Regional Transit Authority

FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors
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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Regional Transit Authority
New Orleans, Louisiana

We have audited the accompanying financial statements of the Regional Transit Authority (the "RTA") as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the RTA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the RTA'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 RTA'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the RTA as of December 31, 2018 and 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the RTA's basic financial statements. The Schedules of Changes in Restricted Asset Bond Accounts and Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Changes in Restricted Asset Bond Accounts and Schedule of Compensation, Benefits, and Other Payments to Agency Head are the responsibility of management and were 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Changes in Restricted Asset Bond Accounts and Schedule of Compensation, Benefits, and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019 on our consideration of the RTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the RTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the RTA's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

June 26, 2019

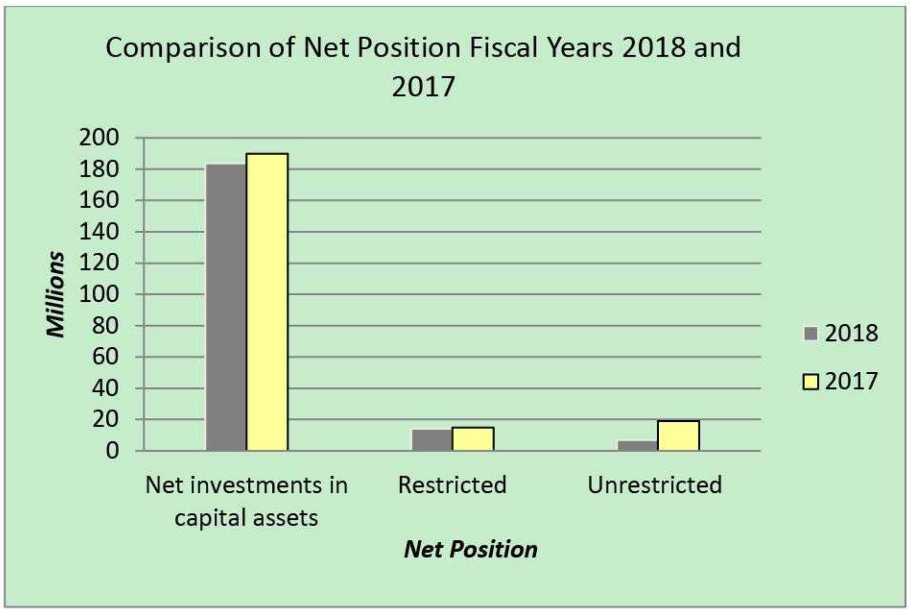
REQUIRED SUPPLEMENTARY INFORMATION:
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Regional Transit Authority's (the "RTA") annual financial report presents a discussion and analysis of the RTA's financial performance during the fiscal years ended December 31, 2018 and 2017. Please read it in conjunction with the RTA's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

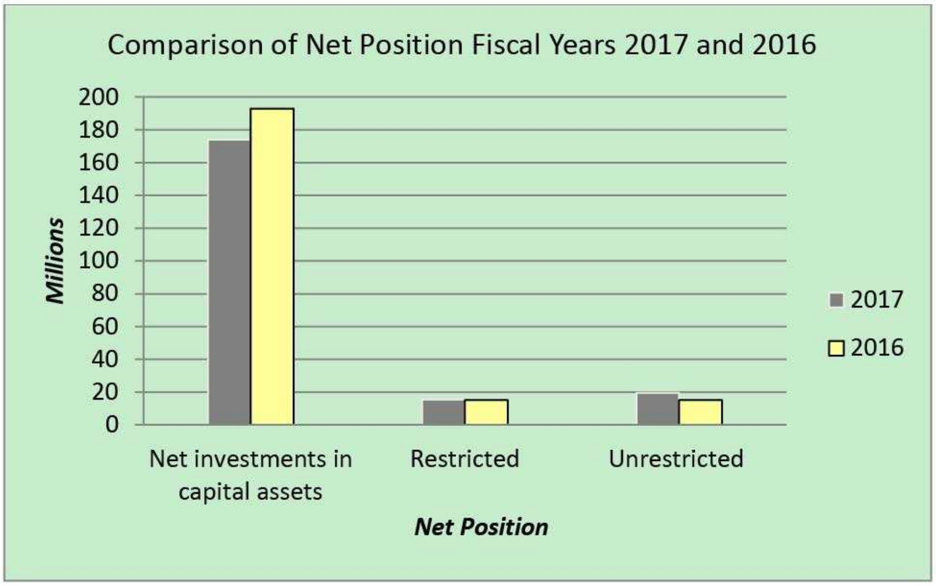
2018

In 2018, the RTA's passenger fares revenue increased by approximately $233,355 for the calendar year as compared to 2017. This variance was primarily due to the $6.6K increase in service hours in 2018 as compared to 2017. As noted in 2017, the Cemeteries segment of the Canal Streetcar line went back into full revenue service in January 2018 at the completion of construction. Additionally, the system experienced a successful Mardi Gras and festival season (i.e. French Quarter Fest, Jazz Fest and Essence Fest.



