86	267.90
With Spouse	1,070.14	925.30
With Children	588.60	529.74
Family	1,518.40	1,327.48

Retired with 2 Medicare

With Spouse	540.74	467.56
Family	734.24	641.94

Life Insurance

Effective July 1, 2009 eligible retirees are provided \$20,000 in life insurance coverage for their lifetime at no cost to the retiree.

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. Effective July 1, 2007, the State implemented GASB 45 prospectively which requires reporting on an accrual basis the liability associated with other postemployment benefits and the OPEB liability at transition was zero. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at the end of the year were as follows (dollar amounts in thousands):

	<u>Primary Government</u>	<u>Component Unit</u>
Annual required contribution	\$ 2,207	\$ 66,446
Interest on OPEB obligation	236	6,741
Adjustment to annual required contribution	<u>(190)</u>	<u>(5,403)</u>
Annual OPEB costs (expense)	2,253	67,784
Contributions made	<u>(553)</u>	<u>(13,716)</u>
Increase in net OPEB obligation	1,700	54,068
Net OPEB obligation beginning of year	<u>4,721</u>	<u>134,825</u>
Net OPEB obligation end of year	<u>\$ 6,421</u>	<u>\$ 188,893</u>

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
<u>Primary Government:</u>			
6/30/2009	3,644	14.05%	3,132
6/30/2010	2,104	24.48%	4,721
6/30/2011	2,253	24.55%	6,421
<u>Component Units:</u>			
6/30/2009	55,745	20.27%	84,096
6/30/2010	63,328	19.90%	134,825
6/30/2011	67,784	20.23%	188,893

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$17,279,000 for the primary government and \$663,824,000 for component units. The covered payroll (annual payroll of active employees covered by the plan) was \$25,785,000 for the primary government and \$594,837,000 for the component units, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 67.01% for the primary government and 111.60% for the component units. As of June 30, 2011, the plan had no assets, and hence had a funded ratio of zero.

Actuarial valuations of the LSU Health Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarial determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents information that shows whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), which is based on the expected long-term investment returns on the employer's own investments, and on an initial healthcare inflation rate of 9.5%, and an ultimate rate of 5%. The unfunded actuarial accrued liability is being amortized using the level percentage of projected payroll amortization method on an open basis. The remaining amortization period at June 30, 2011, was thirty years. Projected salary increases were 4% per annum.

C. OTHER PLANS

Six discretely presented component units of the State have their own Postemployment Benefits Plan and provided actuarial valuation results to the State. The net OPEB obligation at June 30, 2011 for each of the six plans was Southeast Louisiana Flood Protection Authority – East \$7,272, Greater New Orleans Expressway Commission \$2,243, Louisiana Citizens Property Insurance Corporation \$1,109, Southeast Louisiana Flood Protection Authority – West \$571, Tensas Basin Levee Board \$369, and Louisiana Motor Vehicle Commission \$291 for a total of \$11,855 (dollar amounts in thousands). These plans are not disclosed in detail in the CAFR but are available in the agencies' separate financial statements. For the addresses of the agencies, see note 1 of this CAFR.

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NOTE 6B: EMPLOYEE BENEFITS - TERMINATION BENEFITS

A. Background

Termination benefits are provided by the state for purposes other than salary and wages, such as cash payments for severance benefits or an employee's continued access to healthcare. The termination benefits are provided as settlement for:

- 1) involuntary terminations initiated by management in accordance with an authorized plan that contains specific criteria for identifying affected employees (for example, a reduction in force plan) or
- 2) voluntary terminations initiated by employees in response to an early retirement incentive plan offered by the state in exchange for an employee's continued employment.

B. Description of Termination Benefits

In fiscal years 2010 and 2011 some state agencies adopted lay off avoidance plans to provide a mechanism to manage budget deficits while delaying or avoiding layoffs. These layoff avoidance plans included early retirement incentives, which resulted in the payment of termination benefits. The retirement incentives consisted of 32% to 50% of the employees' annual salary that would be saved in a fiscal or calendar year calculated on the employees' actual salary for the year without the need for future discounting. Each layoff avoidance plan was approved by the Department of Civil Service in accordance with Civil Service Rules 17.2 and 17.9. The incentives were offered to employees who were eligible for regular retirement in accordance with the employees' applicable state retirement system regulations. Employees who were eligible for early retirement were excluded. See Note 6-A, Public Employees' Retirement Systems, for qualifications for regular retirement.

C. Termination Benefits Reported

During the year ended June 30, 2011, there were 252 Primary Government and 149 Component Unit terminations that met the termination criteria described above. The Primary Government's governmental and government-wide statements both include related liabilities of \$1,374,608 and the expenditures/expenses of \$5,051,342. Component Unit statements report no current year liabilities and expenses of \$2,870,340.

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 the schedules below.

B. OPERATING LEASES

Operating lease payments are recorded as expenditures or expenses of the applicable fund when the related liability is incurred and primary government and component units totaled (expressed in thousands) \$75,902 and \$30,847 respectively, for the fiscal year ended June 30, 2011. 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):

Fiscal Year	Office Space	Equipment	Land	Other	Total
2012	\$ 50,026	\$ 2,350	\$ 227	\$ 5,204	\$ 57,807
2013	28,279	1,525	187	4,629	34,620
2014	20,021	1,379	179	4,569	26,148
2015	14,496	1,396	149	4,204	20,245
2016	11,568	1,341	115	4,203	17,227
2017-2021	12,780	5,697	468	9,205	28,150
2022-2026	8,599	5,972	453	9,676	24,700
Total	<u>\$ 145,769</u>	<u>\$ 19,660</u>	<u>\$ 1,778</u>	<u>\$ 41,690</u>	<u>\$ 208,897</u>

Operating leases for component units are as follows (expressed in thousands):

Office space - \$49,129; Equipment - \$5,776; Land - \$2,507; and Other - \$87,512 for a total of \$144,924

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, 2011 (expressed in thousands):

Fiscal Year	Governmental Activities	Business-Type Activities	Component Units
2012	\$ 1,676	\$ 36	\$ 8,288
2013	918	23	7,990
2014	264	--	7,693
2015	256	--	7,998
2016	--	--	7,032
2017-2021	--	--	26,236
2022-2026	--	--	14,236
2027-2031	--	--	1,225
2032-2036	--	--	--
2037-2041	--	--	--
Subtotal	<u>3,114</u>	<u>59</u>	<u>80,698</u>
Less interest and executory costs	<u>208</u>	<u>1</u>	<u>20,149</u>
Present value of minimum lease payments	<u>\$ 2,906</u>	<u>\$ 58</u>	<u>\$ 60,549</u>

The gross amount of the leased assets at June 30, 2011 (expressed in thousands) for governmental activities is \$5,919 for office space and \$7,111 for equipment; business-type activities is \$154 for equipment; and component units is \$5,502 for office space, \$93,089 for equipment, and \$257 for other.

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

	Governmental Activities	Business-Type Activities	Component Units
Buildings	\$ 1,145	\$ --	\$ --
Office Space	83	--	5,900
Equipment	1,886	59	74,741
Land	--	--	--
Other	--	--	57
Total Capital Leases	<u>\$ 3,114</u>	<u>\$ 59</u>	<u>\$ 80,698</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 (expressed in thousands) is \$1,614 for the primary government and \$10,242 for component units for the fiscal year ending June 30, 2011.

The value of the property carried on the financial reports for the entities included below (expressed in thousands) is \$10,032 for land; \$252,052 for buildings; \$2,821 for equipment; and \$189 for other purposes. Accumulated depreciation on the buildings and equipment totaled \$141,473.

OPERATING LEASES

The following is a schedule by years of minimum future rentals on operating leases as of June 30, 2011 (expressed in thousands):

Fiscal Year	Governmental Activities	Business-Type Activities	Component Units
2012	\$ 1,416	\$ 184	\$ 18,654
2013	215	86	17,087
2014	215	86	16,429
2015	465	86	16,264
2016	199	86	17,439
2017-2021	59	158	50,958
2022-2026	11	--	24,243
2027-2031	11	--	9,080
2032-2036	--	--	1,116
2037-2041	--	--	1,108
Total	<u>\$ 2,591</u>	<u>\$ 686</u>	<u>\$ 172,378</u>

The contingent rental revenue received from the lessor operating leases above as of June 30, 2011 (expressed in thousands) is \$2,591 for office rentals, \$90 for equipment rentals, \$482 for land, and \$59 for other rentals totaling \$3,222.

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 \$23,423,522,000. The total general obligation bonds authorized are \$2,205,655,000 at June 30, 2011, or 9.42% 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 \$1,171,176,000. At June 30, 2011, the highest current or future annual general obligation debt service requirement is \$281,732,000, which represents 24.06% 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 2010-2011 is 6.00% of estimated General Fund and dedicated funds revenues established by the Revenue Estimating Conference, which was \$569,172,000. During the fiscal year 2010-2011, the total net State tax-supported debt paid was \$509,161,000 or 5.37% of the estimated General Fund and dedicated funds' revenues established by the Revenue Estimating Conference.

B. AUTHORIZED BUT UNISSUED DEBT

The Omnibus Bond Authorization Act of 2011 provides for the repeal of all acts authorizing the issuance of general obligation bonds, except for any act authorizing issuance

of refunding bonds and Act 41 of the 2006 First Extraordinary Session. Act 41 authorized the sale of bonds to provide relief to political subdivisions of the state affected by natural catastrophes. The Omnibus Bond Authorization Act requires the legislature to annually repeal the issuance of general obligation bond authorizations for projects that are no longer found feasible or desirable; 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 general obligation bonds outstanding at June 30, 2011.

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. Interest on variable-rate bonds is generally reset each Wednesday and is based on the SIFMA Rate, plus a fixed percentage, depending on the bond offering.

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 2011 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 \$95,000 and miscellaneous contracts in the amount of \$3,335,023. Applicable interest to maturity

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is \$8,296 and \$225,608, respectively. In the accompanying financial statements, reimbursement contracts are shown

as accounts receivable and the debt shown is not reduced for these items.

D. LONG-TERM OBLIGATIONS OUTSTANDING AT JUNE 30, 2011

Long-term obligations outstanding at June 30, 2011, 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	\$ 2,467,675	\$ 775,135	\$ 683,210	\$ 2,559,600	\$ 195,205	Variable
Other bonds payable by agency:						
Crescent City Connection	6,735	--	2,195	4,540	2,215	2.00 -3.65%
Health Education Authority of Louisiana	7,280	--	155	7,125	185	5.70 -8.30%
Louisiana Correctional Facilities Corporation	20,075	--	1,630	18,445	1,695	4.00 -5.00%
Office Facilities Corporation	251,040	57,610	81,735	226,915	18,290	2.50 -5.25%
Public Safety LPFA	58,925	--	4,590	54,335	4,825	5.00 -5.88%
LPFA Office Facilities Corporation	274,675	--	10,750	263,925	11,240	3.20 -6.50%
Tobacco Settlement Financing	899,045	--	36,110	862,935	35,000	5.50 -6.36%
Transportation Infrastructure Model for Economic Development	2,351,840	394,310	6,090	2,740,060	8,270	1.00 -6.00%
Total other bonds payable	3,869,615	451,920	143,255	4,178,280	81,720	
Less/add unamortized amounts:						
Discounts*	(56,375)	(44,849)	(7,842)	(93,382)	(7,653)	
Premiums*	189,351	120,573	57,792	252,132	23,530	
Net Unamortized Amounts*	132,976	75,724	49,950	158,750	15,877	
Total bonded debt*	6,470,266	1,302,779	876,415	6,896,630	292,802	
Other liabilities:						
Compensated absences	226,993	92,424	105,517	213,900	25,713	
Capital lease obligations	6,515	--	3,609	2,906	1,676	
Claims and litigation payable	2,078,626	417,479	507,110	1,988,995	245,520	
Notes payable	117	474	150	441	203	
OPEB payable	1,644,125	473,041	152,436	1,964,730	--	
Pollution remediation liabilities	84,093	225,810	277,410	32,493	9,721	
Other long-term obligations	66,589	--	794	65,795	3,580	
Total other liabilities	4,107,058	1,209,228	1,047,026	4,269,260	286,413	
Total long-term obligations						
Governmental Activities*	\$ 10,577,324	\$ 2,512,007	\$ 1,923,441	\$ 11,165,890	\$ 579,215	
*restated						
BUSINESS-TYPE ACTIVITIES:						
Bonds payable:						
Revenue bonds	\$ 195,800	\$ 2,000	\$ 645	\$ 197,155	\$ 400	2.00 -4.45%
Deferred discount	(31,235)	--	(1,186)	(30,049)	--	
Total Bonds payable	164,565	2,000	(541)	167,106	400	
Other liabilities:						
Compensated absences*	2,373	252	358	2,267	353	
Capital lease obligations	92	--	34	58	36	
Notes payable	1,718	2,500	1,753	2,465	104	

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Long-Term Obligations	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Interest Rates
Claims and litigation payable	773,450	--	2,000	771,450	119,664	
OPEB payable	16,830	4,296	986	20,140	--	
Other long-term liabilities*	--	266	--	266	266	
Total other liabilities*	<u>794,463</u>	<u>7,314</u>	<u>5,131</u>	<u>796,646</u>	<u>120,423</u>	
Total long-term obligations*						
Business-Type Activities	\$ <u>959,028</u>	\$ <u>9,314</u>	\$ <u>4,590</u>	\$ <u>963,752</u>	\$ <u>120,823</u>	

*restated

COMPONENT UNITS:

Bonds payable:

Revenue bonds	\$ 3,675,122	\$ 941,390	\$ 188,922	\$ 4,427,590	\$ 256,319	Variable
Deferred Costs and Premiums*	<u>4,172</u>	<u>5,779</u>	<u>2,358</u>	<u>7,593</u>	<u>1,628</u>	
Total bonds payable*	<u>3,679,294</u>	<u>947,169</u>	<u>191,280</u>	<u>4,435,183</u>	<u>257,947</u>	

Other liabilities:

Compensated absences*	221,510	37,060	39,399	219,171	22,918	
Capital lease obligations	61,809	4,996	6,256	60,549	5,344	
Contracts payable	2,394	945	1,283	2,056	1,868	
Notes payable	119,132	20,828	14,653	125,307	22,388	
Claims and litigation payable	159,938	1,833	18,649	143,122	1,266	
OPEB payable	971,855	304,933	85,846	1,190,942	--	
Pollution remediation liabilities *	125	1,144	866	403	308	
Other long-term liabilities*	<u>151,930</u>	<u>71,128</u>	<u>47,786</u>	<u>175,272</u>	<u>34,111</u>	
Total other liabilities*	<u>1,688,693</u>	<u>442,867</u>	<u>214,738</u>	<u>1,916,822</u>	<u>88,203</u>	

Total long-term obligations*

Component units	\$ <u>5,367,987</u>	\$ <u>1,390,036</u>	\$ <u>406,018</u>	\$ <u>6,352,005</u>	\$ <u>346,150</u>	
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*restated

E. DEBT SERVICE REQUIREMENTS AT JUNE 30, 2011

Annual principal and interest payments for bonds and notes (expressed in thousands) are as follows. Interest requirements for variable-rate debt are calculated using the rate in effect at the financial statement date.

Year:	Governmental Activities								
	General Obligation Bonds			Other Bonded Debt			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Total Principal	Total Interest	Total
2012	\$ 195,205	\$ 122,540	\$ 317,745	\$ 81,720	\$ 170,015	\$ 251,735	\$ 276,925	\$ 292,555	\$ 569,480
2013	184,300	112,582	296,882	53,705	208,637	262,342	238,005	321,219	559,224
2014	191,645	103,430	295,075	54,540	206,241	260,781	246,185	309,671	555,856
2015	326,780	86,931	413,711	57,405	203,567	260,972	384,185	290,498	674,683
2016	156,825	77,412	234,237	62,045	200,807	262,852	218,870	278,219	497,089
2017-21	769,420	271,383	1,040,803	359,330	953,446	1,312,776	1,128,750	1,224,829	2,353,579
2022-26	575,755	102,413	678,168	372,374	864,048	1,236,422	948,129	966,461	1,914,590
2027-31	159,670	17,232	176,902	548,862	760,660	1,309,522	708,532	777,892	1,486,424
2032-36	--	--	--	565,193	607,409	1,172,602	565,193	607,409	1,172,602
2037-41	--	--	--	1,493,372	366,187	1,859,559	1,493,372	366,187	1,859,559
2042-46	--	--	--	529,734	48,974	578,708	529,734	48,974	578,708
Costs	<u>84,147</u>	<u>--</u>	<u>84,147</u>	<u>74,603</u>	<u>--</u>	<u>74,603</u>	<u>158,750</u>	<u>--</u>	<u>158,750</u>
Total	\$ <u>2,643,747</u>	\$ <u>893,923</u>	\$ <u>3,537,670</u>	\$ <u>4,252,883</u>	\$ <u>4,589,991</u>	\$ <u>8,842,874</u>	\$ <u>6,896,630</u>	\$ <u>5,483,914</u>	\$ <u>12,380,544</u>

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Year:	Business-Type Activities			Component Units		
	Revenue Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	400	\$ 6,606	\$ 7,006	\$ 256,319	\$ 208,116	\$ 464,435
2013	400	6,734	7,134	250,193	191,510	441,703
2014	1,260	6,842	8,102	260,621	182,801	443,422
2015	525	6,800	7,325	270,890	172,637	443,527
2016	875	6,780	7,655	273,288	160,203	433,491
2017-21	14,800	32,702	47,502	1,186,003	607,010	1,793,013
2022-26	42,980	26,998	69,978	859,497	372,364	1,231,861
2027-31	69,915	22,468	92,383	521,717	188,779	710,496
2032-36	25,245	13,014	38,259	401,294	87,646	488,940
2037-41	40,755	4,658	45,413	140,438	16,470	156,908
2042-46	--	--	--	7,330	200	7,530
Costs	(30,049)	--	(30,049)	7,593	--	7,593
Total	\$ 167,106	\$ 133,602	\$ 300,708	\$ 4,435,183	\$ 2,187,736	\$ 6,622,919

Year:	Governmental Activities			Business-Type Activities			Component Units		
	Notes Payable			Notes Payable			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 203	\$ 4	\$ 207	\$ 104	\$ 144	\$ 248	\$ 22,388	\$ 3,526	\$ 25,914
2013	159	1	160	95	143	238	7,704	3,045	10,749
2014	79	--	79	101	137	238	5,145	2,459	7,604
2015	--	--	--	107	132	239	4,476	2,304	6,780
2016	--	--	--	2,058	46	2,104	9,107	2,094	11,201
2017-21	--	--	--	--	--	--	25,779	7,000	32,779
2022-26	--	--	--	--	--	--	27,912	3,384	31,296
2027-31	--	--	--	--	--	--	11,366	876	12,242
2032-36	--	--	--	--	--	--	9,479	360	9,839
2037-41	--	--	--	--	--	--	1,951	16	1,967
2042-46	--	--	--	--	--	--	--	--	--
Total	\$ 441	\$ 5	\$ 446	\$ 2,465	\$ 602	\$ 3,067	\$ 125,307	\$ 25,064	\$ 150,371

F. DEFEASED BONDS

The following table enumerates the principal balances of previously outstanding bonds considered defeased at June 30, 2011 (expressed in thousands). The defeased bonds are not included in the accompanying financial statements.

Bond Series	Date Defeased	Maturity Date	Amount Defeased	Outstanding at June 30, 2011
Primary Government:				
2000-A	1/05	11/10	190,930	\$ -0-
2002-A	1/05	04/12	92,970	92,970
2003-A	1/05	05/13	39,915	39,915
2004-A	1/05	10/14	45,240	45,240
1998-A	11/09	Various	124,505	62,915
2000-A	10/10	11/20	27,705	27,705
2002-A	10/10	Various	60,395	60,395
2003-A	10/10	Various	132,460	132,460
2004-A	10/10	Various	91,075	91,075
Component Units:				
Greater New Orleans Expressway Commission	11/92	Various	54,920	44,005

G. REFUNDING OF BONDS

Office Facilities Corporation Lease Revenue Bonds

On December 9, 2010, Office Facilities Corporation issued \$57,610,000 of Series 2010A Office Facilities Corporation Lease Revenue Refunding Bonds (Louisiana State Capitol Complex Program), bearing coupon interest rates of 3% to 5%, to advance refund \$63,780,000 of outstanding Series 2001 Office Facilities Corporation Lease Revenue Bonds (Louisiana State Capitol Complex Program) bearing coupon interest rates of 4.5% to 5.5%. Refunding proceeds of \$77,593,743 included bond proceeds at the par amount of \$57,610,000, the original issue premium of \$4,574,271, cash from the Series 2001 Reserve Account of the Debt Service Reserve Fund of \$8,369,456, and a transfer from Series 2001 Project Fund of \$7,040,016. Proceeds of \$70,948,394 (which included a 1% call penalty of \$637,800) were deposited in an irrevocable trust with an escrow agent to provide for the full redemption of the outstanding Series 2001 bonds on December 9, 2010. In addition, \$6,218,427 was deposited in the Series 2010A Debt Service Reserve Fund and \$426,922 was paid for issuance costs. As a result, the liability for the Series 2001 bonds has been removed from the governmental activities column of the statement of net assets. The State advance refunded the bonds to reduce its total gross debt service payments over the next nine years by \$13,356,779 and to obtain an economic gain of \$4,169,634.

General Obligation Refunding Bonds

On October 13, 2010, the State issued \$206,495,000 of General Obligation Refunding Bonds, Series 2010-A, with coupon interest rates ranging from 3.0% to 5.0%, to current or advance refund the balance outstanding of \$27,705,000 in General Obligation Refunding Bonds, Series 2000-A, bearing a coupon interest rate of 5%; \$60,395,000 in General Obligation Bonds Series 2002-A, bearing a coupon interest rate of 5%; and \$132,460,000 in General Obligation Bonds Series 2003-A, bearing coupon interest rates ranging from 4.2% to 5%. Refunding proceeds of \$244,809,558 included bond proceeds at the par amount of \$206,495,000 and a premium of \$38,314,558. Proceeds were used to purchase United States Treasury Securities-State and Local Government Series which will be placed in an irrevocable trust with an initial cash deposit to be used solely to current refund Series 2000-A bonds of \$27,705,000 on November 15, 2010; advance refund Series 2002-A of \$60,395,000 on April 1, 2012; and advance refund Series 2003-A of \$132,460,000 on May 1, 2013. Amounts deposited in the irrevocable trust for interest cost to refund the bonds were \$689,288 for Series 2000-A bonds and \$21,639,823 for Series 2002-A and 2003-A. In addition, issuance costs of \$1,920,448 were paid from the proceeds. As a result, the liability for the Series 2000-A, 2002-A, and 2003-A bonds has been removed from the governmental activities column of the statement of net assets. The State refunded the bonds to reduce its total gross debt service payments

over the next 12 years by \$24,755,393 and to obtain an economic gain of \$19,345,335.

On October 13, 2010, the State issued \$91,510,000 of General Obligation Refunding Bonds, Series 2010-B, with coupon interest rates ranging from 2% to 5%, to advance refund the General Obligation Bonds Series 2004-A balance outstanding of \$91,075,000, bearing coupon interest rates ranging from 5% to 5.25%. Refunding proceeds of \$108,513,223 included bond proceeds at the par amount of \$91,510,000 and a premium of \$17,003,223. A portion of the proceeds were issued to purchase United States Treasury Securities-State and Local Government Services, which was placed in an irrevocable trust together with an initial cash deposited to be used solely to advance refund the outstanding Series 2004-A bonds of \$91,075,000 on October 15, 2014. Also, issuance costs of \$404,009 and additional costs of \$17,037,419 were paid from the proceeds. As a result, the liability for the Series 2004-A bonds has been removed from the governmental activities column of the statement of net assets. The State advance refunded the bonds to reduce its total gross debt service payments over the next 9 years by \$1,959,095 and to obtain an economic gain of \$2,075,134.

On June 1, 2011, the State issued \$177,130,000 of General Obligation Refunding Bonds, Series 2011-B, which refunded General Obligation Series 2008-A issue, with the exception of the July 15, 2011 maturity, which was a Variable Rate Demand Obligation (VRDO) based on a Securities Industry and Financial Market Association (SIFMA) index with two floating to fixed interest rate swaps which were London Interbank Offered Rate (LIBOR) based. The par value of the outstanding 2008-A series, excluding the July 15, 2011 maturity, of \$177,130,000 was fully refunded at par value. The 2011-B series is a Floating Rate Note (FRN) issue, with a hard put maturity on July 15, 2014, based on 70% of one-month LIBOR plus 80 basis points (LIBOR index rate), reset monthly beginning July 1, 2011. The existing hedge agreements associated with the 2008-A issue were maintained with the 2011-B refunding action and, as a consequence, basis risk was eliminated as was the existing Letter of Credit facility and remarketing fee. The current hedge agreements provide that the State receive 70% of the one-month LIBOR rate and pay a fixed rate of 4.303%, effectively resulting in an all in financing cost of 4.303% plus 80 basis points for the term of the three year financing. The \$177,130,000 proceeds were fully utilized to fund the Escrow deposit. In addition, \$531,011 of State contribution from the available collections of the Bond Security and Redemption Fund were utilized to pay: Costs of Issuance of \$163,883; Underwriters Fee of \$366,547; and the remaining \$30,581 was used to provide funds to the paying agent to pay accrued interest on the outstanding principal, excluding the July 15, 2011 maturity for the period through June 1, 2011.

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H. 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 \$86,043,393 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 \$6,645,406,826. The authority and the State have no responsibility for the repayment of this debt, and it is not reflected in the accompanying financial statements.

I. 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, Section C; the liability for claims and litigation is described in more detail in Notes 9, Section B; the liability for OPEB is described in more detail in Note 6A; and the liability for pollution remediation is described in more detail in Note 9, Section F.

J. PLEDGED REVENUES

Governmental Activities

Vehicular License Taxes

Mississippi River Bridge Authority issued its bridge revenue refunding bonds in 2002 for the Crescent City Connection Project in the amount of \$19,900,000 to refund all or a portion of the outstanding 1992 bonds and fund the costs of issuance. The bonds are payable from and secured by a pledge of Highway Fund No. 2 monies (comprised of the annual vehicular license taxes collected in six parishes), income earned from investment and any other monies accruing to the Authority. The Authority has obligated the Highway Fund No. 2 monies to cover the principal and interest requirements until the bonds are fully paid in 2012. The Authority earned \$4,655,089 of Highway Fund No. 2 revenue as of June 30, 2011, and paid principal and interest of \$2,195,000 and \$250,506, respectively, on the bonds. The outstanding bond principal and interest is \$4,540,000 and \$209,798, respectively.

