

FINANCIAL REPORT
LOUISIANA PUBLIC FACILITIES AUTHORITY
A COMPONENT UNIT OF THE
STATE OF LOUISIANA
DECEMBER 31, 2023

LOUISIANA PUBLIC FACILITIES AUTHORITY

STATE OF LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

July 31, 2024

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To the Board of Trustees
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Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Louisiana Public Facilities Authority (Authority), a component unit of the State of Louisiana, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Management has elected to omit the management's discussion and analysis. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2024, 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.

Duplantier, Chapman, Hogan and Parker, LLP

New Orleans, Louisiana

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2023

ASSETS

Current assets:

| | | |
|------------------------------------|----|------------|
| Cash and cash equivalents | \$ | 2,614,602 |
| Investments: | | |
| Certificates of deposit | | 7,186,394 |
| Accounts receivable | | 339,681 |
| Loans receivable: | | |
| Local Government Bond Bank Program | | 1,665,572 |
| Loans to nonprofit organizations | | 211,155 |
| Prepaid expenses | | 13,328 |
| Total current assets | | 12,030,732 |

Noncurrent assets:

Investments:

| | | |
|---------------------------------------|--|------------|
| Certificates of deposit | | 14,431,518 |
| Government agency bonds | | 620,155 |
| Private equity - limited partnerships | | 1,630,952 |

Loans receivable:

| | | |
|---|--|-----------|
| Local Government Bond Bank Program | | 8,271,953 |
| Loans to nonprofit organizations | | 28,061 |
| Super Top Loan Program student loans, net | | 1,949,881 |
| Accrued interest on student loans, net | | 76,463 |

Capital assets, net

| | | |
|--------------------------|--|--------|
| Right of use assets, net | | 11,673 |
|--------------------------|--|--------|

| | | |
|-------------------------|--|------------|
| Total noncurrent assets | | 27,350,846 |
|-------------------------|--|------------|

| | | |
|--------------|--|------------|
| Total assets | | 39,381,578 |
|--------------|--|------------|

LIABILITIES

Current liabilities:

| | | |
|---------------------------|--|---------|
| Accounts payable | | 182,959 |
| Unearned revenue | | 436 |
| Lease liabilities | | 146,012 |
| Total current liabilities | | 329,407 |

Noncurrent liabilities:

| | | |
|-------------------|--|---------|
| Lease liabilities | | 186,601 |
|-------------------|--|---------|

| | | |
|------------------------------|--|---------|
| Total noncurrent liabilities | | 186,601 |
|------------------------------|--|---------|

| | | |
|-------------------|--|---------|
| Total liabilities | | 516,008 |
|-------------------|--|---------|

NET POSITION

| | | |
|----------------------------------|--|-------|
| Net investment in capital assets | | 9,250 |
|----------------------------------|--|-------|

| | | |
|--------------|--|------------|
| Unrestricted | | 38,856,320 |
|--------------|--|------------|

| | | |
|--------------------|--|---------------|
| Total net position | | \$ 38,865,570 |
|--------------------|--|---------------|

See accompanying notes

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

OPERATING REVENUES

| | |
|--|------------------|
| Project and program administrative fees: | |
| Finance acceptance fees | \$ 530,723 |
| Multi-family annual issuer fees | 26,669 |
| Program administrative fees | 2,179,273 |
| Financing application fees | 2,500 |
| Student loan interest | 103,779 |
| Interest income on program loans | 179,690 |
| Special allowance payments | 23,321 |
| Other income | 11,836 |
| Total operating revenues | <u>3,057,791</u> |

OPERATING EXPENSES

| | |
|---|------------------|
| Administrative services | 53,951 |
| Amortization - right of use assets | 144,006 |
| Bad debt | 26,043 |
| Business promotions and economic development | 69,824 |
| Depreciation | 4,307 |
| Employee salaries and benefits | 1,299,210 |
| Insurance | 38,239 |
| Legal and accounting services | 72,365 |
| Lender trustee fees | 1,500 |
| Office expense | 114,209 |
| Other | 29,374 |
| Per diems - Board of Trustees | 9,800 |
| Printing, publications, dues, and subscriptions | 24,539 |
| Rent | 16,199 |
| Student loan servicing fees | 54,181 |
| Travel | 52,362 |
| Total operating expenses | <u>2,010,109</u> |

| | |
|------------------|------------------|
| Operating Income | <u>1,047,682</u> |
|------------------|------------------|

NONOPERATING REVENUES/(EXPENSES)

| | |
|--------------------------------------|----------------|
| Investment income | 792,214 |
| Interest expense - lease liabilities | <u>(5,918)</u> |
| Total nonoperating revenues | <u>786,296</u> |

| | |
|------------------------|-----------|
| CHANGE IN NET POSITION | 1,833,978 |
|------------------------|-----------|

| | |
|-----------------------------------|-------------------|
| NET POSITION AT BEGINNING OF YEAR | <u>37,031,592</u> |
|-----------------------------------|-------------------|

| | |
|-----------------------------|----------------------|
| NET POSITION AT END OF YEAR | <u>\$ 38,865,570</u> |
|-----------------------------|----------------------|

