

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Crescent City Connection Division
Department of Transportation and Development
State of Louisiana
New Orleans, Louisiana

February 9, 2000



Financial and Compliance Audit Division

***Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor***

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**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
New Orleans, Louisiana**

**General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended October 31, 1999
With Supplemental Information Schedules**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

February 9, 2000

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA**

General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended October 31, 1999
With Supplemental Information Schedules

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January 12, 2000

Independent Auditor's Report on
the Financial Statements

CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying general purpose financial statements of the Crescent City Connection Division, a component unit of the State of Louisiana, as of and for the year ended October 31, 1999, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of management of the Crescent City Connection Division. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the introduction to the notes to the financial statements, these general purpose financial statements do not include all of the activity of the Crescent City Connection Division, which should be included to conform with generally accepted accounting principles. Activities relating to such items as movable property, compensated absences, and postemployment benefits are reported with the Department of Transportation and Development, State of Louisiana. These general purpose financial statements include only those activities as outlined in the introduction to the notes to the financial statements.

As described in note 1-E to the financial statements, the Crescent City Connection Division adopts budgets for all Federal Transit Administration projects. However, the budget of the General Fund is included with the budget of the Department of Transportation and Development, State of Louisiana. The Crescent City Connection Division did not prepare actual and budget comparisons at October 31, 1999, for the General Fund, and a comparison of revenues and expenditures to budget is not included in the accompanying financial statements.

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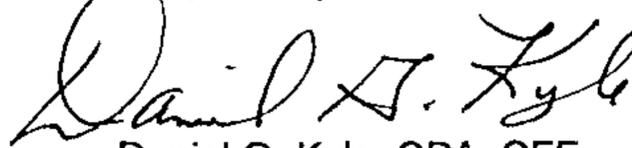
CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
Audit Report, October 31, 1999

In our opinion, except for the effects of the omissions described in the third and fourth paragraphs of this report, which result in an incomplete presentation, the general purpose financial statements present fairly, in all material respects, the financial position of the Crescent City Connection Division as of October 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 12, 2000, on our consideration of the Crescent City Connection Division's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Crescent City Connection Division. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, except for the effects of the omissions described in the third and fourth paragraphs of this report, which result in an incomplete presentation, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

DJL:WMB:PEP:dl

[CCCD]

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS**

Combined Balance Sheet, October 31, 1999

	GOVERNMENTAL FUND TYPES			
	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUND
ASSETS AND OTHER DEBITS				
Assets:				
Cash and cash equivalents (note 2)	\$1,021	\$17,859,062	\$2,319,028	\$57,666,632
Investments (note 3)			2,959,515	
Receivables (note 4)	123	60,648	52,498	241,608
Due from other funds (note 10)	1,459,146	51,160		
Bridge construction, ferry acquisition, bridge approaches and related structures (note 5)				
Other Debits:				
Amount available for debt service funds				
Amount to be provided for retirement of general long-term debt				
TOTAL ASSETS AND OTHER DEBITS	<u>\$1,460,290</u>	<u>\$17,970,870</u>	<u>\$5,331,041</u>	<u>\$57,908,240</u>
LIABILITIES, EQUITY, AND OTHER CREDITS				
Liabilities:				
Accounts payable				\$1,085,107
Due to Department of Transportation and Development	\$1,460,290			
Tag deposits		\$1,040,185		
Accrued interest			\$876,678	
Accrued principal			1,230,000	
Due to other funds (note 10)		1,459,146	51,160	
Deferred revenues		1,324,108		
Unexpended advances				33,996
General obligation bonds payable (note 7)				
Total Liabilities	<u>1,460,290</u>	<u>3,823,439</u>	<u>2,157,838</u>	<u>1,119,103</u>
Fund Equity and Other Credits:				
Investment in general fixed assets				
Fund balances:				
Unreserved		110,227		
Reserved (note 8)		11,787,038	3,173,203	17,587,885
Designated for projects (note 8)		2,250,166		39,201,252
Total Fund Equity	<u>NONE</u>	<u>14,147,431</u>	<u>3,173,203</u>	<u>56,789,137</u>
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	<u>\$1,460,290</u>	<u>\$17,970,870</u>	<u>\$5,331,041</u>	<u>\$57,908,240</u>

The accompanying notes are an integral part of this statement.

