Louisiana Transportation Authority
Department of Transportation and Development

A Component Unit of the
State of Louisiana

Financial Statement Audit
For the Years Ended June 30, 2021, and June 30, 2020
Issued November 30, 2021

LOUISIANA LEGISLATIVE AUDITOR
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John Bel Edwards, Governor
Shawn D. Wilson, Ph.D., Secretary

November 29, 2021

Board of Directors, Louisiana Transportation Authority
Senator Patrick McMath, Chairman, Louisiana Transportation Authority

The Louisiana Department of Transportation and Development, on behalf of the Louisiana Transportation Authority (LTA), is pleased to submit its Annual Financial Report for the fiscal years ended June 30, 2021, and June 30, 2020. LTA's management is responsible for the accuracy and completeness of all data and disclosures in this report. To the best of our knowledge, the information presented is accurate and complete in all material respects and fairly depicts the financial activities and position of the LTA.

This report consists of the letter of transmittal, management's discussion and analysis, and the financial statements with accompanying notes.

The LTA is committed to providing thorough and relevant financial information to the users of its financial statements. The preparation of the Annual Financial Report reflects our commitment.

Sincerely,

Lesha C. Woods, MBA, CGFM, CGFO
Financial Services Administrator

LOUISIANA LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

November 29, 2021

Independent Auditor's Report

LOUISIANA TRANSPORTATION AUTHORITY
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Louisiana Transportation Authority (Authority), a component unit of the state of Louisiana, as of and for the years ended June 30, 2021, and June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

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relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2021, and June 30, 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 6 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Letter of Transmittal is not a required part of the basic financial statements.

The Letter of Transmittal has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

CS:LMN:RR:EFS:aa

LTA 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

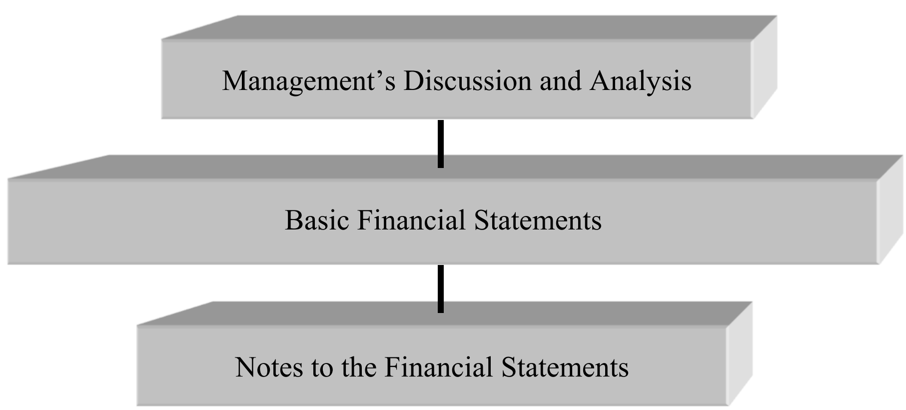
Management's Discussion and Analysis of the Louisiana Transportation Authority's (LTA) financial performance presents a narrative overview and analysis of LTA's financial activities for the years ended June 30, 2021, and June 30, 2020. This document focuses on the current year's activities, resulting changes, and currently-known facts in comparison with the prior-year's information. Current year activities have resulted in additional notes pertaining to debt administration and subsequent events. When comparing to prior-year's information, there may be a difference in the numbering of some notes (7-12). Please read this document in conjunction with the additional information contained in LTA's financial statements.

FINANCIAL HIGHLIGHTS

- LTA's operating revenues decreased in fiscal year 2021 to $4,423,110 from fiscal year 2020's revenue total of $4,932,628. The net position of LTA has decreased by $5,513,155. The primary reason is due to the depreciation of capital assets and the decrease in operating revenues.
- LTA's assets and deferred outflows exceeded liabilities at the close of fiscal year 2021 by $104,368,650. The noncurrent assets decreased by $9,433,625, or 3.33%. The primary reason is due to the depreciation of capital assets.
- LTA's net position decreased in fiscal year 2020 to $109,881,805 from fiscal year 2019 of $116,046,289. The primary reason was due to the depreciation of capital assets and the decrease in operating revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements, and the notes to the financial statements.

Basic Financial Statements

The basic financial statements present information for LTA as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position (page 12) presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and liabilities plus deferred inflows is net position, which may provide a useful indicator of whether the financial position of LTA is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (page 13) presents information showing how LTA's net position changed as a result of current-year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 14-15) presents information showing how LTA's cash changed as a result of current-year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method), as required by GASB Statement 34.

FINANCIAL ANALYSIS

Statement of Net Position

June 30, 2021, 2020, and 2019

	2021	2020	2019
Noncurrent restricted cash	$220,017	$200,147	$256,600
Noncurrent restricted assets - investments	20,136	23,851	79,308
Noncurrent restricted assets - receivables	74,332	85,190	53,356
Noncurrent restricted due from other entities	315,347	326,394	287,760
Noncurrent capital assets	273,325,960	282,753,835	292,181,710
Total assets	273,955,792	283,389,417	292,858,734
Total deferred outflows of resources	900,179		
Current liabilities	3,667,321	4,697,626	4,733,610
Noncurrent liabilities - bonds payable, net	166,820,000	163,039,026	166,033,068
Total Liabilities	170,487,321	167,736,652	170,766,678
Total deferred inflows of resources		5,770,960	6,045,767
Net position:			
Net investment in capital assets	105,331,139	111,175,880	117,335,657
Unrestricted	(962,489)	(1,294,075)	(1,289,368)
Total net position	$104,368,650	$109,881,805	$116,046,289

Restricted assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted assets are those that do not have any limitations on how these amounts may be spent. Noncurrent assets of LTA decreased by $9,433,625 from June 30, 2020, to June 30, 2021. The primary reason is due to the depreciation of capital assets.