See accompanying notes

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

| | |
|--|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received for services provided | \$ 2,815,529 |
| Cash received on program loans | 1,688,784 |
| Cash received on student loans | 619,933 |
| Cash received for interest on students loans | 55,967 |
| Cash received for interest on program loans | 172,671 |
| Cash paid for program loan issued | (4,024,660) |
| Cash paid to suppliers for goods and services | (474,026) |
| Cash paid to employees for services | (1,290,729) |
| Cash paid for special allowance payments | 26,307 |
| Other disbursements | (1,150) |
| Net cash used by operating activities | <u>(411,374)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Payments on right of use assets | <u>(150,468)</u> |
| Net cash used by noncapital financing activities | <u>(150,468)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of investments | (6,152,270) |
| Proceeds from redemption of investment | 5,508,739 |
| Private equity - limited partnerships capital call | - |
| Private equity - limited partnerships distribution | 8,795 |
| Investment income and interest | 555,936 |
| Net cash used by investing activities | <u>(78,800)</u> |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES | |
| Purchase of property and equipment | <u>(11,772)</u> |
| Net cash used by capital financing activities | <u>(11,772)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | <u>(652,414)</u> |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>3,267,016</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 2,614,602</u> |

(Continued)

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES

| | |
|---|----------------------------|
| Operating income | \$ 1,047,682 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 4,307 |
| Amortization - right of use assets | 144,006 |
| Bad debt | 26,043 |
| Changes in assets and liabilities: | |
| Decrease (increase) in: | |
| Accounts receivable | 73,410 |
| Special allowance payment receivable | 2,986 |
| Prepaid expenses | (124) |
| Program loans | (1,487,216) |
| Student loans | (272,883) |
| Accrued interest on student loans | 4,200 |
| Unearned revenue | (6,069) |
| Accounts payable | <u>52,284</u> |
| NET CASH USED BY OPERATING ACTIVITIES | <u><u>\$ (411,374)</u></u> |

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

| | |
|-------------------------------|--------------------------|
| Unrealized gain on investment | <u><u>\$ 210,403</u></u> |
|-------------------------------|--------------------------|

See accompanying notes

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

INTRODUCTION:

The Louisiana Public Facilities Authority (Authority) was created on August 21, 1974, by the Public Facilities Corporation, a Louisiana corporation, as settler under an Indenture of Trust in accordance with the provisions of the Louisiana Public Trust Act, Louisiana Revised Statute 9:2341 *et seq.* The Authority operates under a Board of Trustees.

The purposes of the Authority are to promote, encourage, and further the accomplishment of all activities that are or may become of benefit to the state of Louisiana and that have a public purpose. To accomplish these purposes, the Authority issues bonds that provide the proceeds for the furtherance and accomplishment of various public purposes. The issuance of such obligations is accounted for through trustee accounts maintained with various banks appointed as trustees.

Conduit Debt

The Authority issues bonds to provide financing for state and local governments, nonprofit organizations, and for-profit entities. The obligations are limited and special obligations of the Authority, and, as such, the Authority does not normally have any claims to assets or liabilities relating to the bond issues. Accordingly, such transactions are not included in the accompanying financial statements until such time as an asset or liability has been determined to exist relating to residual amounts. In addition, no commitments beyond the collateral, the payments from the borrower entities, and maintenance of the tax-exempt status, when relevant, of the conduit debt obligations were extended by the Authority for any of these bonds. The Authority divides its conduit bond issues into either programs or projects. Programs pool similar entities or loan types together into one shared borrowing for the benefit of the participants. Project bond issues are for an individual entity. Total bond principal outstanding at December 31, 2023, for programs and projects was \$195,087,405 and \$6,072,428,008, respectively.

Student Loan Program

Additionally, the Authority maintains a Student Loan Program. The Authority's student loan program was initially established in 1984 to assure adequate loan availability for students with a Louisiana connection, to promote greater access to higher education in the state, and help reduce the cost of higher education. The moneys for this program were obtained through the issuance of various conduit bond issues. All of the bonds issued to finance the program are limited and special obligations of the Authority, are not obligations of the state of Louisiana or any political subdivision thereof, and constitute conduit debt under GASB Statement No. 91. All of these student loans bonds are included in the total listed for programs under the Conduit Debt paragraph above.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

INTRODUCTION: (Continued)

Student Loan Program (Continued)

The Authority operates its Super Top Loan Program through an eligible lender trustee agreement and trustee arrangement. The assets currently held in the trust result from the refinancing of the Authority's 1999 Student Loan Revenue Bond Program with the 2011A Student Loan Taxable Revenue Bond Program (2011A Program). Under the bond indenture for the 2011A Program, student loans that were in default or uninsured as of the refinancing date, April 20, 2011, were ineligible to be included in the 2011A Program. These loans along with the residual cash from the 1999 Student Loan Revenue Bond Program's trust were transferred to the Super Top Loan Program.

