
**Greater New Orleans
Expressway Commission**

Financial Statements

October 31, 2017

Greater New Orleans Expressway Commission

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Greater New Orleans Expressway Commission

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GREATER NEW ORLEANS EXPRESSWAY COMMISSION

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April 30, 2018

To Members of the Greater New Orleans Expressway Commission

The Annual Financial Report of the Greater New Orleans Expressway Commission for the fiscal year ended October 31, 2017 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Commission's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The Annual Financial Report is presented in three sections: introductory, financial, and other supplemental information. The introductory section includes this transmittal letter. The financial section has been prepared in accordance with the Governmental Accounting Standard Board Statement No. 34. This section includes the following: Report of Independent Auditor; Management's Discussion and Analysis (Required Supplementary Information); Basic Financial Statements; and Notes to Financial Statements. The other supplemental information section includes schedules required by the Bond Indenture Agreements.

PROFILE

The Greater New Orleans Expressway Commission was established in 1954 as the governing body with jurisdiction over the Expressway. The Commission is a special-purpose government engaged in business type activities. By legislative enactment, after all bonds, principal and interest, are fully paid, the Expressway becomes the property of the State of Louisiana and thereafter will be operated and maintained by the Louisiana Department of Transportation and Development as a toll-free (non-business type) facility and as part of the state highway system.

The Commission provides for the policing of the Expressway, the operation and maintenance of the Expressway and the associated administrative services. By legislative mandate in 1986, the Commission provides for the policing of the Huey P. Long Bridge.

SAFETY

A major priority of the Commission is the safety of the motoring public crossing the Expressway. The Expressway is experiencing an excellent safety record. The Commission has implemented a public information system that includes the internet, radio announcements, brochures, call boxes, and variable message signs. These systems help to inform and educate the public about safety on the Expressway. A traffic monitoring program, consisting of security cameras and radar system, is fully operational. The security camera system consists of cameras at strategic locations throughout the twenty-four-mile Expressway, beneath the bridge spans, the toll plaza, and the approach roads. The Expressway has its own police department and motorists assistance patrol, which operate the following safety programs: motorists assist vehicles, wreckers, rescue trucks, and the rolling convoy for fog abatement.

FINANCIAL INFORMATION, MANAGEMENT AND CONTROL

A detailed understanding of the financial position and operating results of the Commission is provided in the report. Presented below is a brief description of financial information, management of financial resources and obligations, and control techniques applicable to financial resources, obligations, and information.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is used, which means revenues are recognized when earned and expenses are recognized when incurred.

Accounting Systems and Budgetary Control

In developing and evaluating the Commission's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

- Transactions are executed in accordance with management's general or specific authorization.
- Transactions are reported as necessary (a) to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (b) to maintain accountability for assets.
- Access to assets is permitted only in accordance with management's authorization.
- The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any difference.

The definition of accounting control comprehends reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits. The benefits consist of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within this framework. We believe the Commission's accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The Commission has formally established budgetary accounting controls for its operating funds. Budgetary control is maintained by category within the departments for each account group.

Account Description

As required by the Bond Indenture Agreement, the accounts of the Commission are organized on the basis of funds and accounts, each of which is considered a separate accounting activity for recording receipts and disbursements. Those accounts (General, Special Revenue, Debt Service, Capital Projects, and Internal Service) are shown on Schedule 1 of this report. Those account activities are summarized into the sole enterprise fund, which is used to account for ongoing organizations and activities that are similar to those found in the private sector.

The costs of providing the services to the general public are recovered, in whole or in part, through user charges. The Commission's operations comprise the operation of the Expressway Bridge in which tolls are charged. Results of operations for the year ended October 31, 2017 can be found in the Management's Discussion & Analysis.

The Commission's operations include electronic equipment at the toll plaza designed to classify vehicles, calculate the toll assessed and record those events. To facilitate the traffic flow, electronic toll devices read toll tags. Customers may acquire toll tags at the Commission operated toll tag stores on both north and south shores of the Expressway.

For the year ended October 31, 2017, a breakdown of the revenues is as follows:

Dedicated for Major Repairs & Capital Improvements	\$ 5,790,744
Undedicated to be Used for General Operations	<u>10,240,154</u>
	<u>\$16,030,898</u>

Long-term Debt

The Commission had the following principal outstanding long-term debt at October 31, 2017:

Revenue Bonds:

Refunding, Series 2013	\$ 20,895,000
Refunding, Series 2014	17,540,000
Revenue Bonds Series 2017	<u>87,495,000</u>
	<u>\$125,930,000</u>

On September 30, 2013, the Commission issued \$25,545,000 of Revenue Bonds, Series 2013. The proceeds of this issue were used to refund a portion of the Commission's outstanding Series 2003 Bonds and pay costs of issuance of the Series 2013 Bonds including the cost of the bond insurance policy.

On June 19, 2014, the Commission issued \$17,540,000 of Revenue Bonds, Series 2014. The proceeds of this issue were used to refund the final portion of the Commission's outstanding Series 2003 Bonds and pay cost of issuance of the Series 2014 Bonds including the cost of the bond insurance policy.

On August 22, 2017, the Commission issued \$87,495,000 of Revenue Bonds, Series 2017. The proceeds of this issue will be used for safety bays, bridge railing improvements and cost of issuance of the Series 2017 Bonds including the cost of the bond insurance policy.

CASH MANAGEMENT POLICIES AND PROCEDURES

Cash receipts are deposited daily into the Commission's bank accounts. These funds are automatically transferred by the Trustee into the appropriate Trust Fund accounts and are invested in accordance with the provisions of the Bond Indenture. All bank and investment accounts are reconciled on a monthly basis.

RISK MANAGEMENT

The Commission is exposed to various risks of loss related to general liability, automotive liability, and property insurance contracts. An Internal Service Account (a risk management account) is used to account for and finance its uninsured risks of loss. Under this program, the risk management account provides coverage for the general and automotive liability up to the \$500,000 deductible limits for each covered loss. The Commission purchased commercial insurance for claims in excess of coverage provided by the Internal Service Account. Settled claims have not exceeded this commercial coverage for the fiscal year. Additional information on the Commission's risk management activity can be found in the notes to the financial statements.

INDEPENDENT AUDIT

The financial records, books of account, and transactions of the Commission for the fiscal year ended October 31, 2017 have been audited by Pinell & Martinez, LLC, and the opinion is included in the Finance Section of this report.

The financial statements are the responsibility of the Commission. The responsibility of the independent auditor is to express an opinion on the Commission's financial statements based on the audit. An audit is conducted in accordance with auditing standards generally accepted in the United States of America. Those standards require that the audit be planned and performed in a manner to obtain a reasonable assurance as to whether the financial statements are free of material misstatement.

Respectfully submitted,

A handwritten signature in blue ink that reads "Melissa M. Phillpott". The signature is written in a cursive style with a horizontal line underneath the name.

Melissa M. Phillpott
Chief Financial Officer

Independent Auditor's Report

To the Board of Commissioners
Greater New Orleans Expressway Commission
Metairie, Louisiana

We have audited the accompanying financial statements of the business-type activities of the Greater New Orleans Expressway Commission, a component unit of the State of Louisiana, as of and for the year ended October 31, 2017, and the related notes to the financial statements, which collectively comprise the Greater New Orleans Expressway 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Greater New Orleans Expressway Commission'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 Greater New Orleans Expressway Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Greater New Orleans Expressway Commission, as of October 31, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis at pages 8 through 13, the schedule of funding progress for OPEB plan at page 37, the schedule of employer's proportionate share of net pension liability at page 38; and schedule of employer's pension contributions at page 39 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Greater New Orleans Expressway Commission. The accompanying schedule of expenditures of federal awards at page 40 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The accompanying schedule of compensation paid to board of commissioners at page 42; schedule of compensation, benefits, and other payments to general manager at page 43; schedule of receipts and disbursements at page 44; schedule of investments at page 45; schedule of revenue from tolls at page 47; schedule of northshore traffic – number of crossings at page 48; and schedule of insurance at page 49 are presented for purposes of additional analysis and are not a required part of the financial statements.

To the Board of Commissioners
Greater New Orleans Expressway Commission
Metairie, Louisiana

The schedule of expenditures of federal awards; schedule of compensation paid to board of commissioners; schedule of compensation, benefits, and other payments to general manager; schedule of receipts and disbursements; schedule of investments; and schedule of revenue from tolls is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of northshore traffic – number of crossings and schedule of insurance have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2018, on our consideration of the Greater New Orleans 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 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 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 Greater New Orleans Expressway Commission's internal control over financial reporting and compliance.



Covington, Louisiana
April 30, 2018

Management's Discussion and Analysis

Greater New Orleans Expressway Commission Management’s Discussion and Analysis

Introduction

Management's Discussion and Analysis of the Greater New Orleans Expressway Commission's (the “Commission”) financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended October 31, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter on pages 1 – 4 and the Commission's financial statements, which begin on page 14.

Financial Highlights

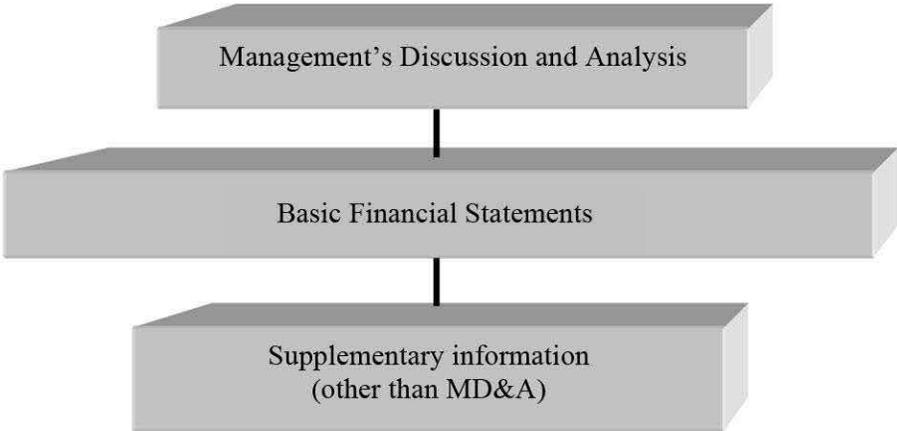
The Commission’s assets exceeded its liabilities at October 31, 2017 by \$118,823,072, which represents a 11.33% increase from last fiscal year.

The Commission’s toll revenue increased by \$3,663,464 (22.14%) compared to the prior fiscal year.

The vehicular license tax, which is dedicated to debt service, increased by \$83,723 (1.27%) compared to the prior fiscal year.