2017

During 2017, the RTA's passenger fare revenue increased by approximately $19,184 for the calendar year 2017 as compared to 2016. This variance was the net impact of the RTA's recovery from the 2016 unplanned streetcar services disruptions (sink hole on Canal Street), the full year of services of the Rampart Streetcar line and disruptions along the Canal Streetcar line (Cemeteries segment) due to the construction of the Cemeteries Streetcar Terminal. The Cemeteries segment was back in full service in January 2018.



OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: required supplementary information, including management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, and other supplementary information.

The financial statements provide both long-term and short-term information about the RTA's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

The RTA's financial statements are prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when a liability is incurred, regardless of the timing of related cash flows, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the RTA are included in the Statement of Net Position.

Net Position, the difference between the RTA's assets and deferred outflows of resources, and liabilities and deferred inflow of resources, is one way to measure the RTA's financial health or position. The decrease in the RTA's net position during 2018 is primarily attributed to expenditures associated with the Cemeteries Terminal Project that was completed in December 2017 and the constructed of two Ferry Vessels. This Cemeteries Terminal Project was partly funded with the Series 2010 Sales Tax Revenue Bond proceeds and the Ferry Vessels were partly funded with ferry subsidy funds. The RTA's total liabilities in 2018 decreased by approximately $21.8 million compared to total liabilities for 2017. In 2018, the RTA received approximately $26.4 million from the Federal Transit Administration (FTA), the Federal Emergency Management Agency (FEMA) and the State of Louisiana; and approximately $83.4 million in tax revenues from the City of New Orleans.

FINANCIAL ANALYSIS OF THE RTA

2018 Net Position

The RTA's total net position at December 31, 2018 decreased to approximately $205 million, a 2.0% decrease from December 2017 (see Table A-1). Total assets decreased 3.3% to approximately $392.4 million and total liabilities decreased 10.7% to approximately $181.1 million. Restricted assets and capital assets decreased from December 31, 2017 values to $14.1 million and $298.9 million, respectively. The unrestricted net position balance decreased approximately $12.7 million from approximately $19.6 million at December 31, 2017 to approximately $6.9 million at December 31, 2018.

2017 Net Position

The RTA's total net position at December 31, 2017 decreased to approximately $209.0 million, a 2.3% decrease from December 31, 2016 (see Table A-1). Total assets decreased 2.3% to approximately $405.8 million, and total liabilities decreased 4.2% to approximately $202.9 million. Restricted assets and capital assets increased from the December 31, 2016 values to approximately $20.5 million and $313.8 million, respectively. The unrestricted net position balance increased approximately $13.7 million from approximately $5.8 million at December 31, 2016 to approximately $19.6 million at December 31, 2017.

Table A-1
Regional Transit Authority's Net Position
(in thousands of dollars)

	2018	2017	Increase (Decrease)
Current assets	$ 71,633	$ 71,503	0.1%
Restricted assets	14,412	20,456	(29.5)%
Capital assets	298,944	313,809	(4.7)%
Net pension asset	7,379	15	490.9%
Total assets	**392,367**	**405,783**	**(3.3)%**
Deferred outflow of resources	**1,200**	**6,522**	**(81.6)%**
Total assets and deferred outflow of resources	**$ 393,567**	**$ 412,305**	**(4.5)%**
Current liabilities	$ 36,940	$ 40,205	(8.1)%
Long-term liabilities	144,160	162,680	(11.4)%
Total liabilities	**181,100**	**202,884**	**(10.7)%**
Deferred inflow of resources	**7,553**	**393**	**18,219%**
Net position:			
Invested in capital assets, net of related debt	183,851	173,960	5.7%
Restricted	14,175	15,450	(8.6)%
Unrestricted	6,888	19,617	(64.9)%

Total net position		204,914		209,027	(2.0)%
Total liabilities, deferred inflow of resources, and net position	$	393,567	$	412,304	(4.5)%