In connection with the refunding of the 2005 series bonds, an accounting gain resulted that was being systematically recognized over the remaining life of the old debt. With the refunding of the 2013A series bonds, this gain was included in the defeased debt. The total deferred inflow of resources decreased in fiscal year 2021 to $0 from fiscal year 2020 of $5,770,960. Refunding of the 2013A bonds resulted in an accounting loss that will be systematically recognized over the life of the new debt. The accounting loss is recognized as deferred outflows in the amount of $900,179 for fiscal year 2021.

Changes in Net Position

The change in net position for the year ended June 30, 2021, is $651,329, or 10.57% less than the change in net position for the year ended June 30, 2020. These changes are primarily due to the decrease in operating revenues, non-operating expenses, and transfers in and out from 2020 to 2021. Interest expense for 2021 declined by 15% due to the issuance of Refunding Bonds, Series 2021A. Interest income declined 99% due to falling interest rates, and toll revenues declined 24% in the first half of fiscal year 2021 due to storm related closures and COVID-19 restrictions.

Statement of Revenues, Expenses, and Changes in Net Position
For the years ended June 30, 2021, 2020, and 2019

	2021	2020	2019
Operating revenues	$4,423,110	$4,932,628	$5,366,662
Operating expenses	(9,451,925)	(9,451,425)	(9,452,924)
Operating loss	(5,028,815)	(4,518,797)	(4,086,262)
Non-operating revenues	181	25,683	51,438
Non-operating expenses	(3,946,696)	(4,663,822)	(4,792,572)
Loss before transfers	(8,975,330)	(9,156,936)	(8,827,396)
Transfers in	7,887,451	7,991,464	8,114,378
Transfers out	(4,425,276)	(4,999,012)	(5,343,980)
Net decrease in net position	($5,513,155)	($6,164,484)	($6,056,998)

In 2021, LTA's total operating revenues decreased by $509,518. The total cost of all programs and services decreased by $716,626.

In 2020, LTA's total operating revenues decreased by $434,034. The total cost of all programs and services decreased by $130,249.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, LTA had $273,325,960 invested in capital assets. This amount represents a net decrease of $9,427,875 (3.33%) from fiscal year 2020. Respectively, at the end of fiscal year 2020, LTA had $282,753,835 invested in capital assets with a $9,427,875 (3.23%) net decrease from fiscal year 2019.

	2021	2020	2019
Buildings and improvements	$622,825	$645,069	$667,313
Infrastructure	272,703,135	282,108,766	291,514,397
Totals	$273,325,960	$282,753,835	$292,181,710

Debt Administration

On November 14, 2013, LTA issued $51,530,000 of Louisiana Transportation Authority Refunding Bonds, Series 2013A for the purpose of providing funds, together with other available funds including a portion of TIFIA bonds (described below), to currently refund LTA's LA 1 Project Senior Lien Toll Revenue Bonds, Series 2005A and LTA's LA 1 Project Senior Lien Toll Revenue Capital Appreciation Bonds, Series 2005B.

Simultaneously, with the issuance of these bonds, LTA issued its LA 1 Project TIFIA Bonds, Series 2013B ($78,000,000) and LA 1 Project TIFIA Bonds, Series 2013C ($44,000,000), (collectively, the "TIFIA Bonds") for the purpose of providing funds to currently refund the outstanding principal amount of its Series 2005 TIFIA Bonds, and a portion of the Senior Bonds described above, and paying the cost of issuance of the TIFIA Bonds.

On January 28, 2021, LTA issued $54,275,000 of Louisiana Transportation Authority Refunding Bonds, Series 2021A for the purpose of an advance refunding of LTA's Series 2013A Refunding Bonds and paying the cost of issuance of the Series 2021A Bonds.

On January 28, 2021, LTA amended the Cooperative Endeavor Agreement with the state of Louisiana, that was entered into on November 6, 2013, and amended on November 13, 2013. Subject to appropriation through the Commissioner of Administration, the state of Louisiana will make payments to LTA in an amount sufficient to pay the principal of, premium, and interest on the bonds. LTA has agreed to reimburse the state, as provided by a pledge agreement, to the extent funds are available. All toll revenue is pledged to the payment of the debt. LTA had $168,895,000 in bonds and notes outstanding at year-end, compared to $165,806,995 last year, an increase of $3,088,005 as shown in the accompanying table.

The Refunding Bonds, Series 2021A, are limited and special revenue obligation bonds. The TIFIA Series 2013B and Series 2013C bonds are bonds that fall within the description of a direct placement as these bonds were not available to the public for purchase. Subsequently, the TIFIA bonds are reported separately from the Series 2021A Refunding Bonds. LTA has an outstanding limited and special revenue obligation bond and two bonds from direct placements related to business-type activities totaling $54,275,000 and $114,620,000, respectively. LTA does not have any unused lines of credit or assets pledged as collateral for debt.

As of June 30, 2021, Fitch rated the Series 2021A Refunding Bonds as A+, and Moody's rated the Series 2021A Refunding Bonds as A1. Standard and Poor's has not issued a rating as of the date of this report. LTA has no outstanding claims and judgments at fiscal year-end.

Outstanding Debt at Year-end

	2021	2020	2019
Direct Placement Bonds	$114,620,000	$116,670,000	$118,710,000
Limited and Special Revenue Obligation Bonds	54,275,000	49,136,995	50,090,286
	$168,895,000	$165,806,995	$168,800,286

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

LTA does not adopt a formal budget on a fiscal-year basis.