Under the Federal Family Education Loan Program (FFELP), the federal government requires lenders of student loans to repurchase certain loans from the guarantor. Typically, these are loans for which a claim was filed and paid previously by the guarantor but for a number of reasons, such as a servicing error or the dismissal of a bankruptcy claim, the loan must be repurchased by the lender. The moneys in the Super Top Loan Program are used for these "mandatory repurchases" of loans. In fiscal year 2023, the Authority's Super Top Loan Program did not repurchase loans from the guarantor. Additionally, the Authority's Board of Trustees authorized a private loan program to refinance and originate student loans with the moneys held in this trust. The Authority began funding new loans under this program in September 2017.

Separate audited financial statements for the 2011A Program are issued as required by the bond indenture. The 2011A Program financial statements for the year ended December 31, 2023, are available at www.lpfa.com. The activities of the Authority are funded in part by a monthly administrative fee charged to the 2011A Program.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by GASB. The accompanying financial statements have been prepared in accordance with such principles.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Reporting Entity

Using the criteria in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy 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 state has financial accountability over the Authority in that the Louisiana Joint Legislative Committee on the Budget has the authority to approve and amend the Authority's budget and the governor appoints all the Board of Trustees and can impose his/her will on the Authority. The accompanying financial statements present only the activity of the Authority.

Annually, the state of Louisiana issues an Annual Comprehensive Financial Report, which includes the activity contained in the accompanying financial statements. Those basic financial statements are audited by the Louisiana Legislative Auditor.

The Authority has two blended component units. The voting majority of these component units' board members are appointed by the Authority, and the Authority is able to impose its will on the organizations by its ability to appoint, hire, or dismiss those persons responsible for the day-to-day operations. These component units are blended because the component units were organized as not-for-profit corporations in which the Authority is the sole corporate member. The Authority's two blended component units listed below do not issue separate financial statements.

- (a) The *Louisiana Capital Funding Corporation (LCFC)* is a nonprofit Louisiana corporation that was organized to promote, support, aid, and assist with the Authority's Local Government Capital Funding program. As of December 31, 2023, LCFC is dormant.
- (b) The *Louisiana Equipment Finance Corporation (LEFC)* is a nonprofit Louisiana corporation that was organized to promote, support, aid, and assist with the Authority's programs. As of December 31, 2023, LEFC is dormant.

Basis of Accounting

For financial reporting purposes, the Authority is considered a special-purpose government engaged in only business-type activities (enterprise funds). Accordingly, the Authority's financial statements have been presented using the economic resources

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting (Continued)

measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operations are included on the Statement of Net Position. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when the related liability is incurred, regardless of the timing of related cash flows.

Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating items.

The Authority's two blended component units are required to report information regarding their financial position and activities according to two classes of net position: unrestricted net position and restricted net position, as applicable. As of December 31, 2023, there were no restricted net positions.

Budget Practices

The Authority prepared its annual operating budget based on what was expected to be collected during the fiscal year. Management presented the budget to the Authority's Board of Trustees for approval prior to the budget being submitted to the Louisiana Joint Legislative Committee on the Budget. In addition, certain expenses were approved as necessary by the Board of Trustees before payment. Any budget amendments necessary during the year must be approved by the Board of Trustees and the Louisiana Joint Legislative Committee on the Budget. The Authority is not required to present a budget comparison in its financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and money market deposits in trust accounts. For purposes of the Statement of Cash Flows, the Authority considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

In accordance with GASB Statement 72 *Fair Value Measurement and Application*, investments are reported at fair value which is described as an exit price. GASB Statement 72 required a government to use valuation techniques that are appropriate under the circumstances

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments (Continued)

and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. GASB 72 established a hierarchy of inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, whether directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management’s assumption of the default rate among underlying mortgages of mortgage-backed securities.

GASB 72 requires disclosures to be made about fair value measurements within the level of fair value hierarchy and valuation techniques. Fair value of short-term investments approximates cost and include certificates of deposit. Fair value of securities traded on national or international exchange include government agency bonds which are calculated at the last reported sales prices at current exchange rates.

The Authority has two investments, one in Louisiana Fund I, L.P., and the other in Louisiana Fund II, L.P., which are reported at cost and adjusted for net investment losses. The Authority decided to participate in these limited partnerships to further the Authority’s economic development activities. Because these assets are held primarily to further the economic development objectives of the Authority, the Authority determined that the cost method is the appropriate measurement basis rather than fair market value under GASB 72.