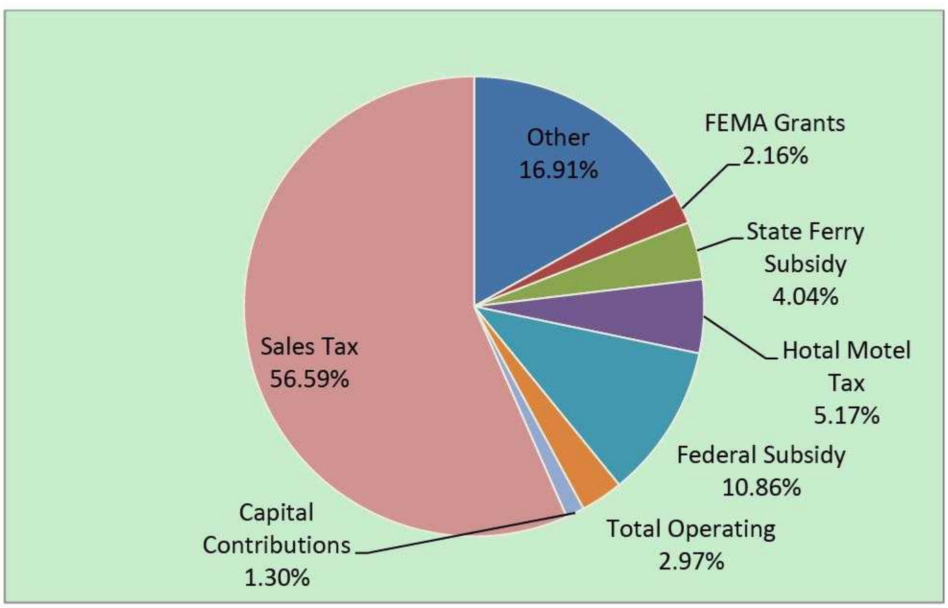
2018 Changes in Net Position

The change in net position for the year ended December 31, 2018 was approximately $4.1 million or 2.0% less than the year ended December 31, 2017. The RTA's operating revenues increased by 2.8% to approximately $ 22.8 million, and total operating expenses decreased 1.7% to approximately $133.6 million. The changes in net position are detailed in Table A-2; operating expenses are detailed in Table A-3.

Passenger fare revenues increased 1.2% to approximately $20.1 million compared to 2017. This increase is attributed to the completion of the Cemeteries Terminal Project in December 2017. The Cemeteries segment of the Canal Streetcar line when back in full service in January 2018.

Non-operating revenues increased 6.2% to approximately $104.9 million. Federal funding in 2018 was $20.8 million as compared to $30.3 million in 2017 and State funding decreased to $7.3 million in 2018 compared to $8.7 million in 2017.

2018 Revenue Sources



2017 Changes in Net Position

The change in net position for the year ended December 31, 2017 was approximately $4.8 million or 2.3% less than the year ended December 31, 2016. The RTA's total operating revenues increased by 1.1% to approximately $22.2 million, and total operating expenses decreased by 4.2% to approximately $140.1 million. The changes in net position are detailed in Table A-2, operating expenses are detailed in Table A-3.

Passenger fare revenues increased 0.1% to approximately $19.87 million compared to 2016. This increase was the net impact of the RTA's recovery from the 2016 unplanned streetcar services disruptions (sink hole on Canal Street),the full year of services of the Rampart Streetcar line and disruptions along the Canal Streetcar line (Cemeteries segment) due to the construction of the Cemeteries Streetcar Terminal. The Cemeteries segment when back in full service in January 2018.

Non-operating revenues increased 9.3% to approximately $102.5 million. Federal funding in 2017 was $30.3 million as compared to $21.7 million in 2016 and State funding increased to $8.7 million in 2017 as compared to $7.8 million in 2016.

2017 Revenue Sources

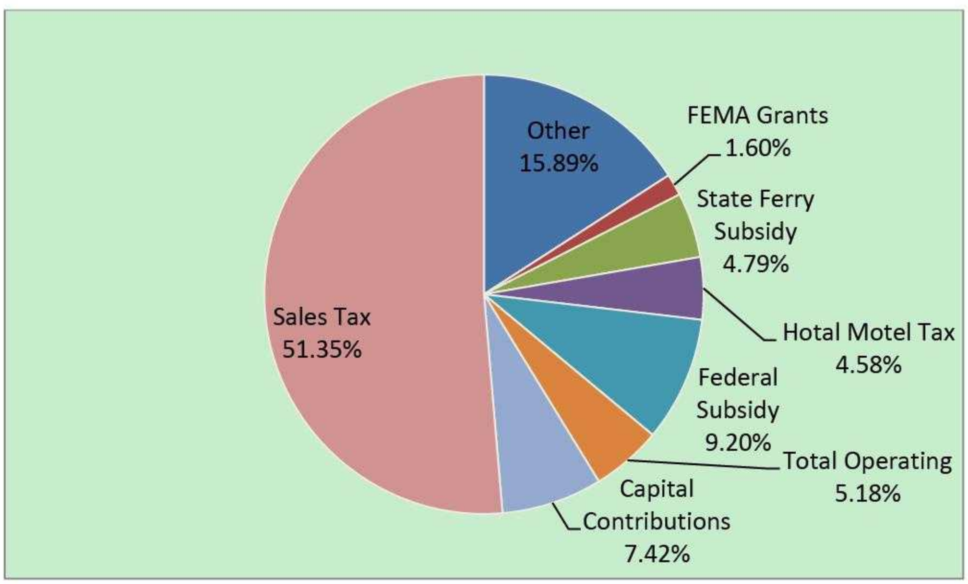


Table A-2
Regional Transit Authority's Changes in Net Position
(in thousands of dollars)