ACCOUNT GROUPS		
GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
		\$77,845,743
		2,959,515
		354,877
		1,510,306
\$202,762,886		202,762,886
	\$3,173,203	3,173,203
	22,171,797	22,171,797
<u>\$202,762,886</u>	<u>\$25,345,000</u>	<u>\$310,778,327</u>
		\$1,085,107
		1,460,290
		1,040,185
		876,678
		1,230,000
		1,510,306
		1,324,108
		33,996
	\$25,345,000	25,345,000
<u>NONE</u>	<u>25,345,000</u>	<u>33,905,670</u>
\$202,762,886		202,762,886
		110,227
		32,548,126
		41,451,418
<u>202,762,886</u>	<u>NONE</u>	<u>276,872,657</u>
<u>\$202,762,886</u>	<u>\$25,345,000</u>	<u>\$310,778,327</u>

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
GOVERNMENTAL FUND TYPES**

**Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended October 31, 1999**

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
REVENUES					
Interest on investments	\$1,273	\$476,102	\$224,331	\$2,732,280	\$3,433,986
Toll revenue		19,242,411			19,242,411
Scrip revenue - bridge and ferry		148,681			148,681
Ferry revenue		388,689			388,689
Highway Fund No. 2		5,082,942			5,082,942
Rental income and other income		38,342			38,342
Federal grants		500,000			500,000
Total revenues	<u>1,273</u>	<u>25,877,167</u>	<u>224,331</u>	<u>2,732,280</u>	<u>28,835,051</u>
EXPENDITURES					
Operational expenditures	14,175,575				14,175,575
Local project disbursements				11,770,693	11,770,693
Debt service:					
Interest			1,753,355		1,753,355
Principal			1,230,000		1,230,000
Premium on bonds			7,979		7,979
Bank charges	129	139,444	15,572	307,770	462,915
Total expenditures	<u>14,175,704</u>	<u>139,444</u>	<u>3,006,906</u>	<u>12,078,463</u>	<u>29,400,517</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(14,174,431)</u>	<u>25,737,723</u>	<u>(2,782,575)</u>	<u>(9,346,183)</u>	<u>(565,466)</u>
OTHER FINANCING SOURCES (Uses)					
Operating transfers in (note 11)	14,174,431	14,034,588	3,037,589	22,359,943	53,606,551
Operating transfers out (note 11)		(39,542,277)	(310,535)	(13,753,739)	(53,606,551)
Total other financing sources (uses)	<u>14,174,431</u>	<u>(25,507,689)</u>	<u>2,727,054</u>	<u>8,606,204</u>	<u>NONE</u>
EXCESS (Deficiency) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	NONE	230,034	(55,521)	(739,979)	(565,466)
FUND BALANCES AT BEGINNING OF YEAR	NONE	13,917,397	3,228,724	57,529,116	74,675,237
FUND BALANCES AT END OF YEAR	<u>NONE</u>	<u>\$14,147,431</u>	<u>\$3,173,203</u>	<u>\$56,789,137</u>	<u>\$74,109,771</u>

The accompanying notes are an integral part of this statement.

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended October 31, 1999

INTRODUCTION

The Crescent City Connection Division (the division), formerly known as the Mississippi River Bridge Authority, is a body politic and corporate of the State of Louisiana, incorporated under the authority of Act No. 7 of 1952, with power to acquire by purchase, lease, or otherwise, and to construct, improve, maintain, repair, and operate bridges and ferries across the Mississippi River in the City of New Orleans. Pursuant to the terms of the Reorganization Act of 1976, as amended, the Louisiana Department of Transportation and Development (DOTD), on July 1, 1977, assumed control of the operations of the then Mississippi River Bridge Authority. All of the functions of the authority's General Fund, including maintaining accounting records, issuance of all checks for payroll, operations, routine maintenance expenses and contractual obligations were transferred to DOTD on that date. In July 1988, the payment of the operating expenses of the then Mississippi River Bridge Authority again became the responsibility of the authority. However, except for collecting and depositing toll revenues, the accounting records are maintained by DOTD. In April 1992, the division issued \$30,860,000 of bonds under a Second Supplemental Agreement to the 1954 Indenture and Deed of Trust to construct additional Mississippi River crossings and to make additions or improvements to the bridge and its approaches. The division, domiciled in New Orleans, employed 237 people as of October 31, 1999.