ECONOMIC FACTORS AND RATES

LTA's elected and appointed officials considered the following factors and indicators when setting rates and fees:

- Increase in debt service payments
- Increase in administrative expenses

LTA expects that next year's results will be consistent with prior years based on the following:

- In fiscal year (FY) 2021, the actual revenues of $4.4 million were 44% lower than the required debt service payment. The toll collections in FY 2021 did not provide sufficient revenues to reimburse the state in full for debt payments made on LTA's behalf, as stipulated by the Cooperative Endeavor Agreement. For FY 2022, LTA anticipates that collections will not fully reimburse the state.

A subsequent event occurred on August 29, 2021. A historic Category 4 hurricane, Hurricane Ida, ravaged the state of Louisiana. At this time, the Authority cannot assess or estimate the impact of the damages to roads, bridges and infrastructure associated with this event.

CONTACTING LTA'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of LTA's finances and show LTA's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact Lesha C. Woods, Financial Services Administrator, Louisiana Department of Transportation and Development, P.O. Box 94245, Baton Rouge, LA 70804-9245.

LOUISIANA TRANSPORTATION AUTHORITY
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA

Statement of Net Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Noncurrent assets		
Restricted assets:		
Cash (note 2)	$220,017	$200,147
Investments (note 3)	20,136	23,851
Accounts receivable, net (note 4)	74,332	85,190
Due from other entities (note 9)	315,347	326,394
Capital assets, net, (note 5)	273,325,960	282,753,835
Total assets	273,955,792	283,389,417
DEFERRED OUTFLOWS OF RESOURCES	900,179	
LIABILITIES		
Current liabilities:		
Due to other entities (note 9)	3,507	3,542
Accrued interest on bonds payable	1,588,814	1,926,115
Bonds payable, net (note 6)	2,075,000	2,767,969
Total current liabilities	3,667,321	4,697,626
Noncurrent liabilities - bonds payable, net (note 6)	166,820,000	163,039,026
Total liabilities	170,487,321	167,736,652
DEFERRED INFLOWS OF RESOURCES		5,770,960
NET POSITION		
Net investment in capital assets	105,331,139	111,175,880
Unrestricted	(962,489)	(1,294,075)
Total net position	$104,368,650	$109,881,805

The accompanying notes are an integral part of this statement.

LOUISIANA TRANSPORTATION AUTHORITY
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Toll fees	$4,423,110	$4,932,628
Total operating revenues	4,423,110	4,932,628
OPERATING EXPENSES		
Administrative expenses	(24,050)	(23,550)
Depreciation (note 5)	(9,427,875)	(9,427,875)
Total operating expenses	(9,451,925)	(9,451,425)
OPERATING LOSS	(5,028,815)	(4,518,797)
NONOPERATING REVENUES (Expenses)		
Interest expense	(3,946,696)	(4,663,822)
Other revenue - interest income	181	25,683
Total nonoperating revenues (expenses)	(3,946,515)	(4,638,139)
LOSS BEFORE TRANSFERS	(8,975,330)	(9,156,936)
Transfers in from State of Louisiana (note 10)	7,887,451	7,991,464
Transfers out to State of Louisiana (note 10)	(4,425,276)	(4,999,012)
Total transfers	3,462,175	2,992,452
CHANGE IN NET POSITION	(5,513,155)	(6,164,484)
NET POSITION AT BEGINNING OF YEAR	109,881,805	116,046,289
NET POSITION AT END OF YEAR	$104,368,650	$109,881,805

The accompanying notes are an integral part of this statement.

LOUISIANA TRANSPORTATION AUTHORITY
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA

Statement of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$4,445,174	$4,861,590
Cash payments to suppliers for goods or services	(24,244)	(25,642)
Net cash provided by operating activities	4,420,930	4,835,948
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers in	7,887,451	7,991,464
Transfers out	(4,425,276)	(4,999,012)
Net cash provided by non-capital financing activities	3,462,175	2,992,452
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of bonds	53,753,140	
Principal paid on bonds	(51,050,000)	(2,765,000)
Interest paid on bond maturities	(10,570,270)	(5,200,994)
Net cash used by capital and related financing activities	(7,867,130)	(7,965,994)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investment securities	(13,683,571)	(12,933,099)
Proceeds from sale of investment securities	13,687,285	12,988,557
Interest and dividends earned on investment securities	181	25,683
Net cash provided by investing activities	3,895	81,141
NET INCREASE (DECREASE) IN CASH	19,870	(56,453)
CASH AT BEGINNING OF YEAR	200,147	256,600
CASH AT END OF YEAR	$220,017	$200,147

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA TRANSPORTATION AUTHORITY
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
Statement of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	($5,028,815)	($4,518,797)
Adjustment to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	9,427,875	9,427,875
(Increase) Decrease in accounts receivable	10,858	(31,834)
(Increase) Decrease in due from	11,047	(38,634)
(Decrease) in due to	(35)	(2,662)
Total adjustments	9,449,745	9,354,745
Net cash provided by operating activities	$4,420,930	$4,835,948

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Louisiana Transportation Authority (Authority) is a public corporation within the Department of Transportation and Development (DOTD) of the state of Louisiana. The Louisiana Legislature created the Authority pursuant to Louisiana Revised Statutes 48:2071-48:2083 for the purpose of pursuing alternative and innovative funding sources, including but not limited to public/private partnerships, tolls, and unclaimed property bonds, to supplement public revenue sources and to improve Louisiana's transportation system. The Authority is governed by nine directors who shall be the governing body of the Authority with full power to promulgate rules and regulations for the maintenance and operation of the Authority, subject to the approval of the House and Senate committees on Transportation, Highways, and Public Works. In accordance with the provisions of the revised statutes, the Authority has the power to issue bonds for any purpose of the Authority and to pledge revenues for the payment of the principal and interest of such bonds. The Authority has no taxing power.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. GASB has issued a *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared on the full accrual basis in accordance with such principles.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the state of Louisiana. The Authority is considered a component unit of the state of Louisiana because the nine Authority directors are either members of the legislature or are appointed by the governor, and the state is able to impose its will on the Authority through its oversight responsibility. The accompanying financial statements present only the activity of the Authority. Annually, the state of Louisiana issues basic financial statements that include the activity contained in the accompanying financial statements. The accounts of the Authority are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration - Office of Statewide Reporting and Accounting Policy (OSRAP). These basic financial statements are audited by the Louisiana Legislative Auditor.

