



## TREASURER OF THE STATE OF LOUISIANA

**John Neely Kennedy**  
State Treasurer

P. O. Box 44154  
Baton Rouge, LA 70804  
(225) 342-0010

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To: Governor Bobby Jindal and Members of the Legislature:

Please see the attached document containing the Louisiana Department of the Treasury's annual summary on the financial condition of the state. This information is being reported to you pursuant to Article IV, Section 9 of the 1974 Constitution.

In this year's summary, we provide data regarding state investments, cash flow, debt issuances, state trust funds, Unclaimed Property, START, LAMP and Social Security. We also compare investment figures and program performance for Fiscal Year 2009-2010 (FY 2010) and Fiscal Year 2008-2009 (FY 2009).

The Treasury will continue efforts to earn the best rate of return possible on taxpayer dollars and meet our goals of financial strength and durability of the state. We will work with state leaders to fulfill our mission of promoting prudent cash management and investment strategies. We will work tirelessly to improve the state's finances, investment performance and credit rating.

For more information about the Treasury that may not be included in the attached summary, please visit [www.latreasury.com](http://www.latreasury.com) or call (225) 342-0010.

# Annual Summary of the Financial Condition of the State

## Investments

- The Treasury managed an average of \$11 billion in statutory and constitutionally created funds in FY 2010 compared to \$11.8 billion in FY 2009. Earnings on these funds totaled \$309.1 million in FY 2010 and \$433.4 million in FY 2009.
- The Treasury's General Fund investment portfolio's cumulative income (since 1968) exceeded the \$4.9 billion mark by the end of FY 2010 compared to \$4.6 billion at the end of FY 2009.
- Earnings on the General Fund totaled \$185.9 million in FY 2010 compared to \$261.6 million in FY 2009.
- The state's Treasury General Fund Portfolios finished FY 2010 with \$7 billion in invested balances, \$185.9 million in earnings from investment activities and had a cash basis simple yield of 2.7 percent. This compares to \$7.8 billion in invested balances, \$261.6 million in earnings from investment activities and a cash basis simple yield of 3.4 percent at the end of FY 2009.
- The Treasury used BidLouisiana to award \$313.3 million in certificates of deposits to 99 banks statewide resulting in additional earnings of \$16,341 in FY 2010 compared to \$306.3 million in CDs for 95 banks statewide resulting in additional earnings of \$123,144 in FY 2009.

## Cash Flow

- Through the centralized pooling of deposits, the Treasury processed 2.5 million deposit items and 76,217 credits in FY 2010 resulting in a cash flow of over \$29.8 billion compared to 2.9 million deposit items, 73,219 credits and a cash flow of over \$30.1 billion in FY 2009.
- The General Fund's month-end balances overall cash position was \$547.7 million at the end of FY 2010 and \$1 billion at the end of FY 2009.
- The interfund borrowing base was \$4.5 billion at the end of FY 2010 compared to \$5 billion at the end of FY 2009.
- The cash balance of the Rainy Day Fund was \$643.9 million at the end of FY 2010 compared to \$853.7 million at the end of FY 2009.

## Bond Commission

- The Treasury serviced and managed 11 outstanding GO debt issues with payments totaling \$303 million in FY 2010. This compares to 13 GO debt issues and \$286 million in payments in FY 2009.

- Debt issuances for FY 2010 include:
  - Gasoline and Fuels Tax issues 2009A-1, A-2, A-3, A-4 and 2010A totaling \$485 million with 8 floating to fixed interest rate swaps
  - Gasoline and Fuels Tax issues 2010B totaling \$394 million (fixed rate issue)
  - GO Series 2009A of \$200 million in new money
  - GO Series 2009B of \$119 million (refunding issue)
  - GO Series 2010A \$206.5 million and 2010B \$91.5 million (refunding issue)
  - LCTCS Series 2009A \$19.2 million and 2009B \$45.3 million
  - LCTCS Series 2010B \$64.1 million
  - OFC Series 2009 \$94.9 million (refunding)
  - OFC Series 2010A \$57.6 million (refunding)
  - Delta Community College Series 2009 \$43 million
  
- The total par amount of Net State Tax Supported Debt (NSTSD) at the end of FY 2010 was \$5.7 billion compared to \$5.3 billion at the end of FY 2009. The amount of per-capita NSTSD was \$1,277 in FY 2010 compared to \$1,186 in FY 2009.
  
- Standard & Poor's and Fitch rating agencies raised the State's GO bond rating in 2009 from A+ to AA- with a stable outlook, while Moody's Investor Service maintained an A1 rating but raised the outlook from stable to positive.

### **State Trust Funds**

- The market value of the Louisiana Education Quality Trust Fund at the end of FY 2010 was \$1.1 billion with earnings of \$43.9 million and a total return rate of 16.7 percent. This compares to a market value in FY 2009 of \$960 million, earnings of \$53.2 million, and a total return rate of -6.2 percent.
  
- The market value of the Millennium Trust Fund at the end of FY 2010 was \$1.4 billion with earnings of \$56.3 million and a total return rate of 5.4 percent. This compares to a market value in FY 2009 of \$1.4 billion, earnings of \$57.7 million, and a total return rate of 4.8 percent.
  
- The market value of the Medicaid Trust Fund at the end of FY 2010 was \$723.9 million with earnings of \$20.4 million and a total return rate of 8.8 percent. This compares to a market value in FY 2009 of \$773.6 million, earnings of \$36.7 million, and a total return rate of 2.1 percent.

### **Unclaimed Property**

- The Treasury collected a record \$60.8 million in unclaimed property from Louisiana businesses and refunded a record \$22.2 million to Louisiana residents in FY 2010 compared to \$51.6 million in collections and \$22 million in refunds in FY 2009.

### **START\***

- At the close of CY 2010, fixed income investments in START (managed by the Treasury) totaled \$130.3 million, made up 44 percent of all START monies and earned a rate of return of 2.7 percent. At the close of CY 2009, fixed income investments in START totaled

- \$115.4 million, made up 48.2 percent of all START monies and earned a rate of 3.2 percent.
- At the close of CY 2010, equity investments in START (managed by The Vanguard Group) totaled 56 percent of all START monies (or \$166.1 million) and earned a rate of return of 9.2 percent to 27.7 percent depending on the option chosen. At the close of CY 2009, equity investments in START totaled 51.8 percent of all START monies (or \$124 million) and earned a rate of return of 12.1 percent to 36.7 percent.

*\*Because 529 Plans are authorized under IRS rules, START reports data based on a calendar year for tax purposes.*

### **LAMP**

- Since its inception, the Louisiana Asset Management Pool (LAMP) has generated \$492 million in interest for Louisiana public agencies. At the end of FY 2010, LAMP assets reached \$1.8 billion, 622 participants and 3,482 accounts. This compares to \$2 billion in assets, 619 participants and 3,241 accounts in FY 2009.

### **Social Security**

- As of March, 2011, a total of 159 Medicare-Only referenda have been conducted at 85 local government agencies in Louisiana allowing approximately 35,150 government workers the option of paying the Medicare tax. These figures include approximately 10,000 state employees, all universities, 44 parish school boards and other local agencies.