	2018	2017	Increase (Decrease)
Operating Revenues:			
Passenger fares	$ 20,103	$ 19,869	1.2%
Other	2,735	2,349	16.4%
Total operating revenues	**22,838**	**22,218**	27.9%
Operating Expenses:			
Operating expenses	**110,274**	**113,653**	(2.6)%
Depreciation	**23,278**	**22,197**	4.9%
Total operating expenses	**133,552**	**135,850**	(1.7)%
Operating loss	**(110,714)**	**(113,652)**	(2.6)%
Non-operating revenues-net	**104,852**	**98,748**	6.2%
Capital contributions	**1,750**	**9,990**	(82.5)%
Change in net position	**(4,113)**	**(4,894)**	(16.0)%
Total net position, beginning of year	**209,027**	**213,921**	(2.3)%
Total net position, end of year	$ **204,914**	$ **209,027**	(2.0)%

Table A-3
Regional Transit Authority's Operating Expenses
(in thousands of dollars)

	2018	2017	Increase (Decrease)
Labor and fringe benefits excluding post-retirement benefits	$ **511**	$ **3,465**	(85.2)%
Post-retirement benefits	**4,340**	**291**	1391.4%
Depreciation	**23,278**	**22,197**	4.9%
Contract services	**91,300**	**94,275**	(3.2)%
Insurance and self-insured costs	**4,866**	**12,229**	(60.2)%
Materials, fuel, and supplies	**7,238**	**5,408**	33.8%
Utilities	**1,424**	**1,489**	4.4%
Taxes, other than payroll	**449**	**434**	3.5%
Miscellaneous	**145**	**258**	(43.8)%
Total operating expenses	$ **133,552**	$ **135,850**	(1.7)%

2018 Capital Assets

As of December 31, 2018, the RTA had invested approximately $646.4 million in capital assets. Net of accumulated depreciation, the RTA's capital assets at December 31, 2018 totaled approximately $299 million. Capital additions for the year ended December 31, 2017 included approximately $9.4 million in completed construction in progress, approximately $10.6 million radio systems upgrade ; $1.3 million in building upgrades and approximately $921 thousand in transportation vehicles.

2017 Capital Assets

As of December 31, 2017, the RTA had invested approximately $638.4 million in capital assets. Net of accumulated depreciation, the RTA's capital assets at December 31, 2017 totaled approximately $313.8 million. Capital additions for the year ended December 31, 2017 included approximately $12.1 million in completed construction in progress, approximately $555 thousand in power operations equipment, approximately $703 thousand in transportation and service vehicles, approximately $3.9 million in building upgrades and approximately $13.8 million related to construction in progress on the Canal Street Corridor project and various other projects.

2018 Debt Administration

During 2018, there was no unusual bond activity outside of the normal principal and interest payments based on bond amortization. No new debt was issued in the year ended December 31, 2018.

2017 Debt Administration

During 2017, there was no unusual bond activity outside of the normal principal and interest payments, based on bond amortization. No new debt was issued in the 2017 fiscal year.

ECONOMIC FACTORS

In 2017, the City of New Orleans continues to experience an ongoing construction boom in the central business district being driven largely by historic renovations. Construction is also underway to transform the former World Trade Center building at the foot of Canal into a Four Seasons Hotel and condominiums. The potentially $400 million project is slated to bring one of the world's most prestigious hotel brands to the city. The National WWII Museum broke ground in late 2017 on the eight-story, $67 million hotel and conference center scheduled to open in 2019.

Tourism continues to flourish with a nearly one billion dollar new airport terminal scheduled to open in early 2019, the airport expects the number of passengers flying out of the city will be roughly 18 percent greater than was projected for that point in 2013, when the project was first unveiled. Changes in the local landscape, ranging from the planned development of the last piece of an uninterrupted three-mile stretch of public riverfront slated for the downriver end of the French Quarter to a slowly-diversifying tourism economy, underscored when one of the world's biggest technology companies unveiled plans to open a 2,000-person office in the iconic Freeport McMoRan building in the Central Business District, the single largest jobs announcement in the state's history.