Overview of the Financial Statements

The following graphic illustrates the minimum requirements for government entities engaged in business-type activities established by Governmental Accounting Standards Commission.



These financial statements consist of two sections - Management's Discussion and Analysis (this section), and the basic financial statements (including the notes to the financial statements). This report also contains supplementary information in addition to the basic financial statements.

Greater New Orleans Expressway Commission

Management's Discussion and Analysis

The Commission's activities are reported in a single proprietary fund. 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 Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Commission's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred.

Basic Financial Statements

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

Statement of Net Position

This statement presents the current and noncurrent assets, deferred outflows of resources, current and noncurrent portions of liabilities, and deferred inflows of resources, with the difference reported as net position. Net position may provide a useful indicator of whether the financial position of the Commission is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Position

This statement presents information showing how the Commission's net position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

Statement of Cash Flows

This statement presents information showing how the Commission's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB 34.

Greater New Orleans Expressway Commission

Management's Discussion and Analysis

Financial Analysis of the Entity

The condensed statements of net position consist of the following at October 31:

	2017	2016	Variance	% Variance
Assets				
Current assets	\$ 14,636,318	\$ 10,861,411	\$ 3,774,907	34.76%
Current assets, restricted	127,259,423	29,056,493	98,202,930	337.97%
Capital assets, net	126,337,011	124,855,107	1,481,904	1.19%
	<u>268,232,752</u>	<u>164,773,011</u>	<u>103,459,741</u>	<u>62.79%</u>
Deferred outflows of resources	<u>2,267,728</u>	<u>3,018,275</u>	<u>(750,547)</u>	<u>100.00%</u>
	<u><u>\$ 270,500,480</u></u>	<u><u>\$ 167,791,286</u></u>	<u><u>\$ 102,709,194</u></u>	<u><u>61.21%</u></u>
Liabilities				
Current liabilities	\$ 1,691,241	\$ 1,407,681	\$ 283,560	20.14%
Current liabilities payable from restricted assets	5,904,566	4,719,097	1,185,469	25.12%
Noncurrent liabilities	141,813,873	51,915,207	89,898,666	173.16%
	<u>149,409,680</u>	<u>58,041,985</u>	<u>91,367,695</u>	<u>157.42%</u>
Deferred inflows of resources	319,744	343,612	(23,868)	-6.95%
Net position				
Net investment in capital assets	(13,335,554)	82,647,202	(95,982,756)	-116.14%
Restricted	120,062,465	23,068,896	96,993,569	420.45%
Unrestricted	14,044,145	3,689,591	10,354,554	280.64%
	<u>120,771,056</u>	<u>109,405,689</u>	<u>11,365,367</u>	<u>10.39%</u>
	<u><u>\$ 270,500,480</u></u>	<u><u>\$ 167,791,286</u></u>	<u><u>\$ 102,709,194</u></u>	<u><u>61.21%</u></u>

Restricted net position represents those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Current assets (unrestricted and restricted) increased by 101,977,837, approximately 373% from October 31, 2016 to October 31, 2017, due primarily from an increase in cash and cash equivalents received from bond proceeds and toll revenues.

Noncurrent liabilities consist of accrued compensated absences, other postemployment benefits obligation, pension obligation, and bonds payable. Noncurrent liabilities increased by \$89,898,666, approximately 173% from October 31, 2016 to October 31, 2017, due primarily from the issuance of a bond in the current fiscal year.

Greater New Orleans Expressway Commission Management's Discussion and Analysis

The condensed Statements of Revenues, Expenses, and Changes in Net Position consist of the following for the years ended October 31:

	2017	2016	Variance	% Variance
Operating revenues				
Tolls	\$ 20,207,445	\$ 16,543,981	\$ 3,663,464	22.14%
Other operating revenues	325,352	93,885	231,467	246.54%
	<u>20,532,797</u>	<u>16,637,866</u>	<u>3,894,931</u>	<u>23.41%</u>
Operating expenses				
Personal services	6,703,244	7,843,141	(1,139,897)	-14.53%
Depreciation	5,556,246	5,483,105	73,141	1.33%
Other operating expenses	9,312,077	6,661,442	2,650,635	39.79%
	<u>21,571,567</u>	<u>19,987,688</u>	<u>1,583,879</u>	<u>7.92%</u>
Operating loss	<u>(1,038,770)</u>	<u>(3,349,822)</u>	<u>2,311,052</u>	<u>-68.99%</u>
Non-operating revenues	8,829,406	11,543,307	(2,713,901)	-23.51%
Non-operating expenses	<u>(3,115,531)</u>	<u>(1,822,918)</u>	<u>(1,292,613)</u>	<u>70.91%</u>
	<u>5,713,875</u>	<u>9,720,389</u>	<u>(4,006,514)</u>	<u>-41.22%</u>
Change in net position	4,675,105	6,370,567	(1,695,462)	-26.61%
Net position, beginning of year	109,405,689	103,035,122	6,370,567	6.18%
Prior period adjustment	<u>6,690,262</u>	<u>-</u>	<u>6,690,262</u>	<u>100.00%</u>
Net position, end of year	<u>\$ 120,771,056</u>	<u>\$ 109,405,689</u>	<u>\$ 11,365,367</u>	<u>10.39%</u>

The Commission's operating revenues increased by \$3,894,931, approximately 23%, due primarily to an increase in toll revenues. Operating expenses increased by \$1,583,879, approximately 8%, due primarily to an increase in costs associated with bridge supplies and maintenance. Net position increased by \$11,365,367 from October 31, 2016 to October 31, 2017.

Capital Assets

Capital assets consist of the following at October 31:

	2017	2016	Variance	% Variance
Building	\$ 4,892,317	\$ 4,610,647	\$ 281,670	6.11%
Furniture, fixtures, equipment	11,855,251	11,944,699	(89,448)	-0.75%
Infrastructure	266,117,791	260,008,698	6,109,093	2.35%
	<u>282,865,359</u>	<u>276,564,044</u>	<u>6,301,315</u>	<u>2.28%</u>
Accumulated depreciation	<u>(156,528,348)</u>	<u>(151,708,937)</u>	<u>(4,819,411)</u>	<u>-3.18%</u>
	<u>\$ 126,337,011</u>	<u>\$ 124,855,107</u>	<u>\$ 1,481,904</u>	<u>1.19%</u>

Greater New Orleans Expressway Commission Management's Discussion and Analysis

Capital assets increased (including additions and deductions) by \$1,481,904, approximately 1.19%, over the prior fiscal year due primarily to additions exceeding deductions and depreciation. Additions and deletions for the year ended October 31, 2017 included:

	<u>Additions</u>	<u>Deletions</u>
Building	\$ 281,670	\$ -
Furniture, fixtures, and equipment	647,387	(736,835)
Infrastructure	6,109,093	-
	<u>\$ 7,038,150</u>	<u>\$ (736,835)</u>

Revenue Bonds

The Commission had \$139,672,565 of revenue bonds outstanding at October 31, 2017, compared to \$42,207,905 at October 31, 2016, an increase of approximately 231%. This is due to a revenue bond being issued during the 2017 fiscal year. See the notes to financial statements for more details.

	<u>2017</u>	<u>2016</u>	<u>Variance</u>	<u>% Variance</u>
Revenue bonds, net of premium / discount	<u>\$ 139,672,565</u>	<u>\$ 42,207,905</u>	<u>\$ 97,464,660</u>	230.92%

The Commission's bond indebtedness carries a Standard & Poor's A rating.

Other obligations include accrued vacation pay and sick leave, other post-employment benefits obligation, and net pension liability.

Legal Claims

The Commission has estimated claims of \$1,433,817 outstanding at October 31, 2017 compared with \$757,919 at October 31, 2016.

Budget

The annual budget is approved by the Commission during its August meeting. The budget is then approved by the Joint Legislative Committee on the Budget of the Louisiana Legislature.

Economic Factors and Next Year's Budgets and Rates

The Commission and management considered the following factors and indicators when setting next year's budget, rates, and fees:

- Toll Revenue Forecast, which is provided by the Traffic Engineers in accordance with the Trust Indenture
- Prior year's expenses

Greater New Orleans Expressway Commission Management's Discussion and Analysis

- State Highway Fund No. 2 Forecasts by the Revenue Estimating Conference and the Legislative Fiscal Office. The Commission's share of Highway Fund No. 2 is designated for Debt Service first, and then bridge maintenance and rehabilitation.

The Commission expects that next year's results will improve based on the following:

- The overall economy in the area looks stable.
- Reduction in expenses and an increase in revenue due to a toll increase for safety projects.

Contacting the Commission's Management

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Greater New Orleans Expressway Commission, P.O. Box 7656, Metairie, LA 70010.

Financial Statements

Greater New Orleans Expressway Commission
Statement of Net Position
October 31, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets

Cash and cash equivalents	\$ 11,279,752
Accounts receivable	41,256
Interest receivable	54,186
Prepaid expenses	1,492,787
Inventory	856,842
Investments	911,495
	<hr/>
	14,636,318

Restricted

Cash and cash equivalents	50,774,409
Vehicle license tax receivable	2,131,679
Grants receivable	268,227
Investments	74,085,108
	<hr/>
	127,259,423
	<hr/>
	141,895,741

Noncurrent Assets

Capital assets, net	126,337,011
	<hr/>
	268,232,752

Deferred Outflows of Resources

Deferred outflows related to pension plan	2,267,728
	<hr/>
	\$ 270,500,480
	<hr/> <hr/>

Greater New Orleans Expressway Commission
Statement of Net Position (Continued)
October 31, 2017

**LIABILITIES, DEFERRED INFLOWS OF
RESOURCES, AND NET POSITION**

Current Liabilities

Accounts payable	\$ 196,244
Accrued payroll expenses	149,899
Retainage payable	224,343
Unearned toll revenue	1,120,755
	<u>1,691,241</u>

Current liabilities payable from restricted assets

Capital projects payable	1,248,991
Revenue bonds payable, current	2,970,966
Accrued interest	1,684,609
	<u>5,904,566</u>
	<u>7,595,807</u>

Noncurrent Liabilities

Tag deposits	1,281,150
Estimated liability for claims	1,433,817
Other deposits	10,983
Revenue bonds payable, net of current portion	136,701,599
Accrued compensated absences	352,366
Other post-employment benefits	207,114
Net pension liability	1,826,844
	<u>141,813,873</u>
	149,409,680

Deferred Inflows of Resources

Deferred inflows related to pension plan	319,744
--	---------

Net Position

Net investment in capital assets	(13,335,554)
Restricted	120,062,465
Unrestricted	14,044,145
	<u>120,771,056</u>
	<u>\$ 270,500,480</u>

Greater New Orleans Expressway Commission
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended October 31, 2017

Operating Revenues	
Tolls	\$ 20,207,445
Miscellaneous revenues	325,352
	<u>20,532,797</u>
Operating Expenses	
Personal services	6,703,244
Contractual services	34,378
Operating services	3,290,127
Supplies and maintenance	5,107,217
Professional services	314,076
Administrative	566,279
Depreciation	5,556,246
	<u>21,571,567</u>
Operating Loss	<u>(1,038,770)</u>
Non-Operating Revenues(Expenses)	
Vehicular license tax	6,656,312
Federal grants	2,024,257
Investment income(loss)	
Interest income	253,886
Change in fair value	(105,049)
Payments to parishes	(350,000)
Amortization of bond premium/discount	229,199
Bond issuance	(524,005)
Interest expense	(2,470,725)
	<u>5,713,875</u>
Change in Net Position	4,675,105
Beginning Net Position	109,405,689
Prior period adjustment (<i>Note 13</i>)	6,690,262
Ending Net Position	<u>\$ 120,771,056</u>

See accompanying notes to financial statements.