The financial statements do not reflect the total activities of the division. Many of the activities of the division such as movable property, compensated absences, and postemployment benefits are reported with DOTD, State of Louisiana, and are not readily separable from the records and accounts of DOTD. These financial statements reflect only the following activities:

- Debt service funds for the approaches to Mississippi River Bridge No. 2, administered by the Trustee, Bank One Trust Company, N.A., formerly the First National Bank of Commerce in New Orleans, in accordance with the Indenture and Deed of Trust dated as of November 1, 1954, as subsequently amended June 23, 1989, and April 1, 1992.
- Collection of all tolls, Highway Fund No. 2 moneys and miscellaneous income.
- Direct and allocated operating expenses incurred.
- Changes in the General Long-Term Debt Account Group as they relate to payments on bonds issued to finance the approaches to Mississippi River Bridge No. 2.

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

- Changes in the General Fixed Assets Account Group as they relate to the majority of the approaches to Bridge No. 2 (a portion of the cost of the approaches is paid directly by DOTD which is subsidized by a Federal Transit Administration grant), ferries, and capital projects of the division.
- Capital projects funds financed by Federal Transit Administration (FTA) grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

Except for the omissions of those activities described in the introductory section, the accompanying financial statements have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The division is considered a component unit of the State of Louisiana because the state has financial accountability over the division in that the governor appoints the secretary of the Department of Transportation and Development and can impose his will on the division. The accompanying general purpose financial statements present information only as to the transactions of the Crescent City Connection Division, a component unit of the State of Louisiana.

Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements. The general purpose financial statements are audited by the Louisiana Legislative Auditor.

C. FUND ACCOUNTING

The division uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the division are classified as governmental funds. Governmental funds account for the division's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

assets, and the servicing of general long-term debt. Governmental funds of the division include the following:

1. The General Fund is used for the purpose of accounting for the operating expenses of the bridge and ferries and the administrative expenses of the division. Transfers from special revenue funds provide the funds for these expenses.
2. Special revenue funds are used to account for the proceeds of specific revenue sources which by law are designated to finance particular functions or activities of the division.
3. Debt service funds account for the accumulation of resources for, and transactions relating to the payment of long-term debt, principal, interest and related costs.
4. The Capital Projects Fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Tolls paid at the toll booth and all scrip revenue are recorded when received. Prepaid tolls used in conjunction with a toll tag are recorded when measurable and available. Federal and state grants are recorded when the division is entitled to the funds. Highway Fund No. 2 revenues are recorded when due. Interest earnings are recorded when the income is earned. Other revenues are recognized when they become measurable and available.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated annual and sick leave, which are recognized when paid, and principal and interest on general long-term debt, which are not recognized until due.

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

E. BUDGET PRACTICES

Budgets are prepared for all FTA projects (Capital Projects Fund) based on estimated costs and are included in DOTD's budget for capital outlays. The budget for the General Fund is included with the budget of DOTD. Debt service funds are not subject to budget because all amounts are paid according to the trust agreement. Special revenue funds are also not subject to budget because most revenues are transferred to other funds. Therefore, a Statement of Revenues, Expenditures, and Changes in Fund Balances - Actual and Budget is not included in these financial statements.

**F. CASH AND CASH EQUIVALENTS
AND INVESTMENTS**

Cash includes cash on hand, petty cash, cash with paying agent, and cash on deposit in Bank One Trust Company, N.A., formerly the First National Bank of Commerce. Cash equivalents include amounts in money market accounts. Under state law, the division 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 Second Supplemental Indenture dated April 1, 1992, authorizes the division to invest in direct United States obligations, United States government agency obligations, the principal and interest of which are fully guaranteed by the government of the United States, direct and general obligations of the State of Louisiana, certificates of deposit of any state bank or national association whose headquarters are in the State of Louisiana, repurchase agreements, money market funds registered under the Federal Investment Company Act of 1940, as amended whose shares are registered under the Federal Securities Act of 1933, and shares of an investment company organized under the Investment Company Act of 1940, as amended. Investments include United States government securities and are stated at fair value.