Receivables

Receivables are stated at their face value less any allowance for uncollectable accounts. Allowances are based on the Authority’s periodic evaluation of receivables and the Authority’s past loss experience. The allowances for uncollectable accounts are adjusted by charges to income and decreased by charge-offs (net of recoveries). Currently, all accounts receivable and loans from governments and nonprofit organizations are expected to be fully collected. The Super Top Loan Program’s student loans and accrued interest on student loans are reported net of allowance for uncollectable amounts.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Capital Assets

The Authority has established a \$2,500 threshold for capitalization of purchases of office furniture and equipment and leasehold improvements. Depreciation of all capital assets used by the Authority is charged as an expense against its operations. Depreciation of capital assets is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives by capital asset type are as follows:

| | |
|--------------------------------|---------------|
| Office Furniture and Equipment | 3 – 5 years |
| Leasehold Improvements | Life of Lease |

Net Position

Net position is classified in the following three components:

- (a) *Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation, and right of use assets, net of accumulated amortization. The Authority has no capital asset-related debt other than lease liabilities.
- (b) *Restricted net position* – This component of net position consists of resources subject to external constraints placed on the Authority by creditors, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The Authority has no debt service restrictions.
- (c) *Unrestricted net position* – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

Program Investment Earnings

Program investment earnings consist primarily of residual funds of retired program conduit bond issues. Residual proceeds represent cash and investment balances of a program bond issue that remain after the extinguishment of all obligations, including applicable arbitrage rebate to the federal government. The residuals are due to the Authority unless the issue’s Indenture of Trust identifies another recipient. The residual funds are recognized as income to the Authority upon the termination of the issue’s Indenture of Trust. The Authority received \$-0- program residual funds related to retired program bond issues in fiscal year 2023.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Project and Program Administrative Fees

The Authority's project and program administrative fee revenues include the following:

Financing Application Fee – The Authority assesses a nonrefundable financing application fee of \$500 on all project-financing applications formally submitted for consideration by the Authority's Board of Trustees.

Finance Acceptance Fee – The Authority requires a finance acceptance fee usually equal to one-twentieth of one percent of the face amount of issued bonds less the financing application fee. The finance acceptance fee covers general administration expenses incurred by the Authority. This fee is due upon the closing of a bond issue and is recorded as revenue at such time.

Multi-Family Annual Issuer Fees – The Authority assesses an annual issuer fee on all multi-family bond issues. The fee is based upon a percentage of the outstanding bond principal balance as of January 1 of each year. The percentage usually is either one-twentieth of one percent for pre-1985 issues or one-tenth of one percent for issues thereafter. The fee covers general administration expenses incurred by the Authority.

Program Administrative Fees – The Authority is compensated as administrator of programs through either an agreed-upon fixed fee or a fee based upon a percentage of the outstanding loans or assets of the programs listed below. These fees cover administrative costs and general administration expenses incurred by the Authority to administer the programs.

The 2011A Program

The Authority assesses a monthly administrative fee to the 2011A Program to pay for both servicing and program administrative fees (total). Beginning April 2022, as part of the amended and restated indenture, program and administrative fees were restructured to assess the program a fixed monthly total amount. The monthly program administrative fee that is paid by the 2011A Program to the Authority is equal to the difference between the monthly total fee and the monthly servicing fees paid to the third-party loan servicers. After servicing fees were paid by the trustee and trustee fees, the program administration fee revenue received from the 2011A Program was \$2,143,818 in fiscal year 2023.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Project and Program Administrative Fees (Continued)

LDNR Flex-Fund Revolving Loan Program

The Authority administers the Flex-Fund Revolving Loan Program (FFRLP) on behalf of the Louisiana Department of Natural Resources. FFRLP provides low-cost financing for public and private Louisiana domiciled institutions implementing approved energy efficient projects. The Authority receives administrative fees from program participants as 0.0050% of the outstanding loan balance.

Loan Portfolio Guaranty Program

The Authority administers the Loan Portfolio Guaranty Program (LPGP) on behalf of Louisiana Department of Economic Development to provide loans to small businesses impacted by the COVID-19 pandemic. The Authority receives an annual administrative fee from program participants of 0.0025 of the outstanding loan balances as of March 30 of each year.

Income Taxes

No provision is made for income taxes because, as a public trust whose beneficiary is the state of Louisiana, the Authority is exempt from federal and state income taxes.

