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, 2019, AND JUNE 30, 2018
ISSUED OCTOBER 30, 2019

LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA DEPARTMENT OF TRANSPORTATION & DEVELOPMENT

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John Bel Edwards, Governor
Shawn D. Wilson, Ph.D., Secretary

October 24, 2019

Board of Directors, Louisiana Transportation Authority
Senator Page Cortez, Chairman, Louisiana Transportation Authority

The Louisiana Department of Transportation and Development's Louisiana Transportation Authority (LTA) is pleased to submit its Annual Financial Report for the fiscal years ended June 30, 2019 and June 30, 2018. 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.

We are committed to providing thorough and relevant financial information to the users of our financial statements. Our preparation of this Annual Financial Report reflects this commitment.

Sincerely,

Lesha C. Woods, CGFM
Financial Services Administrator

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 24, 2019

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, 2019, and June 30, 2018, 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 audit. 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 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 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, 2019, and June 30, 2018, and the respective changes in financial position and, where applicable, 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 5 through 9 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 audit 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2019, 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,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

JO:LMN:RR:EFS:aa

LTA 2019

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, 2019, and June 30, 2018. This document focuses on the current year's activities, resulting changes, and currently-known facts in comparison with the prior-year's information. Please read this document in conjunction with the additional information contained in LTA's financial statements.

FINANCIAL HIGHLIGHTS

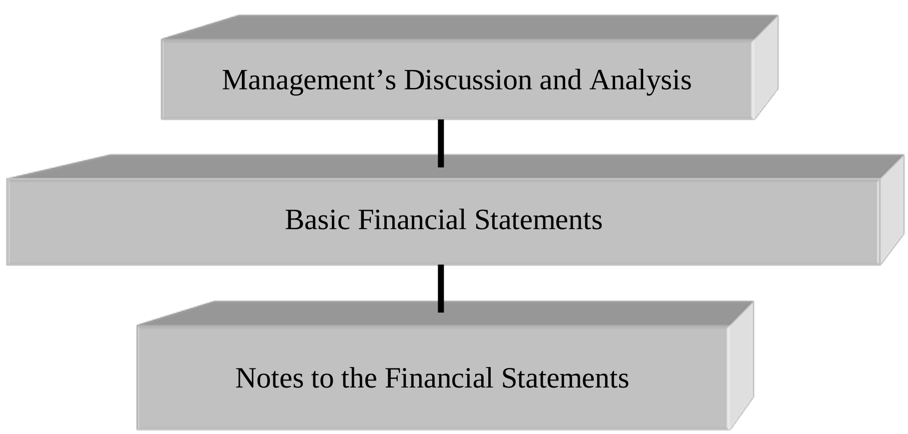
- LTA's revenue increased in fiscal year 2019 to $5,366,662 from fiscal year 2018's revenue total of $4,930,987. The net position of LTA has decreased by $6,056,998. The primary reason is due to the depreciation of capital assets.

- LTA's assets exceeded liabilities and deferred inflows at the close of fiscal year 2019 by $116,046,289. The noncurrent assets decreased by $9,397,849, or 3.11%. The primary reason is due to the depreciation of capital assets.

- LTA's net position decreased in fiscal year 2018 to $122,103,287 from fiscal year 2017 of $130,645,575. The primary reason is due to the depreciation of capital assets in addition to the decline in investments.

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 10) 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 11) 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 12-13) 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, 2019, 2018, and 2017

	2019	2018	2017
Noncurrent restricted cash	$256,600	$218,047	$164,744
Noncurrent restricted assets - investments	79,308	20,157	947,737
Noncurrent restricted assets - receivables	53,356	56,843	48,096
Noncurrent restricted due from other funds	287,760	311,131	247,229
Noncurrent capital assets	292,181,710	301,650,405	310,778,189
Total assets	292,858,734	302,256,583	312,185,995
Current liabilities	4,733,610	4,798,246	2,872,174
Noncurrent liabilities - bonds payable, net	166,033,068	169,034,475	172,072,863
Total liabilities	170,766,678	173,832,721	174,945,037
Total deferred inflows of resources	6,045,767	6,320,575	6,595,383
Net position:			
Net investment in capital assets	117,335,657	123,502,772	131,254,162
Restricted for debt dervice			
Unrestricted	(1,289,368)	(1,399,485)	(608,587)
Total net position	$116,046,289	$122,103,287	$130,645,575

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 $9,397,849 from June 30, 2018, to June 30, 2019. 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 will be systematically recognized over the remaining life of the old debt. The total deferred inflow of resources decreased in fiscal year 2019 to $6,045,767 from fiscal year 2018 of $6,320,575.