C. FUND ACCOUNTING

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position.

Revenues are recognized in the accounting period when they are earned, and expenses are recognized when the related liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. BUDGET PRACTICES

The Authority does not adopt a formal budget on a fiscal basis.

F. CASH AND INVESTMENTS

Cash includes amounts on deposit with the fiscal agent bank and an imprest account. Investments include amounts invested in money market funds. The Authority considers all highly-liquid investments and deposits with a maturity of three months or less when purchased to be cash equivalents. Under state law, the Authority may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Trust Indenture dated November 1, 2013 and supplemented January 1, 2021, authorizes the trustee, as directed by the Authority, to invest in direct United States Treasury obligations of which the principal and interest are guaranteed by the United States government; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America or by

U.S. government instrumentalities, which are federally sponsored; and mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940 and which have underlying investments consisting solely of, and limited to, securities of the U.S. government or its agencies.

Investments that are externally restricted to make debt service payments, to maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets are reported as restricted investments.

G. CAPITAL ASSETS

The Authority follows the capitalization policies established by OSRAP. Buildings and infrastructure assets have a capitalization threshold of $100,000 and $3 million, respectively, and are capitalized and depreciated using the straight-line method over 40 years. Construction-in-progress is not depreciated.

H. COMPENSATED ABSENCES, PENSION BENEFITS, AND POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Authority has no employees. DOTD employees perform the administrative and accounting functions for the Authority. Therefore, no compensated absences, pension benefits, or postretirement benefits are provided by the Authority.

I. NONCURRENT LIABILITIES

In accordance with GASB, bond issuance costs are expensed in the period incurred. Bond premium and discounts are amortized over the life of the bonds using the effective interest-rate method.

J. NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, expenses, and contributions of capital. Net position is generally classified in the following three components:

- Net investment in capital assets consists of all capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Authority's policy is to first apply the expense toward restricted resources, then toward unrestricted resources.

K. USE OF ESTIMATES

The preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions about amounts reported in the financial statements. Actual results could differ from those estimates.

2. CASH

As reflected on Statement A, the Authority has cash (book balances) totaling $220,017 at June 30, 2021, and $200,147 at June 30, 2020. Under state law, demand deposits with financial institutions must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledge securities plus the federal deposit insurance must, at all times, equal the amount on deposit with the fiscal agent. GASB Statement 40, which altered GASB Statement 3, excluded the disclosure requirement to publish all deposits by three categories of risk. An entity's deposits may pose a custodial credit risk if the deposit balance is not covered by depository insurance and are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The Authority had deposits (collected bank balances) secured by federal deposit insurance of $226,342 and $208,469 at June 30, 2021, and June 30, 2020, respectively.

3. INVESTMENTS

At June 30, 2021, the Authority has investments stated at cost, which approximates market, totaling $20,136, which are composed of money market mutual funds that consist of shares in investments in direct obligations of the U.S. Department of the Treasury including Treasury bills, bonds, notes, and other obligations issued or guaranteed by the U.S. Treasury. The Authority's investments in the Federated U.S. Treasury Cash Reserves Mutual Fund were rated AAAm by Standard and Poor's and Aaa-mf by Moody's Investors Service. The fund invests primarily in short-term U.S. Treasury and government securities that have remaining maturities of 365 days or less. These funds are reflected as restricted assets in the Statement of Net Position. The fund does not invest in repurchase agreements.

At June 30, 2020, the Authority had investments stated at cost, which approximates market, totaling $23,851, which were composed of money market mutual funds that consisted of shares in investments in direct obligations of the U.S. Department of the Treasury including Treasury bills, bonds, notes, and other obligations issued or guaranteed by the U.S. Treasury. The Authority's investments in the Federated U.S. Treasury Cash Reserves Mutual Fund were rated AAAm by Standard and Poor's and Aaa-mf by Moody's Investors Service. The fund invested primarily in short-term U.S. Treasury and government securities that had remaining maturities of 365 days or less. These funds are reflected as restricted assets in the Statement of Net Position. The fund did not invest in repurchase agreements.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At year end, June 30, 2021, and June 30, 2020, the Authority limited credit risk by not investing in repurchase agreements.

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. No investments were held at June 30, 2021, or June 30, 2020, that required concentration of credit risk disclosure.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority has no policies to limit its interest rate risk. No investments were held at June 30, 2021, or June 30, 2020, that required interest rate risk disclosure.

4. ACCOUNTS RECEIVABLE, RESTRICTED

The Authority has accounts receivable of $74,332 and $85,190 at June 30, 2021, and June 30, 2020, respectively, all of which are for tolls (net of the allowance for doubtful accounts of $39,679 and $110,703, respectively). These amounts were earned before the year-end but not received by the Authority until after the applicable year-end.

For fiscal years 2021 and 2020, allowance for doubtful accounts is the difference between all invoiced violations zero to 180 days old and the Authority's estimate of collectible accounts. Violation receivables older than 180 days are deemed uncollectible. The estimate of collectible accounts is based on collections of prior-year's violations and the Authority's ability to collect aged accounts receivable.