Estimates and Assumptions

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

Adoption of New Accounting Standards

During the year ended December 31, 2023, the Authority implemented: Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. It establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability. The Authority has analyzed the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and has concluded that there are no SBITAs which qualify for adjustment or disclosure under the new standard. Therefore, no restatement of prior periods or cumulative effect adjustment recorded in the year of adoption, was considered necessary.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS:

Cash and Cash Equivalents

The Authority's cash and cash equivalents include the following:

| | | |
|--------------------|----|-----------|
| Demand deposits | \$ | 593,422 |
| Money market funds | | 2,021,180 |
| | | 2,614,602 |
| | \$ | 2,614,602 |

Custodial Credit Risk – Cash and Cash Equivalents

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

The Authority's policy is to maintain an operating bank account and a collateralized bank account. The Authority keeps the operating bank account below the limit for FDIC coverage and transfers excess funds to the collateralized account. The demand deposits (bank balances) are fully secured by FDIC and SIPC.

Investments

The Authority's investments consist of the following as of December 31, 2023:

| | | |
|---------------------------------------|----|------------|
| Certificates of deposits | \$ | 21,617,912 |
| Government agency bonds | | 620,155 |
| Private equity - limited partnerships | | 1,630,952 |
| | | 23,869,019 |
| | \$ | 23,869,019 |

Interest Rate Risk

Interest rate risk is defined as the risk that changes in the interest rates will adversely affect the fair value of an investment.

As a means of limiting its exposure to fair value changes arising from fluctuations in interest rates, the Authority attempts to ladder the maturities of its investments so that at least 15-20% of its investments mature or come due each year and purchased securities do not have maturities in excess of eight years. The Authority typically buys and holds its investments until maturity or until called. Any exceptions to this policy will be based on recommendations of the chief executive officer to members of the Investment Committee.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS: (Continued)

Interest Rate Risk (Continued)

Certificates of deposit and government agency bonds as of December 31, 2023, are presented below:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities (in Years)</u> | | | |
|--------------------------------|----------------------|---|----------------------|----------------|---------------------|
| | | <u>< Than 1</u> | <u>1 to 5</u> | <u>6 to 10</u> | <u>> Than 10</u> |
| Certificates of deposit | \$ 21,617,912 | \$ 7,029,430 | \$ 14,588,482 | \$ - | \$ - |
| Government agency bonds: | | | | | |
| U.S. agencies | 220,793 | - | - | - | 220,793 |
| U.S. agency strips | 156,964 | 156,964 | - | - | - |
| Federal Farm Credit Bank Bonds | 242,398 | - | 242,398 | - | - |
| Total | \$ 22,238,067 | \$ 7,186,394 | \$ 14,830,880 | \$ - | \$ 220,793 |

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Authority limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally-recognized statistical rating organizations (NRSROs). As of December 31, 2023, the Authority held no investments in commercial paper or corporate bonds. No specific credit ratings are required by the Authority's policy for its investments in municipal government bonds and securities of U.S agencies.

Following are the credit ratings of the Authority's investments in long-term debt securities at December 31, 2023:

| | <u>Fair Value</u> | <u>U.S. Agencies</u> | <u>U.S. Agencies Strips</u> | <u>Federal Farm Credit Bank Bonds</u> |
|-----------|-------------------|----------------------|-----------------------------|---------------------------------------|
| Aaa | \$ 242,398 | \$ - | \$ - | \$ 242,398 |
| Not Rated | 377,757 | 220,793 | 156,964 | - |
| | \$ 620,155 | \$ 220,793 | \$ 156,964 | \$ 242,398 |

The Authority's investments in securities of U.S. agencies that are explicitly guaranteed by the U.S. government total \$220,793.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS: (Continued)

Custodial Credit Risk - Investments

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The Authority's policy limits certificates of deposit to only be \$250,000 to take advantage of FDIC coverage.

Investments in government agency bonds in the amount of \$620,155 are held by custodial banks in the name of the Authority and, therefore, not exposed to custodial credit risk. Investments in certificates of deposit totaling \$21,617,912 were fully insured by the FDIC as of December 31, 2023.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Authority's investment in a single issuer.

The Authority does not have a policy limiting the amount of investments in any one issuer. At December 31, 2023, none of the Authority's investments in any single issuer exceeded 5% of the total investments held of \$23,869,019.

3. INVESTMENTS - FAIR VALUE:

Investments in certificates of deposit and government agency bonds are recorded at fair value as required by GASB Statement No. 72, *Fair Value Measurement and Application*. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Certificates of deposit and debt investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

3. INVESTMENTS - FAIR VALUE: (Continued)

The Authority has the following recurring fair value measurements as of December 31, 2023:

| | Fair Value | Fair Value Measurements Using | | |
|---------------------------------------|---------------|---|---|---|
| | | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by Fair Value Level | | | | |
| Certificates of deposit | \$ 21,617,912 | \$ - | \$ 21,617,912 | \$ - |
| Government agency bonds: | | | | |
| U.S. agencies | 220,793 | - | 220,793 | - |
| U.S. agency strips | 156,964 | - | 156,964 | - |
| Federal Farm Credit Bank Bonds | 242,398 | - | 242,398 | - |
| Total Investments at Fair Value Level | 22,238,067 | \$ - | \$ 22,238,067 | \$ - |

4. PRIVATE EQUITY – LIMITED PARTNERSHIPS:

As of December 31, 2023, the Authority had \$1,630,952 invested in private equity consisting of limited partnerships, Louisiana Fund I and Louisiana Fund II. Louisiana Fund I and Louisiana Fund II were formed to provide venture capital to early-stage development companies and a significant portion of these limited partnerships is invested in early-stage development companies. The Authority decided to participate in these limited partnerships to further the Authority's economic development activities. Because these assets are held primarily to further the economic development objectives of the Authority, the Authority determined that the cost method is appropriate measurement basis. These assets are, therefore, reported at cost and adjusted for net investment gain and losses.