Contract Parking Agreement – Tulane University

Health Education Authority of Louisiana (HEAL) is a body corporate created to operate a multi-institutional facility that included public and private institutions dedicated to health related services (the Medical Complex). HEAL issued taxable revenue bonds of \$9,350,000 in December 1998 to finance the acquisition, construction and installation of an additional 516 parking spaces to an

existing multilevel parking garage and build a skywalk to another facility. The garage was for Tulane Medical Center employees and students, visitors to the Medical Complex and the public. The bonds are payable solely from the income and revenues derived by the Authority from the parking garage, including payments received from Tulane University pursuant to a contract parking agreement and lease agreement through 2031. The Authority has agreed to pay the principal and interest requirements as they become due and payable until the bonds are fully paid in 2031. The total principal and interest remaining on the bonds is \$7,125,000 and \$5,779,430, respectively. The principal and interest paid for the current year was \$175,000 and \$498,435.

Office of Motor Vehicle Handling Fees

Louisiana Public Facilities Authority (LPFA) issued revenue bonds to the Department of Public Safety and Corrections, an agency of the State, in 1999 and in 2001 to enable the department to acquire, construct, and equip a new Department of Public Safety Services complex and a new Joint Emergency Services Training Center complex. LPFA issued refunding bonds of \$62,895,000 in October 2007 to advance refund the 1999 and 2001 outstanding revenue bonds. The 2007 bonds are secured by an irrevocable pledge and dedication of the handling fees collected by the Office of Motor Vehicles; \$13,409,854 of handling fees were collected during fiscal year ended June 30, 2011. This revenue will remain pledged until the bonds and the loan agreement have been fully paid and discharged in 2022. The total principal and interest remaining on the bonds is \$52,560,000 and \$14,113,500. The principal and interest paid for the current year was \$4,065,000 and \$2,729,625, respectively.

Fire Insurance Premiums

LPFA issued revenue bonds of \$5,255,000 in 2002 for the Department of Public Safety and Corrections, an agency of the State, to provide funds to relocate, plan, acquire, construct, and equip the Department of Public Safety Fire Marshal's Headquarters. The Department agrees to make all bond-related payments due subject to annual appropriation by the Legislature from the Louisiana Fire Marshal Fund. In addition, the appropriated funds may be utilized first to satisfy payroll obligations prior to making the debt service payments. Failure by the Legislature to appropriate sufficient funds to satisfy the obligation of the Department under the funding agreement will not constitute an event of default, and the funding agreement will continue in full force and effect as if the appropriation had been made. The bonds are payable through 2014. Louisiana Fire Marshal Fund revenues are comprised of an annual tax levied on the gross annual premium receipts from any business that insures property in Louisiana against loss or damage by fire and any monies collected from the imposition of fees on sprinkler systems. In fiscal year ended June 30, 2011, the legislature appropriated \$10,283,835 to the Department from the Fire Marshal Fund. Total principal and interest remaining on the bonds

is \$1,775,000 and \$212,381, respectively. The principal and interest paid for the current year was \$525,000 and \$135,125.

Tobacco Settlement Revenues

Tobacco Settlement Financing Corporation, a special purpose public corporate entity and an instrumentality independent of the State, issued \$1,202,770,000 of tobacco settlement asset-backed bonds in 2001. The revenue bonds were issued to finance the Corporation's purchase of the pledged tobacco settlement revenues (TSRs). The pledged TSRs consist of 60% of all amounts required to be paid to the State after the issuance of the Series 2001 Bonds. Participating cigarette manufacturers (PMs) entered into a Master Settlement Agreement (MSA) with 46 states and six other U.S. jurisdictions in 1998. The MSA requires the PMs to make certain initial, annual and strategic contribution payments to each entity included in the MSA. The Corporation's claim to pledged TSRs is on parity with the State's claim of the remaining 40% of all amounts payable to the State. The Bonds are secured by and payable from (i) the pledged TSRs and all investment earnings on the amounts on deposit in certain collection accounts, (ii) amounts held in a liquidity reserve account, and (iii) all amounts, if any, on deposit in other accounts established. The Corporation received pledged revenues of \$87,258,408 for fiscal year 2011. The bonds, payable through 2039, have total principal and interest outstanding of \$862,935,000 and \$1,315,410,077, respectively. The principal and interest paid for the current year was \$36,110,000 and \$52,032,744.

Gasoline and Motor Fuels Taxes and Special Fuels Taxes

Louisiana State Bond Commission on behalf of the State issued gasoline and fuels tax revenue bonds in 2002, 2005, 2006, 2009, and 2010A. In August 2010, the Commission issued Second Lien Bonds Series 2010B maturing in the amount of \$394,310,000 for the purpose of financing TIMED highway and bridge projects. The total debt secured for gasoline and fuels tax revenue bonds amounts to \$2,786,800,000. The bonds mature in 2032, 2035, 2041, 2043, and 2045, respectively. Bond proceeds are to be used for financing the construction of highway and bridge projects. The bonded debt is payable solely from and secured by a pledge of gasoline and fuel taxes, including investment income and securities on the gasoline and fuel taxes on deposit in the Transportation Trust Fund and all funds and accounts created under the bond resolutions. Revenues available in fiscal year 2011 for funding debt service due were \$637,339,660. The total principal and interest remaining on the bonds is \$2,740,060,000 and \$3,062,454,828, respectively. Principal and interest paid for the current year was \$6,090,000 and \$113,266,416.

Business-Type Activities

Highway 1 Tolls

Louisiana Transportation Authority, a public corporation within the Department of Transportation and Development (DOTD), issued toll revenue bonds of \$195,800,000 in 2005 to finance a highway project in the lower portion of Lafourche Parish. In August 2009, LTA issued Series 2005 TIFIA Bonds to refinance the Series 2005 Subordinate Lien BANS in the amount of \$66,000,000. These bonds are payable solely from a second lien on the pledge of toll revenues. The project will create elevated highways that run parallel to Highway 1, with a bridge over Bayou Lafourche. The bonds are secured by a pledge of toll revenues on the southbound lane of the new highway from Leeville to Port Fourchon and are payable through 2040. The Authority has committed the toll revenues to cover the principal and interest requirements until the bonds are fully paid and discharged. Toll revenues collected in fiscal year 2011 totaled \$3,148,220. The total principal and interest remaining on the bonds is \$195,155,000 and \$133,493,871, respectively. The principal and interest paid for the current year was \$645,000 and \$6,315,149.

Component Units

Bridge Toll and Vehicular License Taxes

Greater New Orleans Expressway Commission (GNOEC) issued improvement bonds in 1999 and issued revenue bonds refunding the 1992 series bonds in 2003. In 2009, GNOEC issued revenue bonds refunding the 1999A series bonds. The total bonds issued of \$77,505,000 were used to finance safety and capacity improvements for the Causeway Bridge and its approach roads. The bonds are payable solely from a pledge of tolls and other revenues derived from the ownership or operation of the Expressway, as supplemented by funds dedicated from the collection of vehicular license taxes (Highway Fund No. 2). The Commission has committed the tolls and vehicular license taxes to cover the principal and interest requirements until the bonds are fully paid and discharged in 2034. In fiscal year ended October 31, 2010, the Commission recognized revenue of \$21,369,369 from tolls and Highway No. 2 vehicular taxes. Total principal and interest remaining on the bonds at October 31, 2010, is \$55,520,000 and \$34,807,124, respectively. The principal and interest paid for that fiscal year was \$1,130,000 and \$2,391,937.

Syrup Mill and Slot Machine Revenues

Louisiana Agricultural Finance Authority issued revenue bonds in 2004 in the amount of \$45,000,000 to acquire, construct and equip a syrup mill and other facilities related to the use of sugar cane in Lacassine, Louisiana. The bonds are secured by the pledge of net revenues from the operation of the mill and the avails of net slot machine proceeds as described in Louisiana Revised Statute

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27:392(B)(4). The statute provides \$12 million annually to the Authority to fund or secure revenue bonds for agricultural, agronomic, horticultural, etc. and other economic development programs. The Authority is obligated to cover the principal and interest requirements each year until the bonds are fully paid and discharged in 2015. Act 122 of 2009 provided \$15,000,000 to retire bonds. The total principal and interest remaining on the bonds is \$23,140,000 and \$1,279,804, respectively. Principal and interest paid for the current year was \$6,860,000 and \$719,578, respectively.

Fertilizer, Feed, and Pesticide Fees

Louisiana Agricultural Finance Authority issued revenue bonds in 2006 in the amount of \$9,608,438 to refund series 1998 bonds and acquire, construct and install facilities for the Department of Agriculture pursuant to a lease agreement. The bonds are secured and payable solely from and by a pledge of income and revenues from the sale of fertilizers, commercial feed and pesticides and are payable through 2013. The Department has committed to pay amounts sufficient to cover the principal and interest on the bonds for the duration of the debt. Total fertilizer, feed, and pesticide fees for the current fiscal year are \$7,052,464. The total principal and interest remaining on the bonds is \$3,843,376 and \$75,608. The principal and interest paid for the current year was \$1,921,688 and \$81,691, respectively.

Lease Agreement

Louisiana Agricultural Finance Authority issued revenue bonds of \$37,000,000 in 2007 to (i) renovate an office building, (ii) purchase new trucks, bulldozers, and other equipment for firefighting and other agricultural purposes, (iii) acquire, construct, and equip buildings and related facilities, and (iv) acquire emergency generators for the Department of Agriculture and Forestry. The bonds are secured solely from income and revenues, and receipts derived or to be derived from payments made or collections obtained in a lease agreement and are payable through 2027. The lease requires the Department to pay from legally available funds, subject to annual appropriation by the Louisiana Legislature, annually, all the amounts necessary to pay the annual debt service and administrative expenses. The total principal and interest remaining on the bonds is \$35,800,000 and \$10,201,635. The principal and interest paid for the current year was \$300,000 and \$1,901,370.

Hotel Occupancy Tax

Louisiana Stadium and Exposition District issued revenue bonds for \$294,325,000 in 2006 to refund all or a portion of prior debt, to pay operational expenses of the District, and to finance the cost of the new construction projects in or around New Orleans, such as the betterments at the Superdome, the baseball stadium, basketball facility, the football training facility, and the multipurpose facility. The bonds are secured by a pledge of all revenues of the District that are not previously dedicated for another use; however, the hotel occupancy tax revenues in the parishes of Orleans and Jefferson are expected to be the primary source of funding. The District has committed all revenues, especially the hotel occupancy tax, to cover principal and interest requirements until the bonds are fully paid and discharged in 2037. Pledged revenues for fiscal year ended June 30, 2011, totals \$83,759,968. Total principal and interest remaining on the bonds is \$294,325,000 and \$277,723,779, respectively. Interest paid for the current year was \$17,348,613, with no principal payment due.

Commodities and Utilities

Sabine River Authority issued refunding bonds for \$5,765,000 and taxable revenue bonds for \$2,825,000 in 2003. The refunding bonds allowed the Authority to defease its Series 1999 bonds. The taxable revenue bonds were used to replace two hydroelectric generating units at Toledo Bend and to pay a portion of the cost of redeeming outstanding Series 1964 general obligation bonds. The bonds are secured by a pledge of (i) the net compensation, revenues, and receipts derived from all commodities sold and rendered by Sabine River Authority (except for revenues derived from the sale of water from the Sabine River Diversion Canal); (ii) all net revenues derived or to be derived from leases or operating agreements; and (iii) all net revenues derived from the sale of electric power and energy. The Authority has dedicated an amount sufficient for the payment of the bonds to cover the principal and interest requirements as they become due and payable until the bonds are fully paid and discharged in 2014. Revenues available for debt service coverage during the current fiscal year were approximately \$7,000,000. The total principal and interest remaining on the bonds is \$2,835,000 and \$235,347, respectively. The principal and interest paid for the current year was \$865,000 and \$156,430, respectively.

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, LRS 39:1533 was re-enacted to reactivate the "Self-Insurance Fund" within the Department of the Treasury. The Self-Insurance Fund consists of all premiums paid by State agencies under the State's risk management program, the investment earnings thereon, and commissions retained. The Self-Insurance Fund may only be used for the payment of losses incurred by state agencies under the self-insurance program together with insurance premiums, legal expenses, and administrative costs. The Office of Risk Management (ORM) is responsible for the State's risk management program and that office now has the duty to negotiate, compromise, and settle all claims, including all tort claims against the State or State agencies covered by the Self-Insurance Fund, and all tort claims against the State or State agencies not covered by the Self-Insurance Fund when funding is provided by the legislature through the State General Fund.

For fiscal year 2010-2011, the Self-Insurance Fund paid \$149,977,120 to satisfy claims and judgments. At June 30, 2011, outstanding non-discounted reserve valuations of the open claims within the programs totaled \$878,311,749. Because the Self-Insurance Fund is now in a deficit posture and is no longer a viable internal service fund, discounts are not applicable under GASB Statement No. 10. At June 30, 2011, ORM cash balances included \$52,014,955 in the Self-Insurance Fund and \$9,295,183 in the Future Medical Care Fund. ORM advises that the non-discounted liability reserve valuation for the claims in litigation against state agencies being handled by that office is valued at \$224,861,312 at June 30, 2011.

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

The estimated probable future liability including incremental costs resulting from litigation, contract claims, and judgments against the State that is not being handled by the Office of Risk Management, not including contract claims reported by the Department of Transportation and Development ("DOTD"), is approximately \$311,890,635 (accrued in the accompanying financial statements). In addition, as of June 30, 2011, there are claims against the State, not including contract claims reported by DOTD, totaling \$21,988,579 for which it is reasonably possible that the State will incur liability. Nonincremental claims adjustment expenses have not been included as part of the liability for claims and judgments.

In September of 1993, the Louisiana Supreme Court invalidated, on constitutional grounds, LRS 13:5106, limiting the State's liability for general damages to a maximum of \$500,000. In January of 1994, following the same reasoning, the Supreme Court invalidated LRS 13:5112(C), limiting the State's liability 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 of 1995. The State's efforts 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 of 1993 will have no upper limit on general damages, any case pending in January of 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 (LRS 40:1299.39) was not impacted by the Supreme Court's decision vis a vis LRS 13:5106.

In February of 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. Act No. 1 of the 2005 Regular Legislative Session was enacted in response to the Louisiana Supreme Court's erroneous interpretation of the statutory cap found under LRS 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.

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

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ruling will result in some reduction of the ultimate liability of the State in pending and future cases.

In June of 2001, the Louisiana Supreme Court, in the Pope decision, 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 has been significant, both in the expense of defending these cases and in the potential judgments, but has declined as cases were 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. Again, the expense of defense and potential judgments is declining as cases are resolved. 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 of 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 State's self-insurance fund 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 funded and paid only through individual legislative appropriation. Since fiscal year 2002 the sum appropriated for such matters totaled approximately \$169,112,506. Of that amount, \$21,276,956 was appropriated in fiscal year 2010-2011.

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 the seizure of property, environmental cleanup, private railroad crossings, closure of state facilities, retirement and employment provisions, insurance claims, executory process and liability for termination of pregnancy. 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, 2011, the Department of Transportation and Development (DOTD) advises that there are 795

expropriation cases pending with a total estimated exposure of \$121,228,251. As payment of its estimate of just compensation upon filing of these suits, DOTD deposited \$44,789,032 into the registry of the court. A reasonable possibility exists that DOTD will incur expropriation-related costs of \$77,356,715 in excess of the just compensation on deposit with the courts. As of June 30, 2011, there were 46 outstanding inverse condemnation suits with an estimated demand of \$3,763,825. DOTD has determined that it is reasonably possible that the actual settlements will total approximately \$6,613,694. Expropriation suits filed by levee boards and other expropriating entities, other than DOTD, have not been included in the above liability of pending expropriation suits, because the State does not appropriate amounts for other expropriating entities. In addition to the amount reported as Fund Balance-Reserve for Construction in the Capital Outlay Escrow Fund, DOTD indicates that \$134,867,922 in flood control and construction contracts is outstanding and unfunded at June 30, 2011.

As of June 30, 2011, 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) has advised that the total amount of pending litigation affecting the DOR's right to tax, where there is a probable likelihood that an asset has been impaired or a liability has been incurred as of fiscal year ended June 30, 2011, is \$29,398,785 (accrued in the accompanying financial statements). 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 ended June 30, 2011, is \$140,859,088. These estimates include a large number of refund claims that were filed as a result of the enactment of Act 6 of the First Extraordinary Session of the Louisiana Legislature of 2001. This legislation amended LRS 47:1621 and expanded the conditions under which the DOR is now authorized to make tax refunds.

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, 2011, were \$180,449,814, which is included in the accompanying financial statements. 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

The future liability for disallowed costs, existing claims, and contracts against the discrete component units of the State is approximately \$143,102,962, which is accrued in the accompanying financial statements. Also, as of June 30, 2011, there are existing claims and contracts totaling \$37,409,812 against discrete component units of the State where there is a reasonable possibility that the entities will incur liability. These probable and reasonably possible liabilities include claims and contract cases against Louisiana Citizens Property Insurance Corporation - \$112,494,906; Pontchartrain Levee District - \$26,918,000; Southeast Louisiana Flood Protection Authority-East - \$29,614,374; Louisiana Agricultural Finance Authority - \$3,200,000; Greater Baton Rouge Port Commission - \$2,500,000; Greater New Orleans Expressway Commission - \$1,197,373; Fifth Louisiana Levee District \$1,463,212; Louisiana Housing Finance Agency - \$1,000,000; and other component units - \$2,124,909.

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. Liabilities from disallowances and settlement agreements with the federal government are estimated to be \$311,295,750 (accrued in the accompanying financial statements). In addition, as of June 30, 2011, there are disallowed costs of \$29,305,594 for which it is reasonably possible that the State will incur liability.

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, 2011, is \$1,010,244. At this time, the State anticipates no material losses because of this federal program.

E. UNDERGROUND STORAGE TANKS

The 718 Underground Storage Tanks (UST) sites are remediated under The Resource Conservation and Recovery Act (RCRA) Subtitle I and may be eligible for funding through the state's Motor Fuels Underground Storage Tank Trust Fund or the U.S. EPA's Leaking Underground Storage Tank (LUST) Trust Fund. The Underground Storage Tank Trust Fund is established by statute to collect fees from underground storage tank owners; fund assets are then used to finance remediation and/or removal of leaking storage tanks.

Louisiana spent \$15,271,211 assessing and remediating USTs in fiscal year ending June 30, 2011. The ending liability of \$34,673,754 will be funded by the Motor Fuels Underground Storage Tank Trust Fund.

F. POLLUTION REMEDIATION OBLIGATIONS

Louisiana is involved in various types of pollution and contamination remediation activities across the state. These activities include site assessments, site investigations, clean-up activities, and post-remediation monitoring. Remediation costs are usually funded by the Capital Outlay Escrow Fund through the Office of Facility Planning and Control or through the Department of Environmental Quality, which may obtain federal grants and state General Fund appropriations for such projects.

The current value of a remediation obligation liability is based on assumptions or expectations about future events that affect the measurement of the liability under the expected cash flow technique. However, the expectations are subject to change over time due to changes in technology, changes in applicable federal, state, and local laws or regulations, price increases or decreases, or changes in the remediation plan. In addition, the state seeks insurance recovery or the identification of potentially responsible parties to recover remediation costs. These recoveries may reduce costs of remediation when the recovery becomes recognizable or probable. Under specific circumstances, costs of remediation may be capitalized as part of a capital asset.

During the fiscal year, Louisiana spent \$327,621,691 for pollution and contamination remediation activities. Of that total, \$10,802,557 was spent for Natural Resources Damage Assessment projects and received reimbursement of \$10,623,262; \$39,468,891 was spent on Pollution Remediation Funding Authorization projects and \$26,514,084 was reimbursed to the state. The state anticipates that it will ultimately be reimbursed for the unreimbursed amounts. Expenditures for projects not related to the Deepwater Horizon event totaled \$3,903,855 and recovery of \$182,088 was received from responsible parties. At June 30, 2011, the State had a pollution remediation obligation of \$32,492,265. These amounts include expenditures and ending liability for the BP oil spill discussed below.

On April 20, 2010, the British Petroleum Exploration Inc. (BP) experienced a fire and explosion on their leased Oil Rig in the Gulf of Mexico which was being operated by Transocean Ltd. at the time of the incident. This explosion resulted in an unprecedented spill of oil into the Gulf of Mexico along the Louisiana coast. The State responded to protect its environment by adopting a series of measures that included assessment of the damage, environmental impact, immediate clean up and remediation of the polluted environment, estimation of long term impact on its people and the environment, the cost of the clean up, and determination of the expected recovery from BP. The State's remediation activities have included use of various

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technologies as well as building of coastal sand berms for removal of the oil spill. At June 30 2011, the state spent \$281,834,867 on remediation activities and received reimbursements for those expenditures. The liability for future remediation of the pollution and the expected recovery cannot be reasonably estimated at this time. Although the full impact of the spill cannot be reasonably estimated, BP has taken responsibility for the cleanup of the spill, and the restoration of the State's environment.

The Louisiana Department of Transportation and Development (DOTD) has filed a lawsuit against ConocoPhillips Petroleum Inc. to either remediate hazardous waste or reimburse DOTD for all costs of remediating the contamination and redesigning planned construction, if necessary. ConocoPhillips released hazardous waste on its own property in Calcasieu Parish in 1987 and 1994. DOTD determined that the hazardous substance has migrated onto state property that is to be used for the reconstruction and expansion of Interstate-10. The trial is currently set for October 15, 2012. The costs of remediating the contamination cannot be estimated because the extent of the contamination has not yet been determined.

G. 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, 2011, which are not reflected on the accompanying financial reports, are as follows:

• General funds	\$1,301,561,783
• Self-Generated funds	239,576,732
• Statutorily Dedicated funds	316,128,082
• General Obligation Bonds	291,243,250
• Federal funds	2,375,582,874
• Interagency transfers	30,507,704
• Other funds	<u>316,398,267</u>
Total	<u>\$4,870,998,692</u>

H. ENCUMBRANCES

The State of Louisiana utilizes encumbrance accounting to identify fund obligations. The following encumbrances are included within the restricted, committed and assigned fund balances of the governmental funds for the fiscal year ended June 30, 2011 (in thousands):

	<u>Amount</u>
General Fund	\$117,560
Nonmajor Governmental Funds	--
Total Encumbrances	<u>\$117,560</u>

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NOTE 10: FUND BALANCE/NET ASSETS DISCLOSURES

A. CLASSIFICATION OF FUND BALANCES

Classifications of fund balances comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following table enumerates the fund balance classifications (expressed in thousands).

	GENERAL FUND	CAPITAL OUTLAY ESCROW FUND	LOUISIANA EDUCATION QUALITY TRUST FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
FUND BALANCES					
NONSPENDABLE:					
INVENTORY	\$ 76,273	\$ --	\$ --	\$ --	76,273
PERMANENT FUND PRINCIPAL	--	--	1,048,615	1,431,185	2,479,800
RESTRICTED FOR:					
GENERAL GOVERNMENT	169,247	--	--	--	169,247
BUDGET STABILIZATION	646,130	--	--	--	646,130
CAPITAL PROJECTS	--	35,751	--	--	35,751
CULTURE, RECREATION, AND TOURISM	1,510	--	--	1,241	2,751
DEBT SERVICE	--	--	--	435,192	435,192
TRANSPORTATION AND DEVELOPMENT	76,758	--	--	406,959	483,717
PUBLIC SAFETY	666	--	--	--	666
HEALTH AND WELFARE	56,739	--	--	11,018	67,757
YOUTH SERVICES	76	--	--	--	76
CONSERVATION AND ENVIRONMENT	460,341	--	--	18,056	478,397
EDUCATION	27,790	--	48,133	100,336	176,259
COMMITTED FOR:					
GENERAL GOVERNMENT	905,250	--	--	48,175	953,425
CAPITAL PROJECTS	--	638,314	--	--	638,314
CULTURE, RECREATION, AND TOURISM	8,618	--	--	11,146	19,764
TRANSPORTATION AND DEVELOPMENT	601	--	--	--	601
PUBLIC SAFETY	68,614	--	--	--	68,614
HEALTH AND WELFARE	845,674	--	--	--	845,674
INTERGOVERNMENTAL	2,112	--	--	--	2,112
CORRECTIONS	2,515	--	--	--	2,515
YOUTH SERVICES	44	--	--	--	44
CONSERVATION AND ENVIRONMENT	223,556	--	--	--	223,556
EDUCATION	16,970	--	--	--	16,970
ASSIGNED FOR:					
GENERAL GOVERNMENT	206,114	--	--	--	206,114
CULTURE, RECREATION, AND TOURISM	1,162	--	--	--	1,162
TRANSPORTATION AND DEVELOPMENT	4,584	--	--	--	4,584
PUBLIC SAFETY	11,622	--	--	--	11,622
HEALTH AND WELFARE	2,646	--	--	--	2,646
CORRECTIONS	6,554	--	--	--	6,554
YOUTH SERVICES	94	--	--	--	94
EDUCATION	1,276	--	--	--	1,276
UNASSIGNED					
	111,769	--	--	--	111,769
TOTAL FUND BALANCE	\$ 3,935,305	\$ 674,065	\$ 1,096,748	\$ 2,463,308	\$ 8,169,426

B. 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, 2010	\$ 17,516,077
Prior Period Adjustments	<u>(3,731,201)</u>
Beginning Net Assets as Restated	\$ <u>13,784,876</u>

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Beginning net assets for governmental activities decreased by \$3,731,201 for infrastructure, construction in progress, and for various other prior period adjustments. The majority prior period adjustment was due to the State changing the way it capitalizes infrastructure. Since the implementation of GASB Statement 34 in 2002, the State used the Wooster Method to capitalize its infrastructure assets. Under this method infrastructure was capitalized by recording the total dollars spent on infrastructure by year, which resulted in one aggregate value each year instead of separate values for each individual infrastructure asset. All infrastructure expenditures were capitalized, including maintenance and repairs. In fiscal year 2011, the state moved to an individual asset approach where values were assigned to every infrastructure asset and deflated back to their respective year of construction. Maintenance and repair costs were identified and expensed or removed from the capitalized amounts, which resulted in a reduction of capitalized infrastructure.

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

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

	<u>General Fund</u>	<u>Major/Nonmajor Governmental Funds</u>	<u>Major/Nonmajor Enterprise Funds</u>	<u>Component Units</u>
Fund Balances/Net Assets at June 30, 2010	\$ 964,416	\$ 8,067,287	\$ 1,992,229	\$ 3,473,018
Reclassification of Fund Types	3,536,635	(3,536,635)	(23,254)	23,254
Prior period adjustments	\$ 15,485	\$ (75,050)	--	(63,837)
Beginning Fund Balances/Net Assets as Restated	<u>\$ 4,516,536</u>	<u>\$ 4,455,602</u>	<u>\$ 1,968,975</u>	<u>\$ 3,432,435</u>

D. ENTITY RECLASSIFICATIONS

(expressed in thousands)

The beginning fund balance of the General Fund increased by \$3,536,635 with the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 provides specific criteria for funds to be considered “special revenue funds.” For years prior to implementation, Louisiana classified many funds as special revenue funds because they were special-purpose funds created by the state constitution or by legislative acts. Because of GASB 54 criteria, most of those funds can no longer be considered special revenue funds and are now reported within the State General Fund. In addition, Lifetime License Endowment Trust Fund, a permanent fund prior to the GASB 54 implementation, has now been reclassified to the General Fund. Consequently, the reclassification of many previously reported special revenue funds and the permanent fund to the General Fund caused a decrease in the June 30, 2010, fund balance of major/nonmajor governmental funds. The beginning net assets of the major/nonmajor enterprise funds decreased by (\$23,254) and Component Units increased by \$23,254 when the Louisiana Lottery Corporation was reclassified from an enterprise fund to a discretely-presented component unit.