**G. FIXED ASSETS AND GENERAL
LONG-TERM OBLIGATIONS**

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Long-term obligations expected to be financed from governmental funds are accounted for in the general long-term obligations account group, not in the governmental funds. The account groups are not funds. They are concerned only with the measurement of financial position, not with measurement of results of operations.

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

H. COMPENSATED ABSENCES

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

The costs of current leave privileges are included in the operational expenditures on Statement B. The costs of leave privileges not requiring current resources are included in the notes of the annual fiscal report of DOTD.

**I. POSTEMPLOYMENT HEALTH CARE
AND LIFE INSURANCE BENEFITS**

The division provides certain continuing health care and life insurance benefits for its retired employees. The current costs of providing these retiree benefits are included in the operational expenditures on Statement B.

**J. FUND EQUITY - RESERVES AND
DESIGNATED FUND BALANCES**

Reserves represent those portions of fund equity not appropriable for expenditure and are legally segregated for a specific future use. Designated fund balances are those portions of fund equity set aside by the division for specific future use.

K. FEDERAL FUNDS

The Crescent City Connection Division follows the same guidelines as DOTD concerning general and specific compliance with federal laws and regulations. The FTA grants provide 80% federal funding with 20% local funding for the capital assistance portion and up to 50% federal funding for the operating assistance portion. For the capital assistance portion of the grants, the project expenditures are paid by DOTD, which then receives the 80% reimbursement from the FTA and the 20% portion from the division. Therefore, no federal grant income is recorded by the division for capital assistance. For the operating assistance portion of the grant, the operating expenditures are paid by the division, and the reimbursement from the FTA is received by DOTD and transferred to the division's operating account. Therefore, federal grant income is recorded by the division in the Special Revenue Operating and Maintenance Fund for the operating assistance received.

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

L. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures, initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. TOTAL COLUMNS ON STATEMENTS

Total columns on the combined statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CASH AND CASH EQUIVALENTS

At October 31, 1999, the division has cash and cash equivalents (book balances) totaling \$77,845,743 as follows:

Cash (cash on hand, petty cash, and demand accounts)	\$217,461
Money market accounts	<u>77,628,282</u>
 Total	 <u><u>\$77,845,743</u></u>

These deposits are stated at fair value. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At October 31, 1999, the division has \$77,692,538 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance (GASB Risk Category 1). In addition, \$77,592,538 of pledged securities are held by the pledging financial institution's trust department or agent but not in the division's name (GASB Risk Category 3).

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

3. INVESTMENTS

At October 31, 1999, investments of the division total \$2,959,515, which consist of United States government securities. A summary of the division's investments follows:

	<u>Fair Value</u>
Government Securities:	
Federal National Mortgage Association	\$1,244,995
United States Treasury obligations	1,320,991
Federal Home Loan Mortgage	<u>393,529</u>
Total government securities	<u><u>\$2,959,515</u></u>

These investments are stated at fair value as required by GASB Statement 31. The division used quoted market values to determine fair value of the investments.

These investments are direct obligations of the United States Department of Treasury and other federal governmental agencies. These investments are considered uninsured and unregistered for which the securities are not in the name of the division and are held by the fiscal agent and/or their trust department. They are classified in Category 3 in applying the credit risk of GASB Codification Section 150.125.

4. RECEIVABLES

The division has receivables of \$354,877 at October 31, 1999. This amount represents income from investments earned before October 31, 1999, which was not received by the division until after October 31, 1999.

5. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance October 31, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance October 31, 1999</u>
Bridge construction, ferry acquisitions, bridge approaches, and related structures	<u>\$190,731,510</u>	<u>\$12,031,376</u>	<u>NONE</u>	<u>\$202,762,886</u>

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

Changes and balances of furniture, fixtures, automobiles, and operating equipment are not reflected in these statements because they are included within DOTD's annual report.

