

**LAFAYETTE METROPOLITAN EXPRESSWAY
COMMISSION**

**FINANCIAL REPORT AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR
ENDED JUNE 30, 2021**

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To the Board of Commissions
Lafayette Metropolitan Expressway Commission
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and the major fund of Lafayette Metropolitan Expressway Commission as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission'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.

Auditors' Responsibility

Our responsibility is to express opinions 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 auditors' 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.

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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund, of Lafayette Metropolitan Expressway Commission, as of June 30, 2021, and the respective changes in financial position for the year 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 the management's discussion and analysis and budgetary comparison information on pages 4 - 8 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 November 8, 2021, on our consideration of Lafayette Metropolitan Expressway Commission'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 Lafayette Metropolitan Expressway Commission'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 Lafayette Metropolitan Expressway Commission's internal control over financial reporting and compliance.

***Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC***

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

Lafayette, Louisiana
November 8, 2021

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

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Lafayette, Louisiana
November 8, 2021

Management's Discussion and Analysis

As management of the Lafayette Metropolitan Expressway Commission (LMEC), we offer readers of the LMEC's financial statements this narrative overview and analysis of the financial activities of the Commission for the twelve month period ended June 30, 2021.

Financial Highlights

- Act 21 (Capital Outlay) of the Louisiana Legislative Regular Session of 2010 appropriated \$2,500,000 through the State of Louisiana Department of Transportation and Development for the continuation of planning for the project. This amount was reduced to \$1.5 million during the fiscal year ended June 30, 2013. A Cooperative Endeavor Agreement with the State of Louisiana Office of Facility Planning and Control (FPC) of the Division of Administration (DOA) was executed in September of 2012. None of these funds have been received in prior years nor the year ended June 30, 2021.
- The Commission entered into a contract for \$250,000 with HNTB Corporation on September 7, 2004 to conduct a toll-road economic feasibility study to substantiate project need and feasibility. During 2005, the Commission entered into Supplemental Agreement #1 for \$67,490 and Supplemental Agreement #2 for \$350,000 with HNTB contingent upon funding from the State. Due to hurricanes in 2005, the LMEC did not receive all of the appropriated funds and thereby issued \$200,000 in Notices to Proceed. These Supplemental Agreements expanded the scope of services to include preparing an EIS and Records of Decision. During 2006, the Commission entered into a third Supplemental Agreement for \$250,000 expanding the scope to continue the EIS. Supplemental Agreement #4 was executed for \$2,199,425 in 2007. It expanded the scope to include finalizing the preparation of a Tier 1 EIS and Record of Decision and the initiation of Phase B-2, Tier 2 EIS. During 2009, Supplemental Agreement #5 was executed for \$1,000,000. The fifth agreement expanded the scope to further the progress on the Tier 2 EIS. Amendment #1 to the original Supplemental Agreement #4 was executed and completed during FYE June 30, 2010 for \$92,231. This agreement expanded the scope of services to update the preliminary traffic and revenue study, continue development of financing and delivery plans, and completion of phase B-1, Tier 1 EIS and Record of Decision. During FYE June 30, 2011, the fee of Supplemental Agreement #5 was reduced by \$350,000 and re-appropriated and re-purposed for use in Supplemental Agreement #6 to do a financial feasibility study and obtain guidance from the LA DOTD and FHWA regarding the NEPA process and toll application for the I-49 South Corridor. An Addendum to the HNTB outstanding contracts was executed effective August 15, 2015 which cancelled all outstanding Scopes of Services valued at \$431,681.38 and replaced them with a new Scope of Services to complete the Tier 1 EIS for \$396,998. As of the close of the fiscal year ended June 30, 2021, \$3,894,702 has cumulatively been paid on the original and supplemental agreements to HNTB and \$119,967 was accrued as current liabilities (Accounts and Retainage Payable).
- The assets of the Lafayette Metropolitan Expressway Commission exceeded its liabilities at the close of the fiscal year ended June 30, 2021 by \$277,846 (*total net position*). This amount, \$277,846 (*unrestricted net position*), may be used to meet the Commission's ongoing obligations to creditors.