E. PRIOR PERIOD ADJUSTMENTS

(expressed in thousands)

The beginning fund balance of the General Fund increased by \$15,485 for prior period adjustments relating to the Louisiana Agricultural Finance Authority (a component unit), two special purpose subfunds (the Louisiana Economic Development Fund and the State Highway Improvement Fund), and for various other prior period adjustments.

The beginning fund balance of the major/nonmajor governmental funds decreased by (\$75,050) for various prior period adjustments in the Capital Outlay Escrow Fund and the Louisiana Education Quality Trust Fund. For discretely-presented component units, the adjustment to beginning net assets is due to a decrease in beginning net assets of \$63,837 for colleges and universities, the Louisiana Economic Development Corporation, and the Louisiana Agricultural Finance Authority for various prior period adjustments.

F. BUDGET STABILIZATION

(expressed in thousands)

Louisiana voters first approved a constitutional amendment in 1990 to formally set aside funds for use when the state’s Revenue Estimating Conference (REC) forecasts revenue shortfalls for the subsequent fiscal year or projects a budgetary deficit in the current fiscal year. The funds set aside are deposited into the Budget Stabilization Fund, as authorized by Louisiana Constitution Article VII, Section 10.3 and Louisiana LRS. 39.94. The fund’s activity is accounted for within the General Fund and has a restricted fund balance of \$646,130 at June 30, 2011, in the accompanying financial statements.

Budget Stabilization is funded by the following sources in accordance with the Constitution: (1) all money available for appropriation from the state general fund and dedicated funds in excess of the expenditure limit; (2) all mineral revenues in excess of \$850 million received by the state in each fiscal year; (3) 25% of any money designated in the official forecast as nonrecurring; (4) legislative appropriations to the fund, including any appropriation to the fund from money designated in the official forecast; and (5) the fund's investment earnings realized in each fiscal year. No appropriation or deposit to the fund can be made if the appropriation or deposit would cause the fund cash balance to exceed 4% of total state revenue receipts for the previous fiscal year.

Budget stabilization resources are only available for expenditure under the following circumstances and with the consent of two-thirds of the elected members of each house of the legislature: (1) when the official forecast of recurring money for the next fiscal year is less than the official forecast of recurring money for the current fiscal year, the difference (not to exceed one-third of the fund) can be incorporated into the next year's official forecast or (2) when a deficit for the current fiscal year is projected due to a decrease in the official forecast, an amount equal to one-third of the fund (not to exceed the projected deficit) may be appropriated (expended). However, the Constitution states that the amount of budget stabilization funds included in the official forecast for the next fiscal year plus the amount appropriated in the current fiscal year cannot exceed one-third of the stabilization fund balance at the beginning of the current fiscal year.

NOTE 11: OTHER DISCLOSURES

A. PATIENT'S COMPENSATION FUND OVERSIGHT BOARD

The Patient's Compensation Fund acts primarily as an agent to facilitate payment of medical malpractice claims by 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. Although RS 40:1299.44 indicates that the fund and any income from it are not public monies, the fund's financial transactions and long-term obligations of \$771,420,000 are included in the accompanying financial statements in accordance with the provisions of GASB Codification Section 1100.108-112. The long-term obligations reported at June 30, 2011, are based on actuarial projections made as of December 31, 2010.

B. LOUISIANA HOUSING FINANCE AGENCY

The Louisiana Housing Finance Agency has single and multifamily mortgage revenue bonds outstanding of \$882,000,000 which are not included in the accompanying financial statements. The obligations of the bond 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.

C. 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 \$39,721,528 have been purchased as of June 30, 2011. At

June 30, 2011, there were 106 active annuities valued at \$203,911,613. Of the 106 annuities, 81 annuities release the State from further liability on the related claims. The remaining 25 annuities, valued at \$51,460,162 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.

D. 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 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 \$854,834,780. Changes in the reported liability since June 30, 2010, 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
2010-11	\$954,757	\$857,080	(\$858,212)	(\$9,218)	\$944,407
2009-10	\$949,177	\$956,140	(\$950,740)	\$180	\$954,757

E. 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 and is responsible

State of Louisiana

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 ended June 30, 2011, DeSoto Parish School Board received amounts totaling \$29,299,021 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, 2011, the net amount held by the Foundation for rentals is \$7,064,310, which includes \$2,814,481 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 was 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.

F. CONTINGENT RECEIVABLES AND PAYABLES FOR UNCOMPENSATED CARE COSTS

NOTE 12: SUBSEQUENT EVENTS

A. CONSTITUTIONAL AMENDMENTS

Five amendments to the Louisiana Constitution of 1974 were proposed and voted on at a general statewide election held October 22, 2011. Three of the five passed and are summarized below:

- Provides that once the balance in the Millennium Trust reaches \$1.38 billion, 100% of the annual Tobacco Master Settlement Proceeds shall be dedicated to the TOPS program and that the proceeds of the 4 cents per pack tax on certain

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 DSH costs requested from the Federal Health and Human Services Agency by LSUHSC-HCSD through the Louisiana Department of Health and Hospitals were, after audit adjustments, found to include unallowable expenditures of \$362,053,628 in Federal Financial Participation (FFP). The original letter dated December 2, 2002, from the Centers for Medicare and Medicaid Services (CMS) requested the State establish accounts receivable for these overpayments and refund the FFP within 60 days of receipt of the letter. Because the State did not do this, CMS again requested in a September 15, 2009, letter that the State make an adjustment to reduce FFP expenditures by \$362,053,628 on the next quarterly expenditure report (Form CMS-64), which would result in a reduction of federal funds owed to the State.

On January 12, 2011 the state reached an agreement with CMS to repay \$239,639,170, of the disallowed costs, including interest, in five quarterly payments of \$47,927,834. The last of those payments is expected to be made on March 31, 2012. As of June 30, 2011 the balance of the disallowed costs remaining to be repaid was \$143,783,502.

G. ADOPTION OF NEW ACCOUNTING STANDARDS

For the year ended June 30, 2011, the State of Louisiana implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*; and GASB Statement 59, *Financial Instruments Omnibus*.

tobacco products are now constitutionally mandated and dedicated to the Health Excellence Fund. TOPS and the Health Excellence Fund are two of the three funds that comprise the Millennium Trust.

- Provides that 5% of the monies identified as nonrecurring revenues in the official revenue forecast be applied to the unfunded accrued liability of LASERS and TRSLA for fiscal years 2013-2014 and 2014-2015, and for fiscal year 2015-2016 and each year following, 10% of such nonrecurring revenue be applied for the same purpose.

- Designates the Patient's Compensation Fund as a private custodial fund to be used for the benefit and protection of medical malpractice claimants and private health care provider members; it also provides that the assets of the fund shall not be state property.

One additional proposed amendment to the Louisiana Constitution of 1974 was approved at a general statewide election held November 19, 2011. The amendment is summarized below:

- Prohibits the levy of new taxes or fees on the sale or transfer of immovable property, including documentary transaction taxes or fees, by the state or any of its political subdivisions.

B. COOPERATIVE ENDEAVOR AGREEMENT WITH ST. JAMES PARISH

On September 14, 2011, St James Parish issued \$26.65 million in Gulf Opportunity Zone Revenue Bonds Series 2011 to support financing of capital expenditures made or to be made by Nucor Steel Louisiana LLC or Nucor Corporation. Monies are to be used for the acquisition, construction and equipping of an iron-making facility, land, docks, wharves and related improvements in St. James Parish.

The State and the Louisiana Department of Economic Development entered into a cooperative endeavor agreement with St. James Parish in which the State has agreed, subject to appropriation, to make payments for principal, interest and premium, if any, to the parish as the debt service comes due. As a result, the bonds constitute a debt, liability or pledge of the faith and credit of the State of Louisiana and will count against the State's current debt limitation.

C. TRANSFER OF UNIVERSITY OF NEW ORLEANS TO THE UNIVERSITY OF LOUISIANA SYSTEM

Act 419 of the 2011 Regular Legislative Session authorized the transfer of the University of New Orleans from oversight by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College to the Board of Supervisors for the University of Louisiana System. Final approval of the transfer is required by the Southern Association for Colleges and Schools, Commission of Colleges (SACS-COC) and was approved at the Commission's December 6, 2011, annual meeting.

D. BOND ISSUANCES - Discrete Component Units

1. Revenue Bond Series 2011 for the Louisiana Community and Technical College System (LCTCS)

The LCTCS Facilities Corporation, a blended component unit of the LCTCS, issued revenue bonds on October 27, 2011, through the Louisiana Local Government Environmental Facilities and Community Development Authority. The revenue bonds were issued as Series 2011 for \$42,646,377. Series 2011 was issued to finance Phase Three of the capital improvements and enhancements to certain facilities and properties of colleges within LCTCS.

2. Baton Rouge Community College (BRCC) Facilities Corporation Revenue Refunding Bonds

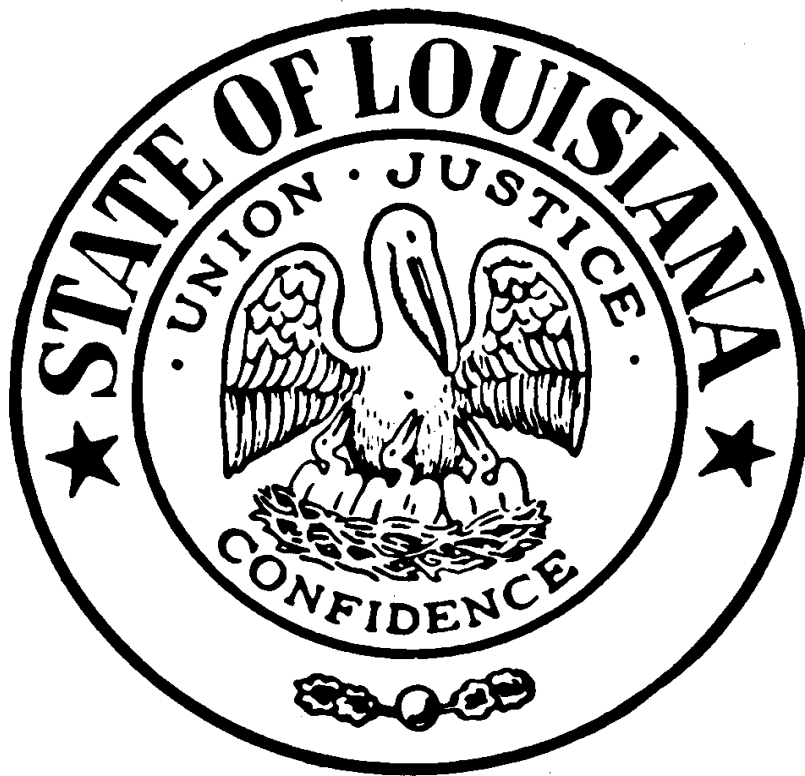
On October 11, 2011, the BRCC Facilities Corporation, a blended component unit of LCTCS' Baton Rouge Community College, issued \$31,495,000 in revenue refunding bonds through the Louisiana Local Government Environmental Facilities and Community Development Authority. The bonds were issued to refund a portion of the BRCC Facilities Corporation Series 2002 bonds.

3. Sabine River Authority

The Sabine River Authority issued \$10 million in revenue bonds on August 31, 2011. These are non-taxable bonds issued at 3.04% interest for 10 years and will be used for certain repairs and improvements to the Sabine River diversion system.

E. FEMA TO PROVIDE ADDITIONAL FUNDING

In April 2011, FEMA recalculated Louisiana's portion of the Hazard Mitigation Grant Program. As a result, Louisiana will be receiving an additional \$389.6 million for hurricane damage. The money will be allocated to the parishes based their level of damages; spending plans will be developed by local leaders. The money may be used for home elevations, installation of storm shutters and hurricane-proof windows, levee and drainage repairs and other projects to protect against future storms.



REQUIRED SUPPLEMENTARY
INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION
AND ANALYSIS

State of Louisiana

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
INTERGOVERNMENTAL	\$ 11,494,715	\$ 12,294,567	\$ 11,594,179	\$ (700,388)
USE OF MONEY AND PROPERTY	--	--	18,237	18,237
SALES OF COMMODITIES	958,531	920,046	996,741	76,695
OTHER	198,427	200,217	191,243	(8,974)
INTERAGENCY TRANSFERS	1,447,757	1,509,140	1,409,904	(99,236)
TOTAL REVENUES	14,099,430	14,923,970	14,210,304	(713,666)
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	5,402,978	5,923,198	5,108,926	814,272
CULTURE, RECREATION, AND TOURISM	87,393	102,738	93,794	8,944
TRANSPORTATION AND DEVELOPMENT	539,557	559,232	520,880	38,352
PUBLIC SAFETY	659,666	681,816	400,447	281,369
HEALTH AND WELFARE	9,053,717	9,503,283	9,105,002	398,281
CORRECTIONS	687,412	693,684	677,472	16,212
YOUTH SERVICES	158,626	148,748	140,116	8,632
CONSERVATION	623,017	639,751	342,898	296,853
EDUCATION	9,470,320	9,741,014	9,157,651	583,363
OTHER	26,001	26,269	21,641	4,628
INTERGOVERNMENTAL	396,206	401,853	385,278	16,575
DEBT SERVICE	93,935	93,935	63,578	30,357
TOTAL EXPENDITURES	27,198,828	28,515,521	26,017,683	2,497,838
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(13,099,398)	(13,591,551)	(11,807,379)	1,784,172
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	11,338,031	11,850,857	12,759,311	908,454
TRANSFERS OUT	(63,942)	(63,242)	(687,512)	(624,270)
TOTAL OTHER FINANCING SOURCES	11,274,089	11,787,615	12,071,799	284,184
NET CHANGES IN FUND BALANCES	\$ (1,825,309)	\$ (1,803,936)	\$ 264,420	\$ 2,068,356

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, 2011

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, 2011, is presented below (expressed in thousands) for the General Fund.

Net Change in Fund Balances (GAAP)	\$	(585,390)
Reconciling Adjustments:		
Basis Differences:		
To Adjust for Revenue Accruals and Deferrals		3,009,994
To Adjust for Expenditure Accruals		(2,745,818)
To Delete IAT Related Transfers In		1,967,073
To Delete IAT Expenditures		(1,978,266)
Perspective Differences:		
Special Revenue Funds Reclassified to General Fund for GASB 54 Presentation		<u>596,827</u>
Net Change in Fund Balances (Budgetary Basis)	\$	<u>264,420</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.

State of Louisiana

OTHER POSTEMPLOYMENT BENEFITS PLANS

FOR THE YEAR ENDED JUNE 30, 2011

OGB Plan

The State's Other Postemployment Benefits (OPEB) Plan is administered by the Office of Group Benefits (OGB) as an agent multiple-employer defined benefit OPEB plan. It provides health and life insurance coverage to eligible members. The following tables present the actuarially determined funding progress and required contributions for the OGB OPEB Plan using the projected unit credit cost method.

Schedule of Funding Progress

(Expressed in Thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
Primary Government	7/1/2008	\$0	\$9,317,980	\$9,317,980	0.00%	\$1,641,049	567.81%
Primary Government	7/1/2009	\$0	\$7,490,167	\$7,490,167	0.00%	\$1,830,427	409.20%
Primary Government	7/1/2010	\$0	\$6,405,570	\$6,405,570	0.00%	\$1,806,149	354.65%
Component Units	7/1/2008	\$0	\$4,409,394	\$4,409,394	0.00%	\$1,452,549	303.56%
Component Units	7/1/2009	\$0	\$3,413,382	\$3,413,382	0.00%	\$1,491,615	228.84%
Component Units	7/1/2010	\$0	\$2,943,379	\$2,943,379	0.00%	\$1,447,577	203.33%

Schedule of Employer Contributions

(Expressed in Thousands)

	Fiscal Year Ended	Annual Required Contribution (ARC) (a)	Contributions (b)	Percentage Contributed (b/a)
Primary Government	6/30/2009	\$764,448	\$141,309	18.49%
Primary Government	6/30/2010	\$576,478	\$147,050	25.51%
Primary Government	6/30/2011	\$472,125	\$152,871	32.38%
Component Units	6/30/2009	\$376,648	\$68,234	18.12%
Component Units	6/30/2010	\$274,834	\$69,427	25.26%
Component Units	6/30/2011	\$231,989	\$71,125	30.66%

LSU Health Plan

The Louisiana State University (LSU) System (System), a discretely presented component unit of the State, offers its eligible employees, retirees, and their beneficiaries healthcare coverage through the LSU Health Plan. It is a single-employer defined benefit plan. The following tables present the actuarially determined funding progress and required contributions for the LSU Health Plan using the projected unit credit cost method.

Schedule of Funding Progress

(Expressed in Thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
Primary Government	7/1/2008	\$0	\$16,685	\$16,685	0.00%	\$23,011	72.51%
Primary Government	7/1/2009	\$0	\$15,585	\$15,585	0.00%	\$23,197	67.19%
Primary Government	7/1/2010	\$0	\$17,279	\$17,279	0.00%	\$25,785	67.01%
Component Units	7/1/2008	\$0	\$471,004	\$471,004	0.00%	\$612,660	76.88%
Component Units	7/1/2009	\$0	\$608,551	\$608,551	0.00%	\$629,381	96.69%
Component Units	7/1/2010	\$0	\$663,824	\$663,824	0.00%	\$594,837	111.60%

Schedule of Employer Contributions

(Expressed in Thousands)

	Fiscal Year Ended	Annual Required Contribution (ARC) (a)	Contributions (b)	Percentage Contributed (b/a)
Primary Government	6/30/2009	\$3,626	\$512	14.12%
Primary Government	6/30/2010	\$2,067	\$515	24.92%
Primary Government	6/30/2011	\$2,207	\$553	25.06%
Component Units	6/30/2009	\$55,291	\$11,295	20.43%
Component Units	6/30/2010	\$62,333	\$12,599	20.21%
Component Units	6/30/2011	\$66,446	\$13,716	20.64%



**BUDGETARY COMPARISON
SCHEDULE
MAJOR DEBT SERVICE FUND**

State of Louisiana

BUDGETARY COMPARISON SCHEDULE - BOND SECURITY AND REDEMPTION FUND

BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES:				
INTERGOVERNMENTAL	\$ 7,277	\$ 7,607	\$ 27,404	\$ 19,797
TAXES	7,469,331	7,588,200	7,563,685	(24,515)
GAMING	809,700	830,234	810,331	(19,903)
TOBACCO SETTLEMENT	61,000	55,400	55,407	7
USE OF MONEY AND PROPERTY	732,167	667,130	699,624	32,494
LICENSES, PERMITS, AND FEES	365,691	396,211	527,692	131,481
SALES OF COMMODITIES	43,548	48,747	81,812	33,065
OTHER	420,809	472,740	390,040	(82,700)
INTERAGENCY TRANSFERS	1,732,666	2,069,428	1,604,388	(465,040)
TOTAL REVENUES	11,642,189	12,135,697	11,760,383	(375,314)
EXPENDITURES:				
CURRENT:				
DEBT SERVICE	312,108	298,256	308,198	(9,942)
TOTAL EXPENDITURES	312,108	298,256	308,198	(9,942)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,330,081	11,837,441	11,452,185	(385,256)
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	--	--	55	55
TRANSFERS OUT	(11,330,081)	(11,837,441)	(11,452,240)	385,201
TOTAL OTHER FINANCING SOURCES AND (USES)	(11,330,081)	(11,837,441)	(11,452,185)	385,256
NET CHANGES IN FUND BALANCES	\$ --	\$ --	\$ --	\$ --



COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULE – NONMAJOR
FUNDS



State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	EMPLOYMENT SECURITY ADMINISTRATIVE ACCOUNT	FEDERAL ENERGY SETTLEMENT FUND	INCUMBENT WORKER TRAINING ACCOUNT	LABOR PENALTY AND INTEREST ACCOUNT
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 7,660	\$ 18,061	\$ 33,671	\$ 4,852
INVESTMENTS	--	--	--	--
RECEIVABLES (NET)	777	--	3,808	2,239
DUE FROM OTHER FUNDS	--	--	--	--
DUE FROM FEDERAL GOVERNMENT	--	--	--	--
TOTAL ASSETS	\$ 8,437	\$ 18,061	\$ 37,479	\$ 7,091
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUALS	\$ --	\$ --	\$ --	\$ --
DUE TO OTHER FUNDS	729	10	3,772	331
OTHER LIABILITIES	--	--	--	--
TOTAL LIABILITIES	729	10	3,772	331
FUND BALANCES:				
NONSPENDABLE	--	--	--	--
RESTRICTED	--	18,051	--	--
COMMITTED	7,708	--	33,707	6,760
TOTAL FUND BALANCES	7,708	18,051	33,707	6,760
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,437	\$ 18,061	\$ 37,479	\$ 7,091

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	EMPLOYMENT SECURITY ADMINISTRATIVE ACCOUNT	FEDERAL ENERGY SETTLEMENT FUND	INCUMBENT WORKER TRAINING ACCOUNT	LABOR PENALTY AND INTEREST ACCOUNT
REVENUES:				
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --
TAXES	4,660	--	23,405	3,528
TOBACCO SETTLEMENT	--	--	--	--
USE OF MONEY AND PROPERTY	19	32	60	44
LICENSES, PERMITS, AND FEES	--	--	--	84
OTHER	--	139	--	--
TOTAL REVENUES	4,679	171	23,465	3,656
EXPENDITURES:				
INTERGOVERNMENTAL	--	--	--	--
DEBT SERVICE:				
PRINCIPAL RETIREMENT	--	--	--	--
INTEREST AND FISCAL CHARGES	--	--	--	--
OTHER	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,679	171	23,465	3,656
OTHER FINANCING SOURCES (USES):				
LONG-TERM DEBT ISSUED	--	--	--	--
LONG-TERM DEBT ISSUED - PREMIUMS	--	--	--	--
TRANSFERS IN	--	--	--	--
TRANSFERS OUT	(2,606)	(772)	(22,688)	(3,027)
TOTAL OTHER FINANCING SOURCES (USES)	(2,606)	(772)	(22,688)	(3,027)
NET CHANGE IN FUND BALANCES	2,073	(601)	777	629
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	5,635	18,652	32,930	6,131
FUND BALANCES AT END OF YEAR	\$ 7,708	\$ 18,051	\$ 33,707	\$ 6,760

(Continued)

State of Louisiana

SPECIAL REVENUE FUNDS

LOUISIANA TOURISM PROMOTION DISTRICT	MARSH ISLAND OPERATING FUND	RETIREMENT SYSTEMS INSURANCE PROCEEDS FUND	STATE HIGHWAY FUND #2	TIDELANDS FUND	TRANSPORTATION TRUST FUND	TOTAL SPECIAL REVENUE FUNDS JUNE 30, 2011
\$ 6,368	\$ 377	\$ --	\$ 9,310	\$ 5	\$ 369,890	\$ 450,194
--	--	--	--	--	--	--
1,822	34	--	865	--	--	9,545
2,956	--	--	--	--	85,519	88,475
--	--	--	--	--	109,466	109,466
<u>\$ 11,146</u>	<u>\$ 411</u>	<u>\$ --</u>	<u>\$ 10,175</u>	<u>\$ 5</u>	<u>\$ 564,875</u>	<u>\$ 657,680</u>
\$ --	\$ --	\$ --	\$ 5,087	\$ --	\$ 12	\$ 5,099
--	411	--	5,088	--	157,904	168,245
--	--	--	--	--	--	--
--	411	--	10,175	--	157,916	173,344
--	--	--	--	--	--	--
11,146	--	--	--	5	406,959	425,015
--	--	--	--	--	--	59,321
<u>11,146</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5</u>	<u>406,959</u>	<u>484,336</u>
<u>\$ 11,146</u>	<u>\$ 411</u>	<u>\$ --</u>	<u>\$ 10,175</u>	<u>\$ 5</u>	<u>\$ 564,875</u>	<u>\$ 657,680</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 958,674	\$ 958,674
23,070	--	--	--	--	--	54,663
4	312	--	--	--	--	254
--	--	53,986	10,175	--	(217)	64,245
--	--	--	--	--	--	139
<u>23,074</u>	<u>312</u>	<u>53,986</u>	<u>10,175</u>	<u>--</u>	<u>958,457</u>	<u>1,077,975</u>
--	--	52,486	5,087	--	--	57,573
--	--	--	--	--	--	--
--	--	1,500	--	--	21,889	21,889
--	--	53,986	5,087	--	14,940	16,440
<u>23,074</u>	<u>312</u>	<u>--</u>	<u>5,088</u>	<u>--</u>	<u>36,829</u>	<u>95,902</u>
<u>23,074</u>	<u>312</u>	<u>--</u>	<u>5,088</u>	<u>--</u>	<u>921,628</u>	<u>982,073</u>
--	--	--	--	--	--	--
5,956	428	--	--	--	588,063	594,447
(25,315)	(740)	--	(5,088)	--	(1,559,140)	(1,619,376)
<u>(19,359)</u>	<u>(312)</u>	<u>--</u>	<u>(5,088)</u>	<u>--</u>	<u>(971,077)</u>	<u>(1,024,929)</u>
3,715	--	--	--	--	(49,449)	(42,856)
7,431	--	--	--	5	456,408	527,192
<u>\$ 11,146</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5</u>	<u>\$ 406,959</u>	<u>\$ 484,336</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

PERMANENT FUNDS

JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	TOBACCO SETTLEMENT FINANCING CORPORATION	TRANSPORTATION INFRASTRUCTURE MODEL FOR ECONOMIC DEVELOPMENT	TOTAL DEBT SERVICE FUNDS JUNE 30, 2011	EDUCATION EXCELLENCE FUND
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 264	\$ 166,768	\$ 167,032	\$ 117,944
INVESTMENTS	127,410	162,900	290,310	448,258
RECEIVABLES (NET)	--	--	--	--
DUE FROM OTHER FUNDS	--	--	--	--
DUE FROM FEDERAL GOVERNMENT	--	--	--	--
TOTAL ASSETS	\$ 127,674	\$ 329,668	\$ 457,342	\$ 566,202
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUALS	\$ 10	\$ 10,545	\$ 10,555	\$ 742
DUE TO OTHER FUNDS	--	11,595	11,595	222
OTHER LIABILITIES	--	--	--	--
TOTAL LIABILITIES	10	22,140	22,150	964
FUND BALANCES:				
NONSPENDABLE	--	--	--	476,296
RESTRICTED	127,664	307,528	435,192	88,942
COMMITTED	--	--	--	--
TOTAL FUND BALANCES	127,664	307,528	435,192	565,238
TOTAL LIABILITIES AND FUND BALANCES	\$ 127,674	\$ 329,668	\$ 457,342	\$ 566,202