Greater New Orleans Expressway Commission
Statement of Cash Flows
For the Year Ended October 31, 2017

Cash Flows From Operating Activities

Receipts

Received from customers, including cash deposits \$ 20,509,726

Disbursements

Payments to employees for services (7,193,077)

Payments to suppliers for goods and services (9,228,812)

(16,421,889)

Net cash used in operating activities 4,087,837

Cash Flows From Non-Capital Financing Activities

Federal grants 2,106,678

Vehicular license tax 6,568,286

Subsidy to local governments (350,000)

Net cash flows provided by non-capital financing activities 8,324,964

Cash Flows From Capital and Related Financing Activities

Purchase of capital assets (7,038,150)

Proceeds from bonds 100,363,859

Principal payments made on bonds (2,899,199)

Amortization of bonds 229,199

Interest paid (1,621,038)

Bond issuance costs (524,005)

Net cash used in capital and related financing activities 88,510,666

Cash Flows From Investing Activities

Net purchases/sales of investment securities (65,225,866)

Earnings from investments 98,968

Net cash used in investing activities (65,126,898)

Net decrease in cash and cash equivalents 35,796,569

Cash and cash equivalents, beginning of year 26,257,592

Cash and cash equivalents, end of year \$ 62,054,161

See accompanying notes to financial statements.

Greater New Orleans Expressway Commission
Statement of Cash Flows (Continued)
For the Year Ended October 31, 2017

Reconciliation of operating loss to net cash provided	
by operating activities:	
Operating loss	\$ (1,038,770)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	5,556,246
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Decrease (increase) in:	
Accounts receivable	(30,962)
Prepaid expenses	(868,966)
Deferred outflows related to pensions	750,547
Increase (decrease) in:	
Accounts payable	(70,216)
Accrued payroll expenses	109,873
Retainage payable	161,949
Unearned toll revenue	81,954
Capital projects payable	184,600
Tag deposits	(74,063)
Estimated liability for claims	675,898
Accrued compensated absences	(706,805)
Other post-employment benefits obligation	(285,147)
Net pension liability	(334,433)
Deferred inflows related to pensions	(23,868)
Net cash provided by operating activities	<u><u>\$ 4,087,837</u></u>

Reconciliation of cash and cash equivalents

Current assets	
Cash and cash equivalents	\$ 11,279,752
Cash and cash equivalents, restricted	50,774,409
	<u><u>\$ 62,054,161</u></u>

Noncash investing, capital, and financing activities:

Amortization of bond premium/discount	\$ 229,199
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Greater New Orleans Expressway Commission

Notes to Financial Statements

1. History and Summary of Significant Accounting Policies

History and Nature of Operations

The Greater New Orleans Expressway Commission was established by articles of incorporation dated October 20, 1954, between the parishes of Jefferson and St. Tammany. Under the authority of Louisiana Revised Statute (R.S.) 33:1324, the parishes were granted the right and privilege to unite and incorporate a joint Commission for the purpose of constructing, operating, and maintaining a toll bridge or causeway and requisite approaches across Lake Pontchartrain, connecting the two parishes, known as the Greater New Orleans Expressway. Article 6, Section 22(g)(5) of the 1921 Louisiana Constitution confirmed the power of the parishes to jointly construct the expressway through the issuance of revenue bonds for that purpose and the authority to levy a reasonable toll that is sufficient in amount to provide adequate pay for all costs of operation and maintenance including debt service together with funds dedicated from vehicular license taxes. In addition to operating and maintaining the 23.87 mile long parallel expressway bridges, Act 762 of 1986 of the Regular Session of the Louisiana Legislature authorized the Commission to police the Huey P. Long Bridge. The act also requires that, after all bonds principal and interest are fully paid, the expressway bridge becomes the property of the State of Louisiana and thereafter be operated and maintained by the Louisiana Department of Transportation and Development as a toll-free project and as part of the state highway system.

The Commission is governed by five members, three of whom are appointed by the governor, including one member from Jefferson Parish and another member from St. Tammany Parish for a term of two years each. The third member appointed by the governor is for a one-year term alternately from Jefferson and St. Tammany Parishes. Of the remaining two members, one member is appointed from Jefferson Parish by the Jefferson Parish Council, and one member is appointed from St. Tammany Parish by the St. Tammany Parish Council for two-year terms.

Financial Reporting Entity

Governmental Accounting Standards Commission (GASB) issued Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34*, to determine if a component unit is included in the financial reporting entity of its primary government. The Commission is considered a component unit of the State of Louisiana because: the state exercises oversight responsibility in that the governor appoints the Commission members and public service is rendered within the state's boundaries, and the Commission provides specific financial benefits to and may impose specific financial burdens on the State of Louisiana. The accompanying basic financial statements present information only as to the transactions of the Commission.

Annually the State of Louisiana issues a basic financial statement which includes the activity contained in the accompanying financial statement. The basic financial statement is issued by the Louisiana Division of Administration – Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund. Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position.

Greater New Orleans Expressway Commission

Notes to Financial Statements

The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, assessments, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net Position

The statement of net position reports net position as the difference between all other elements in a statement of net position and is displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets
- Restricted - Consists of amounts with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation
- Unrestricted - All other amounts that do not meet the definition of "restricted" or "net investment in capital assets"

Restricted net position represents unexpended revenue bond proceeds as well as certain other resources set aside for the purpose of improvements to capital assets and funding debt service payments in accordance with bond resolutions.

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

Use of Estimates

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 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.

Budget Practices

The general manager submits proposed operating budgets to the Commission and to the general public for inspection. The budgets are prepared on a modified accrual basis of accounting. For the period under audit, the proposed budgets were advertised in the official journal and formally adopted by the Commission. Annually, in July, the original budget is amended by management and is ratified by the Commission during October.

Greater New Orleans Expressway Commission

Notes to Financial Statements

Cash and Cash Equivalents

For the purpose of the statement of net position and statement of cash flows, cash and cash equivalents include all demand accounts and money market funds of the Commission with an original maturity of 90 days or less.

Investments

Investments are carried at fair value. Purchases and sales of securities are recorded on trade dates, and realized gains and losses are determined on the basis of average cost of securities sold. Investment return(loss) includes interest, dividends, administrative fees, and realized and unrealized gains and losses, and is included in the statement of revenues, expenses, and changes in net position as investment income.

Fair Value Measurements

The Commission's financial instruments include cash deposits, money market accounts, and U.S. Government Obligations. The carrying amounts reported in the statement of financial position are stated at cost which approximates fair value because of the short maturities of those instruments.

Accounts and Grants Receivable

Receivables consist of all revenues earned at year-end but have not been collected at year end. Management monitors the receivable balances and assesses the collectability at year end based upon the historical collections, knowledge of the individual or entity, and the age of the receivable balance. As a result of these reviews, customer balances deemed to be uncollectible are charged to the allowance for doubtful accounts. Management has deemed all accounts collectible at year-end and no allowance has been recorded.

Prepaid Expenses

Payments to vendors for insurance and other operating expenses include costs applicable to the next accounting period and are recorded as prepaid items.

Capital Assets

Capital assets with a cost of \$1,000 or more are reported at cost in the statement of net position. Repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Description	Years
Automobiles	5
Data processing equipment	5
Furniture and fixtures	10
Buildings	40
Infrastructure	40

Inventory

The Commission maintains an inventory of spare bridge components for emergency use and is valued at the lower of cost or market.

Greater New Orleans Expressway Commission

Notes to Financial Statements

Compensated Absences

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. Annual and sick leave that may be accumulated by each employee is limited. Upon termination, employees or their heirs are compensated for 30 days accumulated annual leave and up to 45 days of unused sick leave at the employee's hourly rate of pay at the time of termination. Any unused grandfather leave accumulated before October 31, 2017 is compensated. Upon retirement, an uncompensated annual leave at the employee's option plus unused sick leave in excess is used to compute retirement benefits for employees who earned full-time status before 2007. Compensated absences are recognized as an expense and liability in the financial statements when incurred. As of October 31, 2017, employees of the Commission have accumulated and vested \$352,366 of employee annual and sick leave benefits.

Post-Employment Health Care and Life Insurance Benefits

The Commission provides certain continuing health care and life insurance benefits for its retired employees. The Commission recognizes the expense of providing these retiree benefits in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. See Note 9.

Deferred Compensation Plan

The Commission offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code 457. The Plan is administered by the Commission. The Plan, available to all full-time employees of the Commission, permits them to defer a portion of their salary until future years. All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by Lincoln Financial for the exclusive benefit of the participants and their beneficiaries.

Participants may contribute up to the IRS maximum calendar limit with the Commission matching up to \$72 per month. All contributions are immediately vested. The Commission contributed \$76,201 to the plan during the year ended October 31, 2017.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission has the following items that qualify for reporting in this category:

Pensions – these deferred outflows result from pension contributions after the measurement date (deferred and recognized in the following fiscal year) and/or differences in projected and actual earnings on pension assets (deferred and amortized over a closed five year period).

Deferred Inflows of Resources

Deferred inflows of resources are acquisitions of net position or fund balance by the Commission that is applicable to a future reporting period and so will not be recognized as an inflow of resources until then. The Commission has the following items that qualify for reporting in this category:

Pensions – these deferred inflows result from differences in projected and actual earnings on pension assets (deferred and amortized over a closed five year period).