The unfunded commitments and redemption terms for investments measured at cost and adjusted for net investment losses as of December 31, 2023 are presented in the following table:

| | Carrying Value | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|---------------------------------------|---------------------|----------------------|--|--------------------------|
| Private equity - limited partnerships | | | | |
| Louisiana Fund I | \$ 609,081 | \$ - | n/a | n/a |
| Louisiana Fund II | 1,021,871 | - | n/a | n/a |
| | <u>\$ 1,630,952</u> | | | |

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

5. LEASES

The Authority leases office space and storage space under an agreement with the Louisiana Workers' Compensation Corporation. The original lease agreement commenced on September 22, 1995 and has been amended. Under the current agreement, the terms of the office space commenced April 1, 2023 through March 31, 2026, at a monthly rate of \$12,084. Under the current agreement, the terms of the storage space commenced April 1, 2023 through March 31, 2026, at a monthly rate of \$540. There is no option to renew or extend the lease in the current amendment. The interest rate implicit in the agreement is the discount rate of the Federal Reserve Bank of Atlanta at the commencement of the lease term, plus one percent.

The leases are summarized as follows:

| <u>Description</u> | <u>Date</u> | <u>Payment Terms</u> | <u>Payment Amount</u> | <u>Interest Rate</u> | <u>Lease Liability Total</u> | <u>Lease Liability 12/31/2023</u> |
|--------------------|-------------|--------------------------|---------------------------|--------------------------|--------------------------------------|---|
| Office space | 4/1/2023 | 120 months | \$12,084 | 6.00% | \$ 421,889 | \$ 318,776 |
| Storage space | 4/1/2023 | 120 months | \$540 | 6.00% | \$ 18,364 | 13,837 |
| | | | | | | <u>\$ 332,613</u> |

As of December 31, 2023, right of use assets, net of amortization, of \$330,190 and lease liabilities of \$332,613 are recorded in the Authority's Statement of Net Position.

Annual requirements to amortize the long-term obligations and related interest on the right of use leased assets are as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> |
|-------------------------------------|------------------|-----------------|
| 2024 | \$146,012 | \$ 5,236 |
| 2025 | 148,913 | 2,335 |
| 2026 | 37,688 | 124 |
| | <u>\$332,613</u> | <u>\$ 7,695</u> |

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

6. EMPLOYEE RETIREMENT PLAN:

The Authority sponsors a 401(k) profit sharing plan, a defined contribution pension plan that covers all employees and is administered by the Newport Group. Benefit terms, including contributions requirements, are established and may be amended by the Authority’s Board of Trustees. The Authority has no additional liability upon the retirement of an employee. The plan is subject to the Internal Revenue Code (IRC) minimum funding requirement for governmental plans of 7.50% of the eligible employee salaries. The Authority provides the minimum contributions and the Authority’s contributions above the minimum requirements are discretionary, as determined annually by the Board of Trustees. The employer contribution percentage during the year ended December 31, 2023 was 11.2%. Employees are not required to contribute to the plan but are permitted to make contributions up to the applicable IRC limits. For the year ended December 31, 2023, employer and employee contributions totaled \$97,596 and \$50,040, respectively. The employer contributions are included in the Employees’ Salaries and Benefits in the accompanying financial statement.

Employees are immediately vested in their own contributions and in the 3% safe harbor portion of the Authority’s contributions. Employees vest in 25% of the remaining employer contributions after each year of service until fully vested after the fourth year of service. Nonvested employer contributions are forfeited upon termination of employment. There were no forfeited contributions in the fiscal year.

7. LITIGATION:

Because of the Authority’s status as an issuer of bonds, it is routinely named in various litigations related to the funded projects and programs. In the opinion of management and legal counsel for the Authority, these claims are without merit because of the Authority’s limited position as only a conduit for the bond issues.