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	TOBACCO SETTLEMENT FINANCING CORPORATION	TRANSPORTATION INFRASTRUCTURE MODEL FOR ECONOMIC DEVELOPMENT	TOTAL DEBT SERVICE FUNDS JUNE 30, 2011	EDUCATION EXCELLENCE FUND
REVENUES:				
INTERGOVERNMENTAL REVENUES	\$ --	\$ --	\$ --	\$ --
TAXES	--	97,704	97,704	--
TOBACCO SETTLEMENT	83,111	--	83,111	--
USE OF MONEY AND PROPERTY	4,147	--	4,147	327
LICENSES, PERMITS, AND FEES	--	--	--	--
OTHER	--	--	--	14,619
TOTAL REVENUES	87,258	97,704	184,962	14,946
EXPENDITURES:				
INTERGOVERNMENTAL	--	--	--	--
DEBT SERVICE:				
PRINCIPAL RETIREMENT	36,110	6,090	42,200	--
INTEREST AND FISCAL CHARGES	52,032	93,289	145,321	--
OTHER	100	15	115	21,666
TOTAL EXPENDITURES	88,242	99,394	187,636	21,666
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(984)	(1,690)	(2,674)	(6,720)
OTHER FINANCING SOURCES (USES):				
LONG-TERM DEBT ISSUED	--	394,310	394,310	--
LONG-TERM DEBT ISSUED - PREMIUMS	--	32,646	32,646	--
TRANSFERS IN	--	24,576	24,576	28,731
TRANSFERS OUT	--	(280,420)	(280,420)	(15,041)
TOTAL OTHER FINANCING SOURCES (USES)	--	171,112	171,112	13,690
NET CHANGE IN FUND BALANCES	(984)	169,422	168,438	6,970
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	128,648	138,106	266,754	558,268
FUND BALANCES AT END OF YEAR	\$ 127,664	\$ 307,528	\$ 435,192	\$ 565,238

(Concluded)

State of Louisiana

PERMANENT FUNDS

FULLER- EDWARDS ARBORETUM TRUST FUND	HEALTH EXCELLENCE FUND	W. R. IRBY BEQUEST FUND	TOPS FUND	TOTAL PERMANENT FUNDS JUNE 30, 2011	TOTAL NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2011
\$ 216	\$ 60,998	\$ 957	\$ 59,863	\$ 239,978	\$ 857,204
--	428,178	--	428,178	1,304,614	1,594,924
--	--	200	--	200	9,745
--	--	--	--	--	88,475
--	--	--	--	--	109,466
<u>\$ 216</u>	<u>\$ 489,176</u>	<u>\$ 1,157</u>	<u>\$ 488,041</u>	<u>\$ 1,544,792</u>	<u>\$ 2,659,814</u>
\$ --	\$ --	\$ --	\$ --	\$ 742	\$ 16,396
--	8	--	8	238	180,078
--	--	32	--	32	32
--	8	32	8	1,012	196,506
100	478,150	--	476,639	1,431,185	1,431,185
116	11,018	1,125	11,394	112,595	972,802
--	--	--	--	--	59,321
<u>216</u>	<u>489,168</u>	<u>1,125</u>	<u>488,033</u>	<u>1,543,780</u>	<u>2,463,308</u>
<u>\$ 216</u>	<u>\$ 489,176</u>	<u>\$ 1,157</u>	<u>\$ 488,041</u>	<u>\$ 1,544,792</u>	<u>\$ 2,659,814</u>

FULLER- EDWARDS ARBORETUM TRUST FUND	HEALTH EXCELLENCE FUND	W. R. IRBY BEQUEST FUND	TOPS FUND	TOTAL PERMANENT FUNDS JUNE 30, 2011	TOTAL NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2011
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 958,674
--	--	--	--	--	152,367
--	--	--	--	--	83,111
1	--	1,582	--	1,910	8,311
--	--	--	--	--	64,245
--	--	144	--	14,763	14,902
<u>1</u>	<u>--</u>	<u>1,726</u>	<u>--</u>	<u>16,673</u>	<u>1,279,610</u>
--	--	--	--	--	57,573
--	--	--	--	--	42,200
--	--	--	--	--	167,210
<u>1</u>	<u>--</u>	<u>1,502</u>	<u>--</u>	<u>23,169</u>	<u>39,724</u>
<u>1</u>	<u>--</u>	<u>1,502</u>	<u>--</u>	<u>23,169</u>	<u>306,707</u>
--	--	224	--	(6,496)	972,903
--	--	--	--	--	394,310
--	--	--	--	--	32,646
--	28,444	--	28,444	85,619	704,642
--	(15,049)	--	(16,080)	(46,170)	(1,945,966)
--	13,395	--	12,364	39,449	(814,368)
--	13,395	224	12,364	32,953	158,535
<u>216</u>	<u>475,773</u>	<u>901</u>	<u>475,669</u>	<u>1,510,827</u>	<u>2,304,773</u>
<u>\$ 216</u>	<u>\$ 489,168</u>	<u>\$ 1,125</u>	<u>\$ 488,033</u>	<u>\$ 1,543,780</u>	<u>\$ 2,463,308</u>

State of Louisiana

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

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	EMPLOYMENT SECURITY ADMINISTRATION ACCOUNT			FEDERAL ENERGY SETTLEMENT FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL *	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	5,044	4,660	(384)	--	--	--
USE OF MONEY AND PROPERTY	--	19	19	16,778	63	(16,715)
LICENSES, PERMITS, AND FEES	--	--	--	--	--	--
OTHER	--	--	--	--	139	139
TOTAL REVENUES	5,044	4,679	(365)	16,778	202	(16,576)
EXPENDITURES:						
INTERGOVERNMENTAL	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,044	4,679	(365)	16,778	202	(16,576)
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	--	--	--	--	--	--
TRANSFERS OUT	(5,044)	(2,606)	2,438	(16,778)	(772)	16,006
TOTAL OTHER FINANCING SOURCES (USES)	(5,044)	(2,606)	2,438	(16,778)	(772)	16,006
NET CHANGES IN FUND BALANCES	\$ --	\$ 2,073	\$ 2,073	\$ --	\$ (570)	\$ (570)

	INCUMBENT WORKER TRAINING ACCOUNT			LABOR PENALTY AND INTEREST ACCOUNT		
	BUDGET	ACTUAL *	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	26,624	23,405	(3,219)	2,299	3,528	1,229
USE OF MONEY AND PROPERTY	--	102	102	--	44	44
LICENSES, PERMITS, AND FEES	--	--	--	--	84	84
OTHER	--	--	--	--	--	--
TOTAL REVENUES	26,624	23,507	(3,117)	2,299	3,656	1,357
EXPENDITURES:						
INTERGOVERNMENTAL	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26,624	23,507	(3,117)	2,299	3,656	1,357
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	--	--	--	--	--	--
TRANSFERS OUT	(26,624)	(22,688)	3,936	(2,299)	(3,027)	(728)
TOTAL OTHER FINANCING SOURCES (USES)	(26,624)	(22,688)	3,936	(2,299)	(3,027)	(728)
NET CHANGES IN FUND BALANCES	\$ --	\$ 819	\$ 819	\$ --	\$ 629	\$ 629

* "Actual" on the budgetary basis includes only realized gains/losses on investments.

Both realized and unrealized gains/losses are recognized as revenue in governmental funds.

** Reclassification between revenues or expenditures and Other Financing Sources (Uses) is required for the budgetary basis.

(Continued)

State of Louisiana

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

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	LOUISIANA TOURISM PROMOTION DISTRICT			MARSH ISLAND OPERATING FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL **	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	21,800	23,070	1,270	--	--	--
USE OF MONEY AND PROPERTY	--	4	4	623	312	(311)
LICENSES, PERMITS, AND FEES	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL REVENUES	21,800	23,074	1,274	623	312	(311)
EXPENDITURES:						
INTERGOVERNMENTAL	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	21,800	23,074	1,274	623	312	(311)
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	--	5,956	5,956	--	428	428
TRANSFERS OUT	(21,800)	(25,315)	(3,515)	(623)	(740)	(117)
TOTAL OTHER FINANCING SOURCES (USES)	(21,800)	(19,359)	2,441	(623)	(312)	311
NET CHANGES IN FUND BALANCES	\$ --	\$ 3,715	\$ 3,715	\$ --	\$ --	\$ --

	RETIREMENT SYSTEM INSURANCE PROCEEDS FUND			STATE HIGHWAY FUND #2		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TAXES	--	--	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	--	--	--	--
LICENSES, PERMITS, AND FEES	54,000	53,986	(14)	11,400	10,175	(1,225)
OTHER	--	--	--	--	--	--
TOTAL REVENUES	54,000	53,986	(14)	11,400	10,175	(1,225)
EXPENDITURES:						
INTERGOVERNMENTAL	54,000	52,486	1,514	11,400	5,087	6,313
OTHER	--	1,500	(1,500)	--	--	--
TOTAL EXPENDITURES	54,000	53,986	14	11,400	5,087	6,313
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	--	--	--	5,088	5,088
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	--	--	--	--	--	--
TRANSFERS OUT	--	--	--	--	(5,088)	(5,088)
TOTAL OTHER FINANCING SOURCES (USES)	--	--	--	--	(5,088)	(5,088)
NET CHANGES IN FUND BALANCES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

State of Louisiana

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

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	TRANSPORTATION TRUST FUND			TOTAL BUDGETED SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL *	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
INTERGOVERNMENTAL	\$ 717,968	\$ 958,674	\$ 240,706	\$ 717,968	\$ 958,674	\$ 240,706
TAXES	--	--	--	55,767	54,663	(1,104)
USE OF MONEY AND PROPERTY	--	--	--	17,401	544	(16,857)
LICENSES, PERMITS, AND FEES	--	--	--	65,400	64,245	(1,155)
OTHER	--	--	--	--	139	139
TOTAL REVENUES	717,968	958,674	240,706	856,536	1,078,265	221,729
EXPENDITURES:						
INTERGOVERNMENTAL	--	--	--	65,400	57,573	7,827
OTHER	--	36,829	(36,829)	--	38,329	(38,329)
TOTAL EXPENDITURES	--	36,829	(36,829)	65,400	95,902	(30,502)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	717,968	921,845	203,877	791,136	982,363	191,227
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN	556,200	588,063	31,863	556,200	594,447	38,247
TRANSFERS OUT	(1,274,168)	(1,559,140)	(284,972)	(1,347,336)	(1,619,376)	(272,040)
TOTAL OTHER FINANCING SOURCES (USES)	(717,968)	(971,077)	(253,109)	(791,136)	(1,024,929)	(233,793)
NET CHANGES IN FUND BALANCES	\$ --	\$ (49,232)	\$ (49,232)	\$ --	\$ (42,566)	\$ (42,566)

* "Actual" on the budgetary basis includes only realized gains/losses on investments.

Both realized and unrealized gains/losses are recognized as revenue in governmental funds.

** Reclassification between revenues or expenditures and Other Financing Sources (Uses) is required for the budgetary basis.

(Concluded)



State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	BOARDS AND COMMISSIONS	BROWNSFIELDS CLEANUP REVOLVING LOAN FUND	CLEAN WATER STATE REVOLVING FUND	DRINKING WATER REVOLVING LOAN FUND	LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY
ASSETS					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 28,270	\$ --	\$ 239,305	\$ 30,937	\$ 1,199
RESTRICTED CASH AND CASH EQUIVALENTS	1,599	--	--	--	--
INVESTMENTS	6,892	--	--	--	--
RECEIVABLES (NET)	1,615	--	1,339	1,045	154
DUE FROM FEDERAL GOVERNMENT	--	15	242	--	--
INVENTORIES	7	--	--	--	135
PREPAYMENTS	58	--	--	--	--
NOTES RECEIVABLE	--	--	16,359	6,186	--
OTHER CURRENT ASSETS	1	--	--	--	--
TOTAL CURRENT ASSETS	38,442	15	257,245	38,168	1,488
NONCURRENT ASSETS:					
RESTRICTED ASSETS					
CASH	--	--	--	--	--
INVESTMENTS	252	--	--	--	--
RECEIVABLES	71	--	--	--	--
INVESTMENTS	2,776	--	--	--	--
NOTES RECEIVABLE	--	--	207,665	125,443	--
CAPITAL ASSETS (NOTE 5)					
LAND	2,481	--	--	--	--
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	7,497	--	--	--	684
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	649	--	--	--	52
INFRASTRUCTURE (NET OF DEPRECIATION)	--	--	--	--	--
INTANGIBLE ASSETS (NET OF AMORTIZATION)	273	--	--	--	--
CONSTRUCTION IN PROGRESS	1,468	--	--	--	--
OTHER NONCURRENT ASSETS	43	--	--	--	--
TOTAL NONCURRENT ASSETS	15,510	--	207,665	125,443	736
TOTAL ASSETS	\$ 53,952	\$ 15	\$ 464,910	\$ 163,611	\$ 2,224
LIABILITIES					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUALS	\$ 2,460	\$ --	\$ 194	\$ 7	\$ 173
DUE TO OTHER FUNDS	--	15	68	--	--
DEFERRED REVENUES	4,292	--	--	--	--
OTHER CURRENT LIABILITIES	286	--	--	--	--
CURRENT PORTION OF LONG-TERM LIABILITIES:					
COMPENSATED ABSENCES PAYABLE	210	--	--	--	7
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--
NOTES PAYABLE	87	--	--	--	--
BONDS PAYABLE (NET OF UNAMORTIZED DISCOUNTS)	--	--	--	400	--
OTHER LONG-TERM LIABILITIES	--	--	--	--	--
TOTAL CURRENT LIABILITIES	7,335	15	262	407	180
NONCURRENT LIABILITIES:					
NONCURRENT PORTION OF LONG-TERM LIABILITIES:					
COMPENSATED ABSENCES PAYABLE	899	--	--	--	46
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--
DEFERRED REVENUES	266	--	--	--	--
CLAIMS AND LITIGATION PAYABLE	50	--	--	--	--
NOTES PAYABLE	2,361	--	--	--	--
BONDS PAYABLE (NET OF UNAMORTIZED DISCOUNTS)	--	--	--	1,600	--
OPEB PAYABLE	8,860	--	--	--	504
TOTAL NONCURRENT LIABILITIES	12,436	--	--	1,600	550
TOTAL LIABILITIES	19,771	15	262	2,007	730
NET ASSETS					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	9,919	--	--	--	735
RESTRICTED FOR CAPITAL PROJECTS	--	--	--	--	--
RESTRICTED FOR OTHER SPECIFIC PURPOSES	1,929	--	--	--	--
UNRESTRICTED	22,333	--	464,648	161,604	759
TOTAL NET ASSETS	34,181	--	464,648	161,604	1,494
TOTAL LIABILITIES AND NET ASSETS	\$ 53,952	\$ 15	\$ 464,910	\$ 163,611	\$ 2,224

State of Louisiana

LOUISIANA GULF OPPORTUNITY ZONE LOAN FUND	LOUISIANA PROPERTY ASSISTANCE AGENCY	LOUISIANA TRANSPORTATION AUTHORITY	PRISON ENTERPRISES	PUBLIC SAFETY SERVICES CAFETERIA	DONALD J. THIBODEAUX TRAINING COMPLEX	TOTAL NONMAJOR ENTERPRISE FUNDS
\$ --	\$ 6,976	\$ --	\$ 4,178	\$ 45	\$ 263	\$ 311,173
--	--	--	--	--	--	1,599
--	--	--	--	--	--	6,892
--	289	--	1,690	40	452	6,624
--	--	--	--	--	--	257
--	--	--	5,261	44	611	6,058
--	--	--	5	--	--	63
9,467	--	--	--	--	--	32,012
--	--	--	--	--	--	1
<u>9,467</u>	<u>7,265</u>	<u>--</u>	<u>11,134</u>	<u>129</u>	<u>1,326</u>	<u>364,679</u>
--	--	1,090	--	--	--	1,090
--	--	11,008	--	--	--	11,260
--	--	65	--	--	--	136
--	--	--	--	--	--	2,776
389,321	--	--	--	--	--	722,429
--	695	--	--	--	1,245	4,421
--	2,903	845	786	2,014	384	15,113
--	231	--	4,297	14	173	5,416
--	--	100,188	--	--	--	100,188
--	--	--	--	--	--	273
--	--	259,507	43	--	--	261,018
--	--	3,741	--	--	--	3,784
<u>389,321</u>	<u>3,829</u>	<u>376,444</u>	<u>5,126</u>	<u>2,028</u>	<u>1,802</u>	<u>1,127,904</u>
<u>\$ 398,788</u>	<u>\$ 11,094</u>	<u>\$ 376,444</u>	<u>\$ 16,260</u>	<u>\$ 2,157</u>	<u>\$ 3,128</u>	<u>\$ 1,492,583</u>
\$ --	\$ 410	\$ 5,891	\$ 2,221	\$ 67	\$ 293	\$ 11,716
--	--	--	--	1	7	91
--	--	400	1	--	--	4,693
--	--	514	--	--	--	800
--	11	--	31	--	8	267
--	--	--	36	--	--	36
--	17	--	--	--	--	104
--	--	--	--	--	--	400
--	--	266	--	--	--	266
<u>--</u>	<u>438</u>	<u>7,071</u>	<u>2,289</u>	<u>68</u>	<u>308</u>	<u>18,373</u>
--	143	--	431	--	244	1,763
--	--	--	22	--	--	22
--	--	--	--	--	--	266
--	--	--	--	--	--	50
--	--	--	--	--	--	2,361
--	--	165,106	--	--	--	166,706
--	1,465	--	4,415	375	2,057	17,676
<u>--</u>	<u>1,608</u>	<u>165,106</u>	<u>4,868</u>	<u>375</u>	<u>2,301</u>	<u>188,844</u>
<u>--</u>	<u>2,046</u>	<u>172,177</u>	<u>7,157</u>	<u>443</u>	<u>2,609</u>	<u>207,217</u>
--	3,812	195,434	5,068	2,028	1,802	218,798
--	--	5,703	--	--	--	5,703
--	--	--	--	--	--	1,929
398,788	5,236	3,130	4,035	(314)	(1,283)	1,058,936
<u>398,788</u>	<u>9,048</u>	<u>204,267</u>	<u>9,103</u>	<u>1,714</u>	<u>519</u>	<u>1,285,366</u>
<u>\$ 398,788</u>	<u>\$ 11,094</u>	<u>\$ 376,444</u>	<u>\$ 16,260</u>	<u>\$ 2,157</u>	<u>\$ 3,128</u>	<u>\$ 1,492,583</u>

State of Louisiana

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

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	BOARDS AND COMMISSIONS	BROWNSFIELDS CLEANUP REVOLVING LOAN FUND	CLEAN WATER STATE REVOLVING FUND	DRINKING WATER REVOLVING LOAN FUND	LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY
OPERATING REVENUES:					
SALES OF COMMODITIES AND SERVICES	\$ 1,009	\$ --	\$ --	\$ --	\$ 2,938
ASSESSMENTS	6,035	--	--	--	--
USE OF MONEY AND PROPERTY	--	--	7,041	4,153	--
LICENSES, PERMITS, AND FEES	28,163	--	--	--	--
FEDERAL GRANTS AND CONTRACTS	2	--	22,564	9,291	--
OTHER	441	--	1,689	641	--
TOTAL OPERATING REVENUES	35,650	--	31,294	14,085	2,938
OPERATING EXPENSES:					
COST OF SALES AND SERVICES	6,078	--	22,768	9,291	1,762
ADMINISTRATIVE	28,818	--	--	--	1,252
DEPRECIATION	609	--	--	--	42
AMORTIZATION	22	--	--	--	--
TOTAL OPERATING EXPENSES	35,527	--	22,768	9,291	3,056
OPERATING INCOME (LOSS)	123	--	8,526	4,794	(118)
NONOPERATING REVENUES (EXPENSES):					
INTERGOVERNMENTAL EXPENSES	--	--	--	--	--
USE OF MONEY AND PROPERTY	156	--	--	--	3
GAIN ON DISPOSAL OF FIXED ASSETS	3	--	--	--	14
LOSS ON DISPOSAL OF FIXED ASSETS	(2)	--	--	--	(3)
INTEREST EXPENSE	(111)	--	--	(57)	--
OTHER REVENUES	2,778	--	--	--	1
OTHER EXPENSES	(2,792)	--	(162)	(51)	--
TOTAL NONOPERATING REVENUES (EXPENSES)	32	--	(162)	(108)	15
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	155	--	8,364	4,686	(103)
CAPITAL CONTRIBUTIONS	--	93	23,732	34,484	--
TRANSFERS OUT	--	(93)	(915)	--	--
CHANGE IN NET ASSETS	155	--	31,181	39,170	(103)
TOTAL NET ASSETS - BEGINNING AS RESTATED	34,026	--	433,467	122,434	1,597
TOTAL NET ASSETS - ENDING	\$ 34,181	\$ --	\$ 464,648	\$ 161,604	\$ 1,494

State of Louisiana

LOUISIANA GULF OPPORTUNITY ZONE LOAN FUND	LOUISIANA PROPERTY ASSISTANCE AGENCY	LOUISIANA TRANSPORTATION AUTHORITY	PRISON ENTERPRISES	PUBLIC SAFETY SERVICES CAFETERIA	DONALD J. THIBODEAUX TRAINING COMPLEX	TOTAL NONMAJOR ENTERPRISE FUNDS
\$ --	\$ 7,754	\$ --	\$ 27,203	\$ 1,064	\$ 5,461	\$ 45,429
--	--	--	--	--	--	6,035
--	--	--	--	--	--	11,194
--	--	4,562	--	--	--	32,725
--	--	--	--	--	--	31,857
--	--	--	--	--	--	2,771
<u>--</u>	<u>7,754</u>	<u>4,562</u>	<u>27,203</u>	<u>1,064</u>	<u>5,461</u>	<u>130,011</u>
--	3,425	--	15,180	885	--	59,389
--	3,527	13	11,062	264	5,587	50,523
--	227	2,659	485	65	132	4,219
--	--	161	--	--	--	183
<u>--</u>	<u>7,179</u>	<u>2,833</u>	<u>26,727</u>	<u>1,214</u>	<u>5,719</u>	<u>114,314</u>
--	575	1,729	476	(150)	(258)	15,697
--	--	--	(1,012)	--	--	(1,012)
--	23	56	15	--	3	256
--	12	--	430	--	--	459
--	--	--	(540)	(2)	(29)	(576)
--	(1)	(1,408)	(2)	--	--	(1,579)
--	--	4	122	--	--	2,905
--	--	(2,740)	(114)	--	--	(5,859)
<u>--</u>	<u>34</u>	<u>(4,088)</u>	<u>(1,101)</u>	<u>(2)</u>	<u>(26)</u>	<u>(5,406)</u>
--	609	(2,359)	(625)	(152)	(284)	10,291
--	--	49,210	--	--	--	107,519
--	--	--	--	(1)	--	(1,009)
--	609	46,851	(625)	(153)	(284)	116,801
<u>398,788</u>	<u>8,439</u>	<u>157,416</u>	<u>9,728</u>	<u>1,867</u>	<u>803</u>	<u>1,168,565</u>
<u>\$ 398,788</u>	<u>\$ 9,048</u>	<u>\$ 204,267</u>	<u>\$ 9,103</u>	<u>\$ 1,714</u>	<u>\$ 519</u>	<u>\$ 1,285,366</u>

State of Louisiana

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	BOARDS AND COMMISSIONS	BROWNSFIELDS CLEANUP REVOLVING LOAN FUND	CLEAN WATER STATE REVOLVING FUND	DRINKING WATER REVOLVING LOAN FUND	LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIVED FROM CUSTOMERS	\$ 35,495	\$ --	\$ 40,058	\$ 9,636	\$ 2,898
CASH PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	(16,209)	--	--	--	(2,021)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(16,658)	--	--	--	(800)
CLAIMS PAID TO OUTSIDERS	--	--	(51,524)	(41,693)	--
OTHER OPERATING REVENUES	76	--	23,142	100	--
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,704</u>	<u>--</u>	<u>11,676</u>	<u>(31,957)</u>	<u>77</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
PROCEEDS FROM SALE OF BONDS	--	--	4,483	5,948	--
PRINCIPAL PAID ON BONDS	--	--	(4,500)	(4,000)	--
INTEREST PAID ON BOND MATURITIES	--	--	(1)	(57)	--
TRANSFERS OUT	--	(79)	(919)	--	--
OTHER	189	--	(171)	--	1
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>189</u>	<u>(79)</u>	<u>(1,108)</u>	<u>1,891</u>	<u>1</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
PRINCIPAL PAID ON BONDS	--	--	--	--	--
INTEREST PAID ON BOND MATURITIES	--	--	--	--	--
PROCEEDS FROM ISSUANCE OF NOTES PAYABLE	1,300	--	--	--	--
PRINCIPAL PAID ON NOTES PAYABLE	(490)	--	--	--	--
INTEREST PAID ON NOTES PAYABLE	(111)	--	--	--	--
ACQUISITION/CONSTRUCTION OF CAPITAL ASSETS	(2,844)	--	--	--	(4)
PROCEEDS FROM SALE OF CAPITAL ASSETS	3	--	--	--	14
CAPITAL CONTRIBUTIONS	--	79	23,904	34,484	--
OTHER	(2)	--	--	--	--
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,144)</u>	<u>79</u>	<u>23,904</u>	<u>34,484</u>	<u>10</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
PURCHASES OF INVESTMENT SECURITIES	(6,594)	--	--	--	--
PROCEEDS FROM SALE OF INVESTMENT SECURITIES	12,272	--	--	--	--
INTEREST AND DIVIDENDS EARNED ON INVESTMENT SECURITIES	164	--	--	--	3
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>5,842</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,591	--	34,472	4,418	91
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR AS RESTATED	<u>23,278</u>	<u>--</u>	<u>204,833</u>	<u>26,519</u>	<u>1,108</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 29,869</u>	<u>\$ --</u>	<u>\$ 239,305</u>	<u>\$ 30,937</u>	<u>\$ 1,199</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	\$ 123	\$ --	\$ 8,526	\$ 4,794	\$ (118)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
DEPRECIATION/AMORTIZATION	631	--	--	--	42
OTHER	1	--	--	--	--
CHANGES IN ASSETS AND LIABILITIES:					
(INCREASE)DECREASE IN ACCOUNTS RECEIVABLE	(165)	--	211	(303)	(39)
(INCREASE)DECREASE IN DUE FROM OTHER FUNDS	16	--	12	--	--
(INCREASE)DECREASE IN PREPAYMENTS	(10)	--	--	--	--
(INCREASE)DECREASE IN INVENTORIES	(5)	--	--	--	48
(INCREASE)DECREASE IN OTHER ASSETS	5	--	3,098	(36,455)	--
INCREASE(DECREASE) IN ACCOUNTS PAYABLE AND ACCRUALS	469	--	(167)	7	60
INCREASE(DECREASE) IN COMPENSATED ABSENCES PAYABLE	(60)	--	--	--	(2)
INCREASE(DECREASE) IN DUE TO OTHER FUNDS	(3)	--	(4)	--	--
INCREASE(DECREASE) IN DEFERRED REVENUES	94	--	--	--	--
INCREASE(DECREASE) IN OPEB PAYABLE	1,564	--	--	--	86
INCREASE(DECREASE) IN OTHER LIABILITIES	44	--	--	--	--
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,704</u>	<u>\$ --</u>	<u>\$ 11,676</u>	<u>\$ (31,957)</u>	<u>\$ 77</u>