Greater New Orleans Expressway Commission

Notes to Financial Statements

Adoption of New Accounting Standards

The Government Accounting Standards Board (“GASB”) has issued GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The Government Accounting Standards Board (“GASB”) has issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*, which supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of GASB Statement No. 76 is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

2. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include demand deposits and are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

The Commission’s deposits at October 31, 2017 consisted of the following:

	<u>Cash</u>
Deposits per statement of net position (reconciled bank balance)	<u>\$ 1,293,731</u>
Deposits in bank accounts per bank	<u>\$ 1,437,647</u>
Category 3 bank balances:	
Uninsured and uncollateralized	-
Uninsured and collateralized with securities held by the pledging institution's trust department or agent, in the Commission's name	-
Uninsured and collateralized with securities held by the pledging institution or its agent but not in the Commission's name	<u>1,187,647</u>
Total category 3 bank balances	<u>\$ 1,187,647</u>

Greater New Orleans Expressway Commission

Notes to Financial Statements

Custodial Deposit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned to the Commission. As of October 31, 2017, \$1,187,647 of the Commission's bank balance was exposed to custodial credit risk because the deposits were uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the Commission's name.

Money Market Accounts

The Commission had \$60,760,429 within money market accounts at October 31, 2017. The accounts have a maturity of less than 90 days and are reported as cash equivalents. The balance is reported at cost which approximates market. The money market accounts consists of securities issued or guaranteed as to principal and interest by the U.S. government or its agencies or instrumentalities. At October 31, 2017, the Commission's money market accounts are uninsured on the performance of the custodian and are exposed to custodial credit risk because they are held by the counterparty's trust department, but not in the Commission's name.

3. Investments

At October 31, 2017, investments consist of the following:

U.S. Treasury notes / bonds	\$ 45,016,584
Federal agency securities	4,296,202
U.S. Treasury bills	15,859,260
State municipal bonds	9,824,557
	<u>\$ 74,996,603</u>

Interest Rate and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment - the greater the sensitivity of its fair value to changes in market interest rates is. The Commission limits its interest rate risk by limiting its investing to securities with terms of one year or less.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a national recognized statistical rating organization. Credit quality ratings are not required for U.S. government securities. Federal agency securities are securities, usually bonds, issued by a U.S. Government-sponsored agency. The investment policy of the Commission contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the State of Louisiana.

At October 31, 2017, the Commission's investments are uninsured on the performance of the custodian and are exposed to custodial credit risk because they are held by the counterparty's trust department, but not in the Commission's name. Credit risk is managed by limiting investments to those allowed under state law, which includes instruments issued by state or Federal governments.

Greater New Orleans Expressway Commission

Notes to Financial Statements

Information about the credit risk and sensitivity of the fair values of the Commission's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Commission's investments by maturity:

Investment Type	Less Than 1 Year	1 to 2 Years	2 to 5 Years	More Than 5 Years	Total
U.S. Treasury notes / bonds	\$ 10,648,921	\$ 31,877,613	\$ 2,490,050	\$ -	\$ 45,016,584
Federal Agency Securities					
Federal Home Loan Banks	2,974,578	-	-	-	2,974,578
Federal National Mortgage Association	401,920	-	-	-	401,920
Federal Home Loan Mortgage Corporation	919,704	-	-	-	919,704
U.S. Treasury bills	15,859,260	-	-	-	15,859,260
State municipal bonds	1,800,697	6,611,457	1,412,403	-	9,824,557
	<u>\$ 32,605,080</u>	<u>\$ 38,489,070</u>	<u>\$ 3,902,453</u>	<u>\$ -</u>	<u>\$ 74,996,603</u>

4. Fair Value Measurements

The fair value measurement accounting literature provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Commission has the ability access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the assets.

The Commission uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The following table sets forth, by level, the Commission's assets at fair value as of October 31, 2017:

	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market accounts	\$ 60,760,429	\$ -	\$ -	\$ 60,760,429
Investments				
U.S. Treasury notes / bonds	45,016,584	-	-	45,016,584
Federal agency securities	4,296,202	-	-	4,296,202
U.S. Treasury bill	15,859,260	-	-	15,859,260
State municipal bonds	9,824,557	-	-	9,824,557
	<u>\$ 135,757,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,757,032</u>

Greater New Orleans Expressway Commission

Notes to Financial Statements

5. Capital Assets

A summary of changes in capital assets is as follows:

	Balance at 10/31/16	Additions	Deletions	Balance at 10/31/17
Capital assets, being depreciated				
Building	\$ 4,610,647	\$ 281,670	\$ -	\$ 4,892,317
Furniture, fixtures, and equipment	11,944,699	647,387	(736,835)	11,855,251
Infrastructure	260,008,698	6,109,093	-	266,117,791
	<u>276,564,044</u>	<u>7,038,150</u>	<u>(736,835)</u>	<u>282,865,359</u>
Accumulated depreciation	<u>(151,708,937)</u>	<u>(5,556,246)</u>	<u>736,835</u>	<u>(156,528,348)</u>
	<u>\$ 124,855,107</u>	<u>\$ 1,481,904</u>	<u>\$ -</u>	<u>\$ 126,337,011</u>

Depreciation expense for the year ended October 31, 2017 was \$5,556,246.

6. Noncurrent Liabilities

The following is a summary of the long-term obligation transactions for the year ended October 31, 2017:

	Balance at 10/31/16	Additions	Payments and Reductions	Balance at 10/31/17	Due Within One Year
Revenue Bonds					
Refunding, Series 2009	\$ 1,225,000	\$ -	\$ (1,225,000)	\$ -	\$ -
Refunding, Series 2013	22,340,000	-	(1,445,000)	20,895,000	1,500,000
Refunding, Series 2014	17,540,000	-	-	17,540,000	60,000
Refunding, Series 2017	-	87,495,000	-	87,495,000	485,000
	<u>41,105,000</u>	<u>87,495,000</u>	<u>(2,670,000)</u>	<u>125,930,000</u>	<u>2,045,000</u>
Bond Premium	<u>1,102,905</u>	<u>12,868,859</u>	<u>(181,774)</u>	<u>13,789,990</u>	<u>925,966</u>
	<u>42,207,905</u>	<u>100,363,859</u>	<u>(2,851,774)</u>	<u>139,719,990</u>	<u>2,970,966</u>
Other post-employment benefits obligation	7,182,523	287,301	(7,262,710)	207,114	-
Net pension liability	2,161,277	-	(334,433)	1,826,844	-
Accrued compensated absences	1,059,171	489,343	(1,196,148)	352,366	-
	<u>\$ 52,610,876</u>	<u>\$ 101,140,503</u>	<u>\$ (11,645,065)</u>	<u>\$ 142,106,314</u>	<u>\$ 2,970,966</u>

Refunding Revenue Bonds, Series 2009

On October 28, 2009, the Commission issued \$7,900,000 of Refunding Revenue Bonds, Series 2009. The proceeds of this issue were used to refund all of the Commission's outstanding Series 1999-A Bonds and pay costs of issuance of the Series 2009 Bonds including the cost of the bond insurance policy. The 1999-A Bonds were redeemed in full on November 5, 2009 in the amount of \$7,645,000 principal and \$4,420 of accrued interest. The Refunding Revenue Bonds, Series 2009, are secured by user fees, expressway bridge tolls, and other revenues. These bonds require future annual debt service installments of \$1,095,000 to \$1,252,812 beginning November 1, 2012 through November 1, 2017. The bonds carry interest rates between 2.75% - 3.25% and interest to maturity at October 31, 2017 totals \$19,906 through November 1, 2017.

Greater New Orleans Expressway Commission

Notes to Financial Statements

Refunding Revenue Bonds, Series 2013

On September 30, 2013, the Commission issued \$25,545,000 of Refunding Revenue Bonds, Series 2013. The proceeds of this issue were used to refund a portion of the Commission's outstanding Series 2003 Bonds and pay costs of issuance of the Series 2013 Bonds including the cost of the Bond Insurance Policy. The portion of the 2003 Bonds were redeemed in on November 1, 2013 in the amount of \$25,545,000 principal and \$644,193.75 of accrued interest. The Refunding Revenue Bonds, Series 2013, are secured by user fees, expressway bridge tolls, and other revenues. These bonds require future annual debt service installments of \$450,000 to \$2,340,000 beginning November 1, 2013 through November 1, 2028. The bonds carry interest rates between 3% - 5% and interest to maturity at October 31, 2017 totals \$5,613,303 through November 1, 2028.

Refunding Revenue Bonds, Series 2014

On June 19, 2014, the Commission issued \$17,540,000 of Refunding Revenue Bonds, Series 2014. The proceeds of this issue were used to refund the final portion of the Commission's outstanding Series 2003 Bonds and pay cost of issuance of the Series 2014 Bonds including the cost of the Bond Insurance Policy. The portion of the 2003 Bonds were redeemed in on June 19, 2013. The Refunding Revenue Bonds, Series 2014, are secured by user fees, expressway bridge tolls, and other revenues. These bonds require future annual debt service installments of \$60,000 to \$3,040,000 beginning November 1, 2018 through November 1, 2034. The bonds carry interest rates from 2.625% to 4% and interest to maturity at October 31, 2017 totals \$8,423,746 through November 1, 2034.

Revenue Bonds, Series 2017

On August 22, 2017, the Commission issued \$87,495,000 of Revenue Bonds, Series 2017. The proceeds of the issue will be used for safety improvement projects and pay cost of issuance of the Series 2017 Bonds including the cost of the Bond Insurance Policy. The Revenue Bonds, Series 2017, are secured by user fees and expressway bridge tolls. These bonds require future annual debt service installments of \$185,000 to \$7,865,000 beginning November 1, 2018 through October 31, 2047. The bonds carry interest rates from 1.03% to 3.14% and interest to maturity at October 31, 2017 totals \$98,694,250 through November 1, 2047.