- As of the close of the current fiscal year ended June 30, 2021, the Commission's governmental funds reported an ending fund balance of \$277,846. This amount is available for spending at the government's discretion (*unassigned fund balance*).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Lafayette Metropolitan Expressway Commission's basic financial statements. The Commission's basic financial statements are comprised of three components: 1) *Government-wide Financial Statements*, 2) *Fund Financial Statements*, and 3) *Notes to the Financial Statements*. The Commission has elected to combine the government-wide and fund financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. *The Government-wide Financial Statements* are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Commission's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's *net position* changed during the most recent fiscal year. All changes in *net position* are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accrued expenditures).

Both of the *Government-wide Financial Statements* distinguish functions of the Lafayette Metropolitan Expressway Commission that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through charges (*business-type activities*). The *governmental activities* of the Commission include general governmental expenditures incurred in the Commission's mission of hiring a qualified engineering firm that has experience in conducting toll-road financial feasibility studies that are acceptable to the investment banking community and bond rating organizations and preparing an Environmental Impact Statement. The Commission had no *business-type activities* to report.

Both the *Government-wide Financial Statements* and the *Governmental Fund Financial Statements* can be found on pages 9 and 10 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Lafayette Metropolitan Expressway Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the *Government-wide Financial Statements*. However, unlike the *Government-wide Financial Statements*, *Governmental Fund Financial Statements* focus on

near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of *governmental funds* is narrower than that of the *Government-wide Financial Statements*, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the *Government-wide Financial Statements*. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *Governmental Funds Balance Sheet* and the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Commission maintains one individual *governmental fund*. The general fund is considered by the Commission to be its major fund.

The Lafayette Metropolitan Expressway Commission adopts an annual budget for its general fund. A budgetary comparative statement has been provided on page 17 for the general fund to demonstrate compliance with this budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the *Government-wide* and *Fund Financial Statements*. The notes to the financial statements can be found on pages 11 through 16 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Lafayette Metropolitan Expressway Commission, assets exceeded liabilities by \$277,846 at the close of the most recent fiscal year. The entire amount of net position is comprised of cash deposited with the fiscal agent of the Commission.

Lafayette Metropolitan Expressway Commission			
Net Position			
<u>Government Activities</u>			
	<u>6/30/21</u>	<u>6/30/20</u>	
Cash	\$402,099	\$410,718	
Prepaid Expense	<u>1,778</u>	<u>1,405</u>	
Total Assets	<u>403,877</u>	<u>412,123</u>	
Accounts Payable	6,064	2,880	
Retainage Payable	<u>119,967</u>	<u>119,731</u>	
Total Liabilities	126,031	122,611	
Net Position:			
Unrestricted	<u>277,846</u>	<u>289,512</u>	
Total Net Position	<u>\$277,846</u>	<u>\$289,512</u>	

At the end of the current fiscal year, the Commission is able to report a positive balance in net position.

Governmental Activities. Governmental activities decreased the Authority's net position by \$11,667. Key elements of this decrease are as follows:

Lafayette Metropolitan Expressway Commission Changes in Net Position		
<u>Government Activities</u>		
	<u>6/30/21</u>	<u>6/30/20</u>
Revenues:		
General Revenues:		
Unrestricted Investment Earnings	\$ 1,623	\$ 6,768
Total Revenues	1,623	6,768
Expenses:		
General Government:	13,290	23,394
Total Expenses	<u>13,290</u>	<u>23,394</u>
Decrease in Net Position	(11,667)	(16,626)
Net Position - Beginning	<u>289,513</u>	<u>306,138</u>
Net Position - Ending	<u>\$277,846</u>	<u>\$ 289,512</u>

Financial Analysis of Government's Funds

As noted earlier, the Lafayette Metropolitan Expressway Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Commission's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Lafayette Metropolitan Expressway Commission's *Governmental Funds* reported ending fund balances of \$277,846. This amount constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the only operating fund of the Lafayette Metropolitan Expressway Commission. As a measure of the general funds liquidity, it may be useful to compare unassigned fund balance to total fund expenditures.

General Fund Budgetary Highlights. A Cooperative Endeavor Agreement with the State of Louisiana Office of Facility Planning and Control (FPC) of the Division of Administration (DOA) was drafted regarding \$2,500,000 appropriated in Act 21 (Capital Outlay) of the Louisiana Legislature Regular Session of 2010. It was reduced to \$1.5 million in the fiscal year ended June 30, 2012. The contract was executed in September 2012. None of these funds have been received.