5. CAPITAL ASSETS

The capital assets are included on the Statement of Net Position and are capitalized at cost. Depreciation of all exhaustible capital assets used by the entity is charged as an expense against operations. Depreciation is computed by the straight-line method over the useful lives of the assets. A summary of changes in capital assets follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not depreciated:				
Construction-in-progress	NONE			NONE
Total capital assets not depreciated	NONE	NONE	NONE	NONE
Other capital assets:				
Buildings	$889,750			$889,750
Less accumulated depreciation	(244,681)	($22,244)		(266,925)
Total buildings	645,069	(22,244)		622,825
Infrastructure	375,781,015			375,781,015
Less accumulated depreciation	(93,672,249)	(9,405,631)		(103,077,880)
Total infrastructure	282,108,766	(9,405,631)		272,703,135
Total other capital assets	$282,753,835	($9,427,875)	NONE	$273,325,960
Capital asset summary:				
Capital assets not depreciated				
Other capital assets, book value	$376,670,765			$376,670,765
Total cost of capital assets	376,670,765			376,670,765
Less accumulated depreciation	(93,916,930)	($9,427,875)		(103,344,805)
Capital assets, net	$282,753,835	($9,427,875)	NONE	$273,325,960

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not depreciated:				
Construction-in-progress	NONE			NONE
Total capital assets not depreciated	NONE	NONE	NONE	NONE
Other capital assets:				
Buildings	$889,750			$889,750
Less accumulated depreciation	(222,437)	($22,244)		(244,681)
Total buildings	667,313	(22,244)		645,069
Infrastructure	375,781,015			375,781,015
Less accumulated depreciation	(84,266,618)	(9,405,631)		(93,672,249)
Total infrastructure	291,514,397	(9,405,631)		282,108,766
Total other capital assets	$292,181,710	($9,427,875)	NONE	$282,753,835
Capital asset summary:				
Capital assets not depreciated				
Other capital assets, book value	$376,670,765			$376,670,765
Total cost of capital assets	376,670,765			376,670,765
Less accumulated depreciation	(84,489,055)	($9,427,875)		(93,916,930)
Capital assets, net	$292,181,710	($9,427,875)	NONE	$282,753,835

6. LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt of the Authority for the years ended June 30, 2021, and 2020:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Business-type activities:					
Limited and Special Revenue obligation bonds					
Series 2013A Refunding Bonds	$49,000,000		($49,000,000)		
Bond Premium	136,995		(136,995)		
Series 2021A Refunding Bonds		$54,275,000		$54,275,000	
Total	$49,136,995	$54,275,000	($49,136,995)	$54,275,000	NONE
Notes from direct borrowings and direct placements:					
Series 2013B TIFIA Bonds	$77,850,000		($25,000)	$77,825,000	$25,000
Series 2013C TIFIA Bonds	38,820,000		(2,025,000)	36,795,000	2,050,000
Total	116,670,000		(2,050,000)	114,620,000	2,075,000
Total Bonds Payable	**$165,806,995**	**$54,275,000**	**($51,186,995)**	**$168,895,000**	**$2,075,000**

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Business-type activities:					
Limited and Special Revenue obligation bonds					
Series 2013A Refunding Bonds	$49,725,000		($725,000)	$49,000,000	$715,000
Bond Premium	365,286		(228,291)	$136,995	2,969
Total	$50,090,286	NONE	($953,291)	$49,136,995	$717,969
Notes from direct borrowings and direct placements:					
Series 2013B TIFIA Bonds	$77,875,000		($25,000)	$77,850,000	$25,000
Series 2013C TIFIA Bonds	40,835,000		(2,015,000)	38,820,000	2,025,000
Total	118,710,000	NONE	(2,040,000)	116,670,000	2,050,000
Total Bonds Payable	**$168,800,286**	**NONE**	**($2,993,291)**	**$165,806,995**	**$2,767,969**

On June 9, 2005, the Authority issued Series 2005A Senior Lien Toll Revenue Bonds, Series 2005B Senior Lien Toll Revenue Capital Appreciation Bonds, and Series 2005 Subordinate Lien Toll Revenue Bond Anticipation Notes (BANS), in accordance with the Master Indenture of Trust, as supplemented by a First Supplemental Indenture of Trust and a Second Supplemental Indenture of Trust all dated as of April 1, 2005. The Series 2005A Senior Lien Toll Revenue Bonds had maturity dates of December 1, 2013, to December 1, 2030, with interest rates of 3.5% to 4.5%.

The Capital Appreciation Bonds were interest-free bonds issued at a deep discount. The Series 2005 Subordinate Lien Toll Revenue BANS matured on September 1, 2009.

In addition, the Authority entered into a Secured Loan Agreement with the U.S. Department of Transportation (USDOT) to borrow $66,000,000 to reimburse the Authority for "Eligible Project Cost" of Phase 1 by refinancing the Series 2005 Subordinate Lien BANS. To evidence the Authority's obligations under the Secured Loan Agreement, the Authority issued the Series 2005 Transportation Infrastructure Finance and Innovation Act (TIFIA) Bond as a Subordinate Lien Toll Revenue Bond. The TIFIA Bond had a maturity of December 1, 2040, with an interest rate of 4.45%.

On November 14, 2013, in accordance with the Trust Indenture, the Authority issued $51,530,000 of Louisiana Transportation Authority Refunding Bonds, Series 2013A, for the purpose of providing funds, together with other available funds including a portion of TIFIA bonds (described below), to currently refund the Authority's Series 2005A Senior Lien Toll Revenue Bonds and Series 2005B Senior Lien Toll Revenue Capital Appreciation Bonds. The Series 2013A Refunding Bonds have maturity dates of August 15, 2014, to August 15, 2043, with interest rates of 2.0% to 5.0%.