The annual requirements to amortize all bonds outstanding at October 31, 2017, including total interest to maturity of \$112,731,299, are as follows:

For the Year Ended October 31:	Refunding Series 2013		Refunding Series 2014		Refunding Series 2017	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,500,000	\$ 918,863	\$ 60,000	\$ 622,469	\$ 485,000	\$ 4,374,750
2019	1,560,000	857,663	65,000	620,594	345,000	4,350,500
2020	1,630,000	785,713	70,000	618,569	185,000	4,333,250
2021	1,720,000	701,963	65,000	616,544	-	4,324,000
2022	1,800,000	613,963	75,000	614,444	-	4,324,000
Thereafter	12,685,000	1,735,138	17,205,000	5,331,126	86,480,000	76,987,750
	<u>\$ 20,895,000</u>	<u>\$ 5,613,303</u>	<u>\$ 17,540,000</u>	<u>\$ 8,423,746</u>	<u>\$ 87,495,000</u>	<u>\$ 98,694,250</u>

Greater New Orleans Expressway Commission

Notes to Financial Statements

7. Net Position

Net position represent the difference between assets, deferred outflows of resources and liabilities, deferred inflows of resources. The composition of net position at October 31, 2017 was as follows:

Net investment in capital assets	
Capital assets	\$ 282,865,359
Less: accumulated depreciation	(156,528,348)
Less: bonds payable	(139,672,565)
	<u>(13,335,554)</u>
Restricted for debt service	
Assets held in trust	16,713,133
Less: restricted receivables	(2,131,679)
Less: accrued interest on bonds	(1,684,609)
	<u>12,896,845</u>
Restricted for capital projects and major repairs	
Assets held in trust	108,146,384
Restricted receivable in extraordinary maintenance	268,227
Less: capital contracts payable	(1,248,991)
	<u>107,165,620</u>
	120,062,465
Unrestricted	<u>14,044,145</u>
	<u>\$ 120,771,056</u>

8. Post-Employment Health Care and Life Insurance Benefits

As of October 31, 2017, the Commission no longer offered post-employment health care benefits to retirees of Medicare age. In addition, employees hired after December 31, 2016 are not eligible for post-employment health care and life insurance benefits. These changes resulted in a restatement of net position as detailed at Note 13.

Substantially all Commission employees hired before December 31, 2016 become eligible for postemployment health care and life insurance benefits (“OPEB”) if they reach normal retirement age while working for the Commission. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid by the Commission. The Commission pays 100% of the retirees’ total premium and 40% of dependent premiums until Medicare eligible, at which point the retiree will no longer be eligible for OPEB benefits. The Commission and the retirees pay their respective share of the premiums on a “pay-as-you-go” basis. For the year ended October 31, 2017, the Commission contributed \$285,147 for 24 retirees.

Greater New Orleans Expressway Commission

Notes to Financial Statements

The Commission's Annual Required Contribution ("ARC") is an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize the beginning Unfunded Actuarial Liability (UAL) over a period of 30 years. A 30-year, closed amortization period has been used with a level-dollar amortization factor. The total ARC for the fiscal year 2017 is a decrease of \$6,690,262.

The negative balance is the result of the Commission amending post-employment health care benefits available to retirees and active and future employees. As of October 31, 2017, the Commission no longer offered post-employment health care benefits to retirees of Medicare age. In addition, any employees hired after December 31, 2016 are not eligible for post-employment health care and life insurance benefits.

The following table presents the Commission's OPEB obligation for the year ended October 31, 2017:

Annual required contribution (ARC)	\$ (6,578,173)
Interest on net OPEB obligation	287,301
Adjustment to ARC	(399,390)
	<u>(6,690,262)</u>
Less contributions made	(285,147)
Increase(decrease) in net OPEB obligation	<u>(6,975,409)</u>
Net OPEB obligation, beginning of year	<u>7,182,523</u>
Net OPEB obligation, end of year	<u><u>\$ 207,114</u></u>

Utilizing the pay-as-you-go method, the Commission contributed 4.26% of the annual OPEB cost for the year ended October 31, 2017.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Greater New Orleans Expressway Commission

Notes to Financial Statements

In the November 1, 2016 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses); an annual healthcare cost trend rate of 7.2% initially, reduced by decrements to an ultimate rate of 5.5% after ten years; and an inflation rate of 2.30% per annum. The RP2000 Mortality Table was used in the actuarial calculation. Withdrawal rates for employees ranged from 25% for less than one year of service to 1% after 20 years of service. Disability rates for employees ranged from .053% for employees aged 30 years to 1.708% for employees over the age of 60. Retirement rates ranged from 22.8% for ages 55 – 61 to 100% for age 67+.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the Actuarial Accrued Liability and the Valuation Assets. It is amortized over the maximum permissible period under GASB 45 of 30 years (open amortization) as a level dollar amortization.

Funded Status

The funded status of the plan as of October 31, 2017 and prior years was as follows:

Actuarial accrued liability (AAL)	\$ 4,170,757
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,170,757</u>
 Funded ratio (actuarial value of plan assets - AAL)	 -
 Covered payroll (annual payroll of active employees covered by the plan)	 \$ 5,018,504
 UAAL as a percentage of covered payroll	 83%

9. Defined Benefit Pension Plan

The Commission contributes to the Parochial Employees' Retirement System ("PERS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Louisiana (State). PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS is comprised of two distinct plans - Plan A and Plan B - with separate assets and benefit provisions. Employees of the Commission are members of Plan A. Benefit provisions are established by state law and may be amended only by the State Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to PERS at P.O. Box 14619, Baton Rouge, Louisiana, 70898, or by calling 225.928.1361.

Significant Accounting Policies

The System's employer schedules were prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of December 31, 2015.

Greater New Orleans Expressway Commission

Notes to Financial Statements

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

Benefits Provided

The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Retirement benefits for employees are calculated as 3% of the plan member's final average compensation multiplied by their years of service. Death benefits are equal to 100% of benefits if member is eligible for normal retirement or 60% of final compensation if not eligible for normal retirement. Disability retirement benefits are calculated to be equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by their years of services, not to be less than 15, or 3% multiplied by years of service assuming continued service to age 60.

For plan members hired prior to January 1, 2007, a member may obtain retirement benefits if any of the following are reached: (a) any age with 30 or more years of creditable service, (b) age 55 with 25 years of creditable service, (c) age 60 with minimum of 10 years of creditable service, (d) age 65 with a minimum of 7 years of creditable service.

For plan members hired after January 1, 2007, a member may obtain retirement benefits if any of the following are reached: (a) age 55 with 30 or more years of service, (b) age 62 with 10 years of service, (c) age 67 with 7 years of service.

The terms of the Plan provide for annual cost of living allowance for the retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Plan may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977 (or the member's retirement date, if later). Also, the Plan may provide a cost of living increase up to 2.5% for retirees 62 and older. Lastly, Act 270 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Contributions

State statute has the authority to establish and amend the contribution requirements of the Commission and active employees. According to state statute, the Plan also receives 1/4 of 1% of ad valorem taxes collected within the respective Parishes, except for Orleans and East Baton Rouge Parishes. The Plan also receives revenue sharing funds each year as appropriated by the State Legislature. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. Employees are required to contribute 9% of their annual pay.

Greater New Orleans Expressway Commission

Notes to Financial Statements

The Commission's contractually required contribution rate for the year ended October 31, 2017 was 13% of annual payroll for the period from November 1, 2016 through December 31, 2016, and 12.5% of annual payroll for the period from January 1, 2017 through October 31, 2017. The employer contribution is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Commission's contributions to PERS for the years ended October 31, 2017, 2016 and 2015 were approximately \$624,916, \$663,948, and 714,009, respectively, which equaled the required contributions for each year. The State also made on-behalf contributions to the Plan, of which \$65,524 was recognized by the Commission for the year ended October 31, 2017; these on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At October 31, 2017, the Commission reported a liability of \$1,826,844 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The Commission's proportion of the net pension liability was based on a projection of the Commission's projected contribution effort to the pension plan for the next fiscal year as compared to the total of all participating employers' contribution effort to the Plan for the next fiscal year, actuarially determined.

At December 31, 2016, the Commission's proportion was 0.88703%, which was a decrease of 0.06597% from its proportion measured as of December 31, 2015.

Per the valuation report dated December 31, 2016, the Commission's proportionate share of pension expense was \$1,085,122. At October 31, 2017, the Commission reported deferred outflows or resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 319,681
Net difference between projected and actual earnings on pension plan investments	1,417,699	-
Changes in assumptions	346,837	-
Changes in proportion	8,376	63
Employer contributions subsequent to the measurement date	494,816	-
	<u>\$ 2,267,728</u>	<u>\$ 319,744</u>

At October 31, 2017, the Commission reported \$494,816 as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended October 31, 2017.

Greater New Orleans Expressway Commission

Notes to Financial Statements

Other amounts reported as deferred outflows of resources and deferred inflows of resources at October 31, 2017, related to pensions will be recognized in pension expense as follows:

Period Ended:	Amount
December 31, 2017	\$ 540,618
December 31, 2018	576,618
December 31, 2019	374,233
December 31, 2020	(38,301)
	<u>\$ 1,453,168</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability are as follows:

Valuation date:	December 31, 2016
Actuarial cost method:	Entry age normal cost
Estimated remaining service life ("ERSL"):	4 years
Investment rate of return	7.00% per annum
Inflation rate	2.50% per annum
Salary increases, including inflation and merit increases:	5.25%, including inflation
Cost of living adjustments:	Only those previously granted
Mortality rate	
Non-disabled members:	RP-2000 Employee Sex Distinct Table
Disabled members:	RP-2000 Disabled Lives Mortality Table

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Greater New Orleans Expressway Commission

Notes to Financial Statements

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-term Target Asset Allocation	Expected Portfolio Real Rate of Return
Fixed income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Other	2%	0.12%
	100%	5.66%
Inflation		2.00%
Expected arithmetic nominal return		7.66%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the valuation date of December 31, 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	(6.00%)	Rate (7.00%)	(8.00%)
Employer's proportionate share of the net pension liability	\$ 5,464,823	\$ 1,826,844	\$ (1,249,178)

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued PERS' financial report.

Payable to Pension Plan

At October 31, 2017, the Commission reported a payable of \$69,563 for the outstanding amount of employer contributions to the pension plan required for the year ended October 31, 2017. This amount is included in accrued expenses at October 31, 2017.

Greater New Orleans Expressway Commission

Notes to Financial Statements

10. Risk Management

The Commission is exposed to various risks of loss relating to general liability, automotive liability, and property insurance contracts and has a self-insured risk management program to account for and finance its uninsured risks of loss. Under this program, the Commission provides coverage for general and automotive liability up to the \$500,000 deductible limits for each covered loss. The Commission purchased commercial insurance for claims in excess of coverage provided by the risk management program. Settled claims have not exceeded this commercial coverage for the fiscal year.

11. Legal Proceedings and Claims

The Commission is a defendant or co-defendant in several lawsuits in which the plaintiffs allege property damage and personal injury. In the opinion of the Commission's legal counsel, the ultimate resolution of these matters should not materially affect the financial statements.