(Continued)

State of Louisiana

LOUISIANA GULF OPPORTUNITY ZONE LOAN FUND	LOUISIANA PROPERTY ASSISTANCE AGENCY	LOUISIANA TRANSPORTATION AUTHORITY	PRISON ENTERPRISES	PUBLIC SAFETY SERVICES CAFETERIA	DONALD J. THIBODEAUX TRAINING COMPLEX	TOTAL NONMAJOR ENTERPRISE FUNDS
\$ --	\$ 7,318	\$ 4,512	\$ 26,855	\$ 995	\$ 5,427	\$ 133,194
--	(5,766)	(13)	(19,417)	(906)	(2,888)	(47,220)
--	(2,171)	--	(6,879)	(192)	(2,793)	(29,493)
--	--	--	--	--	--	(93,217)
--	--	--	--	--	--	23,318
<u>--</u>	<u>(619)</u>	<u>4,499</u>	<u>559</u>	<u>(103)</u>	<u>(254)</u>	<u>(13,418)</u>
--	--	--	--	--	--	10,431
--	--	--	--	--	--	(8,500)
--	--	--	--	--	--	(58)
--	--	--	--	(1)	--	(999)
--	--	--	--	--	--	19
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(1)</u>	<u>--</u>	<u>893</u>
--	--	(645)	--	--	--	(645)
--	--	(1,042)	--	--	--	(1,042)
--	--	--	--	--	--	1,300
--	(62)	--	(34)	--	--	(586)
--	(1)	--	(2)	--	--	(114)
--	(87)	(11,544)	(927)	--	(74)	(15,480)
--	13	--	527	--	--	557
--	--	--	--	--	--	58,467
--	--	--	--	--	--	(2)
<u>--</u>	<u>(137)</u>	<u>(13,231)</u>	<u>(436)</u>	<u>--</u>	<u>(74)</u>	<u>42,455</u>
--	--	(7,076)	--	--	--	(13,670)
--	--	16,785	--	--	--	29,057
<u>--</u>	<u>23</u>	<u>56</u>	<u>15</u>	<u>--</u>	<u>3</u>	<u>264</u>
<u>--</u>	<u>23</u>	<u>9,765</u>	<u>15</u>	<u>--</u>	<u>3</u>	<u>15,651</u>
--	(733)	1,033	138	(104)	(325)	45,581
<u>--</u>	<u>7,709</u>	<u>57</u>	<u>4,040</u>	<u>149</u>	<u>588</u>	<u>268,281</u>
<u>\$ --</u>	<u>\$ 6,976</u>	<u>\$ 1,090</u>	<u>\$ 4,178</u>	<u>\$ 45</u>	<u>\$ 263</u>	<u>\$ 313,862</u>
\$ --	\$ 575	\$ 1,729	\$ 476	\$ (150)	\$ (258)	\$ 15,697
--	227	2,820	485	65	132	4,402
--	--	--	(1,123)	--	--	(1,122)
--	(143)	(50)	(345)	(8)	(33)	(875)
--	--	--	--	--	--	28
--	--	--	--	--	--	(10)
--	--	--	(433)	6	(205)	(589)
--	--	--	--	--	--	(33,352)
--	(1,506)	--	923	17	(268)	(465)
--	13	--	(4)	(17)	(40)	(110)
--	--	--	--	(60)	--	(67)
--	--	--	--	--	--	94
--	215	--	580	44	418	2,907
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>44</u>
<u>\$ --</u>	<u>\$ (619)</u>	<u>\$ 4,499</u>	<u>\$ 559</u>	<u>\$ (103)</u>	<u>\$ (254)</u>	<u>\$ (13,418)</u>

State of Louisiana

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

2011

LOUISIANA TRANSPORTATION AUTHORITY
CONTRIBUTIONS OF FIXED ASSETS

49,210

(Concluded)



State of Louisiana

COMBINING BALANCE SHEET

INTERNAL SERVICE FUNDS

JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	ADMINISTRATIVE SERVICES	CENTRAL REGIONAL LAUNDRY	LOUISIANA CORRECTIONAL FACILITIES CORPORATION
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 2,005	\$ 16	\$ 34
INVESTMENTS	--	--	997
RECEIVABLES (NET)	877	28	--
INVENTORIES	359	3	--
PREPAYMENTS	--	--	--
OTHER CURRENT ASSETS	--	--	365
TOTAL CURRENT ASSETS	<u>3,241</u>	<u>47</u>	<u>1,396</u>
NONCURRENT ASSETS:			
RESTRICTED ASSETS			
INVESTMENTS	--	--	2,405
CAPITAL ASSETS (NOTE 5)			
LAND	--	--	--
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	396	16	--
OTHER NONCURRENT ASSETS	--	--	--
TOTAL NONCURRENT ASSETS	<u>396</u>	<u>16</u>	<u>2,405</u>
TOTAL ASSETS	<u>\$ 3,637</u>	<u>\$ 63</u>	<u>\$ 3,801</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND ACCRUALS	\$ 298	\$ 27	\$ --
DUE TO OTHER FUNDS	--	--	--
DEFERRED REVENUES	--	--	--
CURRENT PORTION OF LONG-TERM LIABILITIES:			
COMPENSATED ABSENCES PAYABLE	15	1	--
NOTES PAYABLE	46	--	--
OTHER LONG-TERM LIABILITIES	--	--	278
TOTAL CURRENT LIABILITIES	<u>359</u>	<u>28</u>	<u>278</u>
NONCURRENT LIABILITIES:			
NONCURRENT PORTION OF LONG-TERM LIABILITIES:			
COMPENSATED ABSENCES PAYABLE	185	21	--
NOTES PAYABLE	--	--	--
OPEB PAYABLE	2,806	165	--
OTHER LONG-TERM LIABILITIES	--	--	576
TOTAL NONCURRENT LIABILITIES	<u>2,991</u>	<u>186</u>	<u>576</u>
TOTAL LIABILITIES	<u>3,350</u>	<u>214</u>	<u>854</u>
NET ASSETS			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	350	16	--
RESTRICTED FOR DEBT SERVICE	--	--	2,405
UNRESTRICTED	(63)	(167)	542
TOTAL NET ASSETS	<u>287</u>	<u>(151)</u>	<u>2,947</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,637</u>	<u>\$ 63</u>	<u>\$ 3,801</u>

State of Louisiana

LOUISIANA OFFICE BUILDING CORPORATION	OFFICE FACILITIES CORPORATION	OFFICE OF AIRCRAFT SERVICES	OFFICE OF TELECOMMUNICATIONS MANAGEMENT	TOTAL INTERNAL SERVICE FUNDS
\$ 473	\$ 6,990	\$ 220	\$ 3,129	\$ 12,867
--	78,875	--	--	79,872
--	3,015	746	4,378	9,044
--	--	137	--	499
--	29	--	--	29
--	--	--	--	365
<u>473</u>	<u>88,909</u>	<u>1,103</u>	<u>7,507</u>	<u>102,676</u>
--	9,570	--	--	11,975
--	301	--	--	301
--	111	1	1,067	1,591
--	2,270	--	--	2,270
<u>--</u>	<u>12,252</u>	<u>1</u>	<u>1,067</u>	<u>16,137</u>
<u>\$ 473</u>	<u>\$ 101,161</u>	<u>\$ 1,104</u>	<u>\$ 8,574</u>	<u>\$ 118,813</u>
\$ --	\$ 120	\$ 267	\$ 764	\$ 1,476
--	--	--	4	4
--	322	--	--	322
--	--	1	29	46
--	--	--	157	203
--	3,302	--	--	3,580
<u>--</u>	<u>3,744</u>	<u>268</u>	<u>954</u>	<u>5,631</u>
--	--	29	398	633
--	--	--	238	238
--	--	183	4,731	7,885
--	61,639	--	--	62,215
<u>--</u>	<u>61,639</u>	<u>212</u>	<u>5,367</u>	<u>70,971</u>
--	65,383	480	6,321	76,602
--	412	1	672	1,451
--	19,514	--	--	21,919
<u>473</u>	<u>15,852</u>	<u>623</u>	<u>1,581</u>	<u>18,841</u>
<u>473</u>	<u>35,778</u>	<u>624</u>	<u>2,253</u>	<u>42,211</u>
<u>\$ 473</u>	<u>\$ 101,161</u>	<u>\$ 1,104</u>	<u>\$ 8,574</u>	<u>\$ 118,813</u>

State of Louisiana

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

INTERNAL SERVICE FUNDS

JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	ADMINISTRATIVE SERVICES	CENTRAL REGIONAL LAUNDRY	LOUISIANA CORRECTIONAL FACILITIES CORPORATION	LOUISIANA OFFICE BUILDING CORPORATION
OPERATING REVENUES:				
SALES OF COMMODITIES AND SERVICES	\$ 7,297	\$ 343	\$ --	\$ --
USE OF MONEY AND PROPERTY	--	--	--	--
OTHER	33	--	--	--
TOTAL OPERATING REVENUES	<u>7,330</u>	<u>343</u>	<u>--</u>	<u>--</u>
OPERATING EXPENSES:				
COST OF SALES AND SERVICES	3,850	135	--	--
ADMINISTRATIVE	4,264	386	2,315	--
DEPRECIATION	162	3	--	--
AMORTIZATION	--	--	45	--
TOTAL OPERATING EXPENSES	<u>8,276</u>	<u>524</u>	<u>2,360</u>	<u>--</u>
OPERATING INCOME (LOSS)	<u>(946)</u>	<u>(181)</u>	<u>(2,360)</u>	<u>--</u>
NONOPERATING REVENUES (EXPENSES):				
USE OF MONEY AND PROPERTY	8	--	--	--
LOSS ON DISPOSAL OF FIXED ASSETS	(8)	--	--	--
INTEREST EXPENSE	(3)	--	(787)	--
OTHER REVENUES	16	--	879	--
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>13</u>	<u>--</u>	<u>92</u>	<u>--</u>
CHANGE IN NET ASSETS	(933)	(181)	(2,268)	--
TOTAL NET ASSETS - BEGINNING	<u>1,220</u>	<u>30</u>	<u>5,215</u>	<u>473</u>
TOTAL NET ASSETS - ENDING	<u>\$ 287</u>	<u>\$ (151)</u>	<u>\$ 2,947</u>	<u>\$ 473</u>

State of Louisiana

OFFICE FACILITIES CORPORATION	OFFICE OF AIRCRAFT SERVICES	OFFICE OF TELECOMMUNICATIONS MANAGEMENT	TOTAL INTERNAL SERVICE FUNDS
\$ --	\$ 2,245	\$ 48,440	\$ 58,325
26,464	--	--	26,464
--	--	--	33
<u>26,464</u>	<u>2,245</u>	<u>48,440</u>	<u>84,822</u>
--	1,730	40,830	46,545
25,003	434	8,986	41,388
78	1	574	818
158	--	--	203
<u>25,239</u>	<u>2,165</u>	<u>50,390</u>	<u>88,954</u>
1,225	80	(1,950)	(4,132)
9,566	5	6	9,585
--	--	(29)	(37)
(11,927)	--	(2)	(12,719)
--	1	--	896
<u>(2,361)</u>	<u>6</u>	<u>(25)</u>	<u>(2,275)</u>
(1,136)	86	(1,975)	(6,407)
<u>36,914</u>	<u>538</u>	<u>4,228</u>	<u>48,618</u>
\$ <u>35,778</u>	\$ <u>624</u>	\$ <u>2,253</u>	\$ <u>42,211</u>

State of Louisiana

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	ADMINISTRATIVE SERVICES	CENTRAL REGIONAL LAUNDRY	LOUISIANA CORRECTIONAL FACILITIES CORPORATION
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM CUSTOMERS	\$ 7,657	\$ 343	\$ --
CASH PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	(4,650)	(127)	(2,315)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(2,742)	(373)	--
OTHER OPERATING REVENUES	--	8	--
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>265</u>	<u>(149)</u>	<u>(2,315)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
OTHER	16	--	2,509
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>16</u>	<u>--</u>	<u>2,509</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
PROCEEDS FROM SALE OF BONDS	--	--	--
PRINCIPAL PAID ON BONDS	--	--	(1,630)
INTEREST PAID ON BOND MATURITIES	--	--	(879)
PROCEEDS FROM ISSUANCE OF NOTES PAYABLE	--	--	--
PRINCIPAL PAID ON NOTES PAYABLE	(70)	--	--
INTEREST PAID ON NOTES PAYABLE	(3)	--	--
ACQUISITION/CONSTRUCTION OF CAPITAL ASSETS	(196)	--	--
OTHER	--	--	--
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(269)</u>	<u>--</u>	<u>(2,509)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
PURCHASE OF INVESTMENT SECURITIES	--	--	(4,595)
PROCEEDS FROM SALE OF INVESTMENT SECURITIES	--	--	6,910
INTEREST AND DIVIDENDS EARNED ON INVESTMENT SECURITIES	7	--	--
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>7</u>	<u>--</u>	<u>2,315</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19	(149)	--
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,986</u>	<u>165</u>	<u>34</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,005</u>	<u>\$ 16</u>	<u>\$ 34</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	<u>\$ (946)</u>	<u>\$ (181)</u>	<u>\$ (2,360)</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION/AMORTIZATION	162	3	45
CHANGES IN ASSETS AND LIABILITIES:			
(INCREASE)DECREASE IN ACCOUNTS RECEIVABLE	357	8	--
(INCREASE)DECREASE IN PREPAYMENTS	2	--	--
(INCREASE)DECREASE IN INVENTORIES	274	8	--
(INCREASE)DECREASE IN OTHER ASSETS	--	--	45
INCREASE(DECREASE) IN ACCOUNTS PAYABLE AND ACCRUALS	6	1	--
INCREASE(DECREASE) IN COMPENSATED ABSENCES PAYABLE	(20)	(5)	--
INCREASE(DECREASE) IN DEFERRED REVENUES	--	--	--
INCREASE(DECREASE) IN OPEB PAYABLE	430	17	--
INCREASE(DECREASE) IN OTHER LIABILITIES	--	--	(45)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 265</u>	<u>\$ (149)</u>	<u>\$ (2,315)</u>

State of Louisiana

LOUISIANA OFFICE BUILDING CORPORATION	OFFICE FACILITIES CORPORATION	OFFICE OF AIRCRAFT SERVICES	OFFICE OF TELECOMMUNICATIONS MANAGEMENT	TOTAL INTERNAL SERVICE FUNDS
\$ --	\$ 26,001	\$ 2,060	\$ 49,045	\$ 85,106
--	(25,020)	(1,686)	(41,033)	(74,831)
--	--	(322)	(8,321)	(11,758)
<u>182</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>190</u>
<u>182</u>	<u>981</u>	<u>52</u>	<u>(309)</u>	<u>(1,293)</u>
--	--	1	--	2,526
<u>--</u>	<u>--</u>	<u>1</u>	<u>--</u>	<u>2,526</u>
--	61,939	--	--	61,939
--	(81,735)	--	--	(83,365)
--	(12,913)	--	--	(13,792)
--	--	--	474	474
--	--	--	(79)	(149)
--	--	--	(2)	(5)
--	--	--	(570)	(766)
--	30,668	--	--	30,668
<u>--</u>	<u>(2,041)</u>	<u>--</u>	<u>(177)</u>	<u>(4,996)</u>
--	(1,073)	--	--	(5,668)
--	8,369	--	--	15,279
<u>--</u>	<u>748</u>	<u>5</u>	<u>6</u>	<u>766</u>
<u>--</u>	<u>8,044</u>	<u>5</u>	<u>6</u>	<u>10,377</u>
182	6,984	58	(480)	6,614
<u>291</u>	<u>6</u>	<u>162</u>	<u>3,609</u>	<u>6,253</u>
<u>\$ 473</u>	<u>\$ 6,990</u>	<u>\$ 220</u>	<u>\$ 3,129</u>	<u>\$ 12,867</u>
\$ --	\$ 1,225	\$ 80	\$ (1,950)	\$ (4,132)
--	236	1	574	1,021
182	(418)	(185)	605	549
--	(11)	--	--	(9)
--	--	(50)	--	232
--	--	--	--	45
--	(29)	171	(232)	(83)
--	--	--	(53)	(78)
--	(22)	--	--	(22)
--	--	35	747	1,229
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(45)</u>
<u>\$ 182</u>	<u>\$ 981</u>	<u>\$ 52</u>	<u>\$ (309)</u>	<u>\$ (1,293)</u>

State of Louisiana

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

PENSION TRUST FUNDS

JUNE 30, 2011

(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, 2011
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 38,662	\$ 43,569	\$ 25	\$ 193,170	\$ 275,426
RECEIVABLES:					
EMPLOYER CONTRIBUTIONS	10,723	40,167	1,780	123,373	176,043
MEMBER CONTRIBUTIONS	3,006	15,250	247	56,788	75,291
INVESTMENT PROCEEDS	22,561	34,809	--	659,634	717,004
INTEREST AND DIVIDENDS	5,004	27,406	476	29,524	62,410
OTHER	115	3,500	--	12,091	15,706
TOTAL RECEIVABLES	41,409	121,132	2,503	881,410	1,046,454
INVESTMENTS (AT FAIR VALUE):					
SHORT TERM INVESTMENTS	34,644	324,679	20,349	738,221	1,117,893
U. S. GOVERNMENT AND AGENCY OBLIGATIONS	97,070	433,987	14,857	890,405	1,436,319
BONDS - DOMESTIC	152,857	1,001,780	88,895	484,548	1,728,080
BONDS - INTERNATIONAL	108,098	696,897	886	669,538	1,475,419
MARKETABLE SECURITIES - DOMESTIC	691,109	2,483,417	224,474	3,975,570	7,374,570
MARKETABLE SECURITIES - INTERNATIONAL	202,801	2,288,381	52,605	4,094,745	6,638,532
ALTERNATIVE INVESTMENTS	160,408	2,390,556	46,229	3,373,867	5,971,060
COLLATERAL HELD UNDER SECURITIES LENDING PROGRAM	1,915	794,161	17,060	1,193,140	2,006,276
OTHER	1,993	10	--	--	2,003
TOTAL INVESTMENTS	1,450,895	10,413,868	465,355	15,420,034	27,750,152
PROPERTY, PLANT AND EQUIPMENT:					
LAND	1,010	858	533	858	3,259
BUILDINGS AND IMPROVEMENTS	3,633	5,881	--	5,896	15,410
FURNITURE AND EQUIPMENT	358	3,028	127	4,704	8,217
INTANGIBLE ASSETS	--	10,887	--	--	10,887
CONSTRUCTION IN PROGRESS	--	--	292	--	292
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION	(1,690)	(10,782)	(121)	(7,159)	(19,752)
TOTAL PROPERTY, PLANT AND EQUIPMENT	3,311	9,872	831	4,299	18,313
TOTAL ASSETS	1,534,277	10,588,441	468,714	16,498,913	29,090,345
LIABILITIES					
ACCOUNTS PAYABLE	1,157	37,496	4,056	1,034	43,743
INVESTMENT COMMITMENTS PAYABLE	12,191	38,444	106	690,646	741,387
OBLIGATIONS UNDER SECURITIES LENDING PROGRAM	1,915	802,741	17,060	1,193,140	2,014,856
OPEB PAYABLE	2,282	6,263	297	8,078	16,920
REFUNDS PAYABLE AND OTHER	97	--	--	28,804	28,901
TOTAL LIABILITIES	17,642	884,944	21,519	1,921,702	2,845,807
NET ASSETS HELD IN TRUST FOR EMPLOYEES' PENSION BENEFITS	\$ 1,516,635	\$ 9,703,497	\$ 447,195	\$ 14,577,211	\$ 26,244,538

(Schedule of Funding Progress - Note 6)

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

PENSION TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(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, 2011
ADDITIONS					
CONTRIBUTIONS:					
EMPLOYER	\$ 72,918	\$ 557,564	\$ 35,305	\$ 853,918	\$ 1,519,705
MEMBERS	22,153	197,825	5,151	342,324	567,453
TOTAL CONTRIBUTIONS	95,071	755,389	40,456	1,196,242	2,087,158
INVESTMENT INCOME:					
NET INCREASE IN FAIR					
VALUE OF INVESTMENTS	260,257	1,416,682	76,461	2,674,018	4,427,418
INTEREST AND DIVIDENDS	30,142	197,179	6,077	265,545	498,943
ALTERNATIVE INVESTMENT INCOME	2,077	284,939	--	67,989	355,005
LESS ALTERNATIVE INVESTMENT EXPENSES	--	(36,758)	--	(35,504)	(72,262)
SECURITIES LENDING INCOME	486	14,310	2	5,709	20,507
LESS SECURITIES LENDING EXPENSES	(148)	258	--	1,182	1,292
OTHER INVESTMENT INCOME (LOSS)	(866)	532	--	342	8
LESS INVESTMENT EXPENSE OTHER THAN					
ALTERNATIVE INVESTMENTS AND SECURITIES LENDING	(4,313)	(22,829)	(1,302)	(36,587)	(65,031)
NET INVESTMENT INCOME	287,635	1,854,313	81,238	2,942,694	5,165,880
OTHER INCOME	--	14,692	2,537	93,060	110,289
TOTAL ADDITIONS	382,706	2,624,394	124,231	4,231,996	7,363,327
DEDUCTIONS					
RETIREMENT BENEFITS	143,626	915,841	42,713	1,615,778	2,717,958
REFUNDS OF CONTRIBUTIONS	3,214	41,554	118	43,006	87,892
ADMINISTRATIVE EXPENSES	4,578	16,261	555	16,895	38,289
DEPRECIATION AND AMORTIZATION EXPENSES	124	1,920	2	537	2,583
OTHER	381	--	169	--	550
TOTAL DEDUCTIONS	151,923	975,576	43,557	1,676,216	2,847,272
NET INCREASE IN NET ASSETS	230,783	1,648,818	80,674	2,555,780	4,516,055
NET ASSETS HELD IN TRUST FOR					
EMPLOYEES' PENSION BENEFITS					
BEGINNING OF YEAR AS RESTATED	1,285,852	8,054,679	366,521	12,021,431	21,728,483
END OF YEAR	\$ 1,516,635	\$ 9,703,497	\$ 447,195	\$ 14,577,211	\$ 26,244,538

State of Louisiana

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	DEBT SERVICE RESERVE FUND	ESCROW FUND	FREE SCHOOL FUND	FUTURE MEDICAL CARE FUND	INSURANCE TRUSTS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 3,602	\$ 236,069	\$ 4,735	\$ 9,329	\$ 1,817
INVESTMENTS	--	133,493	23,800	--	42,535
RECEIVABLES	--	130,337	413	--	10,267
OTHER ASSETS	--	--	--	--	417
TOTAL ASSETS	\$ 3,602	\$ 499,899	\$ 28,948	\$ 9,329	\$ 55,036
LIABILITIES					
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 3,602	\$ 362,729	\$ 27,539	\$ 9,329	\$ 54,675
OTHER LIABILITIES	--	137,170	1,409	--	361
TOTAL LIABILITIES	\$ 3,602	\$ 499,899	\$ 28,948	\$ 9,329	\$ 55,036

	MISCEL- LANEOUS AGENCY FUNDS	NON-STATE ENTITIES OPEB	PARISH ROYALTY FUND	PAYROLL CLEARING FUND	TOTAL JUNE 30, 2011
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 18,032	\$ 63,369	\$ 20,158	\$ 2,224	\$ 359,335
INVESTMENTS	--	--	--	--	199,828
RECEIVABLES	--	4,813	6,408	--	152,238
OTHER ASSETS	--	--	--	--	417
TOTAL ASSETS	\$ 18,032	\$ 68,182	\$ 26,566	\$ 2,224	\$ 711,818
LIABILITIES					
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 18,032	\$ 54,333	\$ --	\$ 2,224	\$ 532,463
OTHER LIABILITIES	--	13,849	26,566	--	179,355
TOTAL LIABILITIES	\$ 18,032	\$ 68,182	\$ 26,566	\$ 2,224	\$ 711,818

State of Louisiana

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	BALANCE JULY 1, 2010	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2011
<u>DEBT SERVICE RESERVE FUND</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 3,977	\$ --	\$ 375	\$ 3,602
TOTAL ASSETS	<u>\$ 3,977</u>	<u>\$ --</u>	<u>\$ 375</u>	<u>\$ 3,602</u>
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 3,977	\$ --	\$ 375	\$ 3,602
TOTAL LIABILITIES	<u>\$ 3,977</u>	<u>\$ --</u>	<u>\$ 375</u>	<u>\$ 3,602</u>
<u>ESCROW FUND</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 202,029	\$ 1,170,867	\$ 1,136,827	\$ 236,069
INVESTMENTS	99,120	34,373	--	133,493
RECEIVABLES	125,375	130,337	125,375	130,337
TOTAL ASSETS	<u>\$ 426,524</u>	<u>\$ 1,335,577</u>	<u>\$ 1,262,202</u>	<u>\$ 499,899</u>
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 287,768	\$ 1,210,201	\$ 1,135,240	\$ 362,729
OTHER LIABILITIES	138,756	137,170	138,756	137,170
TOTAL LIABILITIES	<u>\$ 426,524</u>	<u>\$ 1,347,371</u>	<u>\$ 1,273,996</u>	<u>\$ 499,899</u>
<u>FREE SCHOOL FUND</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 3,533	\$ 6,145	\$ 4,943	\$ 4,735
INVESTMENTS	22,500	4,492	3,192	23,800
RECEIVABLES	403	65	55	413
TOTAL ASSETS	<u>\$ 26,436</u>	<u>\$ 10,702</u>	<u>\$ 8,190</u>	<u>\$ 28,948</u>
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 26,436	\$ 3,094	\$ 1,991	\$ 27,539
OTHER LIABILITIES	--	1,409	--	1,409
TOTAL LIABILITIES	<u>\$ 26,436</u>	<u>\$ 4,503</u>	<u>\$ 1,991</u>	<u>\$ 28,948</u>

(Continued)