Local economic development leaders continue working to diversify New Orleans' tourism-heavy economy, to include a new wave of medical construction projects that are expected to add thousands of health-services jobs over the next decade, potentially helping lift the region's low- and middle-skilled workforce. Ochsner Health System, the state's biggest nonprofit health care company, has added more than 4,400 jobs over the past five years and the $2 billion investment in the new University Medical Center and Veterans Affairs Medical Center, New Orleans' profile have all contributed to the New Orleans profile as a premier health care destination.

CONTACTING THE RTA'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the RTA's finances and to do demonstrate the RTA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dr. Jared Munster, Executive Director – Regional Transit Authority at (504) 827-8331.

December 31,		**2018**		2017
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**41,985,235**	$	42,538,197
Accounts receivable, net		**26,668,271**		27,427,398
Prepaid expenses and other assets		**2,979,119**		1,537,392
Total current assets		**71,632,625**		71,502,987
Restricted assets				
Cash				
Ferry operating subsidy		**3,576,980**		5,368,107
1991 series bond trustee accounts		**6,551,554**		1,983,428
1998 series bond trustee accounts		**-**		8,534,958
2000 and 2000A series bond trustee accounts		**2,423,751**		-
Self-insurance reserve		**1,415,000**		1,415,000
Investments				
2010 series bond trustee accounts		**444,242**		3,154,465
Total restricted assets		**14,411,527**		20,455,958
Noncurrent assets				
Property, buildings, and equipment, net		**298,943,922**		313,808,894
Net pension asset		**7,378,788**		15,068
Total noncurrent assets		**306,322,710**		313,823,962
Total Assets		**392,366,862**		405,782,907
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges - prepaid bond insurance		**102,038**		135,967
Pension deferrals		**486,734**		4,948,391
OPEB deferrals		**611,681**		1,437,444
Total deferred outflows of resources		**1,200,453**		6,521,802
Total Assets and Deferred Outflows of Resources	**$**	**393,567,315**	$	412,304,709

(Continued)

December 31,		**2018**		2017
LIABILITIES				
Current liabilities (payable from current assets)				
Accounts payable, accrued expenses, and deferred credits	**$**	**13,381,763**	$	13,340,766
Current portion of legal and small claims		**2,307,124**		1,010,884
Current portion of amounts due to TMSEL		**1,600,000**		1,600,000
Due to Transdev		**6,946,157**		6,868,163
Total current liabilities (payable from current assets)		**24,235,044**		22,819,813
Current liabilities (payable from restricted assets)				
Current portion of accrued bond interest		**840,577**		1,498,605
Current portion of bonds payable, net		**7,394,461**		7,153,308
Current portion of debt service assistance fund loan		**2,345,883**		4,384,312
Advanced collection of ferry subsidy		**2,124,261**		4,348,308
Total current liabilities (payable from restricted assets)		**12,705,182**		17,384,533
Long-term Liabilities				
Accrued bond interest less current portion		**10,434,689**		13,214,932
Legal and small claims less current portion		**22,166,816**		24,714,715
Amounts due to TMSEL less current portion		**-**		1,600,000
Bonds payable less current portion, net		**83,029,934**		90,437,139
Debt service assistance fund loan less current portion		**19,768,814**		22,114,696
Net pension liability		**1,021,966**		433,592
Net OPEB liability		**7,737,191**		10,165,126
Total long-term liabilities		**144,159,410**		162,680,200
Total Liabilities		**181,099,636**		202,884,546
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals		**6,441,826**		9,283
OPEB deferrals		**1,111,481**		383,626
Total deferred inflows of resources		**7,553,307**		392,909
NET POSITION				
Net investment in capital assets		**183,851,297**		173,960,169
Restricted		**14,175,369**		15,450,306
Unrestricted		**6,887,706**		19,616,779
Total Net Position		**204,914,372**		209,027,254
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$**	**393,567,315**	$	412,304,709

(Concluded)

The accompanying notes are an integral part of these financial statements.

Regional Transit Authority
Statements of Revenues, Expenditures, and Changes in Net Position