Changes in Net Position

The change in net position for the year ended June 30, 2019, is approximately $2,485,290, or 29.09% less than the change in net position for the year ended June 30, 2018. These changes are primarily due to the increase in toll revenues and transfers in from the state from 2018 to 2019. Toll revenues have increased due to the toll price increase effective January 1, 2018, in addition to a slight rise in traffic count.

Statement of Revenues, Expenses, and Changes in Net Position
For the years ended June 30, 2019, 2018, and 2017

	2019	2018	2017
Operating revenues	$5,366,662	$4,930,987	$4,326,991
Operating expenses	(9,452,924)	(9,452,162)	(9,443,299)
Operating loss	(4,086,262)	(4,521,175)	(5,116,308)
Non-operating revenues	51,438	29,199	10,522
Non-operating expenses	(4,792,572)	(4,833,128)	(4,862,931)
Loss before transfers	(8,827,396)	(9,325,104)	(9,968,717)
Capital contributions		301,328	997,617
Transfers in	8,114,378	6,243,741	6,152,168
Transfers out	(5,343,980)	(5,762,253)	(6,129,719)
Net decrease in net position	($6,056,998)	($8,542,288)	($8,948,651)

In 2019, LTA's total operating revenues increased by $435,675. The total cost of all programs and services decreased by $39,794.

In 2018, LTA's total operating revenues increased by $603,996. The total cost of all programs and services decreased by $20,940.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2019, LTA had $292,181,710 invested in capital assets. This amount represents a net decrease of $9,468,695 (3.14%) from fiscal year 2018. Respectively, at the end of fiscal year 2018, LTA had $301,650,405 invested in capital assets with a $9,127,784 (2.94%) net decrease from fiscal year 2017.

	2019	2018	2017
Buildings and improvements	$667,313	$689,556	$711,800
Infrastructure	291,514,397	300,960,849	310,066,389
Totals	$292,181,710	$301,650,405	$310,778,189

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 November 6, 2013, LTA entered into a Cooperative Endeavor Agreement with the state of Louisiana, amended November 13, 2013, subject to appropriation, through the Commissioner of Administration, to 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 $168,800,286 in bonds and notes outstanding at year-end, compared to $171,827,058 last year, a decrease of $3,026,772 as shown in the accompanying table. No new debt was issued in fiscal year 2019.

The Refunding Bond 2013A is a limited and special revenue obligation bond. 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 2013A refunding bonds. LTA has an outstanding limited and special revenue obligation bond and two bonds from direct placements related to business-type activities totaling $50,090,286 and $118,710,000, respectively. LTA does not have any unused lines of credit or assets pledged as collateral for debt.

As of June 30, 2019, Fitch and Standard & Poor's rated the Series 2013A Refunding Bonds as A+. Moody's rated the bonds Series 2013A as A1. LTA has no outstanding claims and judgments at fiscal year-end.

Outstanding Debt at Year-end

	2019	2018	2017
Direct Placement Bonds	$118,710,000	$120,750,000	$121,295,000
Limited and Special Revenue Obligation Bonds	50,090,286	51,077,058	51,633,644
	$168,800,286	171,827,058	172,928,644

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 FY 2019, the actual revenues of $5.4 million was 34% lower than the required debt service payment. The toll collections in FY 2019 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 2020, LTA anticipates that collections will not fully reimburse the state.

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 money 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, 2019 and 2018

	2019	2018
ASSETS		
Noncurrent assets		
Restricted assets:		
Cash (note 2)	$256,600	$218,047
Investments (note 3)	79,308	20,157
Accounts receivable, net (note 4)	53,356	56,843
Due from other entities (note 8)	287,760	311,131
Capital assets, net (note 5)	292,181,710	301,650,405
Total assets	292,858,734	302,256,583
LIABILITIES		
Current liabilities:		
Due to other entities (note 8)	6,204	8,119
Accrued interest on bonds payable	1,960,188	1,997,544
Bonds payable, net (note 6)	2,767,218	2,792,583
Total current liabilities	4,733,610	4,798,246
Noncurrent liabilities - bonds payable, net (note 6)	166,033,068	169,034,475
Total liabilities	170,766,678	173,832,721
DEFERRED INFLOWS OF RESOURCES	6,045,767	6,320,575
NET POSITION		
Net investment in capital assets	117,335,657	123,502,772
Unrestricted	(1,289,368)	(1,399,485)
Total net position	$116,046,289	$122,103,287

The accompanying notes are an integral part of this statement.