At October 31, 2017, the claims liability of \$1,433,817 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information before the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the claims liability in fiscal for the year ended October 31, 2017 were as follows:

Estimated liability for claims at beginning of year	\$ 757,919
Claims	25,446
Changes in estimates	800,677
Claims payment and expenses thereon	<u>(150,225)</u>
	<u>\$ 1,433,817</u>

12. Operating Leases

On March 31, 2017, the Commission entered into a three year lease with Edgewater Ventures at the rate of \$10,000 per month with the option to renew for an additional period of three years at an adjusted rate not to be less than \$10,000 per month. Future minimum rental payments for the operating lease are as follows:

<u>For the Year</u> <u>Ended October 31</u>	<u>Amount</u>
2018	\$ 120,000
2019	120,000
2020	<u>20,000</u>
	<u>\$ 260,000</u>

The rental payments for 2017 were \$100,000.

Greater New Orleans Expressway Commission

Notes to Financial Statements

13. Prior Period Adjustment

In the current year, the Commission approved amending post-employment health care benefits available to retirees and active and future employees. Previously, substantially all Commission employees became eligible for post-employment health care and life insurance benefits if they reach normal retirement age while working for the Commission. The Commission would pay 70% of the retirees' total premium hired before October 31, 2012 and 60% of the retirees' total premium hired after November 1, 2012.

As of October 31, 2017, the Commission no longer offered post-employment health care benefits to retirees of Medicare age. In addition, any employees hired after December 31, 2016 are not eligible for post-employment health care and life insurance benefits. These changes resulted in a decrease in the other post-employment benefits obligation and a restatement of net position as follows:

Net position at October 31, 2016, as previously reported	\$ 109,405,689
Prior period adjustments	
Change in other post-employment benefits	<u>6,690,262</u>
Net position at October 31, 2016, as restated	<u><u>\$ 116,095,951</u></u>

14. Subsequent Events

The Commission's management has evaluated subsequent events through April 30, 2018, which is the date the financial statements were available to be issued.

Required Supplementary Information

Greater New Orleans Expressway Commission
Schedule of Funding Progress for OPEB Plan
For the Year Ended October 31, 2017

Date of the Actuarial Valuation	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b - a) / c]
November 1, 2014	\$ -	\$ 9,508,373	\$ 9,508,373	-	\$ 4,943,566	192%
November 1, 2015	-	10,196,168	10,196,168	-	4,943,566	206%
November 1, 2016	-	4,170,757	4,170,757	-	5,018,504	83%

See independent auditor's report.

Greater New Orleans Expressway Commission
Schedule of Employer's Proportionate Share of Net Pension Liability
For the Year Ended October 31, 2017

	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
December 31, 2016	0.88703%	\$ 1,826,844	\$ 5,236,422	34.89%	94.15%
December 31, 2015	0.82106%	2,161,277	4,710,520	46.00%	92.23%
December 31, 2014	0.88625%	242,309	4,958,141	5.00%	99.15%

**The information above is presented as of the pension plan measurement date of December 31, 2016.*

***Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

Greater New Orleans Expressway Commission
Schedule of Employer's Pension Contributions
For the Year Ended October 31, 2017

	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
October 31, 2017	\$ 624,916	\$ 624,916	\$ -	\$ 4,959,296	12.60%
October 31, 2016	663,948	663,948	-	5,018,504	13.23%
October 31, 2015	714,009	714,009	-	4,830,773	14.78%

***Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

Other Supplementary Information

Greater New Orleans Expressway Commission
Schedule of Expenditures of Federal Awards
For the Year Ended October 31, 2017

Program	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
United States Department of Transportation Federal Highway Association			
Pass through State of Louisiana Department of Transportation and Development			
Highway Planning and Construction	20.205	*	
Demolition of Nine Mile Turnaround		H.009325	\$ 1,859,419
Nine Mile Turnaround Spans		H.005972	164,838
			<u>\$ 2,024,257</u>

** audited as a major program*

Greater New Orleans Expressway Commission

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended October 31, 2017

General

The accompanying schedule of expenditures of federal awards presents the activities of federal award programs expended by the Greater New Orleans Expressway Commission (the "Commission"). The Commission's reporting entity is defined in Note 1 of the notes to financial statements. Federal awards received are passed through the State of Louisiana Department of Transportation.

Summary of Significant Accounting Policies

The schedule of expenditures of federal awards is presented on the accrual basis of accounting for proprietary funds, which is described in Note 1 of the notes to financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) *Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), wherein certain types of expenditures are not allowable or are limited to reimbursement.

The Commission did not elect to use the 10 percent de minimis indirect rate.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Commission under programs of the federal government for the year ended October 31, 2017. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to present the financial position or changes in net position.

Matching Revenues

Federal expenditures were determined by deducting matching revenues from total expenditures.

Greater New Orleans Expressway Commission
Schedule of Compensation Paid to Board of Commissioners
For the Year Ended October 31, 2017

Commissioner	Amount
Anthony V. Ligi, Jr.	\$ 6,573
Patrick W. Fitzmorris	-
P. Lindsey Williams	7,011
Shelby P. LaSalle, Jr.	5,521
Stephen G. Romig	6,835
Joy H. Zainey	-
	\$ 25,940

The schedule of per diem payments to Commission Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As authorized by Louisiana Revised Statute 32:772, each member of the Commission shall be reimbursed when actually in attendance at a Commission meeting or when required to travel for the official authorized business of the Commission, and such reimbursement shall not exceed \$75.00 per day.

Greater New Orleans Expressway Commission
Schedule of Compensation, Benefits, and Other Payments to General Manager
For the Year Ended October 31, 2017

Commission Head: Carlton Dufrechou
Position: General Manager

Purpose	Amount
Salary	\$ 128,451
Benefits - insurance	864
Benefits - retirement	15,923
Travel	316
	<u>\$ 145,554</u>

Greater New Orleans Expressway Commission
Schedule of Receipts and Disbursements
For the Year Ended October 31, 2017

	Revenue Account	Operations and Maintenance	Extraordinary Maintenance and Repair Reserve	Excess Revenue	Huey P. Long Bridge	Assets Forfeiture	Vehicular License Tax	Debt Service	Debt Service Reserve	Construction Series 2017	Insurance Reserve	Total
Balances at November 1, 2016	\$ 291,743	\$ 554,984	\$ 1,959,303	\$ 7,020,891	\$ 568,768	\$ 26,747	\$ 11,561,353	\$ 3,146,248	\$ 1,125,794	\$ -	\$ 1,762	\$ 26,257,593
RECEIPTS												
Tolls	20,281,568	-	-	-	-	-	-	-	-	-	-	20,281,568
Vehicular license tax	-	-	-	-	-	-	6,568,286	-	-	-	-	6,568,286
Investment income	3,379	4,751	75,092	21,162	5,629	-	30,846	10,697	6,585	(68,392)	9,217	98,966
Bond Proceeds	-	-	-	-	-	-	-	100,363,859	-	-	-	100,363,859
Federal Revenue	-	-	2,106,678	-	-	-	-	-	-	-	-	2,106,678
Other	13,646	35,730	176,182	-	-	2,600	-	-	-	-	-	228,158
Net Investment sales and maturities	-	-	30,068,109	-	-	-	-	-	-	241,234,946	1,608,760	272,911,815
Transfers in	87	10,131,375	6,618,791	7,770,264	1,438,849	-	-	4,936,185	-	99,554,330	150,225	130,600,106
	<u>20,298,680</u>	<u>10,171,856</u>	<u>39,044,852</u>	<u>7,791,426</u>	<u>1,444,478</u>	<u>2,600</u>	<u>6,599,132</u>	<u>105,310,741</u>	<u>6,585</u>	<u>340,720,884</u>	<u>1,768,202</u>	<u>533,159,436</u>
DISBURSEMENTS												
Personal services	-	6,371,515	-	-	821,562	-	-	-	-	-	-	7,193,077
Contractual services	-	34,378	-	-	-	-	-	809,529	-	-	-	843,907
Operating services	-	2,559,962	-	-	50,377	-	-	-	-	-	-	2,610,339
Supplies and maintenance	-	598,871	4,139,517	-	29,426	833	-	-	-	-	-	4,768,647
Professional services	-	229,658	-	-	-	-	-	-	-	-	84,417	314,075
Administrative	357,787	304,097	-	-	13,180	-	-	-	-	-	-	675,064
Capital outlay	-	556,501	6,390,764	-	90,885	-	-	-	-	-	-	7,038,150
Debt service												
Principal retirement	-	-	-	-	-	-	-	2,899,199	-	-	-	2,899,199
Amortization of bonds	-	-	-	-	-	-	-	(229,199)	-	-	-	(229,199)
Interest	-	-	-	-	-	-	-	1,621,038	-	-	-	1,621,038
Cost of bond issuance	-	-	-	-	-	-	-	-	-	474,978	-	474,978
Intergovernmental expenditures - parishes	-	-	-	350,000	-	-	-	-	-	-	-	350,000
Insurance settlements	-	-	-	-	-	-	-	-	-	-	65,807	65,807
Net Investment purchases	-	-	29,265,952	-	-	-	-	-	-	307,253,685	1,618,043	338,137,680
Transfers out	17,901,639	150,225	-	6,472,951	-	-	6,381,736	99,554,330	87	139,138	-	130,600,106
	<u>18,259,426</u>	<u>10,805,207</u>	<u>39,796,233</u>	<u>6,822,951</u>	<u>1,005,430</u>	<u>833</u>	<u>6,381,736</u>	<u>104,654,897</u>	<u>87</u>	<u>307,867,801</u>	<u>1,768,267</u>	<u>497,362,868</u>
Balances at October 31, 2017	\$ 2,330,997	\$ (78,367)	\$ 1,207,922	\$ 7,989,366	\$ 1,007,816	\$ 28,514	\$ 11,778,749	\$ 3,802,092	\$ 1,132,292	\$ 32,853,083	\$ 1,697	\$ 62,054,161

See independent auditor's report

Greater New Orleans Expressway Commission
Schedule of Investments
For the Year Ended October 31, 2017