8. ACCOUNTS AND LOANS RECEIVABLE:

As reflected on the Statement of Net Position, the accounts receivable as of December 31, 2023, are composed of the following:

| | |
|--------------------------------------|-------------------|
| Program administration fees | \$ 180,209 |
| Accrued interest | 134,352 |
| Special allowance payment receivable | 4,595 |
| Other | 20,525 |
| Total accounts receivable | <u>\$ 339,681</u> |

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

8. ACCOUNTS AND LOANS RECEIVABLE: (Continued)

Loans to Governments and Nonprofit Organizations

The Authority's Local Government Bond Bank Program and Rural Development Loan Program lower the cost of local governments' borrowing by making direct loans for a portion of the total borrowing at interest rates ranging from 0.3% to 3%. In addition, the Authority loans funds to local nonprofit organizations with interest rates ranging from 0% to 3% to assist these organizations with securing additional funding from other sources. The loans receivable from governments and nonprofit organizations as of December 31, 2023 consist of the following:

| | | |
|------------------------------------|----|---------------|
| Local government receivable | \$ | 9,937,525 |
| Nonprofit organizations receivable | | 239,216 |
| | | \$ 10,176,741 |

Management expects its outstanding loans to governments and nonprofit organizations will be fully collectable and require no allowance for uncollectable loans.

Student Loans – Super Top Loan Program

The Authority reports its Super Top Loan Program's student loan receivables and accrued interest on student loans net of the allowance for uncollectable amounts. Student loans have various maturity dates. The Super Top Loan Program's student loans include those loans that were ineligible for inclusion in the 2011A Program and mandatory repurchased loans that were previously defaulted. In 2017, the Authority started a private loan program to refinance and originate student loans. Due to the nature of these loans and the timing uncertainty of collections, all student loans and accrued interest on student loans as of December 31, 2023, are reported as noncurrent assets.

The student loan receivables for the Super Top Loan Program are as follows:

| | <u>Student Loans</u> <u>(Principal)</u> | <u>Accrued Interest</u> <u>on Student Loans</u> | <u>Total</u> |
|-----------------------------|--|--|--------------|
| Receivable gross | \$ 1,954,930 | \$ 76,463 | \$ 2,031,393 |
| Allowance for uncollectable | (5,050) | - | (5,050) |
| Noncurrent receivable, net | \$ 1,949,880 | \$ 76,463 | \$ 2,026,343 |

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

9. SPECIAL ALLOWANCE PAYMENTS:

Special allowance payments are either received from or paid to the USDOE in accordance with the Higher Education Act. The amount of interest that the Super Top Loan Program is allowed to earn on the FFELP student loans held under the program is set by the Higher Education Act. The permitted amount of interest can be either above or below the amount of interest received by the program from the borrowers. If the interest received from the borrowers is below the permitted amount, the USDOE will make a special allowance payment to the program equal to the difference between the permitted amount of interest and the actual interest received from the borrower. If the interest received from the borrowers is above the permitted amount, the program must pay the excess interest received from the borrowers to the USDOE as a negative special allowance payment. The special allowance payments are calculated based on the daily average unpaid principal balance for certain types of loans. For the year ended December 31, 2023, interest of \$23,321 for the Super Top Loan Program was received or owed from the USDOE, and is presented as a revenue account on the Statement of Revenues, Expenses, and Changes in Net Position. The accrued special allowance payment due from the USDOE in the amount of \$4,595 at December 31, 2023, is reported as a receivable on the Statement of Net Position.

10. CAPITAL ASSETS:

Capital assets of the Authority are included on the Statement of Net Position at historical cost, net of accumulated depreciation. Capital asset activity for the year ended December 31, 2023, was as follows:

| | <u>Balance</u> <u>Jan. 1, 2023</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>Dec. 31, 2023</u> |
|--------------------------------|---------------------------------------|------------------|-------------------|--|
| Office furniture and equipment | \$ 334,680 | \$ - | \$ (2,000) | \$ 332,680 |
| Leasehold improvements | 8,285 | 11,772 | - | 20,056 |
| Total | <u>342,965</u> | <u>11,772</u> | <u>(2,000)</u> | <u>352,736</u> |
| Less accumulated depreciation: | | | | |
| Office furniture and equipment | (328,471) | (4,307) | - | (332,778) |
| Leasehold improvements | (8,285) | - | - | (8,285) |
| Total accumulated depreciation | <u>(336,756)</u> | <u>(4,307)</u> | <u>-</u> | <u>(341,063)</u> |
| Total capital assets, net | <u>\$ 6,209</u> | <u>\$ 7,465</u> | <u>\$ (2,000)</u> | <u>\$ 11,673</u> |

Right of use leased assets of the Authority are included on the Statement of Net Position, net of accumulated amortization. Right of use leased assets activity for the year ended December 31, 2023, was as follows:

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

10. CAPITAL ASSETS: (Continued)

| | Balance Jan. 1, 2023 | Additions | Deletions | Balance Dec. 31, 2023 |
|--------------------------------|-------------------------|-------------------|-------------|--------------------------|
| Right of use assets: | | | | |
| Office space | \$ 928,949 | \$ 421,889 | \$ - | \$ 1,350,838 |
| Storage space | 8,931 | 18,365 | - | 27,296 |
| Total right of use assets | <u>937,880</u> | <u>440,254</u> | <u>-</u> | <u>1,378,134</u> |
| Less accumulated amortization: | | | | |
| Office space | (895,772) | (138,649) | - | (1,034,421) |
| Storage space | (8,166) | (5,357) | - | (13,523) |
| Total accumulated amortization | <u>(903,938)</u> | <u>(144,006)</u> | <u>-</u> | <u>(1,047,944)</u> |
| Total right of use assets, net | <u>\$ 33,942</u> | <u>\$ 296,248</u> | <u>\$ -</u> | <u>\$ 330,190</u> |

Depreciation expense on capital assets and amortization of right of use asset during the year ended December 31, 2023 was \$4,307 and \$144,006, respectively.

11. COMPENSATED ABSENCES:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. Vacation and sick leave are paid to the employees upon termination. Employees have the option to receive payment of unused vacation and sick leave in December or can choose to use the accumulated vacation and sick leave in the future. The liability for unused compensated absences is \$100,104 and is reflected in Statement of Net Position in the accounts payable balance.

12. NET POSITION:

The Authority has unrestricted net position at December 31, 2023, of \$38,856,320 which the Board of Trustees has designated for the following uses:

- The Board of Trustees adopted a resolution specifying that \$23,000,000 of the unrestricted net position be used for the Economic Development and Essential Purpose Loan Program, the Local Government Capital Facilities Bond Bank Program, and the Rural Development Loan Program.
- The Board of Trustees has also adopted a resolution specifying that all of the funds in the Super Top Loan Program, which accounts for \$10,356,851 of the unrestricted net position, be used for the Authority's student loan program.
- Pursuant to resolutions adopted by the Board of Trustees, the Authority entered into contracts legally binding the Authority to invest in Louisiana Fund I and Louisiana

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

12. NET POSITION: (Continued)

Fund II limited partnerships, and \$1,630,952 of the unrestricted net position is specified for these investment commitments.

The total of these three specified uses of unrestricted net position is \$34,987,803.

13. CONDENSED FINANCIAL INFORMATION:

Following is condensed financial information for the Authority's two blended component units.

Statement of Net Position

| | Louisiana Capital Funding Corporation | Louisiana Equipment Finance Corporation | Total Blended Component Units |
|---------------------------|--|--|-------------------------------------|
| Current assets | \$ 3,856 | \$ 7,046 | \$ 10,902 |
| Current liabilities | - | - | - |
| Unrestricted net position | <u>\$ 3,856</u> | <u>\$ 7,046</u> | <u>\$ 10,902</u> |

Statement of Revenues, Expenses, and Changes in Net Position

| | Louisiana Capital Funding Corporation | Louisiana Equipment Finance Corporation | Total Blended Component Units |
|-----------------------------------|--|--|-------------------------------------|
| Operating revenues | \$ - | \$ - | \$ - |
| Operating expenses | <u>575</u> | <u>575</u> | <u>1,150</u> |
| Change in net position | (575) | (575) | (1,150) |
| Net position at beginning of year | <u>4,431</u> | <u>7,621</u> | <u>12,052</u> |
| Net position at end of year | <u>\$ 3,856</u> | <u>\$ 7,046</u> | <u>\$ 10,902</u> |

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

13. CONDENSED FINANCIAL INFORMATION: (Continued)

Statement of Cash Flows

| | <u>Louisiana Capital Funding Corporation</u> | <u>Louisiana Equipment Finance Corporation</u> | <u>Total Blended Component Units</u> |
|---|--|--|--|
| Net cash flows used by operating activities | <u>\$ (575)</u> | <u>\$ (575)</u> | <u>\$ (1,150)</u> |
| Net decrease in cash | (575) | (575) | (1,150) |
| Cash at beginning of year | <u>4,431</u> | <u>7,621</u> | <u>12,052</u> |
| Cash at end of year | <u><u>\$ 3,856</u></u> | <u><u>\$ 7,046</u></u> | <u><u>\$ 10,902</u></u> |



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INDEPENDENT AUDITOR'S 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

July 31, 2024

To the Board of Trustees
Louisiana Public Facilities Authority
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 Louisiana Public Facilities Authority (Authority), a component unit of the state of Louisiana, as of and for the year ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 31, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our 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 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 Louisiana Legislative Auditor as a public document.

Duplantier, Chapman, Hogan and Parker, LLP
New Orleans, Louisiana

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
SUMMARY SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2023

SUMMARY OF AUDITOR'S RESULTS:

Financial Statements:

Type of auditor's report issued: Unmodified

Internal Control over financial reporting

Material weakness(es) – none

Control deficiencies identified that are not considered to be material weaknesses – none

Noncompliance material to financial statements - none

PRIOR YEAR AUDIT FINDINGS:

None