Statement B

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, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Toll fees	$5,366,662	$4,930,987
Total operating revenues	5,366,662	4,930,987
OPERATING EXPENSES		
Administrative expenses	(25,050)	(23,050)
Depreciation (note 5)	(9,427,874)	(9,429,112)
Total operating expenses	(9,452,924)	(9,452,162)
OPERATING LOSS	(4,086,262)	(4,521,175)
NONOPERATING REVENUES (Expenses)		
Loss on disposal of capital assets	(40,821)	
Interest expense	(4,751,751)	(4,833,128)
Other revenue - interest income	51,438	29,199
Total nonoperating revenues (expenses)	(4,741,134)	(4,803,929)
LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(8,827,396)	(9,325,104)
Capital contributions		301,328
Transfers in from state of Louisiana (note 9)	8,114,378	6,243,741
Transfers out to state of Louisiana (note 9)	(5,343,980)	(5,762,253)
Total capital contributions and transfers	2,770,398	782,816
CHANGE IN NET POSITION	(6,056,998)	(8,542,288)
NET POSITION AT BEGINNING OF YEAR	122,103,287	130,645,575
NET POSITION AT END OF YEAR	$116,046,289	$122,103,287

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, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$5,394,383	$4,857,563
Cash payments to suppliers for goods or services	(27,827)	(22,651)
Net cash provided by operating activities	5,366,556	4,834,912
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers in	8,114,377	6,243,741
Transfers out	(5,343,980)	(5,762,253)
Net cash provided by non-capital financing activities	2,770,397	481,488
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on bonds	(2,790,000)	(855,000)
Interest paid on bond maturities	(5,300,686)	(5,364,876)
Net cash used by capital and related financing activities	(8,090,686)	(6,219,876)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investment securities	(13,518,868)	(11,077,599)
Proceeds from sale of investment securities	13,459,716	12,005,179
Interest and dividends earned on investment securities	51,438	29,199
Net cash provided (used) by investing activities	(7,714)	956,779
NET INCREASE IN CASH	38,553	53,303
CASH AT BEGINNING OF YEAR	218,047	164,744
CASH AT END OF YEAR	$256,600	$218,047

(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, 2019 and 2018

	2019	2018
RECONCILIATION OF OPERATING LOSS TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	($4,086,262)	($4,521,175)
Adjustment to reconcile operating loss to		
net cash provided by operating activities:		
Depreciation expense	9,427,874	9,429,112
(Increase) Decrease in accounts receivable	3,488	(8,747)
(Increase) Decrease in due from	23,371	(63,902)
(Decrease) in due to	(1,915)	(376)
Total adjustments	9,452,818	9,356,087
Net cash provided by operating activities	$5,366,556	$4,834,912

	2019	2018
Schedule of Noncash Investing, Capital, and Financing Activities:		
Loss on disposal of capital assets	($40,821)	
Capital contributions		$301,328

(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, 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 the Louisiana Division of Administration, Office of Statewide Accounting and Reporting Policy. 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:

- <u>Net investment in capital assets</u> 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 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.

L. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the years ended June 30, 2019 and June 30, 2018, the Authority implemented Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, issued by the Government Accounting Standards Board. This Statement defines debt for purposes of disclosure in the notes to the financial statements; clarifies which liabilities governments should include when disclosing information related to debt; and requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The Statement also requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default and/or termination events with finance-related consequences and significant subjective acceleration clauses.

This statement impacted note 6 Long-term Liabilities and was applied to both fiscal years presented, as required. The adoption of this standard had no impact on the Authority's net position.

2. CASH

As reflected on Statement A, the Authority has cash (book balances) totaling $256,600 at June 30, 2019, and $218,047 at June 30, 2018. 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 $240,458 and $194,935 at June 30, 2019, and June 30, 2018, respectively.

3. INVESTMENTS

At June 30, 2019, the Authority has investments stated at cost, which approximates market, totaling $79,308, 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, 2018, the Authority had investments stated at cost, which approximates market, totaling $20,157 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, 2019, and June 30, 2018, 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, 2019, or June 30, 2018, 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, 2019, or June 30, 2018, that required interest rate risk disclosure.