On November 6, 2013, the Authority entered into a Secured Loan Agreement with USDOT to borrow $122,000,000, which effectively cancels the previous agreement with USDOT noted above for $66,000,000. Simultaneously with the issuance of the Series 2013A bonds noted above, the Authority issued its LA 1 Project TIFIA Bonds, Series 2013B, in the amount of $78,000,000, and LA 1 Project TIFIA Bonds, Series 2013C, in the amount of $44,000,000. The Series 2013B and 2013C are collectively called the TIFIA Bonds. The purpose of the issuance of the TIFIA Bonds was to provide funds to currently refund the outstanding principal amount of the Series 2005 TIFIA Bonds, a portion of the Senior Bonds described above, and paying cost of issuance for the TIFIA Bonds. The TIFIA Bonds were issued to evidence the obligation of the Authority under the Secured Loan Agreement to repay the loan made by USDOT. The Series 2013B TIFIA Bonds mature on August 15, 2046, and have an interest rate of 1.89%. The Series 2013C TIFIA Bonds mature on August 15, 2032, and have an interest rate of 3.46%.

On January 28, 2021, with authorization from the Third Supplement of the Trust Indenture, the Authority issued $54,275,000 of Louisiana Transportation Authority Refunding Bonds, Series 2021A for the purpose of refunding the Authority's Series 2013A Refunding Bonds. The Refunding Bonds, Series 2021A has maturity dates of February 15, 2024 to August 15, 2043 and interest rates of 0.713% to 3.08%.

The Refunding Bonds, Series 2021A, are limited and special revenue obligation bonds. The TIFIA Series 2013B and Series 2013C Bonds are bonds that fall within the description of a Direct Placement as these bonds were not available to the public for purchase. Subsequently, the TIFIA bonds are reported separately from the Series 2021A Refunding Bonds. The Authority has an outstanding limited and special revenue obligation bond and two bonds from direct placements related to business-type activities totaling $54,275,000 and $114,620,000, respectively. The Authority does not have any unused lines of credit or assets pledged as collateral for debt.

The terms specified in Article 5, Section 5.1 of the Pledge and Security Agreement (Agreement) identify events of default. The following shall constitute an "Event of Default" with respect to all the outstanding TIFIA Bonds: (1) default in the payment of any portion of the principal of or interest on, or the redemption price of, any outstanding TIFIA Bond when due; (2) failure by the Authority to cure any noncompliance with any provision of the Agreement within 60 days after receiving written notice from the trustee or owners of at least 25% of the principal amount of the outstanding TIFIA Bonds; (3) failure to operate, maintain, and repair the project in accordance with the Agreement; (4) failure to obtain or maintain insurance in accordance with the Agreement; (5) the occurrence of a Bankruptcy Related Event; or (6) the occurrence of an Event of Default under the TIFIA Loan Agreement. Article 5, Section 5.2 of the Agreement states that upon the occurrence of any Event of Default, the trustee may take whatever action at law or in equity may appear necessary or desirable to enforce the rights of the owners of the outstanding TIFIA Bonds and shall deposit any moneys received as a result of such action in accordance with the Agreement. Notice of default as described in Article 5, Section 5.11 of the Agreement should be made immediately in the case of the events described in (1) and (2) above and within 30 days for all other defaults, after the receipt of notice and the trustee is deemed to have notice, the trustee shall give written notice to the owners of all Bonds then outstanding, in the manner provided. Additionally, the Authority shall give immediate notice to the owners of the TIFIA Bonds as provided in the Loan Agreement. The trustee shall immediately notify, in writing, the Authority and the state of any Event of Default of which the trustee has actual notice.

All principal and interest prior to the 2013 bonds were funded in accordance with Article 7, Section 27 of the Louisiana Constitution of 1974. These bonds are not general obligations of the state or any political subdivision thereof, and the faith and credit of the state is not pledged to the payment of these bonds.

On November 6, 2013, the Authority entered into a Cooperative Endeavor Agreement, amended November 13, 2013 and January 28, 2021, with the state of Louisiana, subject to appropriation, through the Commissioner of Administration, to make payments to the Authority in an amount sufficient to pay the principal, premium, and interest on the bonds. The Authority has agreed to reimburse the state, as provided by a pledge agreement, to the extent funds are available. All toll revenue is pledged to payment of the debt. Every four years, when the leap year occurs, any additional interest will be paid from the administrative expenses due to adjustments made by TIFIA.

As of June 30, 2021, Fitch rated the Series 2021A Refunding Bonds as A+, and Moody's rated the Series 2021A Refunding Bonds as A1. Standard and Poor's has not issued a rating as of the date of this report.

Details of all debt outstanding at June 30, 2021, and June 30, 2020, are as follows:

	Date of Issue	Original Issue	Outstanding June 30, 2020	Issues/Added (Redeemed)	Outstanding June 30, 2021	Maturities	Interest Rates	Future Interest Payments, June 30, 2021
Series 2021A Refunding Bonds	1/28/2021	$54,275,000	$0	$54,275,000	$54,275,000	2024-2043	0.7%-3.08%	$21,442,071
Series 2013A Refunding Bonds	11/14/2013	51,530,000	49,000,000	(49,000,000)				
Series 2013B TIFIA Bonds	11/14/2013	78,000,000	77,850,000	(25,000)	77,825,000	2046	1.89%	29,417,240
Series 2013C TIFIA Bonds	11/14/2013	44,000,000	38,820,000	(2,025,000)	36,795,000	2032	3.46%	8,510,223
Total		$227,805,000	$165,670,000	$3,225,000	$168,895,000			$59,369,534
Bond Premium (discount)			136,995		0			
Bonds Payable, net			$165,806,995		$168,895,000			