State of Louisiana

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	BALANCE JULY 1, 2010	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2011
<u>FUTURE MEDICAL CARE FUND</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 9,431	\$ 609	\$ 711	\$ 9,329
RECEIVABLES	6	--	6	--
TOTAL ASSETS	\$ 9,437	\$ 609	\$ 717	\$ 9,329
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 9,437	\$ 603	\$ 711	\$ 9,329
TOTAL LIABILITIES	\$ 9,437	\$ 603	\$ 711	\$ 9,329
<u>INSURANCE TRUSTS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 2,284	\$ 38,603	\$ 39,070	\$ 1,817
INVESTMENTS	40,408	17,487	15,360	42,535
RECEIVABLES	12,227	2,990	4,950	10,267
OTHER ASSETS	417	3	3	417
TOTAL ASSETS	\$ 55,336	\$ 59,083	\$ 59,383	\$ 55,036
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 50,640	\$ 58,723	\$ 54,688	\$ 54,675
OTHER LIABILITIES	4,696	361	4,696	361
TOTAL LIABILITIES	\$ 55,336	\$ 59,084	\$ 59,384	\$ 55,036
<u>MISCELLANEOUS AGENCY FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 18,347	\$ 79,228	\$ 79,543	\$ 18,032
TOTAL ASSETS	\$ 18,347	\$ 79,228	\$ 79,543	\$ 18,032
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 18,347	\$ 79,228	\$ 79,543	\$ 18,032
TOTAL LIABILITIES	\$ 18,347	\$ 79,228	\$ 79,543	\$ 18,032
<u>NON-STATE ENTITIES OPEB</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 66,687	\$ 169,575	\$ 172,893	\$ 63,369
RECEIVABLES	3,459	170,929	169,575	4,813
TOTAL ASSETS	\$ 70,146	\$ 340,504	\$ 342,468	\$ 68,182
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 57,335	\$ 170,929	\$ 173,931	\$ 54,333
OTHER LIABILITIES	12,811	173,931	172,893	13,849
TOTAL LIABILITIES	\$ 70,146	\$ 344,860	\$ 346,824	\$ 68,182

(Continued)

State of Louisiana

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	BALANCE JULY 1, 2010	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2011
<u>PARISH ROYALTY FUND</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 15,222	\$ 50,753	\$ 45,817	\$ 20,158
RECEIVABLES	<u>5,795</u>	<u>6,408</u>	<u>5,795</u>	<u>6,408</u>
TOTAL ASSETS	<u>\$ 21,017</u>	<u>\$ 57,161</u>	<u>\$ 51,612</u>	<u>\$ 26,566</u>
LIABILITIES:				
OTHER LIABILITIES	\$ 21,017	\$ 51,366	\$ 45,817	\$ 26,566
TOTAL LIABILITIES	<u>\$ 21,017</u>	<u>\$ 51,366</u>	<u>\$ 45,817</u>	<u>\$ 26,566</u>
<u>PAYROLL CLEARING FUND</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,876	\$ 2,851,735	\$ 2,851,387	\$ 2,224
TOTAL ASSETS	<u>\$ 1,876</u>	<u>\$ 2,851,735</u>	<u>\$ 2,851,387</u>	<u>\$ 2,224</u>
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 1,876	\$ 2,851,735	\$ 2,851,387	\$ 2,224
TOTAL LIABILITIES	<u>\$ 1,876</u>	<u>\$ 2,851,735</u>	<u>\$ 2,851,387</u>	<u>\$ 2,224</u>
<u>TOTAL ALL AGENCY FUNDS *</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 323,386	\$ 4,367,515	\$ 4,331,566	\$ 359,335
INVESTMENTS	162,028	56,352	18,552	199,828
RECEIVABLES	147,265	310,729	305,756	152,238
OTHER ASSETS	<u>417</u>	<u>3</u>	<u>3</u>	<u>417</u>
TOTAL ASSETS	<u>\$ 633,096</u>	<u>\$ 4,734,599</u>	<u>\$ 4,655,877</u>	<u>\$ 711,818</u>
LIABILITIES:				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 455,816	\$ 4,374,513	\$ 4,297,866	\$ 532,463
OTHER LIABILITIES	<u>177,280</u>	<u>364,237</u>	<u>362,162</u>	<u>179,355</u>
TOTAL LIABILITIES	<u>\$ 633,096</u>	<u>\$ 4,738,750</u>	<u>\$ 4,660,028</u>	<u>\$ 711,818</u>

* Beginning balances restated

(Concluded)

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR COMPONENT UNITS

JUNE 30, 2011

(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	\$ 5,657	\$ 3,893	\$ 2,429	\$ 6,499	\$ 5,242	\$ 12,077
RESTRICTED CASH AND CASH EQUIVALENTS	--	--	--	--	12,432	--
INVESTMENTS	64	--	--	11,457	--	--
RESTRICTED INVESTMENTS	--	--	--	788	--	--
RECEIVABLES (NET)	195	427	752	1,193	140	719
AMOUNTS DUE FROM PRIMARY GOVERNMENT	--	2,210	844	--	108	932
DUE FROM FEDERAL GOVERNMENT	--	265	38	263	--	--
INVENTORIES	--	4,961	556	--	320	66
PREPAYMENTS	3	--	--	69	637	19
NOTES RECEIVABLE	--	--	--	--	--	--
OTHER CURRENT ASSETS	--	--	--	--	--	--
TOTAL CURRENT ASSETS	5,919	11,756	4,619	20,269	18,879	13,813
NONCURRENT ASSETS:						
RESTRICTED ASSETS:						
CASH	--	--	--	--	3,644	--
INVESTMENTS	398	--	--	--	10,962	--
RECEIVABLES (NET)	--	--	--	--	5,797	--
INVESTMENTS	23,488	--	--	--	--	--
NOTES RECEIVABLE	--	--	--	--	--	--
CAPITAL ASSETS (NOTE 5)						
LAND	402	--	--	8,109	--	--
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	673	--	--	29,450	2,484	174
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	91	278	398	1,133	3,043	334
INFRASTRUCTURE (NET OF DEPRECIATION)	--	--	--	7,863	106,330	--
INTANGIBLE ASSETS (NET OF AMORTIZATION)	--	--	--	--	--	--
CONSTRUCTION IN PROGRESS	--	--	--	7,502	--	--
OTHER NONCURRENT ASSETS	--	--	--	135	1,509	--
TOTAL NONCURRENT ASSETS	25,052	278	398	54,192	133,769	508
TOTAL ASSETS	\$ 30,971	\$ 12,034	\$ 5,017	\$ 74,461	\$ 152,648	\$ 14,321
LIABILITIES						
CURRENT LIABILITIES:						
ACCOUNTS PAYABLE AND ACCRUALS	\$ 465	\$ 2,967	\$ 1,823	\$ 1,216	\$ 281	\$ 2,659
AMOUNTS DUE TO PRIMARY GOVERNMENT	--	378	712	--	--	--
DUE TO FEDERAL GOVERNMENT	--	--	--	--	--	--
DEFERRED REVENUES	20	--	--	1,019	1,227	--
OTHER CURRENT LIABILITIES	473	--	--	48	1,235	33
CURRENT PORTION OF LONG-TERM LIABILITIES:						
CONTRACTS PAYABLE	--	--	--	--	897	--
COMPENSATED ABSENCES PAYABLE	44	813	341	96	--	--
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--	--
ESTIMATED LIABILITY FOR CLAIMS	--	--	--	--	--	--
NOTES PAYABLE	--	--	--	465	--	--
BONDS PAYABLE	--	--	--	--	2,281	--
OTHER LONG-TERM LIABILITIES	--	--	--	--	--	--
TOTAL CURRENT LIABILITIES	1,002	4,158	2,876	2,844	5,921	2,692
LONG-TERM LIABILITIES:						
NONCURRENT PORTION OF LONG-TERM LIABILITIES:						
COMPENSATED ABSENCES PAYABLE	197	625	576	182	1,248	943
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--	--
ESTIMATED LIABILITY FOR CLAIMS	--	--	--	--	1,197	--
NOTES PAYABLE	--	--	--	4,843	--	--
BONDS PAYABLE	--	--	--	--	53,819	--
OPEB PAYABLE	2,352	12,186	6,311	1,805	2,243	8,205
POLLUTION REMEDIATION OBLIGATIONS	--	--	--	95	--	--
OTHER LONG-TERM LIABILITIES	--	--	--	--	1,152	--
TOTAL LONG-TERM LIABILITIES	2,549	12,811	6,887	6,925	59,659	9,148
TOTAL LIABILITIES	3,551	16,969	9,763	9,769	65,580	11,840
NET ASSETS:						
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,166	278	398	48,749	55,757	508
RESTRICTED FOR:						
CAPITAL PROJECTS	--	--	--	--	14,937	--
DEBT SERVICE	--	--	--	181	13,543	--
OTHER PURPOSES	--	--	--	--	--	--
UNRESTRICTED	26,254	(5,213)	(5,144)	15,762	2,831	1,973
TOTAL NET ASSETS	27,420	(4,935)	(4,746)	64,692	87,068	2,481
TOTAL LIABILITIES AND NET ASSETS	\$ 30,971	\$ 12,034	\$ 5,017	\$ 74,461	\$ 152,648	\$ 14,321

* As of October 31, 2010.

** As of December 31, 2010.

(Continued)

State of Louisiana

KENNER NAVAL MUSEUM COMMISSION	LOUISIANA AGRICULTURAL FINANCE AUTHORITY	LOUISIANA CANCER RESEARCH CENTER	LOUISIANA ECONOMIC DEVELOPMENT CORPORATION	LOUISIANA NAVAL WAR MEMORIAL COMMISSION **	LOUISIANA PUBLIC FACILITIES AUTHORITY **	METROPOLITAN HUMAN SERVICES DISTRICT	OTHER LEVEE DISTRICTS	OUACHITA EXPRESSWAY AUTHORITY
\$ 2	\$ 1,384	\$ 11,119	\$ 27,217	\$ 173	\$ 4,042	\$ 3,390	\$ 32,736	\$ 4
--	--	--	399	6	--	--	226	--
--	--	11,119	--	--	1,311	--	50,057	--
--	--	--	--	--	--	--	8,379	--
--	47	8,146	10,423	1	3,851	--	7,381	--
--	4,004	5,453	--	--	--	1,534	745	--
--	--	--	--	--	--	606	--	--
--	--	--	--	15	--	835	23	--
--	--	--	--	15	10	--	219	--
--	8,112	--	7,842	--	--	--	2,296	--
--	2,628	--	3,965	--	--	--	9	--
<u>2</u>	<u>16,175</u>	<u>35,837</u>	<u>49,846</u>	<u>210</u>	<u>9,214</u>	<u>6,365</u>	<u>102,071</u>	<u>4</u>
--	15,211	--	--	--	--	--	6,000	--
--	--	--	11,226	--	--	--	12,000	--
--	--	--	--	--	6,082	--	111	--
--	--	--	20,861	--	15,275	--	8,666	--
--	80,454	--	1,305	--	--	--	--	--
--	6,857	671	--	269	--	--	6,697	--
--	32,799	--	--	2,132	--	--	6,142	--
--	6,070	1,549	--	20	56	469	11,990	--
--	--	--	--	--	--	--	60,212	--
--	--	--	--	--	--	--	--	--
--	200	78,687	--	--	--	--	18,059	--
--	7,998	--	10,564	--	--	--	4	--
--	<u>149,589</u>	<u>80,907</u>	<u>43,956</u>	<u>2,421</u>	<u>21,413</u>	<u>469</u>	<u>129,881</u>	<u>--</u>
<u>\$ 2</u>	<u>\$ 165,764</u>	<u>\$ 116,744</u>	<u>\$ 93,802</u>	<u>\$ 2,631</u>	<u>\$ 30,627</u>	<u>\$ 6,834</u>	<u>\$ 231,952</u>	<u>\$ 4</u>
\$ --	\$ 1,045	\$ 3,211	\$ 3,466	\$ 20	\$ 382	\$ 3,651	\$ 1,711	\$ --
--	7,198	4,780	--	--	--	837	6	--
--	917	--	--	--	--	--	--	--
--	397	--	--	7	--	--	213	--
--	719	--	34,586	--	--	--	961	--
--	--	--	--	--	--	--	549	--
--	--	--	31	--	--	493	58	--
--	--	--	--	--	--	--	77	--
--	--	--	--	--	--	--	--	--
--	--	--	--	27	--	--	--	--
--	9,197	--	--	--	--	--	565	--
--	--	--	--	--	57	--	--	--
--	<u>19,473</u>	<u>7,991</u>	<u>38,083</u>	<u>54</u>	<u>439</u>	<u>4,981</u>	<u>4,140</u>	<u>--</u>
--	--	--	--	28	--	262	1,075	--
--	--	--	--	--	--	--	44	--
--	--	--	--	--	--	--	1,793	--
--	--	--	--	--	--	--	--	--
--	53,587	--	--	--	--	--	4,190	--
--	--	--	--	238	--	4,920	12,059	--
--	--	--	--	--	--	--	--	--
--	28,218	--	1,428	--	3,140	--	--	--
--	<u>81,805</u>	<u>--</u>	<u>1,428</u>	<u>266</u>	<u>3,140</u>	<u>5,182</u>	<u>19,161</u>	<u>--</u>
--	<u>101,278</u>	<u>7,991</u>	<u>39,511</u>	<u>320</u>	<u>3,579</u>	<u>10,163</u>	<u>23,301</u>	<u>--</u>
--	12,153	80,907	--	2,421	56	469	102,917	--
--	3,010	--	--	--	--	--	20,775	--
--	3,169	--	--	--	--	--	--	--
--	8,009	--	398	6	--	--	7,000	--
2	<u>38,145</u>	<u>27,846</u>	<u>53,893</u>	<u>(116)</u>	<u>26,992</u>	<u>(3,798)</u>	<u>77,959</u>	<u>4</u>
2	<u>64,486</u>	<u>108,753</u>	<u>54,291</u>	<u>2,311</u>	<u>27,048</u>	<u>(3,329)</u>	<u>208,651</u>	<u>4</u>
<u>\$ 2</u>	<u>\$ 165,764</u>	<u>\$ 116,744</u>	<u>\$ 93,802</u>	<u>\$ 2,631</u>	<u>\$ 30,627</u>	<u>\$ 6,834</u>	<u>\$ 231,952</u>	<u>\$ 4</u>

State of Louisiana

COMBINING BALANCE SHEET

NONMAJOR COMPONENT UNITS

JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	ROAD HOME CORPORATION	SABINE RIVER AUTHORITY	SOUTH CENTRAL LOUISIANA HUMAN SERVICES AUTHORITY	SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY- EAST AND WEST	WHITE LAKE PRESERVATION, INCORPORATED	TOTAL NONMAJOR COMPONENT UNITS
ASSETS						
CURRENT ASSETS:						
CASH AND CASH EQUIVALENTS	\$ 282	\$ 8,801	\$ 1,222	\$ 112,656	\$ 14	\$ 238,839
RESTRICTED CASH AND CASH EQUIVALENTS	--	--	--	999	--	14,062
INVESTMENTS	--	--	--	8,082	--	82,090
RESTRICTED INVESTMENTS	--	--	--	--	--	9,167
RECEIVABLES (NET)	25,515	905	--	68	--	59,763
AMOUNTS DUE FROM PRIMARY GOVERNMENT	--	6	2,577	8,131	--	26,544
DUE FROM FEDERAL GOVERNMENT	--	--	--	--	--	1,172
INVENTORIES	--	--	516	467	--	7,759
PREPAYMENTS	257	--	13	--	--	1,242
NOTES RECEIVABLE	--	--	--	--	--	18,250
OTHER CURRENT ASSETS	--	--	--	1,055	--	7,657
TOTAL CURRENT ASSETS	26,054	9,712	4,328	131,458	14	466,545
NONCURRENT ASSETS:						
RESTRICTED ASSETS:						
CASH	--	2,565	--	--	--	27,420
INVESTMENTS	--	--	--	--	--	34,586
RECEIVABLES (NET)	--	--	--	--	--	11,990
INVESTMENTS	--	--	--	--	--	68,290
NOTES RECEIVABLE	--	--	--	--	--	81,759
CAPITAL ASSETS (NOTE 5)						
LAND	135,992	1,430	--	41,891	--	202,318
BUILDINGS AND IMPROVEMENTS (NET OF DEPRECIATION)	--	30,526	--	57,922	--	162,302
MACHINERY AND EQUIPMENT (NET OF DEPRECIATION)	108	921	170	4,384	--	31,014
INFRASTRUCTURE (NET OF DEPRECIATION)	--	19,182	--	103,184	--	296,771
INTANGIBLE ASSETS (NET OF AMORTIZATION)	--	2,970	--	--	--	2,970
CONSTRUCTION IN PROGRESS	--	421	--	17,694	--	122,563
OTHER NONCURRENT ASSETS	205	57	--	--	--	20,472
TOTAL NONCURRENT ASSETS	136,305	58,072	170	225,075	--	1,062,455
TOTAL ASSETS	\$ 162,359	\$ 67,784	\$ 4,498	\$ 356,533	\$ 14	\$ 1,529,000
LIABILITIES						
CURRENT LIABILITIES:						
ACCOUNTS PAYABLE AND ACCRUALS	\$ 12,240	\$ 185	\$ 963	\$ 5,053	\$ --	\$ 41,338
AMOUNTS DUE TO PRIMARY GOVERNMENT	--	--	3,432	432	--	17,775
DUE TO FEDERAL GOVERNMENT	--	--	84	--	--	1,001
DEFERRED REVENUES	--	14	--	49	--	2,946
OTHER CURRENT LIABILITIES	24	--	--	39	--	38,118
CURRENT PORTION OF LONG-TERM LIABILITIES:						
CONTRACTS PAYABLE	--	--	--	306	--	1,752
COMPENSATED ABSENCES PAYABLE	--	219	563	410	--	3,068
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--	77
ESTIMATED LIABILITY FOR CLAIMS	--	--	--	243	--	243
NOTES PAYABLE	--	--	--	--	--	492
BONDS PAYABLE	--	900	--	1,055	--	13,998
OTHER LONG-TERM LIABILITIES	--	--	--	10	--	67
TOTAL CURRENT LIABILITIES	12,264	1,318	5,042	7,597	--	120,875
LONG-TERM LIABILITIES:						
NONCURRENT PORTION OF LONG-TERM LIABILITIES:						
COMPENSATED ABSENCES PAYABLE	117	--	212	774	--	6,239
CAPITAL LEASE OBLIGATIONS	--	--	--	--	--	44
ESTIMATED LIABILITY FOR CLAIMS	--	--	--	25,371	--	28,361
NOTES PAYABLE	--	--	--	26,126	--	30,969
BONDS PAYABLE	--	1,935	--	2,847	--	116,378
OPEB PAYABLE	--	1,964	1,051	7,843	--	61,177
POLLUTION REMEDIATION OBLIGATIONS	--	--	--	--	--	95
OTHER LONG-TERM LIABILITIES	--	--	--	539	--	34,477
TOTAL LONG-TERM LIABILITIES	117	3,899	1,263	63,500	--	277,740
TOTAL LIABILITIES	12,381	5,217	6,305	71,097	--	398,615
NET ASSETS:						
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	136,100	52,575	170	224,275	--	718,899
RESTRICTED FOR:						
CAPITAL PROJECTS	--	--	--	1,061	--	39,783
DEBT SERVICE	--	1,625	--	328	--	18,846
OTHER PURPOSES	--	--	--	627	--	16,040
UNRESTRICTED	13,878	8,367	(1,977)	59,145	14	336,817
TOTAL NET ASSETS	149,978	62,567	(1,807)	285,436	14	1,130,385
TOTAL LIABILITIES AND NET ASSETS	\$ 162,359	\$ 67,784	\$ 4,498	\$ 356,533	\$ 14	\$ 1,529,000

* As of October 31, 2010.

** As of December 31, 2010.

(Concluded)

State of Louisiana

COMBINING STATEMENT OF ACTIVITIES

NONMAJOR COMPONENT UNITS

FOR THE YEAR ENDED JUNE 30, 2011

(EXPRESSED IN THOUSANDS)

	PROGRAM REVENUES				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE
NONMAJOR COMPONENT UNITS:					
BOARDS AND COMMISSIONS	\$ 8,652	\$ 7,356	\$ --	\$ --	\$ (1,296)
CAPITAL AREA HUMAN SERVICES DISTRICT	35,005	1,410	--	--	(33,595)
FLORIDA PARISHES HUMAN SERVICES AUTHORITY	22,429	1,134	--	--	(21,295)
GREATER BATON ROUGE PORT COMMISSION **	7,635	5,714	--	2,174	253
GREATER NEW ORLEANS EXPRESSWAY COMMISSION *	22,576	16,025	--	--	(6,551)
JEFFERSON PARISH HUMAN SERVICES AUTHORITY	32,300	2,747	3,823	--	(25,730)
KENNER NAVAL MUSEUM COMMISSION	1	--	--	--	(1)
LOUISIANA AGRICULTURAL FINANCE AUTHORITY	50,313	2,697	11,323	--	(36,293)
LOUISIANA CANCER RESEARCH CENTER	16,189	--	53,115	--	36,926
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION	21,209	1,547	--	--	(19,662)
LOUISIANA NAVAL WAR MEMORIAL COMMISSION **	1,016	690	253	40	(33)
LOUISIANA PUBLIC FACILITIES AUTHORITY **	2,602	2,405	--	--	(197)
METROPOLITAN HUMAN SERVICES DISTRICT	32,856	1,051	--	--	(31,805)
OTHER LEVEE DISTRICTS	52,886	113	8,876	8,441	(35,456)
OUACHITA EXPRESSWAY AUTHORITY	1	--	--	--	(1)
ROAD HOME CORPORATION	114,871	--	83,241	4,428	(27,202)
SABINE RIVER AUTHORITY	8,107	7,941	--	--	(166)
SOUTH CENTRAL LOUISIANA HUMAN SERVICES AUTHORITY	16,426	75	--	--	(16,351)
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY- EAST AND WEST	92,723	4,566	1,729	3,161	(83,267)
WHITE LAKE PRESERVATION, INCORPORATED	1	--	--	--	(1)
TOTAL NONMAJOR COMPONENT UNITS	\$ 537,798	\$ 55,471	\$ 162,360	\$ 18,244	\$ (301,723)

	GENERAL REVENUES		CHANGE IN NET ASSETS	NET ASSETS	
	PAYMENTS FROM PRIMARY GOVERNMENT	OTHER GENERAL REVENUES		OF YEAR AS RESTATED	NET ASSETS END OF YEAR
NONMAJOR COMPONENT UNITS:					
BOARDS AND COMMISSIONS	\$ 300	\$ 2,462	\$ 1,466	\$ 25,954	\$ 27,420
CAPITAL AREA HUMAN SERVICES DISTRICT	18,781	15,379	565	(5,500)	(4,935)
FLORIDA PARISHES HUMAN SERVICES AUTHORITY	20,235	17	(1,043)	(3,703)	(4,746)
GREATER BATON ROUGE PORT COMMISSION **	--	604	857	63,835	64,692
GREATER NEW ORLEANS EXPRESSWAY COMMISSION *	--	9,505	2,954	84,114	87,068
JEFFERSON PARISH HUMAN SERVICES AUTHORITY	23,904	1,485	(341)	2,822	2,481
KENNER NAVAL MUSEUM COMMISSION	--	2	1	1	2
LOUISIANA AGRICULTURAL FINANCE AUTHORITY	--	41,942	5,649	58,837	64,486
LOUISIANA CANCER RESEARCH CENTER	--	302	37,228	71,525	108,753
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION	--	13,012	(6,650)	60,941	54,291
LOUISIANA NAVAL WAR MEMORIAL COMMISSION **	--	--	(33)	2,344	2,311
LOUISIANA PUBLIC FACILITIES AUTHORITY **	--	803	606	26,442	27,048
METROPOLITAN HUMAN SERVICES DISTRICT	29,823	1,386	(596)	(2,733)	(3,329)
OTHER LEVEE DISTRICTS	853	52,031	17,428	191,223	208,651
OUACHITA EXPRESSWAY AUTHORITY	5	--	4	--	4
ROAD HOME CORPORATION	--	--	(27,202)	177,180	149,978
SABINE RIVER AUTHORITY	--	395	229	62,338	62,567
SOUTH CENTRAL LOUISIANA HUMAN SERVICES AUTHORITY	13,731	813	(1,807)	--	(1,807)
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY- EAST AND WEST	5,642	55,866	(21,759)	307,195	285,436
WHITE LAKE PRESERVATION, INCORPORATED	--	--	(1)	15	14
TOTAL NONMAJOR COMPONENT UNITS	\$ 113,274	\$ 196,004	\$ 7,555	\$ 1,122,830	\$ 1,130,385

* For the period ending October 31, 2010.