4. ACCOUNTS RECEIVABLE, RESTRICTED

The Authority has accounts receivable of $53,356 and $56,843 at June 30, 2019, and June 30, 2018, respectively, all of which are for tolls (net of the allowance for doubtful accounts of $44,201 and $70,807, respectively). These amounts were earned before the year-end but not received by the Authority until after the applicable year-end.

For fiscal years 2019 and 2018, 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, 2018	Additions	Deletions	Balance June 30, 2019
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	(200,194)	($22,243)		(222,437)
Total buildings	689,556	(22,243)		667,313
Infrastructure	375,821,836		($40,821)	375,781,015
Less accumulated depreciation	(74,860,987)	(9,405,631)		(84,266,618)
Total infrastructure	300,960,849	(9,405,631)	(40,821)	291,514,397
Total other capital assets	$301,650,405	($9,427,874)	($40,821)	$292,181,710
Capital asset summary:				
Capital assets not depreciated				
Other capital assets, book value	$376,711,586		($40,821)	$376,670,765
Total cost of capital assets	376,711,586		(40,821)	376,670,765
Less accumulated depreciation	(75,061,181)	($9,427,874)		(84,489,055)
Capital assets, net	$301,650,405	($9,427,874)	($40,821)	$292,181,710

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
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	(177,950)	($22,244)		(200,194)
Total buildings	711,800	(22,244)		689,556
Infrastructure	375,520,508	301,328		375,821,836
Less accumulated depreciation	(65,454,119)	(9,406,868)		(74,860,987)
Total infrastructure	310,066,389	(9,105,540)		300,960,849
Total other capital assets	$310,778,189	($9,127,784)	NONE	$301,650,405
Capital asset summary:				
Capital assets not depreciated				
Other capital assets, book value	$376,410,258	$301,328		$376,711,586
Total cost of capital assets	376,410,258	301,328		376,711,586
Less accumulated depreciation	(65,632,069)	(9,429,112)		(75,061,181)
Capital assets, net	$310,778,189	($9,127,784)	NONE	$301,650,405

6. LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt of the Authority for the years ended June 30, 2019, and 2018:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Business-type activities:					
Limited and Special Revenue obligation bonds					
Series 2013A Refunding Bonds	$50,475,000		($750,000)	$49,725,000	$725,000
Bond Premium	602,058		(236,772)	365,286	2,218
Total	$51,077,058	NONE	($986,772)	$50,090,286	$727,218
Notes from direct borrowings and direct placements:					
Series 2013B TIFIA Bonds	$77,900,000		($25,000)	$77,875,000	$25,000
Series 2013C TIFIA Bonds	42,850,000		(2,015,000)	40,835,000	2,015,000
Total	$120,750,000	NONE	($2,040,000)	$118,710,000	$2,040,000
Total Bonds Payable	**$171,827,058**	**NONE**	**($3,026,772)**	**$168,800,286**	**$2,767,218**

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due Within One Year
Business-type activities:					
Limited and Special Revenue obligation bonds					
Series 2013A Refunding Bonds	$50,785,000		($310,000)	$50,475,000	$750,000
Bond Premium	848,644		(246,586)	602,058	2,583
Total	$51,633,644	NONE	($556,586)	$51,077,058	$752,583
Notes from direct borrowings and direct placements:					
Series 2013B TIFIA Bonds	$77,925,000		($25,000)	$77,900,000	$25,000
Series 2013C TIFIA Bonds	43,370,000		(520,000)	42,850,000	2,015,000
Total	$121,295,000	NONE	($545,000)	$120,750,000	$2,040,000
Total Bonds Payable	**$172,928,644**	**NONE**	**($1,101,586)**	**$171,827,058**	**$2,792,583**

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 have maturity dates of December 1, 2013, to December 1, 2030, with interest rates of 3.5% to 4.5%. The Capital Appreciation Bonds are 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 has 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%.

The Refunding Bond 2013A is a limited and special revenue obligation bond. 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 2013A 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 $50,090,286 and $118,710,000, 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, 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 fiscal year ended June 30, 2019, Fitch and Standard & Poor's rated the Series 2013A Refunding Bonds as A+. Moody's rated the bonds Series 2013A as A1.