For the years ended December 31,		2018		2017
Operating revenues				
Passenger fares	$	**20,102,719**	$	19,869,364
Other		**2,734,847**		2,348,988
Total operating revenues		**22,837,566**		22,218,352
Operating expenses				
Labor and fringe benefits excluding post-retirement benefits		**510,846**		3,464,980
Post-retirement benefits		**4,339,836**		290,765
Depreciation		**23,278,064**		22,196,969
Contract services		**91,300,161**		90,079,696
Insurance and self-insured costs		**4,865,853**		12,228,978
Materials, fuel, and supplies		**7,238,453**		5,408,058
Utilities		**1,424,494**		1,488,551
Taxes, other than payroll		**449,307**		434,200
Miscellaneous		**144,937**		257,681
Total operating expenses		**133,551,951**		135,849,878
Loss from operations		**(110,714,385)**		(113,631,526)
Nonoperating revenues (expenses)				
Tax revenues				
Sales tax		**76,444,878**		71,805,761
Hotel/motel tax		**6,987,363**		6,404,726
Government operating grants				
Federal subsidy		**14,667,703**		12,866,302
Federal Emergency Management Agency		**2,923,336**		2,235,628
State ferry subsidy		**5,451,713**		5,961,382
State Department of Transportation		**1,878,576**		1,971,481
Planning and technical study grants		**1,435,279**		1,704,581
Gain on sale of assets, net		**16,000**		-
Investment income		**702,683**		485,057
Gain (loss) on redemption of securities, net		**-**		1,243
Interest expense, net		**(5,655,565)**		(4,688,116)
Total nonoperating revenues		**104,851,966**		98,748,045
Net loss before capital contributions		**(5,862,419)**		(14,883,481)
Capital contributions		**1,749,537**		9,990,004
Revenues restricted for ferry related improvements		**6,929,840**		4,195,410
Expenditures for ferry related improvements		**(6,929,840)**		(4,195,410)
Total capital contributions		**1,749,537**		9,990,004
Decrease in net position		**(4,112,882)**		(4,893,477)
Net Position, Beginning of Year		**209,027,254**		213,920,731
Net Position, End of Year	$	**204,914,372**	$	**209,027,254**

The accompanying notes are an integral part of this statement.

For the years ended December 31,		2018		2017
Cash Flows From Operating Activities				
Cash received from operations	$	**19,749,564**	$	19,649,907
Cash received from other sources		**3,428,495**		2,728,345
Cash paid to employees and for related expenses		**(3,206,145)**		(5,064,980)
Cash paid to suppliers		**(101,880,088)**		(98,274,860)
Cash paid for insurance, legal claims, and related costs		**(6,117,512)**		(4,401,382)
Net cash flows used in operating activities		**(88,025,686)**		(85,362,970)
Cash Flows from Noncapital Financing Activities				
Cash received from sales tax		**75,309,152**		71,420,436
Cash received from hotel/motel tax		**6,915,851**		5,997,905
Operating subsidies received from other governments		**18,028,405**		13,383,034
Net cash flows provided by noncapital financing activities		**100,253,408**		90,801,375
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets		**(6,663,555)**		(8,964,496)
Gain on sale of capital assets		**16,000**		-
Capital revenues from federal grants		**7,730,027**		8,060,531
Revenues restricted for ferry related improvements		**6,929,840**		4,195,410
Expenditures for ferry related improvements		**(6,929,840)**		(4,195,410)
Interest paid		**(9,093,836)**		(6,531,924)
Payment on debt service assistance fund		**(4,384,311)**		-
Repayment of bonds		**(7,132,123)**		(6,874,877)
Net cash flows used in capital and related financing activities		**(19,527,798)**		(14,310,766)
Cash Flows from Investing Activities				
Gain (loss) on redemption of securities		**-**		1,243
Interest payments received		**702,683**		485,057
Net cash flows provided by investing activities		**702,683**		486,300
Net Decrease in Cash and Cash Equivalents		**(6,597,393)**		(8,386,061)
Cash and Cash Equivalents — Beginning of year		**62,994,155**		71,380,216
Cash and Cash Equivalents — End of year	$	**56,396,762**	$	62,994,155

(Continued)

For the years ended December 31,		2018		2017
Reconciliation of Loss from Operations to				
Net Cash Used in Operations				
Loss from operations	$	**(110,714,385)**	$	(113,631,526)
Adjustments to reconcile loss from operations				
to net cash used in operations:				
Depreciation		**23,278,064**		22,196,969
Decrease (increase) in Pension costs		**4,118,854**		(728,603)
Increase in OPEB costs		**(874,317)**		1,019,368
Decrease in accounts receivable		**340,493**		159,900
(Increase) decrease in prepaid assets		**(1,441,727)**		141,113
Increase (decrease) in accounts payable and accrued expenses		**40,997**		(632,515)
Increase (decrease) in amounts due to Transdev		**77,994**		(115,272)
Decrease in amounts due to TMSEL		**(1,600,000)**		(1,600,000)
Increase in the provision for legal and small claims liability		**(1,251,659)**		7,827,596
Net Cash Used in Operating Activities	$	**(88,025,686)**	$	(85,362,970)
Reconciliation to Statements of Net Position				
Cash and cash equivalents for cash flow statements include:				
Cash	$	**41,985,235**	$	42,538,197
Restricted assets				
Cash				
Ferry operating subsidy		**3,576,980**		5,368,107
1991 series bond trustee accounts		**6,551,554**		1,983,428
1998 series bond trustee accounts		**-**		8,534,958
Self-insurance reserve		**1,415,000**		1,415,000
Investments				
2010 series bond trustee accounts		**444,242**		3,154,465
Total Cash and Cash Equivalents	$	**56,396,762**	$	62,994,155