** For the period ending December 31, 2010.



III. STATISTICAL SECTION

Statistical Section Index

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's 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.	154
Revenue Capacity These schedules contain information to help the reader assess Louisiana's most significant state revenue source, income 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.	169
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.	174
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.	176

State of Louisiana

NET ASSETS BY COMPONENT LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(EXPRESSED IN THOUSANDS)

	<u>2011</u>		<u>2010</u>		<u>2009</u>		<u>2008</u>
GOVERNMENTAL ACTIVITIES							
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$ 11,862,399	\$	14,737,911	\$	14,091,358	\$	12,780,381
RESTRICTED	5,008,705		5,096,314		5,489,526		5,214,389
UNRESTRICTED	<u>(3,341,575)</u>		<u>(2,318,148)</u>		<u>(1,059,178)</u>		<u>682,749</u>
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	<u>\$ 13,529,529</u>	\$	<u>17,516,077</u>	\$	<u>18,521,706</u>	\$	<u>18,677,519</u>
BUSINESS-TYPE ACTIVITIES							
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$ 218,826	\$	170,960	\$	119,033	\$	19,755
RESTRICTED	906,600		1,048,285		1,417,455		1,572,760
UNRESTRICTED	<u>896,531</u>		<u>772,984</u>		<u>964,436</u>		<u>940,801</u>
TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	<u>\$ 2,021,957</u>	\$	<u>1,992,229</u>	\$	<u>2,500,924</u>	\$	<u>2,533,316</u>
PRIMARY GOVERNMENT							
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$ 12,081,225	\$	14,908,871	\$	14,210,391	\$	12,800,136
RESTRICTED	5,915,305		6,144,599		6,906,981		6,787,149
UNRESTRICTED	<u>(2,445,044)</u>		<u>(1,545,164)</u>		<u>(94,742)</u>		<u>1,623,550</u>
TOTAL PRIMARY GOVERNMENT NET ASSETS	<u>\$ 15,551,486</u>	\$	<u>19,508,306</u>	\$	<u>21,022,630</u>	\$	<u>21,210,835</u>

Source: Office of Statewide Reporting and Accounting Policy

State of Louisiana

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 11,841,240	\$ 11,304,859	\$ 10,982,851	\$ 10,438,398	\$ 9,963,831	\$ 9,844,678
5,504,064	6,988,644	6,825,025	5,750,785	5,513,915	5,313,419
379,890	(3,460,580)	(4,449,263)	(4,065,966)	(2,982,946)	(2,881,310)
<u>\$ 17,725,194</u>	<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>
\$ 22,290	\$ 22,353	\$ 20,251	\$ 21,512	\$ 22,036	\$ 46,716
1,476,729	1,407,337	1,547,700	1,573,788	1,602,480	1,648,089
905,398	467,360	433,632	397,431	369,811	348,715
<u>\$ 2,404,417</u>	<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>
\$ 11,863,530	\$ 11,327,212	\$ 11,003,102	\$ 10,459,910	\$ 9,985,867	\$ 9,891,394
6,980,793	8,395,981	8,372,725	7,324,573	7,116,395	6,961,508
1,285,288	(2,993,220)	(4,015,631)	(3,668,535)	(2,613,135)	(2,532,595)
<u>\$ 20,129,611</u>	<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>

State of Louisiana

CHANGES IN NET ASSETS LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(EXPRESSED IN THOUSANDS)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
EXPENSES				
GOVERNMENTAL ACTIVITIES:				
GENERAL GOVERNMENT	\$ 6,497,216	\$ 5,896,826	\$ 6,972,403	\$ 8,693,766
CULTURE, RECREATION, AND TOURISM	110,078	86,845	122,928	148,178
TRANSPORTATION AND DEVELOPMENT	1,370,238	1,111,846	1,286,404	1,052,169
PUBLIC SAFETY	337,149	349,369	371,326	331,086
HEALTH AND WELFARE	9,335,925	10,248,151	9,671,816	8,615,435
CORRECTIONS	671,436	686,957	727,095	649,858
YOUTH SERVICES	134,274	152,562	170,678	165,840
CONSERVATION AND ENVIRONMENT	372,703	595,690	499,648	439,009
EDUCATION	6,602,774	6,599,451	7,136,960	6,871,321
OTHER	49,174	45,821	66,424	43,217
INTERGOVERNMENTAL	430,763	398,377	485,875	540,505
INTEREST ON LONG-TERM DEBT	284,395	299,326	304,763	297,201
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	<u>26,196,125</u>	<u>26,471,221</u>	<u>27,816,320</u>	<u>27,847,585</u>
BUSINESS-TYPE ACTIVITIES:				
PATIENT'S COMPENSATION FUND OVERSIGHT BOARD	126,324	160,427	--	--
UNEMPLOYMENT TRUST FUND	761,747	985,779	455,910	189,095
NONMAJOR ENTERPRISE FUNDS	123,340	344,750	335,166	333,801
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	<u>1,011,411</u>	<u>1,490,956</u>	<u>791,076</u>	<u>522,896</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 27,207,536</u>	<u>\$ 27,962,177</u>	<u>\$ 28,607,396</u>	<u>\$ 28,370,481</u>
PROGRAM REVENUES				
GOVERNMENTAL ACTIVITIES:				
CHARGES FOR SERVICES				
GENERAL GOVERNMENT	\$ 1,906,708	\$ 1,962,589	\$ 2,029,900	\$ 2,063,639
CULTURE, RECREATION, AND TOURISM	10,932	17,281	8,984	33,232
TRANSPORTATION AND DEVELOPMENT	88,817	70,665	230,874	222,756
PUBLIC SAFETY	279,280	280,500	303,813	306,615
HEALTH AND WELFARE	208,998	295,799	215,112	278,254
CORRECTIONS	39,958	38,520	39,018	32,553
YOUTH SERVICES	1,490	--	7,827	584
CONSERVATION AND ENVIRONMENT	966,275	688,756	905,157	1,046,365
EDUCATION	5,518	60,329	41,544	31,158
INTERGOVERNMENTAL	1,733	1,425	1,244	1,246
OPERATING GRANTS AND CONTRIBUTIONS	11,390,940	11,138,352	11,068,209	8,848,637
CAPITAL GRANTS AND CONTRIBUTIONS	2,403,996	2,526,649	3,010,693	5,405,015
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES	<u>17,304,645</u>	<u>17,080,865</u>	<u>17,862,375</u>	<u>18,270,054</u>
BUSINESS-TYPE ACTIVITIES:				
CHARGES FOR SERVICES				
PATIENT'S COMPENSATION FUND OVERSIGHT BOARD	187,259	183,576	--	--
UNEMPLOYMENT TRUST FUND	281,951	245,023	227,260	237,406
NONMAJOR ENTERPRISE FUNDS	98,066	465,146	475,022	468,369
OPERATING GRANTS AND CONTRIBUTIONS	376,724	412,463	99,339	2,695
CAPITAL GRANTS AND CONTRIBUTIONS	107,519	68,045	86,934	41,003
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES	<u>1,051,519</u>	<u>1,374,253</u>	<u>888,555</u>	<u>749,473</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 18,356,164</u>	<u>\$ 18,455,118</u>	<u>\$ 18,750,930</u>	<u>\$ 19,019,527</u>

Source: Office of Statewide Reporting and Accounting Policy
(Continued)

State of Louisiana

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$	7,492,929	\$ 4,806,262	\$ 2,655,471	\$ 2,620,442	\$ 2,726,764	\$ 2,392,167
	100,246	66,927	69,415	63,512	69,659	71,718
	889,606	1,054,044	835,901	820,757	807,856	746,564
	337,962	301,338	271,118	225,307	291,283	289,396
	7,626,096	7,412,815	7,458,289	7,267,104	6,805,797	6,755,431
	540,284	550,627	664,961	640,371	625,391	609,607
	121,335	116,975	--	--	--	--
	331,891	283,692	297,097	289,712	274,926	298,436
	6,085,878	5,514,318	5,310,194	5,162,768	4,789,472	4,425,915
	40,008	26,251	33,833	16,048	4,793	2,042
	182,741	1,037,043	375,373	354,846	362,099	322,025
	296,223	230,976	216,750	216,514	149,798	117,769
	<u>24,045,199</u>	<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>
	--	--	--	--	--	--
	185,308	823,987	264,458	338,910	372,160	307,878
	307,483	298,879	274,268	327,375	297,902	303,784
	492,791	1,122,866	538,726	666,285	670,062	611,662
\$	<u><u>24,537,990</u></u>	<u><u>22,524,134</u></u>	<u><u>18,727,128</u></u>	<u><u>18,343,666</u></u>	<u><u>17,577,900</u></u>	<u><u>16,642,732</u></u>
\$	2,116,712	\$ 2,017,870	\$ 1,905,839	\$ 1,597,757	\$ 1,717,172	\$ 1,161,310
	34,932	30,531	29,145	27,435	23,696	5,453
	197,283	79,099	136,642	65,507	74,451	60,849
	273,481	276,020	271,052	252,990	253,206	264,066
	266,603	187,920	305,674	581,160	533,205	968,463
	41,657	33,926	33,407	36,376	36,878	33,645
	1,073	513	--	--	--	--
	841,171	653,286	647,685	618,354	513,999	465,156
	30,058	49,735	39,783	50,026	23,496	36,663
	1,027	954	1,396	1,273	1,265	1,187
	8,962,433	9,323,509	7,052,411	6,914,691	6,369,929	5,858,641
	3,964,479	978,072	520,376	552,527	578,082	492,072
	<u>16,730,909</u>	<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>
	--	--	--	--	--	--
	249,631	264,349	267,602	255,914	252,430	232,828
	447,678	422,489	385,309	445,427	412,562	396,212
	3,800	419,438	7,104	46,221	70,249	142,735
	19,355	16,588	21,188	30,344	15,221	22,473
	<u>720,464</u>	<u>1,122,864</u>	<u>681,203</u>	<u>777,906</u>	<u>750,462</u>	<u>794,248</u>
\$	<u><u>17,451,373</u></u>	<u><u>14,754,299</u></u>	<u><u>11,624,613</u></u>	<u><u>11,476,002</u></u>	<u><u>10,875,841</u></u>	<u><u>10,141,753</u></u>

State of Louisiana

CHANGES IN NET ASSETS LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(EXPRESSED IN THOUSANDS)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
NET (EXPENSE) REVENUE				
GOVERNMENTAL ACTIVITIES	\$ (8,891,480)	\$ (9,390,356)	\$ (9,953,945)	\$ (9,577,531)
BUSINESS-TYPE ACTIVITIES	40,108	(116,703)	97,479	226,577
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	<u>\$ (8,851,372)</u>	<u>\$ (9,507,059)</u>	<u>\$ (9,856,466)</u>	<u>\$ (9,350,954)</u>

GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS

GOVERNMENTAL ACTIVITIES:

INCOME TAXES	\$ 2,665,804	\$ 2,491,144	\$ 3,630,547	\$ 3,869,834
SALES TAXES	2,821,598	2,560,775	3,016,254	3,147,604
SEVERANCE TAXES	748,355	776,464	876,579	1,095,244
GASOLINE TAXES, restricted for transportation	639,452	624,554	599,192	604,683
TOBACCO TAXES	142,064	135,927	105,469	96,314
MISCELLANEOUS TAXES	645,990	657,962	762,360	806,213
TOBACCO SETTLEMENT, restricted for education, health and welfare	140,978	142,279	71,966	64,294
GAMING	823,418	668,235	715,443	742,518
UNRESTRICTED INVESTMENT EARNINGS	(4,208)	(9,301)	(12,169)	(3,601)
MISCELLANEOUS	3,123	338	330	310
OTHER	7,950	6,873	134,502	141,410
EXTRAORDINARY ITEM - loss on impairment of capital assets	--	--	(2,406)	--
TRANSFERS	1,609	141,615	142,066	132,219
TOTAL GOVERNMENTAL ACTIVITIES	<u>8,636,133</u>	<u>8,196,865</u>	<u>10,040,133</u>	<u>10,697,042</u>

BUSINESS-TYPE ACTIVITIES:

OTHER	14,483	21,732	7,450	12,784
EXTRAORDINARY ITEM - gain (loss) on impairment of capital assets	--	--	--	--
TRANSFERS	(1,609)	(141,615)	(142,066)	(132,219)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>12,874</u>	<u>(119,883)</u>	<u>(134,616)</u>	<u>(119,435)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 8,649,007</u>	<u>\$ 8,076,982</u>	<u>\$ 9,905,517</u>	<u>\$ 10,577,607</u>

CHANGE IN NET ASSETS

GOVERNMENTAL ACTIVITIES	\$ (255,347)	\$ (1,193,491)	\$ 86,188	\$ 1,119,511
BUSINESS-TYPE ACTIVITIES	52,982	(236,586)	(37,137)	107,142
TOTAL PRIMARY GOVERNMENT	<u>\$ (202,365)</u>	<u>\$ (1,430,077)</u>	<u>\$ 49,051</u>	<u>\$ 1,226,653</u>

(Concluded)

State of Louisiana

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$	(7,314,290)	\$ (7,769,833)	\$ (7,244,992)	\$ (6,979,285)	\$ (6,782,459)	\$ (6,683,565)
	227,673	(2)	142,477	111,621	80,400	182,586
\$	<u>(7,086,617)</u>	<u>(7,769,835)</u>	<u>(7,102,515)</u>	<u>(6,867,664)</u>	<u>(6,702,059)</u>	<u>(6,500,979)</u>
\$	4,140,496	\$ 3,129,906	\$ 3,030,085	\$ 2,457,114	\$ 2,022,765	\$ 2,054,025
	3,059,073	3,108,824	2,483,101	2,455,444	2,489,153	2,605,908
	916,125	714,279	681,836	540,205	427,436	497,652
	617,498	621,683	590,286	559,274	446,706	481,562
	104,051	96,872	105,476	102,231	82,217	128,570
	820,904	660,619	689,039	583,789	663,339	759,921
	61,016	50,102	57,249	58,987	66,234	1,135,519
	726,165	711,378	624,271	596,693	578,152	547,695
	6,071	25,739	4,127	28,518	76,586	99,150
	6,105	--	8,940	18,682	114,379	63,613
	13,337	23,924	14,148	--	786	49
	--	(24,464)	--	--	--	--
	(270,126)	119,977	108,582	120,808	108,596	108,411
	<u>10,200,715</u>	<u>9,238,839</u>	<u>8,397,140</u>	<u>7,521,745</u>	<u>7,076,349</u>	<u>8,482,075</u>
	9,568	13,505	3,232	4,824	8,297	22,803
	--	186	--	--	--	--
	270,126	(119,977)	(108,582)	(120,808)	(108,596)	(108,411)
	279,694	(106,286)	(105,350)	(115,984)	(100,299)	(85,608)
\$	<u>10,480,409</u>	<u>9,132,553</u>	<u>8,291,790</u>	<u>7,405,761</u>	<u>6,976,050</u>	<u>8,396,467</u>
\$	2,886,425	\$ 1,469,006	\$ 1,152,148	\$ 542,460	\$ 293,890	\$ 1,798,510
	507,367	(106,288)	37,127	(4,363)	(19,899)	96,978
\$	<u>3,393,792</u>	<u>1,362,718</u>	<u>1,189,275</u>	<u>538,097</u>	<u>273,991</u>	<u>1,895,488</u>

State of Louisiana

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(EXPRESSED IN THOUSANDS)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
GENERAL FUND (per GASB 54) *				
NONSPENDABLE	\$ 76,273	\$ --	\$ --	\$ --
RESTRICTED	1,439,257	--	--	--
COMMITTED	2,073,954	--	--	--
ASSIGNED	234,052	--	--	--
UNASSIGNED	111,769	--	--	--
GENERAL FUND (prior GASB 54) **				
RESERVED	--	1,013,749	856,166	790,670
UNRESERVED	--	(49,333)	802,611	840,256
TOTAL GENERAL FUND	\$ <u>3,935,305</u>	\$ <u>964,416</u>	\$ <u>1,658,777</u>	\$ <u>1,630,926</u>
ALL OTHER GOVERNMENTAL FUNDS (per GASB 54) *				
NONSPENDABLE	\$ 2,479,800	\$ --	\$ --	\$ --
RESTRICTED	1,056,686	--	--	--
COMMITTED	697,635	--	--	--
ASSIGNED	--	--	--	--
UNASSIGNED	--	--	--	--
ALL OTHER GOVERNMENTAL FUNDS (prior GASB 54) **				
RESERVED	--	3,048,357	3,136,568	3,948,806
UNRESERVED, REPORTED IN:				
SPECIAL REVENUE FUNDS	--	3,586,804	4,447,259	4,634,052
DEBT SERVICE FUNDS	--	614	1,534	8,645
CAPITAL PROJECTS FUNDS	--	243	636	849
PERMANENT FUNDS	--	1,431,269	1,369,402	1,309,646
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ <u>4,234,121</u>	\$ <u>8,067,287</u>	\$ <u>8,955,399</u>	\$ <u>9,901,998</u>

* With the implementation of GASB 54 in FY 2011, fund balances are reclassified as NonSpendable, Restricted, Committed, Assigned, and Unassigned.

** Prior to FY 2011 and GASB 54, fund balances were classified as Reserved or Unreserved according to GASB 34.

Source: Office of Statewide Reporting and Accounting Policy

State of Louisiana

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
620,540	340,384	312,266	298,138	327,878	424,998
<u>1,157,981</u>	<u>442,346</u>	<u>264,185</u>	<u>(10,998)</u>	<u>18,330</u>	<u>(33,953)</u>
<u>\$ 1,778,521</u>	<u>\$ 782,730</u>	<u>\$ 576,451</u>	<u>\$ 287,140</u>	<u>\$ 346,208</u>	<u>\$ 391,045</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
4,653,805	2,250,615	2,744,131	2,055,580	2,249,286	2,087,078
4,256,788	3,383,163	2,880,995	2,389,374	2,106,328	1,929,626
1,399	--	--	--	2,859	3,042
383	21	157	204	366	297
<u>1,258,805</u>	<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>
<u>\$ 10,171,180</u>	<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>

State of Louisiana

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(EXPRESSED IN THOUSANDS)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
REVENUES				
INTERGOVERNMENTAL REVENUES	\$ 13,823,449	\$ 13,469,624	\$ 14,053,062	\$ 14,192,359
TAXES	7,668,449	7,462,892	8,936,444	9,575,194
GAMING	810,424	671,527	719,530	746,993
TOBACCO SETTLEMENT	138,518	146,841	175,503	160,626
USE OF MONEY AND PROPERTY	925,682	1,007,980	1,163,356	1,516,763
LICENSES, PERMITS, AND FEES	775,640	633,600	637,350	629,226
SALES OF COMMODITIES AND SERVICES	916,938	933,549	1,073,318	1,067,478
POLLUTION REMEDIATION SETTLEMENT	258,631	--	--	--
OTHER	308,458	706,121	547,335	542,653
TOTAL REVENUES	<u>25,626,189</u>	<u>25,032,134</u>	<u>27,305,898</u>	<u>28,431,292</u>
EXPENDITURES				
GENERAL GOVERNMENT	5,764,484	4,911,766	6,435,832	8,172,304
CULTURE, RECREATION, AND TOURISM	82,009	71,088	97,709	129,615
TRANSPORTATION AND DEVELOPMENT	428,301	424,007	438,634	433,359
PUBLIC SAFETY	306,984	296,083	305,054	290,245
HEALTH AND WELFARE	9,671,602	9,497,394	9,372,783	8,330,132
CORRECTIONS	620,948	612,723	666,542	606,876
YOUTH SERVICES	125,651	138,506	154,821	155,475
CONSERVATION AND ENVIRONMENT	259,065	463,913	368,850	324,512
EDUCATION	6,293,778	6,319,886	6,713,924	6,587,432
OTHER	70,541	273,669	263,915	296,703
INTERGOVERNMENTAL	488,336	491,143	584,944	674,639
CAPITAL OUTLAY	2,502,456	2,384,130	2,941,236	2,254,867
DEBT SERVICE:				
PRINCIPAL RETIREMENT	273,765	268,705	266,108	233,460
INTEREST AND FISCAL CHARGES	304,065	299,609	305,184	297,543
TOTAL EXPENDITURES	<u>27,191,985</u>	<u>26,452,622</u>	<u>28,915,536</u>	<u>28,787,162</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,565,796)	(1,420,488)	(1,609,638)	(355,870)
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	13,135,572	17,218,705	18,247,948	20,460,820
TRANSFERS OUT	(13,133,963)	(17,077,090)	(18,105,772)	(20,328,601)
PAYMENTS TO REFUNDED BOND ESCROW AGENT	(528,128)	(125,997)	--	(71,593)
LONG-TERM DEBT ISSUED	1,169,445	399,019	424,026	74,129
LONG-TERM DEBT ISSUED - PREMIUMS	115,999	--	--	--
OTHER	--	--	3,585	11,081
TOTAL OTHER FINANCING SOURCES (USES)	<u>758,925</u>	<u>414,637</u>	<u>569,787</u>	<u>145,836</u>
NET CHANGES IN FUND BALANCES	<u>\$ (806,871)</u>	<u>\$ (1,005,851)</u>	<u>\$ (1,039,851)</u>	<u>\$ (210,034)</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES				
	2.4%	2.5%	2.3%	2.1%

Source: Office of Statewide Reporting and Accounting Policy

State of Louisiana

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$	13,389,561	\$ 9,727,962	\$ 7,669,450	\$ 7,313,906	\$ 6,824,065	\$ 6,237,834
	9,655,262	8,118,548	7,618,194	6,719,543	6,292,535	6,546,634
	730,812	715,446	628,757	601,762	582,795	552,734
	138,124	131,952	142,794	141,653	66,234	1,135,519
	1,242,707	710,240	849,292	557,457	827,233	565,457
	604,204	588,034	592,363	568,391	546,596	534,581
	1,074,537	1,320,721	983,254	905,207	910,719	759,136
	--	--	--	--	--	--
	587,956	437,717	576,553	889,689	773,508	1,191,539
	<u>27,423,163</u>	<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>
	6,473,720	4,373,467	2,300,964	2,172,105	2,121,596	1,872,348
	92,220	61,264	64,548	60,370	60,647	59,745
	385,408	350,486	356,665	330,164	323,289	303,177
	321,763	303,951	272,785	256,403	221,504	223,170
	7,564,017	7,386,464	7,408,900	7,061,555	6,625,988	6,704,422
	535,772	542,143	651,974	623,629	611,685	594,467
	120,926	115,369	--	--	--	--
	274,861	235,235	244,059	240,743	234,402	219,965
	5,940,907	5,253,731	5,077,793	4,929,255	4,674,987	4,335,452
	264,145	211,181	220,012	210,800	167,133	233,735
	572,363	850,151	477,374	445,930	447,504	400,549
	1,696,915	1,621,367	1,184,140	1,126,958	1,159,534	1,009,660
	214,559	131,835	212,956	247,278	352,402	248,329
	296,431	231,146	216,152	206,990	152,569	115,544
	<u>24,754,007</u>	<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>
	2,669,156	82,830	372,335	(214,572)	(329,555)	1,202,871
	20,778,329	17,110,073	14,846,799	13,211,047	12,737,089	14,067,966
	(21,048,455)	(16,990,096)	(14,735,078)	(13,090,239)	(12,628,493)	(13,959,551)
	--	--	(710,543)	--	--	--
	1,927,456	--	1,807,149	--	588,684	296,825
	4,681	4,534	(58,430)	2,475	3,654	8,093
	<u>1,662,011</u>	<u>124,511</u>	<u>1,149,897</u>	<u>123,283</u>	<u>700,934</u>	<u>413,333</u>
\$	<u>4,331,167</u>	<u>207,341</u>	<u>1,522,232</u>	<u>(91,289)</u>	<u>371,379</u>	<u>1,616,204</u>
	2.3%	1.9%	2.5%	2.8%	3.2%	2.4%

State of Louisiana

INDIVIDUAL INCOME TAX (by adjusted gross income bracket) LAST FIVE FISCAL YEARS

Adjusted Gross Income Class	Fiscal Year 2010			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Less than \$0	7,651	0.38%	\$ 110,127	0.00%
\$0	104,399	5.12%	5,196,829	0.20%
\$1 - 25,000	755,861	37.07%	109,180,282	4.24%
\$25,001 - 50,000	484,343	23.75%	330,222,000	12.82%
\$50,001 - 75,000	267,195	13.10%	342,076,594	13.29%
\$75,001 - 100,000	164,539	8.07%	320,572,328	12.45%
Greater than \$100,001	255,282	12.51%	1,468,034,921	57.00%
Totals	2,039,270	100.00%	\$ 2,575,393,081	100.00%

Adjusted Gross Income Class	Fiscal Year 2009			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Less than \$0	7,023	0.35%	\$ 92,927	0.00%
\$0	90,927	4.58%	2,792,336	0.09%
\$1 - 25,000	752,959	37.89%	108,193,148	3.67%
\$25,001 - 50,000	463,147	23.30%	358,010,146	12.13%
\$50,001 - 75,000	258,947	13.03%	389,736,911	13.21%
\$75,001 - 100,000	160,734	8.09%	378,927,045	12.84%
Greater than \$100,001	253,658	12.76%	1,713,765,336	58.06%
Totals	1,987,395	100.00%	\$ 2,951,517,849	100.00%

Adjusted Gross Income Class	Fiscal Year 2008			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Less than \$0	6,413	0.32%	\$ 206,752	0.00%
\$0	96,901	4.87%	1,469,695	0.05%
\$1 - 25,000	777,344	39.08%	109,120,876	3.76%
\$25,001 - 50,000	462,103	23.24%	357,596,517	12.31%
\$50,001 - 75,000	255,880	12.87%	389,125,059	13.39%
\$75,001 - 100,000	155,809	7.83%	373,887,537	12.87%
Greater than \$100,001	234,532	11.79%	1,674,295,571	57.62%
Totals	1,988,982	100.00%	\$ 2,905,702,007	100.00%

Note: Ten years are required; however, only five fiscal years since the publication of information.

Source: Louisiana Department of Revenue and Taxation

State of Louisiana

Adjusted Gross Income Class	Fiscal Year 2007			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Less than \$0	8,489	0.44%	\$ 156,734	0.01%
\$0	91,391	4.73%	866,990	0.03%
\$1 - 25,000	785,245	40.67%	110,039,043	4.16%
\$25,001 - 50,000	445,197	23.06%	355,021,171	13.42%
\$50,001 - 75,000	247,248	12.80%	394,310,036	14.90%
\$75,001 - 100,000	147,899	7.66%	375,040,772	14.17%
Greater than \$100,001	205,478	10.64%	1,410,540,689	53.31%
Totals	1,930,947	100.00%	\$ 2,645,975,435	100.00%

Adjusted Gross Income Class	Fiscal Year 2006			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Less than \$0	3,179	0.19%	\$ --	0.00%
\$0	49,542	3.02%	630,088	0.03%
\$1 - 25,000	743,561	45.34%	100,690,392	5.44%
\$25,001 - 50,000	386,812	23.59%	302,996,392	16.36%
\$50,001 - 75,000	204,678	12.48%	320,256,923	17.30%
\$75,001 - 100,000	114,525	6.98%	286,814,171	15.49%
Greater than \$100,001	137,531	8.40%	840,351,278	45.38%
Totals	1,639,828	100.00%	\$ 1,851,739,244	100.00%

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 and malt beverages with alcohol content more than 6%.
Liquor and Wine Tax	Department of Revenue	\$0.66 per liter on liquor; \$0.42 per liter on sparkling wine and still wines with alcoholic content more than 24%; \$0.03 per liter on still wine with alcoholic content not more than 14%; \$0.06 per liter on still wine with alcoholic content over 14% but not more than 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 tax of \$10 per year was repealed effective for franchise taxable period beginning on or after January 1, 2010.
<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 4/32 cent per gallon.
<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, 2008, 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 \$37,500, and 6% on the taxable income above \$50,000. 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 \$75,000; and 6% on the taxable income above \$100,000. 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	Inheritance tax is repealed effective January 1, 2010. However, Act 822 of 2008, effective January 1, 2008, provides that inheritance taxes shall prescribe within three years from December 31st of the year in which the taxes become due. For deaths before July 1, 2004, the date the taxes become due is determined by whether an inheritance tax return has been filed. If a return has been filed, the taxes become due nine months following death. But under Act 822, if a return was not filed, taxes become due January 1, 2008, and will prescribe January 1, 2011. For those deaths occurring before July 1, 2004, for which a return has been filed, the rates are as follows: <ul style="list-style-type: none"> A. Inheritances of a surviving spouse are totally exempt from the tax. 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. 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 30, 2001, and before July 1, 2002, the tax rates were reduced by forty percent; for deaths occurring after June 30, 2002 and before July 1, 2003, the tax rates were reduced by sixty percent; for deaths occurring after June 30, 2003, and before July 1, 2004, the tax rates were 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.
<u>Insurance Excise License Tax</u>	Department of Insurance	<ul style="list-style-type: none"> 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. 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.

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, such as "delay rentals," "in-lieu royalty," and "deferred development" payments are also provided for in the lease. Annual rentals cannot, by statutory law, be less than one-half the cash bonus amount. 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>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 1% except for sales of electricity, water, natural gas and steam for other than residential use.
<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 3.125% 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, 2010, the full rate is \$0.164 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. It is subject to the Petroleum Products Testing Fee of 4/32 cents per gallon effective September 1, 2003.
<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.
<u>Transportation and Communications Utilities Tax</u>	Department of Revenue	2% of the gross receipts from intrastate business.