	Date of Issue	Original Issue	Outstanding June 30, 2019	Issues/Added (Redeemed)	Outstanding June 30, 2020	Maturities	Interest Rates	Future Interest Payments, June 30, 2020
Series 2013A Refunding Bonds	11/14/2013	$51,530,000	$49,725,000	($725,000)	$49,000,000	2014-2043	2%-5%	$34,499,250
Series 2013B TIFIA Bonds	11/14/2013	78,000,000	77,875,000	(25,000)	77,850,000	2046	1.89%	$30,888,368
Series 2013C TIFIA Bonds	11/14/2013	44,000,000	40,835,000	(2,015,000)	38,820,000	2032	3.46%	9,818,170
Total		$173,530,000	$168,435,000	($2,765,000)	$165,670,000			$75,205,788
Bond Premium (discount)			$365,286		$136,995			
Bonds Payable, net			$168,800,286		$165,806,995			

The annual requirements to amortize all bonds outstanding at June 30, 2021, and June 30, 2020, are as follows:

	Business-Type Activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
Year ending June 30, 2021	Principal	Interest	Principal	Interest
2022		$1,412,344	$2,075,000	$2,708,005
2023		1,348,658	2,110,000	2,635,992
2024	$490,000	1,348,658	2,670,000	2,553,611
2025	1,975,000	1,345,164	2,745,000	2,460,443
2026	1,985,000	1,326,638	2,825,000	2,364,333
2027-2031	11,270,000	6,168,909	16,865,000	10,205,976
2032-2036	13,180,000	4,898,495	20,650,000	7,226,687
2037-2041	15,095,000	3,006,696	22,855,000	5,047,645
2042-2046	10,280,000	586,509	32,645,000	2,638,733
2047			9,180,000	86,038
Total	$54,275,000	$21,442,071	$114,620,000	$37,927,463

	Business-Type Activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
Year ending June 30, 2020	Principal	Interest	Principal	Interest
2021	$715,000	$2,319,275	$2,050,000	$2,779,076
2022	710,000	2,283,650	2,075,000	2,708,005
2023	720,000	2,247,900	2,110,000	2,635,992
2024	1,140,000	2,201,400	2,670,000	2,553,611
2025	1,180,000	2,143,400	2,745,000	2,460,443
2026-2030	7,370,000	9,776,587	15,915,000	10,771,242
2031-2035	10,450,000	7,631,375	20,110,000	7,762,860
2036-2040	13,440,000	4,667,275	22,420,000	5,475,404
2041-2045	13,275,000	1,228,388	28,390,000	3,215,967
2046-2047			18,185,000	343,938
Total	$49,000,000	$34,499,250	$116,670,000	$40,706,538

7. DEFEASED ISSUES

As disclosed in Note 6 above, the Authority issued Refunding Bonds, Series 2021A for an advance refunding of the Authority's outstanding Refunding Bonds, Series 2013A. Proceeds from the sale of the Series 2021A Bonds were placed with an escrow agent on January 28, 2021 and such monies will be sufficient to pay the principal and interest on the Refunded Bonds through the redemption of all of the Refunded Bonds on August 15, 2023. The escrow agreement operates to legally defease the Refunded Bonds, Series 2013A. As of June 30, 2021, the principal balance of the defeased bonds totals $48,285,000.

The following schedule discloses the proceeds from the 2021 issuance and other available funding, the use of the funds, cash flow difference, and the economic gain on refunding.

Refunding Bonds Series 2021A	$54,275,000
Debt Service Reserve funds	1,150,700
Total available funding	$55,425,700
State and Local Government Series (SLGS) Bonds deposited in escrow fund	$54,903,840
Underwriter discount	272,041
Costs of issuance	249,819
Total use of available funding	$55,425,700
Total of payments under old debt (if not refunded)	$80,464,975
Total of payments under new debt	75,717,071
Cash flow difference	$4,747,904
Present value of old debt service cash flows	$57,611,747
Present value of new debt service cash flows	53,178,585
Economic gain	$4,433,162

In connection with the refunding, the Authority was able to benefit from the lower interest, resulting in an economic gain, but there is an accounting loss, which will be systematically recognized over the life of the refunding bonds. The accounting loss is recognized as deferred outflows in the amount of $941,096. As of June 30, 2021, $40,917 of the deferred outflow was amortized resulting in a deferred amount on refunding of $900,179 in the Statement of Net Position as of June 30, 2021.

8. PLEDGED REVENUES

In 2005, the Authority distributed several series of toll revenue bonds in order to subsidize a highway project which would create elevated highways that would run parallel to Louisiana Highway 1 and provide a bridge over Bayou Lafourche. In November 2013, the series 2005 bonds were refunded. The bonds were issued as the 2013 Series Bonds and were refunded in January 2021 by the issuance of the 2021 Series Bonds. The 2021 Series Bonds are backed by a pledge from the toll revenues received from the southbound lane of the new highway from Leeville to Port Fourchon per amendment of the security agreement.

In August 2009, the U.S. Department of Transportation loaned the Authority funds from the Transportation Infrastructure Finance and Innovation Act (TIFIA) Program. The Authority distributed two bonds, Series 2013 B and C, of TIFIA LA1 Project Bonds to help refund the TIFIA Bonds while at the same time refunding the 2005 series bonds mentioned above. On November 6, 2013, the Authority entered into a Cooperative Endeavor Agreement, amended November 13, 2013, with the state of Louisiana, subject to appropriation, through the Commissioner of Administration, to make payments to the Trust in an amount sufficient to pay the principal of, premium, and interest on the bonds. The Authority has agreed to reimburse the state, as provided by a pledge agreement, to the extent funds are available. All toll revenue is pledged to payment of the debt. Toll revenues reported on Statement B for fiscal year ended June 30, 2021, and June 30, 2020, were $4,423,110 and $4,932,628, respectively.