	Cost	Fair Value	Par Value
EXTRAORDINARY MAINTENANCE AND REPAIR RESERVE ACCOUNT			
Fixed Securities			
Federal Home Loan Bank:			
Maturity date: January 19, 2018	\$ 600,697	\$ 602,514	\$ 604,000
Maturity date: June 1, 2018	1,067,795	1,069,807	1,078,000
Federal Home Loan Mortgage Corporation:			
Maturity date: December 15, 2017	403,236	401,920	402,000
Federal National Mortgage Association:			
Maturity date: May 21, 2018	919,889	919,704	922,000
United States Treasury Note Bond			
Maturity date: December 31, 2017	199,648	199,860	200,000
Maturity date: January 15, 2018	914,708	915,405	916,000
Maturity date: January 31, 2018	499,102	499,595	500,000
Maturity date: February 28, 2018	611,036	612,050	613,000
Maturity date: March 31, 2018	996,090	996,443	998,000
Maturity date: July 15, 2018	849,437	848,805	852,000
Maturity date: August 31, 2018	1,000,616	1,000,266	1,006,000
	<u>8,062,254</u>	<u>8,066,369</u>	<u>8,091,000</u>
Money Market			
Dreyfus - Governmental Cash Management	1,107,060	1,107,060	-
	<u>9,169,314</u>	<u>9,173,429</u>	<u>8,091,000</u>
EXCESS REVENUE ACCOUNT			
Money Market			
Dreyfus - Government Cash Management	7,289,366	7,289,366	-
HUEY P LONG BRIDGE ACCOUNT			
Money Market			
Dreyfus - Government Cash Management	735,168	735,168	-
REVEUNE ACCOUNT			
Money Market			
Dreyfus - Government Cash Management	1,959,790	1,959,790	-
DEBT SERVICE ACCOUNT			
Money Market			
Dreyfus - Government Cash Management	3,802,092	3,802,092	-
DEBT SERVICE RESERVE ACCOUNT			
Money Market			
Dreyfus - Governmental Cash Management	1,132,292	1,132,292	-
SPECIAL REVENUE ACCOUNT: VEHICULAR LICENSE TAX			
Money Market			
Dreyfus - Government Cash Management	11,778,748	11,778,748	-

Greater New Orleans Expressway Commission
Schedule of Investments (Continued)
For the Year Ended October 31, 2017

	Cost	Fair Value	Par Value
CONSTRUCTION ACCOUNT			
Fixed Income Securities			
Federal Home Loan Bank			
Maturity date: November 6, 2017	998,725	999,860	1,000,000
City of Borger			
Maturity date: August 1, 2019	204,480	204,006	200,000
City of Green Bay Water System			
Maturity date: November 1, 2019	285,000	283,920	285,000
Maturity date: November 1, 2020	1,420,000	1,412,403	1,420,000
City of Madison			
Maturity date: October 1, 2018	1,303,508	1,301,747	1,295,000
Maturity date: October 1, 2020	1,309,815	1,304,738	1,295,000
County of Dane			
Maturity date: June 1, 2019	697,410	692,713	670,000
Maryland Health & Higher Educational			
Maturity date: July 1, 2018	499,025	498,950	500,000
State of Texas			
Maturity date: October 1, 2019	642,763	639,488	625,000
Maturity date: October 1, 2020	646,593	641,986	615,000
Village of Mount Pleasant			
Maturity date: March 1, 2020	359,176	356,531	340,000
Federal National Mortgage Association			
Maturity date: February 28, 2020	2,502,473	2,488,075	2,500,000
United States Treasury Note Bond			
Maturity date: September 30, 2018	4,968,750	4,967,400	5,000,000
Maturity date: December 31, 2018	3,998,906	3,993,600	4,000,000
Maturity date: March 31, 2019	4,011,875	4,005,160	4,000,000
Maturity date: June 30, 2019	3,985,938	3,979,240	4,000,000
Maturity date: September 30, 2019	6,984,414	6,972,140	7,000,000
Maturity date: November 15, 2019	2,481,152	2,469,525	2,500,000
Maturity date: December 15 2019	2,988,398	2,984,760	3,000,000
Maturity date: June 15, 2020	3,738,135	3,731,550	3,750,000
Maturity date: July 31, 2020	3,748,975	3,741,638	3,750,000
Maturity date: November 30, 2020	2,508,984	2,490,050	2,500,000
United States Treasury Bill			
Maturity date: 3/29/18	5,470,092	5,472,610	5,500,000
Maturity date: 6/21/18	5,454,015	5,453,800	5,500,000
Maturity date: 10/11/18	4,931,815	4,932,850	5,000,000
	<u>66,140,417</u>	<u>66,018,740</u>	<u>66,245,000</u>
Money Market			
Dreyfus - Governmental Cash Management	32,954,216	32,954,216	-
	<u>99,094,633</u>	<u>98,972,956</u>	<u>66,245,000</u>
INTERNAL SERVICE ACCOUNT: SELF INSURANCE			
Fixed Securities			
Federal Home Loan Banks			
Maturity date: June 27, 2018	302,094	302,397	305,000
United States Treasury Bond			
Maturity date: December 15, 2017	202,023	201,958	202,000
Maturity date: March 31, 2018	406,534	407,139	408,000
	<u>910,651</u>	<u>911,494</u>	<u>915,000</u>
Money Market			
Dreyfus - Government Cash Management *	1,697	1,697	-
	<u>912,348</u>	<u>913,191</u>	<u>915,000</u>
Total	135,873,751	135,757,032	75,251,000
Cash equivalents: money market accounts	(60,760,429)	(60,760,429)	-
Investments, net of cash equivalents	<u>\$ 75,113,322</u>	<u>\$ 74,996,603</u>	<u>\$ 75,251,000</u>

See independent auditor's report

Greater New Orleans Expressway Commission
Schedule of Revenue from Tolls
For the Year Ended October 31, 2017

Month	Amount
2016	
November	\$ 1,337,787
December	1,358,295
2017	
January	1,271,302
February	1,246,149
March	1,442,096
April	1,338,538
May	1,987,878
June	1,980,057
July	1,991,383
August	2,008,122
September	1,986,987
October	2,258,851
	<u>\$ 20,207,445</u>

Notes

On May 5, 1999, the Commission began collecting tolls on the North Shore only.

On June 12, 2006, the Commission eliminated the 60-day expiration requirement on discounted commuter toll tags.

Greater New Orleans Expressway Commission
Schedule of Northshore Traffic – Number of Crossings
For the Year Ended October 31, 2017

(Unaudited)

	Axles Under 7'5" Height				Axles Over 7'5" Height				Non Revenue Vehicles	Automatic Vehicle Identification Non-Revenue (Bridge Vehicles)	Automatic Vehicle Identification Recreational Vehicles	Automatic Vehicle Identification Full Toll Vehicles	Total Vehicles
	2	3	4	5 or more	2	3	4	5 or more					
	2016												
November	202,903	959	709	10	3,077	500	563	562	16,578	3,795	103	313,304	543,063
December	210,557	810	648	9	2,862	422	506	566	16,723	3,907	134	315,284	552,428
2017													
January	182,406	746	563	9	2,666	432	528	623	16,107	4,093	88	317,014	525,275
February	184,474	728	701	15	2,629	467	573	550	15,873	4,200	113	298,799	509,122
March	209,214	967	868	13	3,392	609	673	622	17,920	4,469	141	347,368	586,256
April	199,583	983	793	11	2,899	542	645	489	16,056	4,046	143	312,653	538,843
May	186,036	918	735	7	3,028	454	591	506	17,828	4,454	105	348,869	563,531
June	166,782	772	572	9	2,855	385	447	442	16,736	4,363	97	335,294	528,754
July	174,559	971	736	7	2,762	521	574	348	16,958	4,384	95	322,416	524,331
August	158,598	834	641	11	2,632	439	473	388	19,601	4,690	79	355,745	544,131
September	164,091	935	709	6	2,651	482	548	414	17,678	4,393	89	337,435	529,431
October	165,307	849	689	5	2,745	480	592	406	18,663	4,550	109	355,873	550,268
	<u>2,204,510</u>	<u>10,472</u>	<u>8,364</u>	<u>112</u>	<u>34,198</u>	<u>5,733</u>	<u>6,713</u>	<u>5,916</u>	<u>206,721</u>	<u>51,344</u>	<u>1,296</u>	<u>3,960,054</u>	<u>6,495,433</u>

See independent auditor's report

Greater New Orleans Expressway Commission
Schedule of Insurance
For the Year Ended October 31, 2017

(Unaudited)

Coverage	Underwriter	Policy Period	Limits
Bridge Property Damage	Ace American Ins.	1/24/17 - 1/24/18	\$75,000,000
\$75,000,000 Loss Limit	XL America	1/24/17 - 1/24/18	Part of \$10,000,000 primary
Bridge Use and Occupancy	Ace American Ins.	1/24/17 - 1/24/18	
15-Day Deductible			
Named Windstorm			
\$1,000,000 Deductible Bridge Property			\$1,000,000
Flood			
\$1,000,000 Deductible Bridge Property			\$1,000,000
Bridge Property			
\$500,000 Deductible AOP Except			
Named Storm & Flood			\$500,000
Non-Bridge Property - Earth Movement			
\$25,000 Deductible Per Occurrence			\$25,000
Terrorism	Underwriters at		
\$25,000 Deductible	Lloyd's London	1/24/17 - 1/24/18	\$75,000,000
Water Damage			
\$50,000 Deductible Bridge Property			\$50,000
Contractors' Equipment	AGCS Marine	5/24/17 - 5/24/18	\$934,027
Leased or Rented Mobile Equipment	Insurance Company		
Catastrophe			
Unscheduled Contractor's Equipment			
Special Perils, Flood & Earthquake - Deductible			
Electronic Data Processing	AGCS Marine	5/24/17- 5/24/18	\$390,065
Equipment - Schedule on file with company	Insurance Company		
Employee Dishonesty Bond	Travelers Casualty	11/1/17 - 11/1/18	
Employee Dishonesty	& Surety CO.		\$300,000
Computer/Transfer of Funds/Money Order			\$300,000
Forgery and Alterations			\$300,000
Money In/Out with \$500 deductible			

Greater New Orleans Expressway Commission
Schedule of Insurance (Continued)
For the Year Ended October 31, 2017

(Unaudited)