Capital Asset and Debt Administration

Capital Assets. The Lafayette Metropolitan Expressway Commission does not have any capital assets as of the end of the fiscal year ended June 30, 2021.

Long-Term Debt. The Lafayette Metropolitan Expressway Commission does not have any long-term debt as of the end of the fiscal year ended June 30, 2021.

Economic Factors and Next Year's Budget

- The unemployment rate for Lafayette Parish in March 2021 was 5.6 percent, which is a decrease from a rate of 5.9 percent a year ago. This is comparable to the state's average unemployment rate for the month of March 2021 of 6.6 percent and comparable to the national average rate for March 2021 of 6.2 percent.

These factors were considered in preparing the Lafayette Metropolitan Expressway Commission's budget for the fiscal year ended June 30, 2021.

Requests for Information

This financial report is designed to provide a general overview of the Lafayette Metropolitan Expressway Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Elaine Abell, Lafayette Metropolitan Expressway Commission, 211 East Devalcourt St. Lafayette, LA 70506.

BASIC FINANCIAL STATEMENTS

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

**STATEMENT OF NET POSITION AND GOVERNMENTAL
FUND BALANCE SHEET
JUNE 30, 2021**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Current Assets:			
Cash	\$ 402,099	\$ -	\$ 402,099
Prepaid Expenses	<u>1,778</u>	<u>-</u>	<u>1,778</u>
Total Current Assets	<u>403,877</u>	<u>-</u>	<u>403,877</u>
 Total Assets	 <u>\$ 403,877</u>	 <u>\$ -</u>	 <u>\$ 403,877</u>
LIABILITIES			
Accounts Payable	\$ 6,064	\$ -	\$ 6,064
Retainage Payable	<u>119,967</u>	<u>-</u>	<u>119,967</u>
 Total Liabilities	 <u>\$ 126,031</u>	 <u>-</u>	 <u>\$ 126,031</u>
FUND BALANCE/NET POSITION			
Fund Balance:			
Nonspendable-Prepaid Items	1,778	(1,778)	-
Unassigned	<u>276,068</u>	<u>(276,068)</u>	<u>-</u>
 Total Fund Balance	 <u>277,846</u>	 <u>(277,846)</u>	 <u>-</u>
 Total Liabilities and Fund Balance	 <u>\$ 403,877</u>		
Net Position:			
Unrestricted		<u>277,846</u>	<u>277,846</u>
 Total Net Position		 <u>\$ 277,846</u>	 <u>\$ 277,846</u>

The Accompanying Notes are an Integral Part of This Statement.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

**STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/Expenses:			
General Government	\$ 13,290	\$ -	\$ 13,290
Total Expenditures/Expenses	<u>13,290</u>	<u>-</u>	<u>13,290</u>
General Revenues:			
Unrestricted Investment Earnings	<u>1,623</u>	<u>-</u>	<u>1,623</u>
Total General Revenues	<u>1,623</u>	<u>-</u>	<u>1,623</u>
Deficiency of Revenues over Expenditures	(11,667)	11,667	-
Change in Net Position	-	(11,667)	(11,667)
Fund Balance/Net Position:			
Beginning of the Year	<u>289,513</u>	<u>-</u>	<u>289,513</u>
End of the Year	<u>\$ 277,846</u>	<u>\$ -</u>	<u>\$ 277,846</u>

The Accompanying Notes are an Integral Part of This Statement.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity - The Lafayette Metropolitan Expressway Commission (the Commission) was created by Act 893 of the 2003 Regular Session of the Louisiana Legislature to pursue alternative and innovative funding sources, included but not limited to tolls, to supplement public revenue sources for the construction, maintenance, and operation of a safe and efficient limited access highway system exclusively within Lafayette Parish.

The Lafayette Metropolitan Expressway Commission prepares its financial statements in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

The Commission is defined as a special purpose government engaged in a single governmental program, as a single-program special purpose government, the Commission has elected to combine the government-wide and fund financial statements.