(Concluded)

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity – The Regional Transit Authority (RTA) of New Orleans is an independent political subdivision of the State of Louisiana created in 1979 by Act 439 of the Louisiana Legislature in order to provide mass transportation within its jurisdiction, which comprises the Greater New Orleans area. Effective July 1, 1983 under a transfer agreement among the RTA, the City of New Orleans (the City) and New Orleans Public Service, Inc. (NOPSI), the RTA assumed responsibility for all mass transit operations in Orleans Parish and acquired transit-related assets and assumed certain transit-related liabilities of NOPSI and of the City through purchase, funded by federal and local government grants, and through contributions from the City. Subsequently, the RTA has also assumed responsibility for mass transit operations of the City of Kenner and Ferry services from the State of Louisiana. The RTA's area of service presently comprises Orleans Parish and the City of Kenner in Jefferson Parish and may ultimately include future transit operations throughout the Greater New Orleans area.

The RTA is governed by an eight-member Board of Commissioners composed of appointees of the participating local governments within the RTA's jurisdiction. The Board of Commissioners establishes policies, approves the budget, controls appropriations and appoints an Executive Director responsible for administering all RTA operations and activities.

The RTA holds title to substantially all assets and controls, or is entitled to, substantially all revenue and funds used to support its operations and is solely responsible for its fiscal affairs. The Board of Commissioners is authorized to issue bonds, incur short-term debt and levy taxes upon approval of the voters in one or more of the parishes or municipalities served by the RTA.

The Regional Transit Authority of New Orleans, on July 1, 2009, approved terms on a delegated management contract with Transdev Services, Inc. (Transdev) (formerly Veolia Transportation Services, Inc). The ten-year contract (five years, with a five-year renewal option) began September 1, 2009. The renewal option of the contract was executed during the year ended December 31, 2015 and will expire on September 1, 2019. Under this "Delegated Management" contract, Transdev is responsible for performing all activities of the transit authority below the Board level. This means that Transdev will be responsible for all aspects of the public transportation system in New Orleans, including operations, safety, maintenance, customer care, routes and schedules, capital planning, budgeting, employee salaries and benefits, human resources, marketing, ridership growth, grant administration, as well as all the other typical functions of a transit authority. For the years ended December 31, 2018 and 2017, the contract requires a fixed monthly fee of approximately $1.77 million and $1.67 million, respectively, a monthly variable rate fee based on transit hours, and reimbursement of other expenditures as required by the contract.

On May 2019, the RTA awarded a revised delegated management contract to Transdev. The revised contract terms are still in negotiation leading up to the existing contract's expiration on September 1, 2019.

Transdev reports to the Board of Commissioners of the RTA, which sets the direction for the RTA and is responsible for establishing RTA policies including fares, service, and operations, as well as approval of each year's annual transportation development plan and budget.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The RTA is a stand-alone entity as defined by GASB Codification Section 2100 *Defining the Financial Reporting Entity.* The RTA is neither fiscally dependent on any other local government, nor does it provide specific financial benefits to or impose specific financial burdens on any other government. No other potential component units meet the criteria for inclusion in the financial statements of the RTA.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The accounting policies of the RTA conform to accounting principles generally accepted in the United States of America as applicable to governments. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when a liability is incurred, regardless of the timing of related cash flows. The RTA has no government or fiduciary funds. The RTA uses fund accounting to report its financial position and results of operations. The RTA's accounts are organized into a single proprietary fund. The enterprise fund (a proprietary fund) is used to account for operations (a) that are operated in a manner similar to private businesses where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or changes in net position is appropriate for capital maintenance. The RTA's principal operating revenues are the fares charged to passengers for service.

Restricted Assets – Certain assets, principally consisting of cash, money market accounts, and short-term investments, are segregated and classified as restricted assets, which may not be used except in accordance with state regulations or contractual terms.

Property, Buildings, and Equipment, net – Property, buildings, and equipment are recorded at cost. Depreciation is charged to expense over the estimated useful lives of the assets and is determined using the straight-line method. Expenditures for maintenance and repairs which do not exceed $5,000 and materially extend the useful life of the asset are charged to expense as incurred.