9. DUE FROM/TO OTHER ENTITIES

The following is a summary of due from/to other entities:

	As of June 30, 2021	As of June 30, 2020
Due from:		
DOTD - LA 1 tolls in GeauxPass and Toll Clearing Accounts	$315,347	$326,394
Due to:		
DOTD - Kiosk and petty cash seed	$3,507	$3,542

10. OPERATING TRANSFERS IN/OUT

On November 6, 2013, the Authority entered into an agreement, amended November 13, 2013, and January 28, 2021, with the state of Louisiana, acting by and through the Commissioner of Administration, in which the state agreed to make payments to the Authority sufficient to pay principal, premium, if any, and interest on the bonds, subject to appropriation. The payments from the state to the Authority shall be satisfied by making such payments directly to the trustee on behalf of the Authority. These payments began in fiscal year 2015 and continue each fiscal year thereafter through fiscal year 2047. The Authority agrees it will apply payments made solely to pay debt service, administrative expenses, or other payments required by the bond indenture. The Authority agrees to reimburse the state, as prescribed in the pledge agreement between the Authority and the trustee, to the extent funds are available.

For the year ended June 30, 2021, Transfers In from the state of Louisiana and Transfers Out to the state of Louisiana were $7,887,451 and $4,425,276, respectively. For the year ended June 30, 2020, Transfers In from the state of Louisiana and Transfers Out to the state of Louisiana were $7,991,464 and $4,999,012, respectively.

11. COOPERATIVE ENDEAVORS

Louisiana Revised Statute 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana; its local governmental subdivisions; political corporations; public benefit corporations; the U.S. 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 of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

The Authority entered into a cooperative endeavor with DOTD in April 2005 to enhance the feasibility of financing Phase I of the LA 1 Project. DOTD's obligations under the agreement are as follows: (1) align funding agreements with the Federal Highway Administration for advance construction; (2) guarantee the payment of cost overruns of Phase I; and (3) pay future operating and maintenance expenses from available DOTD funding, subject to appropriation. The guarantee of funding from DOTD was to ensure that the owners of the Series 2005 bonds will be granted a gross revenue pledge on any tolls generated by Phase I.

As disclosed in note 6, the Authority issued new debt during fiscal year 2014 to defease the 2005 debt. The agreement with DOTD was amended at the time of the debt refinancing to reflect the issuance of the Series 2013 obligations and the refunding of the Series 2005 obligations. Since Phase I is complete, DOTD obligations noted above related to funding for construction are no longer applicable; however, DOTD remains responsible for all operating and maintenance. The amendment to the Cooperative Endeavor Agreement with DOTD was effective November 6, 2013, and added/modified the following DOTD obligations: (1) DOTD will furnish financial and other information to the Authority, trustee, and U.S. government; (2) DOTD will maintain business interruption insurance covering loss of revenues, and DOTD will repair or replace any portion of

Phase I essential to operations; (3) DOTD will no longer be responsible for the payment of the debt in any manner; and (4) the agreement shall be binding until the debt is paid in full.

On January 28, 2021, the Authority defeased the outstanding Series 2013A Bonds and issued a new debt for Series 2021A Bonds. The agreement with DOTD was amended at the time of the debt refinancing to reflect the issuance of the Series 2021 obligations and the refunding of the Series 2013 obligations.

On November 6, 2013, the Authority entered into an agreement, amended November 13, 2013, and January 28, 2021, with the state of Louisiana, acting by and through the Commissioner of Administration, in which the state agrees to make payments to the Authority sufficient to pay the principal, premium, if any, and interest on the bonds, subject to appropriation. The payments from the state to the Authority shall be satisfied by making such payments directly to the trustee on behalf of the Authority. These payments began in fiscal year 2015 and each fiscal year thereafter through fiscal year 2047. The Authority agrees it will apply payments made solely to pay debt service, administrative expenses, or other payments required by the bond indenture. The Authority agrees to reimburse the state, as prescribed in the pledge agreement between the Authority and the trustee, to the extent funds are available.

The toll collections in FY 2021 did not provide sufficient revenues to reimburse the state in full for debt payments made on its behalf, as stipulated by the Cooperative Endeavor Agreement. For FY 2022, the Authority anticipates that collections will not reimburse the state in full.

12. SUBSEQUENT EVENTS

The following event determined to have a material impact on the Authority occurred after the end of the fiscal year, but prior to the issuance of the Authority's annual fiscal report:

Hurricane Ida Damage and Revenue Loss

On August 29, 2021, a historic Category 4 hurricane ravaged the state of Louisiana. Hurricane Ida made landfall in southeast Louisiana before traveling through the northeast portion of the state, producing heavy winds and substantial rain in some areas. As a result, there were power outages and significant damage across the region. Due to the extensive damage caused by the storm, the Authority has been unable to collect toll revenue since the date of the hurricane. At this time, the Authority cannot assess or estimate the impact of the damages to roads, bridges, and infrastructure associated with this event.

OTHER REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Exhibit A

The following pages contain our report on internal control over financial reporting and on compliance with laws and regulations and other matters as required by *Government Auditing Standards* issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.

LOUISIANA LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

November 29, 2021

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

LOUISIANA TRANSPORTATION AUTHORITY
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited, in accordance with the 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, the financial statements of the business-type activities of the Louisiana Transportation Authority (Authority), a component unit of the state of Louisiana, as of and for the years ended June 30, 2021, and June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

CS:LMN:RR:EFS:aa

LTA 2021