Basic Financial Statements-Government-Wide Statements - The Commission's basic financial statements include both government-wide (reporting the Commission as a whole) and fund financial statements (reporting the Commission's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Commission's net position are reported in three parts--invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Commission first utilizes restricted resources to finance qualifying activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The Commission has no *program revenues*. Revenue not properly included among program revenues are reported instead as *general revenues*.

This government-wide focus is more on the sustainability of the Commission as an entity and the change in the Commission's net position resulting from the current year's activities.

Basic Financial Statements-Fund Financial Statements - The financial transactions of the Commission are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The following fund type is the only fund used by the Commission:

Governmental Fund:

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Commission:

General Fund - This type of fund is the general operating fund of the Commission. The General Fund is financed through the General Appropriations Act contained in the Louisiana State General Fund. The general fund is considered the major fund of the Commission.

Basis of Accounting - Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Budgets and Budgetary Accounting - The Lafayette Metropolitan Expressway Commission is required to adopt an annual budget for the General Fund. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles ("GAAP") of the United States of America.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a. Each year, prior to July 1, the Commission prepares and adopts a budget for the succeeding fiscal year. The budget includes proposed expenditures and the means of financing them.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- b. The budget must be revised and approved by the Commission for any increase in budgetary expenditures.

- c. All budgetary appropriations lapse at the end of each fiscal year.

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

Fund Balance-Governmental Fund – In the fund financial statements, the governmental fund reports the following classifications of fund balance:

- **Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2021, by the Commission are nonspendable in form. The Commission has not reported any amounts that are legally or contractually required to be maintained intact.

- **Restricted** – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provisions or enabling legislation.

- **Committed** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to directives of the Commission Board, the highest level of decision making authority. Commitments may be modified or rescinded only through actions of the Commission.

- **Assigned** – includes amounts that the Commission intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Board of Commissioners may assign amounts to this classification.

- **Unassigned** – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The Commission reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commission has provided otherwise in its commitment or assignment actions.

(B) CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Commission 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 Commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2021, the Commission had an interest-bearing deposit (book balance) totaling \$402,099 in a demand deposit account.

Custodial Credit Risk Relating to Deposits is the risk that in the event of a bank failure, the Commission's deposits may not be recovered. The Commission does not have a formal policy for custodial credit risk, however, under state law, these deposits, (or the resulting bank balances), must be secured by federal deposit insurance or the pledge of securities owned by the fiscal 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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2021, the Commission had deposits (collected bank balances) totaling \$402,099 which were fully secured by Federal Deposit Insurance in the amount of \$250,000 and Pledged Securities (Category 3) in the amount of \$256,439.

Pledged securities in Category 3 are comprised of uninsured and unregistered investments with securities held by the pledging institution, or by its trust department or agent, but not in the Commission's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

(C) LITIGATION

There was no litigation pending against the Commission as of June 30, 2021.

(D) BOARD COMPENSATION

There was no compensation paid to the members of the Board of Commissioners as of June 30, 2021.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(E) COMMITMENTS

On September 7, 2004 the Commission entered into a contract for professional engineering services with HNTB Corporation in the amount of \$250,000, to provide Phase A of the project, which is to hire an engineering firm or firms that have experience in conducting toll-road financial feasibility studies that are acceptable to the investment banking community and bond rating organizations. In addition, Supplemental Agreements No. 1 and 2 were entered into during 2005, which increased the contract amount by \$267,490 and expanded the scope of services to be provided to include a feasibility study and to begin Phase B, the NEPA process, which includes Environmental Impact Statements and Records of Decision. Supplemental Agreement No. 3 was entered into during 2006 to continue the Environmental Impact Statement, which increased the contract amount by \$250,000. Supplemental Agreement No. 4 was effective on October 1, 2007 and expanded the scope to consist of finalizing the preparation of a Tier 1 EIS and Record of Decision. Also included in this supplement is the initiation of Phase B-2, Tier 2 EIS for SIU1, I-10 to US 90. Additional compensation under this Supplemental Agreement is \$2,199,425. Supplemental Agreement No. 5 was entered into during 2009 for \$1,000,000 and consists of further progression of Phase B-2, Tier 2 EIS. During the fiscal year ended June 30, 2010, an amendment to Supplemental Agreement No. 4 for \$92,231 was executed to finalize the preparation of a Tier 1 EIS and Record of Decision. The fee of Supplemental Agreement #5 was reduced by \$350,000 and re-appropriated and re-purposed for use in Supplemental Agreement #6 to do a feasibility study and obtain guidance from the LA DOTD and FHWA regarding the NEPA process and toll application for the I-49 South Corridor. An Addendum to the contract, with an effective date of August 15, 2015, cancelled all outstanding scopes of service to complete the Tier 1 EIS valued at \$431,681 and replaced them with a new Scope of Services to complete Tier I EIS for \$396,998. As of June 30, 2021, \$4,019,153 has been paid or accrued under this contract, including supplements. The terms of the contract outline payment on a monthly basis with the amount directly proportional to the percentage of completed services as shown in the monthly progress schedule.