6. RETIREMENT SYSTEM

Substantially all employees of the division are members of the Louisiana State Employees Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time division employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the division is required to contribute at an actuarially determined rate as required by Louisiana Revised Statute 11:102. The contribution rate for the fiscal year ended October 31, 1999, was 12.3% of annual covered payroll, 12.4% for the fiscal year ended October 31, 1998, and 13.0% for the fiscal year ended October 31, 1997, which reflects the latest rate available for the division's fiscal year as the state has a June 30 fiscal year-end. The division's contributions to the System for the years ending October 31, 1999, 1998, and 1997, were \$983,688, \$969,157, and \$915,779, respectively, equal to the required contributions for each year.

**7. CHANGES IN GENERAL LONG-TERM
OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended October 31, 1999:

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

	Bonded Indebtedness Payable at November 1, 1998	Additions	Retirements	Bonded Indebtedness Payable at October 31, 1999
Bridge Revenue Bonds - Series 1992	<u>\$26,575,000</u>	<u>NONE</u>	<u>\$1,230,000</u>	<u>\$25,345,000</u>

The bonds mature November 1, 2012, and accrue interest at rates of 5.25% to 6.75%. The bonds were issued to complete the approaches to Bridges No. 1 and No. 2. Maturities of long-term debt including interest payments of \$13,403,881 are as follows:

2000	\$2,979,555
2001	2,980,255
2002	2,979,695
2003	2,982,400
2004	2,979,050
Thereafter	<u>23,847,926</u>
Total	<u>\$38,748,881</u>

The division has accumulated a balance of \$3,173,203 dedicated to payment of bonds. Another \$22,171,797 is to be provided from future years' revenues dedicated to the payment of the bonds.

**8. RESERVED AND DESIGNATED
FUND BALANCES**

As shown on Statement A, the division has reserved fund balances of \$32,548,126 and designated fund balances of \$41,451,418 at October 31, 1999. These balances are reserved or designated as follows:

Reserve for Operations - Monies are reserved in the Operating and Maintenance Special Revenue Fund for operations of the division. The amount of the reserve at October 31, 1999, is \$11,787,038.

Reserve for Debt Service - Monies are reserved in the debt service funds in accordance with the Second Supplemental Bond Indenture dated April 1, 1992. The amount of the reserve at October 31, 1999, is \$3,173,203.

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

Reserve for Construction - Monies are reserved in the Capital Projects Fund for incomplete projects. The amount of the reserve at October 31, 1999, is \$17,587,885.

Designated Fund Balances - The designated fund balance of the Revenue Fund in the Special Revenue Fund is \$2,250,166, which is designated for future capital projects. The remaining fund balance in the Capital Projects Fund for \$39,201,252 has also been designated for future capital projects.

9. LITIGATION AND CLAIMS

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund or by state General Fund appropriation and are not reflected in the accompanying general purpose financial statements. The self-insurance fund is operated by the Office of Risk Management, the state agency responsible for the state's self-insurance program.

On January 30, 1997, a judgment was rendered against the division in a case for \$1,837,263 plus interest and attorney fees. A motion for a new trial has been made and is pending in the Fourth Circuit Court of Appeals. No provision for this liability has been made in these financial statements. The liability for this judgment is the responsibility of the Office of Risk Management under the state's self-insurance program.

10. DUE FROM/TO OTHER FUNDS

Individual fund balances due from/to other funds at October 31, 1999, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$1,459,146	
Special Revenue Funds	51,160	\$1,459,146
Debt Service Funds		51,160
	<u> </u>	<u> </u>
Total	<u>\$1,510,306</u>	<u>\$1,510,306</u>

11. OPERATING TRANSFERS IN/OUT

The bond indenture specifies the specific manner in which revenues are to be deposited and distributed to the various funds. All revenues, except interest earnings and grants identified in other funds, are to be deposited into the revenue fund. These revenues are then distributed to the various other funds in accordance with the provisions of the bond indenture. The distributions of these revenues are shown as operating transfers.

CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
Notes to the Financial Statements (Concluded)

The following is a summary of the operating transfers in and out for the year ended October 31, 1999:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$14,174,431	
Special Revenue Funds:		
Revenue Fund	280,849	\$25,229,391
Operating and Maintenance Fund	13,692,209	14,174,431
Toll Tag Deposit Fund	61,530	138,455
Debt Service Funds:		
Reserve Fund		168,141
Sinking Fund	1,283,826	91,234
Interest Fund	1,753,763	51,160
Capital Projects Fund	<u>22,359,943</u>	<u>13,753,739</u>
Total	<u>\$53,606,551</u>	<u>\$53,606,551</u>

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA**

**SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended October 31, 1999**

SPECIAL REVENUE FUNDS

REVENUE FUND

The Revenue Fund accounts for all revenues collected by the division except for investment income identified in other funds and grants.

OPERATING AND MAINTENANCE FUND

The Operating and Maintenance Fund is used to account for funds dedicated to the operating and maintenance of the bridges and ferries. Amounts appropriated by the legislature each year are transferred into this fund from the Revenue Fund. The cost of operations and maintenance are transferred out to the General Fund.

TOLL TAG DEPOSIT FUND

The Toll Tag Deposit Fund is used to account for all deposits made on toll tags issued. These deposits are refundable upon return of the toll tag device.

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
SPECIAL REVENUE FUNDS**

Combining Balance Sheet, October 31, 1999

	REVENUE FUND	OPERATING AND MAINTENANCE FUND	TOLL TAG DEPOSIT FUNDS	TOTAL
ASSETS				
Cash and cash equivalents	\$3,502,635	\$13,210,582	\$1,145,845	\$17,859,062
Receivables	20,479	35,602	4,567	60,648
Due from other funds	51,160			51,160
TOTAL ASSETS	\$3,574,274	\$13,246,184	\$1,150,412	\$17,970,870
LIABILITIES AND FUND EQUITY				
Liabilities:				
Tag deposits			\$1,040,185	\$1,040,185
Due to other funds		\$1,459,146		1,459,146
Deferred revenues	\$1,324,108			1,324,108
Total Liabilities	1,324,108	1,459,146	1,040,185	3,823,439
Fund Equity - fund balances:				
Reserved for operations		11,787,038		11,787,038
Unreserved:				
Designated for projects	2,250,166			2,250,166
Undesignated			110,227	110,227
Total Fund Equity	2,250,166	11,787,038	110,227	14,147,431
TOTAL LIABILITIES AND FUND EQUITY	\$3,574,274	\$13,246,184	\$1,150,412	\$17,970,870

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
SPECIAL REVENUE FUNDS**

**Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended October 31, 1999**

	REVENUE FUND	OPERATING AND MAINTENANCE FUND	TOLL TAG DEPOSIT FUNDS	TOTAL
REVENUES				
Interest on investments	\$69,711	\$357,094	\$49,297	\$476,102
Toll revenue	19,242,411			19,242,411
Scrip revenue - bridge and ferry	148,681			148,681
Ferry revenue	388,689			388,689
Highway Fund No. 2	5,082,942			5,082,942
Rental income and other income	22,366		15,976	38,342
Federal grants		500,000		500,000
Total revenues	<u>24,954,800</u>	<u>857,094</u>	<u>65,273</u>	<u>25,877,167</u>
EXPENDITURES				
Bank charges	91,496	42,332	5,616	139,444
EXCESS OF REVENUES OVER EXPENDITURES	<u>24,863,304</u>	<u>814,762</u>	<u>59,657</u>	<u>25,737,723</u>
OTHER FINANCING SOURCES (Uses)				
Operating transfers in	280,849	13,692,209	61,530	14,034,588
Operating transfers out	(25,229,391)	(14,174,431)	(138,455)	(39,542,277)
Total other financing sources (uses)	<u>(24,948,542)</u>	<u>(482,222)</u>	<u>(76,925)</u>	<u>(25,507,689)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(85,238)	332,540	(17,268)	230,034
FUND BALANCES AT BEGINNING OF YEAR	<u>2,335,404</u>	<u>11,454,498</u>	<u>127,495</u>	<u>13,917,397</u>
FUND BALANCES AT END OF YEAR	<u>\$2,250,166</u>	<u>\$11,787,038</u>	<u>\$110,227</u>	<u>\$14,147,431</u>

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA**

**SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended October 31, 1999**

DEBT SERVICE FUNDS

RESERVE FUND

The Reserve Fund is used to account for those funds restricted by the indenture to be used to pay bond principal and interest should the other funds not have sufficient funds to meet current obligations. The trustee is directed to use these funds to meet debt payments only if the Debt Service General Fund is exhausted.