Details of all debt outstanding at June 30, 2019, and June 30, 2018, are as follows:

	Date of Issue	Original Issue	Outstanding June 30, 2018	Issued/Added (Redeemed)	Outstanding June 30, 2019	Maturities	Interest Rates	Future Interest Payments, June 30, 2019
Series 2013A Refunding Bonds	Nov. 14, 2013	$51,530,000	$50,475,000	($750,000)	$49,725,000	2014-2043	2.0% - 5.0%	$36,850,900
Series 2013B TIFIA Bonds	Nov. 14, 2013	78,000,000	77,900,000	(25,000)	77,875,000	2046	1.89%	32,359,967
Series 2013C TIFIA Bonds	Nov. 14, 2013	44,000,000	42,850,000	(2,015,000)	40,835,000	2032	3.46%	11,195,915
Total		$173,530,000	171,225,000	($2,790,000)	168,435,000			$80,406,782
Bond premium (discount)			602,058		365,286			
Bonds payable, net			$171,827,058		$168,800,286			

	Date of Issue	Original Issue	Outstanding June 30, 2017	Issued/Added (Redeemed)	Outstanding June 30, 2018	Maturities	Interest Rates	Future Interest Payments, June 30, 2018
Series 2013A Refunding Bonds	Nov. 14, 2013	$51,530,000	$50,785,000	($310,000)	$50,475,000	2014-2043	2.0% - 5.0%	$39,232,050
Series 2013B TIFIA Bonds	Nov. 14, 2013	78,000,000	77,925,000	(25,000)	77,900,000	2046	1.89%	33,832,039
Series 2013C TIFIA Bonds	Nov. 14, 2013	44,000,000	43,370,000	(520,000)	42,850,000	2032	3.46%	12,643,379
Total		$173,530,000	172,080,000	($855,000)	171,225,000			$85,707,468
Bond premium (discount)			848,644		602,058			
Bonds payable, net			$172,928,644		$171,827,058			

The annual requirements to amortize all bonds outstanding at June 30, 2019, and June 30, 2018, are as follows:

	Business-type Activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
As of June 30, 2019				
2020	$725,000	$2,351,650	$2,040,000	$2,849,344
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
2025-2029	6,745,000	10,105,313	15,015,000	11,304,624
2030-2034	9,955,000	8,133,975	19,520,000	8,346,221
2035-2039	12,780,000	5,315,375	21,995,000	5,895,159
2040-2044	16,235,000	1,892,363	24,215,000	3,713,180
2045-2047			27,020,000	770,669
Total	$49,725,000	$36,850,901	$118,710,000	$43,555,881

	Business-type Activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
As of June 30, 2018				
2019	$750,000	$2,381,150	$2,040,000	$2,919,536
2020	725,000	2,351,650	2,040,000	2,849,344
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
2024-2028	6,165,000	10,411,438	14,160,000	11,807,344
2029-2033	9,480,000	8,604,800	18,895,000	8,974,171
2034-2038	12,155,000	5,938,750	21,575,000	6,306,927
2039-2043	15,510,000	2,613,675	23,755,000	4,166,532
2044-2047	3,545,000	79,763	32,050,000	1,328,490
Total	$50,475,000	$39,232,051	$120,750,000	$46,475,417

7. 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 are backed by a pledge from the toll revenues received from the southbound lane of the new highway from Leeville to Port Fourchon.

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, 2019, and June 30, 2018, were $5,366,662 and $4,930,987, respectively.

8. DUE FROM/TO OTHER ENTITIES

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

	As of June 30, 2019	As of June 30, 2018
Due from:		
DOTD - LA 1 tolls in GeauxPass and Toll Clearing Accounts	$287,760	$311,131
Due to:		
DOTD - Kiosk and petty cash seed	$6,204	$8,119

9. OPERATING TRANSFERS IN/OUT

On November 6, 2013, the Authority entered into an agreement, amended November 13, 2013, 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 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 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, 2019, Transfers In from the state of Louisiana and Transfers Out to the state of Louisiana were $8,114,378 and $5,343,980, respectively. For the year ended June 30, 2018, Transfers In from the state of Louisiana and Transfers Out to the state of Louisiana were $6,243,741 and $5,762,253, respectively.

10. 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 is 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 November 6, 2013, the Authority entered into an agreement, amended November 13, 2013, 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 2019 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 2020, the Authority anticipates that collections will not reimburse the state in full.

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
DARYL G. PURPERA, CPA, CFE

October 24, 2019

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, 2019, and June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 24, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the 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 audit 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, 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,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

JO:LMN:RR:EFS:aa

LTA 2019