State of Louisiana

PERSONAL INCOME - EARNINGS BY MAJOR INDUSTRY LAST TEN CALENDAR YEARS

(EXPRESSED IN THOUSANDS)

	2010	2009	2008	2007	2006
Private earnings:					
Health Care and Social Assistance	\$ 13,029,493	\$ 12,247,791	\$ 11,635,605	\$ 10,858,334	\$ 10,115,201
Professional, Scientific, and Technical	8,339,346	8,156,865	8,312,362	7,486,155	6,826,905
Mining	5,096,485	7,222,814	8,119,855	5,787,667	5,864,975
Construction	9,561,405	9,552,079	9,993,692	9,508,852	8,740,509
Retail Trade	7,770,214	7,326,500	7,535,722	7,744,462	7,546,051
Transportation and Warehousing	6,016,411	5,625,326	5,920,279	5,550,298	5,101,352
Manufacturing - Durable goods	4,825,233	4,996,495	5,468,365	5,408,224	4,985,639
Manufacturing - Nondurable goods	6,758,768	6,501,021	6,494,728	6,054,758	6,045,464
Wholesale Trade	5,157,434	5,065,263	5,318,695	5,154,869	4,809,101
Farm	836,006	833,800	786,867	828,479	721,221
Finance and Insurance	4,557,147	4,294,107	4,399,740	4,402,229	4,242,098
Other Services	23,239,428	22,324,192	22,951,905	21,884,804	20,469,294
Government and government enterprises:					
Federal, Civilian	3,208,297	3,139,003	3,055,825	2,910,690	2,900,953
Military	3,093,552	2,733,951	2,553,824	2,346,169	2,233,770
State and Local	18,095,539	17,656,744	17,068,069	15,547,958	14,279,615
Total Personal Income-					
Earnings by Major Industry	\$ 119,584,758	\$ 117,675,951	\$ 119,615,533	\$ 111,473,948	\$ 104,882,148

	2005	2004	2003	2002	2001
Private earnings:					
Health Care and Social Assistance	\$ 9,926,712	\$ 9,767,492	\$ 9,059,510	\$ 8,478,599	\$ 7,933,518
Professional, Scientific, and Technical	6,097,803	5,906,916	5,412,362	5,288,296	5,400,984
Mining	4,754,011	4,417,549	4,308,901	3,903,696	4,282,096
Construction	7,286,484	6,865,235	6,615,911	6,376,251	6,391,867
Retail Trade	6,953,141	6,714,091	6,527,018	6,229,731	5,944,834
Transportation and Warehousing	4,635,696	4,398,190	4,177,584	3,982,765	4,168,436
Manufacturing - Durable goods	4,493,627	4,430,189	4,378,471	4,107,496	4,063,864
Manufacturing - Nondurable goods	5,799,226	5,691,485	5,767,323	5,744,092	5,283,576
Wholesale Trade	4,438,826	4,249,075	4,000,414	3,866,444	3,716,750
Farm	713,911	822,360	860,755	424,004	654,374
Finance and Insurance	4,138,379	3,849,657	3,627,589	3,528,817	3,280,738
Other Services	19,753,321	19,154,051	18,055,960	17,574,522	16,888,805
Government and government enterprises:					
Federal, Civilian	2,871,868	2,766,813	2,613,268	2,510,959	2,383,138
Military	2,354,746	2,166,326	2,013,885	1,680,694	1,439,432
State and Local	14,463,357	13,811,689	13,159,760	12,303,482	11,477,040
Total Personal Income-					
Earnings by Major Industry	\$ 98,681,108	\$ 95,011,118	\$ 90,578,711	\$ 85,999,848	\$ 83,309,452

Source: Survey of Current Business, U.S. Department of Commerce, Bureau of Economic Analysis

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 CORPORATION	OFFICE FACILITIES CORPORATION	OTHER (2)	
2011	\$ 3,449,859	\$ 5,884,637	\$ 2,178,345	\$ 293,409	\$ 494,007	
2010	3,667,101	5,138,234	1,173,903	332,779	530,876	
2009	3,691,879	4,958,754	1,264,174	377,717	567,698	
2008	3,563,209	4,060,540	1,373,742	410,538	156,536	
2007	3,844,626	4,158,092	1,476,119	443,363	151,732	
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	

BUSINESS-TYPE ACTIVITIES					
FISCAL YEAR	OFFICE FACILITIES CORPORATION (3)	OTHER (4)	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	
2011	\$ --	\$ 330,758	\$ 12,631,015	*	%
2010	--	335,609	11,178,502	9.35	
2009	--	251,041	11,111,263	9.44	
2008	--	257,665	9,822,230	8.21	
2007	--	267,600	10,341,532	9.28	
2006	--	274,224	6,896,534	6.58	
2005	--	277,889	7,258,984	7.36	
2004	182,776	--	5,574,372	5.87	
2003	155,826	851	5,853,014	6.46	
2002	160,806	3,261	5,281,682	6.14	

(1) General Obligation Bonds less Reimbursable Contracts

(2) Includes Crescent City Connection, Health Education Authority, LA Correctional Facilities Corporation, Public Safety LPFA, Parish Road Fund (2001-2003), LPFA-Industrial Development Board of the City of New Orleans, and LPFA-Hurricane Recovery Revenue Bonds

(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, Drinking Water Revolving Loan Fund (2001-2006, 2010), and Louisiana Opportunity Loan Fund (2001-2004).

Bonds are backed by revenue sources except for the General Obligation Bonds.
If the other bonds default, then the state pays the principal and interest.

* Information not yet available

State of Louisiana

LEGAL DEBT MARGIN AND DEBT LIMITATIONS LAST TEN FISCAL YEARS

(EXPRESSED IN THOUSANDS)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
LEGAL DEBT MARGIN				
BOND AUTHORIZATION LIMITATION	\$ 23,423,522	\$ 25,194,775	\$ 26,856,498	\$ 26,233,962
TOTAL NET DEBT APPLICABLE TO LIMITATION	<u>2,205,655</u>	<u>2,099,285</u>	<u>2,076,570</u>	<u>2,233,980</u>
LEGAL DEBT MARGIN	<u>\$ 21,217,867</u>	<u>\$ 23,095,490</u>	<u>\$ 24,779,928</u>	<u>\$ 23,999,982</u>
TOTAL NET DEBT APPLICABLE TO THE LIMIT AS A PERCENTAGE OF DEBT LIMIT	9.42%	8.33%	7.73%	8.52%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2011

BSRF REVENUES (3 YEARS)	\$ 35,135,283
DEBT LIMIT CALCULATION (Revenues divided by 3 times 2)	23,423,522
DEBT APPLICABLE TO LIMIT: GENERAL OBLIGATION BONDS	<u>2,205,655</u>
LEGAL DEBT MARGIN	<u>\$ 21,217,867</u>

TAX-SUPPORTED DEBT LIMITATION

ESTIMATED GENERAL FUND AND DEDICATED FUND REVENUE PER REVENUE ESTIMATING	\$ 9,486,200	\$ 9,868,300	\$ 11,144,900	\$ 10,470,000
PERCENTAGE ESTABLISHED PER LRS 39:1367	<u>6.00%</u>	<u>6.00%</u>	<u>6.00%</u>	<u>6.00%</u>
NET STATE TAX-SUPPORTED DEBT LIMIT	<u>569,172</u>	<u>592,098</u>	<u>668,694</u>	<u>628,200</u>
TOTAL NET STATE TAX-SUPPORTED DEBT PAID	<u>\$ 509,161</u>	<u>\$ 483,010</u>	<u>\$ 421,408</u>	<u>\$ 425,828</u>
PERCENTAGE OF ESTIMATED GENERAL FUND AND DEDICATED FUND REVENUES PER REVENUE ESTIMATING	5.37%	4.89%	3.78%	4.07%

GENERAL OBLIGATION DEBT LIMITATION

THREE YEAR AVERAGE BOND SECURITY REVENUES	\$ 11,711,761	\$ 12,597,387	\$ 13,428,249	\$ 13,116,981
PERCENTAGE DEBT LIMITATION	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>
GENERAL OBLIGATION DEBT LIMITATION	<u>1,171,176</u>	<u>1,259,739</u>	<u>1,342,825</u>	<u>1,311,698</u>
HIGHEST CURRENT OR FUTURE ANNUAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENT	<u>\$ 281,732</u>	<u>\$ 322,987</u>	<u>\$ 265,315</u>	<u>\$ 265,766</u>
PERCENTAGE OF THE GENERAL OBLIGATION DEBT SERVICE REQUIREMENT	24.06%	25.64%	19.76%	20.26%

State of Louisiana

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 24,443,616	\$ 22,239,690	\$ 20,693,990	\$ 20,742,360	\$ 20,458,126	\$ 19,585,399
<u>2,383,665</u>	<u>2,038,810</u>	<u>2,121,610</u>	<u>1,846,790</u>	<u>2,010,977</u>	<u>2,000,590</u>
<u>\$ 22,059,951</u>	<u>\$ 20,200,880</u>	<u>\$ 18,572,380</u>	<u>\$ 18,895,570</u>	<u>\$ 18,447,149</u>	<u>\$ 17,584,809</u>
9.75%	9.16%	10.25%	8.90%	9.83%	10.21%

\$ 8,949,200	\$ 9,005,330	\$ 8,325,500	\$ 7,889,700	\$ 7,837,100	\$ 7,858,900
<u>6.00%</u>	<u>6.00%</u>	<u>6.00%</u>	<u>6.00%</u>	<u>6.50%</u>	<u>6.40%</u>
<u>536,952</u>	<u>540,320</u>	<u>499,530</u>	<u>473,382</u>	<u>509,412</u>	<u>502,970</u>
<u>\$ 432,818</u>	<u>\$ 289,724</u>	<u>\$ 348,715</u>	<u>\$ 373,134</u>	<u>\$ 479,909</u>	<u>\$ 368,921</u>
4.84%	3.22%	4.19%	4.73%	6.13%	4.70%

\$ 12,221,817	\$ 11,119,845	\$ 10,346,995	\$ 10,371,180	\$ 10,229,060	\$ 9,792,696
<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>1,222,182</u>	<u>1,111,985</u>	<u>1,034,700</u>	<u>1,037,118</u>	<u>1,022,906</u>	<u>979,270</u>
<u>\$ 266,212</u>	<u>\$ 240,685</u>	<u>\$ 240,685</u>	<u>\$ 264,601</u>	<u>\$ 268,395</u>	<u>\$ 286,909</u>
21.78%	21.64%	23.26%	25.51%	26.24%	29.30%

State of Louisiana

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 Correctional Facilities Corporation	2011	\$ 880	\$ 2,315	\$ (1,435)	\$ 1,630	\$ 879	\$ 2,509	(0.57)
	2010	931	564	367	1,565	943	2,508	0.15
	2009	1,151	144	1,007	1,570	1,092	2,662	0.38
	2008	1,055	58	997	5,335	1,055	6,390	0.16
	2007	1,081	147	934	5,075	857	5,932	0.16
	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
Office Facilities Corporation	2011	\$ 36,012	\$ 25,003	\$ 11,009	\$ 17,955	\$ 11,853	\$ 29,808	0.37
	2010	35,008	23,852	11,156	20,005	9,742	29,747	0.37
	2009	40,644	22,663	17,981	18,055	14,767	32,822	0.55
	2008	43,627	22,091	21,536	17,310	15,515	32,825	0.66
	2007	43,997	20,975	23,022	16,580	16,242	32,822	0.70
	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
COMPONENT UNITS:								
HOUSING LOAN BONDS:								
Louisiana Housing Finance Authority	2011	\$ 43,771	\$ 13,205	\$ 30,566	\$ 7,445	\$ 1,161	\$ 8,606	3.55
	2010	33,522	13,155	20,367	2,145	1,280	3,425	5.95
	2009	23,462	14,236	9,226	6,572	2,924	9,496	0.97
	2008	17,807	12,284	5,523	12,390	4,055	16,445	0.34
	2007	21,931	10,405	11,526	21,140	2,795	23,935	0.48
	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
INFRASTRUCTURE BONDS:								
Greater Baton Rouge Port Commission *	2011	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	--
	2010	--	--	--	--	--	--	--
	2009	--	--	--	--	--	--	--
	2008	--	--	--	--	--	--	--
	2007	--	--	--	--	--	--	--
	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
Greater New Orleans Expressway Commission	2011	\$ 25,530	\$ 14,980	\$ 10,550	\$ 1,130	\$ 2,618	\$ 3,748	2.81
	2010	22,662	15,430	7,232	1,955	2,785	4,740	1.53
	2009	23,444	16,622	6,822	1,905	2,848	4,753	1.44
	2008	23,771	14,028	9,743	1,835	2,886	4,721	2.06
	2007	20,402	15,235	5,167	1,760	2,981	4,741	1.09
	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

* Greater Baton Rouge Port Commission reclassified the bonds payable as notes payable in fiscal year 2005-2006.

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
Levee Districts	2011	\$ 74,351	\$ 52,626	\$ 21,725	\$ 2,075	\$ 686	\$ 2,761	7.87
	2010	73,854	50,941	22,913	46,320	2,942	49,262	0.47
	2009	57,627	64,895	(7,268)	7,855	3,340	11,195	(0.65)
	2008	59,394	27,927	31,467	7,010	3,300	10,310	3.05
	2007	15,654	22,937	(7,283)	6,430	3,846	10,276	(0.71)
	2006	12,734	27,526	(14,792)	5,970	3,948	9,918	(1.49)
	2005	18,629	33,903	(15,274)	5,605	4,232	9,837	(1.55)
	2004	18,944	31,977	(13,033)	3,145	1,852	4,997	(2.61)
	2003	20,892	32,214	(11,322)	2,205	1,983	4,188	(2.70)
	2002	19,671	30,102	(10,431)	1,925	2,165	4,090	(2.55)
Sabine River Authority	2011	\$ 7,945	\$ 5,748	\$ 2,197	\$ 865	\$ 156	\$ 1,021	2.15
	2010	12,628	5,784	6,844	820	191	1,011	6.77
	2009	8,046	5,893	2,153	2,370	195	2,565	0.84
	2008	8,764	5,791	2,973	730	288	1,018	2.92
	2007	5,755	4,129	1,626	695	274	969	1.68
	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
PUBLIC FACILITIES BONDS:								
Louisiana Agricultural Finance Authority	2011	\$ 16,282	\$ 5,186	\$ 11,096	\$ 9,082	\$ 3,034	\$ 12,116	0.92
	2010	12,284	5,106	7,178	2,222	3,300	5,522	1.30
	2009	14,764	6,980	7,784	17,222	10,976	28,198	0.28
	2008	10,563	7,529	3,034	300	4,684	4,984	0.61
	2007	7,474	10,286	(2,812)	--	1,171	1,171	(2.40)
	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)
Louisiana Stadium and Exposition District	2011	\$ 92,980	\$ 60,437	\$ 32,543	\$ --	\$ 12,619	\$ 12,619	2.58
	2010	81,538	60,169	21,369	--	20,748	20,748	1.03
	2009	73,602	55,384	18,218	--	8,692	8,692	2.10
	2008	36,530	55,347	(18,817)	--	5,193	5,193	(3.62)
	2007	25,569	37,868	(12,299)	--	6,904	6,904	(1.78)
	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)
STUDENT UNIVERSITY BONDS:								
Colleges and Universities	2011	\$ 1,078,442	\$ 4,992,124	\$ (3,913,682)	\$ 34,885	\$ 67,588	\$ 102,473	(38.19)
	2010	979,671	4,951,958	(3,972,287)	44,420	60,966	105,386	(37.69)
	2009	918,590	3,743,593	(2,825,003)	69,281	59,746	129,027	(21.89)
	2008	901,920	3,610,696	(2,708,776)	82,711	55,265	137,976	(19.63)
	2007	909,169	3,040,456	(2,131,287)	24,406	34,629	59,035	(36.10)
	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

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN CALENDAR YEARS

YEAR	POPULATION	PERSONAL INCOME	PER CAPITA PERSONAL INCOME	MEDIAN AGE
	(A)(B)(1)(2)	(A)(2)	(C)(2)	(1)
2010	4,544	\$ 168,230,509	\$ 37,021	35.8
2009	4,492	168,544,450	37,520	35.4
2008	4,411	160,658,930	36,424	35.6
2007	4,293	153,569,577	35,770	35.6
2006	4,288	134,504,614	31,369	35.7
2005	4,524	111,200,646	24,582	35.2
2004	4,516	122,913,214	27,581	34.9
2003	4,496	116,176,096	26,038	34.7
2002	4,483	112,709,180	25,370	34.5
2001	4,465	110,256,197	24,084	34.3

YEAR	CIVILIAN LABOR FORCE	LOUISIANA UNEMPLOYMENT RATE	U.S. UNEMPLOYMENT RATE
	(A)(1)	(1)	(1)
2010	2,082	7.5%	9.6%
2009	2,068	6.8	9.3
2008	2,079	4.6	5.8
2007	1,998	3.8	4.6
2006	1,990	4.0	4.6
2005	2,077	6.7	5.1
2004	2,058	5.7	5.5
2003	2,037	6.6	6.0
2002	2,006	6.1	5.8
2001	2,050	6.0	4.8

(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) Survey of Current Business, U.S. Department of Commerce, Bureau of Economic Analysis

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

2011 EMPLOYERS	RANGE
STATE OF LOUISIANA (1)	45,000+
LOUISIANA STATE UNIVERSITY SYSTEM (2)	25,000+
OCHSNER HEALTH SYSTEM	10,000+
UNIVERSITY OF LOUISIANA SYSTEM (2)	5,000 - 9,999
NORTHROP GRUMMAN SHIP SYSTEMS	5,000 - 9,999
WILLIS KNIGHTON HEALTH SYSTEM	5,000 - 9,999
LAFAYETTE MEDICAL CENTER	5,000 - 9,999
OUR LADY OF THE LAKE MEDICAL CENTER	5,000 - 9,999
TULANE UNIVERSITY	5,000 - 9,999
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM (2)	5,000 - 9,999
SOUTHERN UNIVERSITY SYSTEM (2)	1,000 - 4,999
US POST OFFICE	1,000 - 4,999
HARRAH'S ENTERTAINMENT	1,000 - 4,999
NORTH OAKS HEALTH SYSTEM	1,000 - 4,999
ALLIED HEALTH CARE, INC.	1,000 - 4,999

2002 EMPLOYERS *

WAL-MART STORES, INC.
 WINN DIXIE LOUISIANA, INC.
 THE HIBERNIA NATIONAL BANK
 AVONDALE SHIPYARDS
 EXXON MOBIL CORPORATION
 BELLSOUTH TELECOMMUNICATIONS
 BURGER KING, CORP.
 WILLIS-KNIGHTON MEDICAL CENTER, INC.
 SEARS ROEBUCK & CO.
 OUR LADY OF THE LAKE MEDICAL CENTER
 ALTON OCHSNER FOUNDATION HOSPITAL
 THE SHAW GROUP, INC.
 TULANE UNIVERSITY
 ALBERTSONS
 GENERAL HEALTH, INC.

* 2002 employer list is from the Office of Statewide Reporting and Accounting
 Policy archive files - range information is not available and limited to private employers.

- (1) Government - Primary
- (2) Government - Component Unit

Note: Louisiana Workforce Commission is no longer able to provide largest employer information due to tighter confidentiality regulations of the Bureau of Labor Statistics.

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LOUISIANA STATE EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
GENERAL GOVERNMENT				
CLASSIFIED	6,422	6,691	6,410	6,456
UNCLASSIFIED	3,814	3,850	4,056	4,036
CULTURE, RECREATION, AND TOURISM				
CLASSIFIED	604	659	667	690
UNCLASSIFIED	532	525	567	562
TRANSPORTATION AND DEVELOPMENT				
CLASSIFIED	4,466	4,479	4,668	4,536
UNCLASSIFIED	91	98	144	171
PUBLIC SAFETY				
CLASSIFIED	2,645	2,811	2,836	2,827
UNCLASSIFIED	173	156	111	88
HEALTH AND WELFARE				
CLASSIFIED	13,346	15,084	16,965	16,875
UNCLASSIFIED	1,142	1,368	1,455	1,509
CORRECTIONS				
CLASSIFIED	5,179	5,684	6,145	6,136
UNCLASSIFIED	142	140	147	331
YOUTH SERVICES *				
CLASSIFIED	916	971	1,012	1,039
UNCLASSIFIED	110	93	155	203
CONSERVATION AND ENVIRONMENT				
CLASSIFIED	1,971	2,006	2,166	2,152
UNCLASSIFIED	138	160	183	177
EDUCATION				
CLASSIFIED	1,011	1,004	1,140	1,158
UNCLASSIFIED	2,302	2,446	2,923	3,017
COLLEGES AND UNIVERSITIES				
CLASSIFIED	16,603	17,478	18,209	17,931
UNCLASSIFIED	24,717	26,899	27,807	27,813
OTHER				
CLASSIFIED	1,567	1,545	1,794	1,793
UNCLASSIFIED	983	953	926	973
TOTAL	<u>88,874</u>	<u>95,100</u>	<u>100,486</u>	<u>100,473</u>

* Office of Youth Services moved from Corrections in FY 2006.

Source: Louisiana Department of State Civil Service

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<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
6,322	6,138	6,414	6,282	6,343	6,287
4,273	4,229	4,165	4,030	4,082	4,027
665	594	715	722	708	754
406	352	676	664	665	685
4,641	4,705	5,005	5,168	5,228	5,181
122	96	92	103	105	91
2,833	2,835	2,890	2,892	2,834	2,762
96	85	93	125	113	112
16,835	16,373	17,688	17,687	17,840	17,672
1,341	1,030	1,091	1,020	1,010	1,000
5,902	5,794	7,370	7,378	7,660	7,701
334	256	546	583	536	569
1,005	1,029	--	--	--	--
179	175	--	--	--	--
2,162	2,098	2,239	2,235	2,219	2,163
177	146	244	255	262	288
1,133	1,135	1,269	1,249	1,194	1,167
2,331	1,091	1,165	1,162	1,357	1,307
17,076	16,129	19,759	19,995	20,634	20,552
26,613	25,716	27,663	26,887	26,394	24,640
1,830	2,040	2,189	2,261	2,270	2,282
979	898	827	808	768	713
<u>97,255</u>	<u>92,944</u>	<u>102,100</u>	<u>101,506</u>	<u>102,222</u>	<u>99,953</u>

State of Louisiana

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN YEARS

	2011	2010	2009	2008
GENERAL GOVERNMENT				
AGRICULTURE - CROPS (in thousands) - [1]	*	\$1,935,528	\$1,761,590	\$1,984,873
AGRICULTURE - LIVESTOCK (in thousands) - [1]	*	\$977,025	\$777,568	\$1,049,816
AGRICULTURE - TIMBER (in thousands) - [1]	*	\$417,493	\$408,112	\$471,227
ELECTIONS - REGISTERED VOTERS (in thousands) - [1]	*	2,941	2,916	2,945
REVENUE - TAX RETURNS FILED (in thousands) - [2]	4,332	4,538	4,663	4,686
REVENUE - TAX RETURNS FILED ELECTRONICALLY - [2]	48%	53%	48%	45%
CULTURE, RECREATION, AND TOURISM				
STATE PARKS VISITORS (in thousands) - [2]	2,242	2,069	2,079	1,784
TRANSPORTATION AND DEVELOPMENT				
NUMBER OF BRIDGES	13,016	13,166	13,154	13,157
PUBLIC SAFETY				
STATE POLICE ROAD PATROL MILEAGE (in thousands) - [2]	13,055	13,615	14,373	10,699
HEALTH AND WELFARE				
DHH - MEDICAID CLAIMS PROCESSED (in thousands) - [2]	64,703	62,618	57,261	51,089
DHH - CHILDREN IMMUNIZED - [3]	*	95%	99%	93.3%
CORRECTIONS				
AVERAGE DAILY COST PER INMATE BED - [2]	\$55.77	\$55.54	\$61.49	\$56.25
CONSERVATION AND ENVIRONMENT				
WLF - FISH AND SHELLFISH (in thousands) - [1]	*	\$188,355	\$241,611	\$235,494
WLF - ALLIGATOR AND GAME (in thousands) - [1]	*	*	\$51,234	\$58,882
WLF - HUNTER DAYS ANNUALLY (in millions) - [1]	*	5.0	4.9	4.9
WLF - LICENSED COMMERCIAL FISHERMEN - [1]	*	14,396	12,266	11,207
EDUCATION				
GRADES K-12 (number of students) - [3]	*	673,968	656,696	629,264
AVERAGE ACT SCORE - [4]	20.2	20.1	20.1	20.3
START PRINCIPAL DEPOSITS (in thousands, cumulative) - [1]	*	\$50,852	\$45,575	\$182,970
TOPS TUITION AWARDS (in thousands) - [2]	\$144,450	\$129,868	\$123,032	\$117,146
TOPS AWARDS RECIPIENTS (number of students) - [2]	43,782	42,375	43,203	42,031
COLLEGES & UNIVERSITIES (number of students) - [5]	*	225,198	220,381	207,760

* Information for this year is not yet 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

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<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$1,768,902	\$1,321,910	\$1,204,605	\$1,347,810	\$1,296,021	\$1,159,194
\$941,322	\$864,269	\$920,093	\$877,993	\$697,345	\$614,049
\$558,445	\$727,747	\$581,709	\$593,094	\$605,357	\$568,440
2,838	2,894	2,845	2,820	2,787	2,720
4,702	3,848	4,061	4,195	3,949	4,084
45%	41%	32%	25%	17%	14%
1,678	1,596	2,183	2,087	2,064	2,008
13,175	13,181	13,206	13,223	13,249	13,274
9,262	10,119	10,204	10,904	10,447	10,378
64,914	46,725	51,930	47,133	40,399	35,242
96.0%	95.3%	95.0%	92.3%	90.4%	95.0%
\$48.97	\$47.00	\$48.99	\$44.97	\$43.38	\$41.62
\$289,536	\$270,633	\$251,895	\$275,634	\$271,113	\$279,989
\$74,149	\$64,370	\$52,617	\$44,748	\$37,252	\$32,886
5.1	5.0	5.0	--	5.8	6.0
11,785	12,095	14,120	15,832	17,070	18,419
632,923	636,233	587,205	701,471	705,534	708,238
20.1	20.1	19.8	19.8	19.6	19.6
\$171,689	\$127,082	\$93,217	\$63,049	\$37,317	\$9,207
\$121,660	\$116,203	\$118,882	\$110,926	\$103,729	\$103,273
43,952	42,130	42,435	41,034	40,107	40,851
198,016	195,380	205,300	214,345	210,527	204,197

State of Louisiana

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
CULTURE, RECREATION, AND TOURISM					
STATE PARKS	26	26	25	25	24
STATE PARKS (ACREAGE)	34,639	34,215	32,428	32,181	30,984
STATE HISTORIC SITES	22	22	20	20	20
STATE HISTORIC SITES (ACREAGE)	2,676	2,676	2,557	2,557	2,539
TRANSPORTATION AND DEVELOPMENT					
STATE HIGHWAYS (MILES)	16,667	16,678	16,682	16,685	16,691
PARISH ROADS (MILES)	33,375	33,580	31,560	33,366	33,280
CITY STREETS (MILES)	11,559	11,056	12,836	11,010	10,949
BRIDGES ON STATE HIGHWAYS	7,983	7,984	7,934	7,931	7,914
BRIDGES OFF STATE HIGHWAYS	5,033	5,182	5,220	5,226	5,261
PUBLIC SAFETY					
TROOPS	9	9	9	9	9
	<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	20	21	21	21	21
STATE HISTORIC SITES (ACREAGE)	2,539	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

- Sources: 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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