On January 18, 2008, the Commission also entered into a Cooperative Endeavor Agreement with the Louisiana Department of Transportation and Development in the amount of \$2,250,000 for engineering and environmental studies for the Project. On March 10, 2009, the Commission amended this Cooperative Endeavor Agreement with the Louisiana Department of Transportation and Development, appropriating an additional \$1,000,000 for the Administration of the Project. The Louisiana Legislative Regular Session of 2010 appropriated \$2,500,000 in Capital Outlay funds through the State of Louisiana Department of Transportation and Development for the continuation of planning for the project. During 2012, the Commission reduced this agreement to \$1,500,000. A Cooperative Endeavor Agreement with the State of Louisiana Office of Facility Planning and Control (FPC) of the Division of Administration (DOA) has been drafted. The contract was executed in September 2012. On March 20, 2013, this agreement was amended which moved the \$1,500,000 from the overallocation fund to \$500,000 in capital outlay cash and \$1,000,000 in a non-cash line of credit. No funds have been received during the fiscal years ended June 30, 2015, 2016, 2017, 2018, 2019, 2020, 2021.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

(F) COMPENSATION, BENEFITS AND OTHER PAYMENTS

The entity has no employees nor did they reimburse any expenses that would be required to be disclosed as of June 30, 2021.

(G) ECONOMIC DEPENDENCE

The Commission received all of its funding through annual appropriations of the legislature of the State of Louisiana. A change in this funding could significantly affect the operations of the Commission.

(H) SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through November 8, 2021, the date which the financial statements were available to be issued.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 1,500,000	\$ -	\$ -	\$ -
Investment Earnings	<u>5,000</u>	<u>1,500</u>	<u>1,623</u>	<u>123</u>
Total Revenues	<u>1,505,000</u>	<u>1,500</u>	<u>1,623</u>	<u>123</u>
Expenditures:				
Current:				
General Government	1,559,000	59,000	13,290	45,710
Capital Outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Expenditures	<u>1,564,000</u>	<u>64,000</u>	<u>13,290</u>	<u>50,710</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (59,000)</u>	<u>\$ (62,500)</u>	<u>\$ (11,667)</u>	<u>\$ 50,833</u>

See Independent Auditors' Report.

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INDEPENDENT AUDITORS' 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

To the Board of Commissioners
Lafayette Metropolitan Expressway Commission
Lafayette, 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 governmental activities and the major fund of Lafayette Metropolitan Expressway Commission, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Lafayette Metropolitan Expressway Commission's basic financial statements, and have issued our report thereon dated November 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lafayette Metropolitan Expressway Commission'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lafayette Metropolitan Expressway Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Lafayette Metropolitan Expressway Commission'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 Lafayette Metropolitan Expressway Commission'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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC***

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

Lafayette, Louisiana
November 8, 2021

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

We have audited the financial statements of the Lafayette Metropolitan Expressway Commission as of and for the year ended June 30, 2021, and have issued our report thereon dated November 8, 2021. We conducted our audit in accordance with generally accepted auditing standards of the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our audit of the financial statements of June 30, 2021 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. *Report on Internal Control and Compliance Material to the Financial Statements*

Internal Control

Significant Deficiencies Yes No

Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II Financial Statement Findings

No Current Year Findings.

Section III Federal Award Findings and Questioned Costs

This section is not applicable for the year ended June 30, 2021.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

**SUMMARY OF CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

There were no prior year findings.