Coverage	Underwriter	Policy Period	Limits
Retained Limits Liability			
Comprehensive General Liability retention applicable to each loss is \$500,000 - \$500,000 SIR	AIX Specialty Insurance Co.	1/24/17 - 1/24/18	\$9,500,000 Per Occurrence and Aggregate
Law Enforcement Liability retention applicable to each loss is \$500,000	AIX Specialty Insurance Co.	1/24/17 - 1/24/18	\$9,500,000 Per Occurrence and Aggregate \$500,000 SIR
Excess Automobile Liability retention applicable to each loss is \$500,000	AIX Specialty Insurance Co.	1/24/17 - 1/24/18	\$10,000,000 each accident
Garage Keepers			\$500,000, excess of \$500,000 per occurrence
Public Officials Liability retention applicable to each loss is \$500,000	AIX Specialty Insurance Co.	1/24/17 - 1/24/18	\$9,500,000 Excess of \$500,000 per occurrence and aggregate \$500,000 SIR
Sub-limits - not in addition to part of total limit			\$500,000 SIR
Wrongful Acts			\$9,500,000, excess of \$500,000
Sexual Harassment/Sexual Abuse			\$9,500,000, excess of \$500,000
Employment Practices			\$9,500,000, excess of \$500,000
Stand Alone Excess Liability	AIX Specialty Insurance Co.	1/24/17 - 1/24/18	\$10,000,000 Excess of \$10M Primary
Stand Alone Excess Liability	Houston Casualty Company	1/24/17 - 1/24/18	\$10,000,000 Excess of \$20,000,000
Workers' Compensation	LWCC	11/1/16 - 11/1/17	Statutory
Employer's liability			\$1,000,000
Each accident disease limit			\$1,000,000
Disease - each person			\$1,000,000
Maritime Employers Liability	Underwriters at Lloyd's	2/20/17 - 2/20/18	\$1,000,000, any one accident
\$2,500 Deductible any one accident or illness			
Boiler and Machinery	Hartford Steam Boiler	6/14/17 - 6/14/18	\$100,000,000 \$1,000,000 Business Income
\$10,000 deductible per claim - Direct			
48-hour deductible - Indirect			
Police Officers Faithful Performance Bond	Western Surety	5/12/17 - 5/12/18	\$10,000 per officer
Pollution Legal Liability	Ironshore Specialty	12/18/16 - 12/18/19	\$5,000,000 each occurrence \$10,000,000 general aggregate
\$100,000 deductible applicable to each accident			

See independent auditor's report

*Reports Required by
Government Auditing Standards*

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*

To the Board of Commissioners
Greater New Orleans Expressway Commission
Metairie, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Greater New Orleans Expressway Commission, as of and for the year ended October 31, 2017, and the related notes to the financial statements, which collectively comprise the Greater New Orleans Expressway Commission’s basic financial statements, and have issued our report thereon dated April 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Greater New Orleans 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 the Greater New Orleans Expressway Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Greater New Orleans 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 the Greater New Orleans 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 other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item **2017-1** and **2017-2**.

Greater New Orleans Expressway Commission's Response to the Finding

Management's response to the findings identified in our audit is described in management's letter at page 59. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Covington, Louisiana
April 30, 2018

Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance Required by The Uniform Guidance

To the Board of Commissioners
Greater New Orleans Expressway Commission
Metairie, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Greater New Orleans Expressway Commission's (the "Commission") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended October 31, 2017. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2017.

Report on Internal Control Over Compliance

Management of the Commission, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Covington, Louisiana
April 30, 2018

Greater New Orleans Expressway Commission
Schedule of Findings and Questioned Costs
For the Year Ended October 31, 2017

A. Summary of Auditor's Results

Financial Statements

- a. Type of auditor's report issued: Unmodified
- b. Internal control over financial reporting:
- | | | |
|---|-----------|-------------------------|
| Material weaknesses identified | _____ yes | <u> ✓ </u> no |
| Significant deficiencies identified that are not considered to be material weaknesses | _____ yes | <u> ✓ </u> none noted |
- c. Noncompliance material to financial statements noted
- | | | |
|--|------------------|----------|
| | <u> ✓ </u> yes | _____ no |
|--|------------------|----------|

Federal Awards

- a. Type of auditors' report issued on compliance for major programs: Unmodified
- b. Internal control over major programs:
- | | | |
|---|-----------|-------------------------|
| Material weaknesses identified | _____ yes | <u> ✓ </u> no |
| Significant deficiencies identified that are not considered to be material weaknesses | _____ yes | <u> ✓ </u> none noted |
- c. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance
- | | | |
|--|-----------|-----------------|
| | _____ yes | <u> ✓ </u> no |
|--|-----------|-----------------|
- d. Identification of major programs:
- CFDA # 20.205 Highway Planning and Construction
- e. Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000
- f. Auditee qualified as low-risk audit
- | | | |
|--|-----------|-----------------|
| | _____ yes | <u> ✓ </u> no |
|--|-----------|-----------------|

Greater New Orleans Expressway Commission
Schedule of Findings and Questioned Costs
For the Year Ended October 31, 2017

B. Findings in Accordance with *Government Auditing Standards*

2017 – 1 Compliance: Misappropriation of Funds

Criteria

Toll fees collected should be deposited into the Commission’s operating account in a timely manner.

Condition

The Commission’s toll analyst detected a toll collector, Roxie Kolbe, committing theft. Upon reconciling the toll revenues collected by the Northshore Toll Department to the number of vehicles crossing the New Orleans Causeway, management discovered a \$2,275 discrepancy that occurred during the month of February 2018. Based upon the Commission’s internal investigation, Roxie Kolbe was discovered stealing cash collected from drivers. Ms. Kolbe was terminated, and the Commission notified the Mandeville Police Department to pursue charges. Ms. Kolbe pleaded guilty to the theft on February 20, 2018 and paid full restitution through the St. Tammany Parish Probation Office. The investigation is deemed complete.

Cause

Toll collector, Roxie Kolbe, stole toll revenues (cash) collected at the Northshore toll booth.

Effect

Funds that would have been applied to the Commission’s operating expenses were misappropriated.

Recommendation

Ms. Kolbe has already been terminated and pleaded guilty to the theft. The District Attorney assisted with the recovery of the stolen funds which were repaid by Ms. Kolbe. We recommend the Commission to continue monthly reconciliations of toll revenues collected to the number of vehicles crossing in order to assist with detecting discrepancies.

Management’s Response and Corrective Action Plan

See management’s response and corrective action plan on page 59.

2017 – 2 Compliance: Theft

Criteria

Causeway Police Department’s evidence should be properly secured and accounted for.

Condition

On Friday, January 27, 2017, the St. Tammany Parish Sheriff’s Office Major Crimes Unit was assigned to investigate missing evidence from the Causeway Police Department. As a result of the investigation, evidence officer William Jones was arrested for theft between \$5,000 and \$25,000, malfeasance in office, and tampering with evidence. The officer was immediately placed on administrative leave.

Greater New Orleans Expressway Commission
Schedule of Findings and Questioned Costs
For the Year Ended October 31, 2017

Cause

On January 27, 2017, a call was received from the St. Tammany Parish District Attorney's Office regarding evidence for an upcoming court hearing. The Commission's evidence officer, Sgt. William Jones, did not provide the evidence to the court. The District Attorney contacted his superior regarding the issue. Upon further investigation, additional items were discovered missing from evidence, including: an undetermined amount of cash, drugs, and firearms.

Effect

Evidence that would have been used for the prosecution of individuals may potentially lead to cases being dismissed or result in not guilty verdicts.

Recommendation

Mr. Jones has already been arrested and the case is ongoing. We recommend the Commission to review their system of controls over collecting, checking in/out, accessing, and transporting evidence to ensure evidence remains secure at all times. The Causeway Police Department may benefit from a property and evidence room audit.

Management's Response and Corrective Action Plan

See management's response and corrective action plan on page 59.

C. Findings and Questioned Costs for Federal Awards under Uniform Guidance

None noted.

Greater New Orleans Expressway Commission
Summary Schedule of Prior Year Findings
For the Year Ended October 31, 2017

A. Findings in Accordance with *Government Auditing Standards*

2016 – 1 Compliance: Misappropriation of Funds

Criteria

Toll fees collected should be deposited into the Commission’s operating account in a timely manner.

Condition

On January 25, 2016, the Commission’s toll analyst detected a toll collector, Marlene Williams, committing theft. Upon reconciling the toll revenues collected by the Northshore Toll Department to the number of vehicles crossing the New Orleans Causeway, management discovered a \$4,400 discrepancy for the period of November 2015 – January 2016. Based upon the Commission’s internal investigation, Marlene Williams was discovered stealing cash collected from drivers. Ms. Williams was terminated, and the Commission notified the Mandeville Police Department to pursue charges. Ms. Williams pleaded guilty to the theft on December 7, 2016, and she received probation and must repay the \$4,400 through a payment plan with the St. Tammany Parish Probation Office beginning September 2017. The investigation is deemed complete.

Cause

Toll collector, Marlene Williams, stole toll revenues (cash) collected at the Northshore toll booth.

Effect

Funds that would have been applied to the Commission’s operating expenses were misappropriated.

Recommendation

Ms. Williams was terminated and pleaded guilty to the theft. The District Attorney assisted with the recovery of the stolen funds which were repaid by Ms. Williams.

Update

This finding has been resolved.

B. Findings and Questioned Costs for Federal Awards under Uniform Guidance

None noted.



GREATER NEW ORLEANS EXPRESSWAY COMMISSION

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TELEPHONE 504-835-3118 * FAX 504-835-2518
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April 30, 2018

Louisiana Legislative Auditor

Greater New Orleans Expressway Commission respectfully submits the following response for the year ended October 31, 2018.

Pinell & Martinez, LLC
308 S. Tyler Street, Suite 2
Covington, LA 70433

Audit Period: November 1, 2016 – October 31, 2017

The finding from the October 31, 2017 schedule of findings are discussed below. The finding is numbered consistently with the number assigned in the schedule.

Section B: Findings in Accordance with *Government Auditing Standards*

Management's Response to Finding 2017 - 1:

On March 3, 2017, our toll analyst detected a toll collector, Roxie Kolbe, committing a fraudulent act. With the internal controls in place, the GNOEC was able to recognize the shortage, terminate the employee, and filed a report with Mandeville Police Department. We pursued criminal actions. On February 20, 2018, Ms. Kolbe pled guilty to a misdemeanor charge and paid restitution through with St. Tammany Parish District Attorney's Office. On February 27, 2018, we received a cashier's check for full restitution.

Management's Response to Finding 2017 - 2:

On January 27, 2017, a call was received from the St. Tammany District Attorney's office regarding evidence for an upcoming court hearing. Our evidence officer, Sgt. William Jones, had not provided the evidence to the court. The District Attorney contacted his superior and notified them of the issue. After the Lieutenants started to investigate the issue, they discovered the evidence was missing. Once our police department discovered evidence was missing, they contacted St. Tammany Parish Sheriff's Office to investigate. As a result of the investigation, William Jones was arrested for malfeasance and theft between five thousand dollars and twenty five thousand dollars. Mr. Jones' trial is currently set for May 14, 2018. The GNOEC installed cameras in all evidence areas and purchased evidence tracking system.

On May 16, 2017, the GNOEC sent the notification regarding R.S. 24:523 to the Legislative Auditor's Office and the District Attorney Office.

Sincerely,


Melissa Phillipott
Chief Financial Officer