SINKING FUND

The Sinking Fund is used to account for those expenditures made to liquidate current bond principal.

INTEREST FUND

The Interest Fund is used to account for expenditures related to the accrued interest on bonds.

CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
DEBT SERVICE FUNDS

Combining Balance Sheet, October 31, 1999

	RESERVE FUND	SINKING FUND	INTEREST FUND	TOTAL
ASSETS				
Cash and cash equivalents		\$1,394,873	\$924,155	\$2,319,028
Investments	\$2,959,515			2,959,515
Receivables	43,264	5,551	3,683	52,498
	<u>\$3,002,779</u>	<u>\$1,400,424</u>	<u>\$927,838</u>	<u>\$5,331,041</u>
TOTAL ASSETS				
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accrued interest			\$876,678	\$876,678
Accrued principal		\$1,230,000		1,230,000
Due to other funds			51,160	51,160
Total Liabilities	NONE	1,230,000	927,838	2,157,838
Fund Equity - fund balance - reserved for debt service	\$3,002,779	170,424	NONE	3,173,203
	<u>\$3,002,779</u>	<u>\$1,400,424</u>	<u>\$927,838</u>	<u>\$5,331,041</u>
TOTAL LIABILITIES AND FUND EQUITY				

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
DEBT SERVICE FUNDS**

**Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended October 31, 1999**

	RESERVE FUND	SINKING FUND	INTEREST FUND	TOTAL
REVENUES				
Interest on investments	\$111,702	\$55,347	\$57,282	\$224,331
EXPENDITURES				
Debt service:				
Interest			1,753,355	1,753,355
Principal		1,230,000		1,230,000
Premium on bonds	7,979			7,979
Bank charges	2,804	6,238	6,530	15,572
Total expenditures	<u>10,783</u>	<u>1,236,238</u>	<u>1,759,885</u>	<u>3,006,906</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>100,919</u>	<u>(1,180,891)</u>	<u>(1,702,603)</u>	<u>(2,782,575)</u>
OTHER FINANCING SOURCES (Uses)				
Operating transfers in		1,283,826	1,753,763	3,037,589
Operating transfers out	(168,141)	(91,234)	(51,160)	(310,535)
Total other financing sources (uses)	<u>(168,141)</u>	<u>1,192,592</u>	<u>1,702,603</u>	<u>2,727,054</u>
EXCESS (Deficiency) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(67,222)	11,701	NONE	(55,521)
FUND BALANCES AT BEGINNING OF YEAR	<u>3,070,001</u>	<u>158,723</u>	NONE	<u>3,228,724</u>
FUND BALANCES AT END OF YEAR	<u>\$3,002,779</u>	<u>\$170,424</u>	NONE	<u>\$3,173,203</u>

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal control 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 reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

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January 12, 2000

Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of the
General Purpose Financial Statements

**CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
New Orleans, Louisiana**

We have audited the general purpose financial statements of the Crescent City Connection Division, a component unit of the State of Louisiana, as of and for the year ended October 31, 1999, and have issued our report thereon dated January 12, 2000. The opinion on the general purpose financial statements was qualified because certain financial information was omitted. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Crescent City Connection Division's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Crescent City Connection Division's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

EXHIBIT A

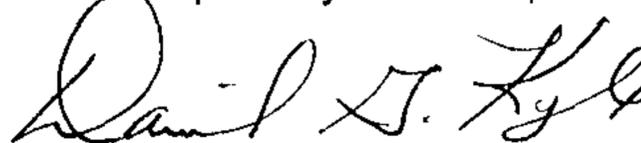
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CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
Compliance and Internal Control Report
January 12, 2000
Page 2

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Crescent City Connection Division, Department of Transportation and Development, and its management and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

DJL:WMB:PEP:dl

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EXHIBIT A