The estimated useful lives used in computing depreciation are:

Buildings	5-20 years
Buses and equipment	4-20 years
Streetcars, track system, and related equipment	20-30 years
Furniture and fixtures	3-10 years
Leasehold improvements	5 years

Net Position Classifications – In accordance with GASB Codification, net position is classified into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. *Net Investment in Capital Assets* – This component of net position consists of the historical cost of capital assets, including any 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, plus deferred outflows of resources, less deferred inflows of resources, related to those assets.

b. *Restricted* – This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

c. *Unrestricted* – This component of net position consists of all other net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt", as described above.

Federal and State Grants – Federal and state grants are made available to RTA for the acquisition of public transit facilities, planning studies, buses, and other transit equipment. Unrestricted operating grants and grants restricted as to purpose, but not contingent on the actual expenditures of funds, are recognized at that point in time when the right to the funds becomes irrevocable. Where the expenditure of funds is the prime factor for determining the eligibility for the grant proceeds, the grant is recognized at the time when the expense is incurred.

Compensated Absences – The total liability for accrued vacation and sick leave at December 31, 2018 and 2017, included in current liabilities, was approximately $297,995 and $281,751, respectively.

Cash Flows – For the purposes of the statement of cash flows, cash and cash equivalents include investments with an original maturity of less than one year and restricted cash.

Investments – RTA's investments are considered short-term, reported at amortized cost, and generally consist of commercial paper and U.S. Government and Agency securities. These investments are reported under restricted assets – investments on the Statement of Net Position.

Budgets and Budgetary Accounting – In accordance with Act 186 of the Louisiana Legislature and under authority granted to the Board of Commissioners of the RTA within the Regional Transit Authority Act (Act 439), an annual budget of revenue, expenses, and capital expenditures is prepared under the accrual basis of accounting, consistent with accounting principles generally accepted in the United States of America. The budget is adopted by resolution of the Board of Commissioners after public hearings are conducted and public input is received. The RTA, operating as an enterprise fund, utilizes the budget and related budgetary accounting to assure that (1) service objectives are attained, (2) expenditures are properly controlled, and (3) adequate resources will be available to finance current operations, repay long-term liabilities and meet capital outlay requirements. A budget presentation is not required and has not been included in the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources – In addition to assets, the statement of net 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 that applies to a future period and so will not be recognized as an expense until then. The RTA has several items that meet this criterion including deferred charges for prepaid bond insurance, and pension and OPEB related deferrals. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The RTA has two items that meet the criterion for this category, pension and OPEB related deferrals.

Bonds Payable – Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method.

Pensions – The RTA participates in two defined benefit pension plans as described in Note 7. For purposes of measuring the net pension asset and/or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value within each plan.

Claims and Judgments – The RTA accrues for losses resulting from claims and judgments, including anticipated incremental costs. A liability for such losses is reported when it is probable that a loss has occurred and the amount can be reasonably estimated. Actual losses may differ significantly from RTA's estimates. Incurred but not reported claims have been considered in determining the accrued liability. All accident and general liability claims and judgments for dates of loss from September 1, 2009, through July 31, 2012, are the responsibility of Transdev pursuant to the delegated management contract in effect during these periods. For dates of loss subsequent to August 1, 2012, and prior to September 1, 2009, the RTA is responsible.

Advanced Collections – Revenue collected more than one year in advance is recognized as a liability within the financial statements.

Use of Estimates – Management of RTA has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification – Certain amounts previously reported in the financial statements for the prior year have been reclassified to conform with the current year classification. Specifically, expenses that are capital in nature but have not been capitalized because the assets are not owned by the RTA have been reclassified to net with capital contributions to more accurately represent operating expenses. There was no change to total net position as a result of this reclassification.

Recent Accounting Pronouncements – The following Accounting Standards Updates (ASUs) issued and adopted by the Governmental Accounting Standards Board (GASB) impacted the RTA's financial statements:

In March 2017, the GASB issued Statement No. 85 – Omnibus 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. The RTA has adopted GASB 85 for the year ended December 31, 2018, and management has determined that it has no material effect on these financial statements.

In June 2017, the GASB issued Statement No. 87 - Leases. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. This Statement is effective for financial statements for periods beginning after December 15, 2019. The RTA is currently assessing the impact this Statement will have on its financial statements for the year ending December 31, 2020.

In April 2018, the GASB issued Statement No. 88 - Certain Disclosures Related to Debt. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for financial statements for periods beginning after June 25, 2018. The RTA is currently assessing the impact of GASB 88 on the financial statements for the year ending December 31, 2019.

NOTE 2 – CASH AND INVESTMENTS

The RTA's cash and investments consisted of the following as of December 31:

	2018		2017	
	Restricted	**Unrestricted**	Restricted	Unrestricted
Cash and cash equivalents	**$13,967,285**	**$41,985,235**	$17,301,493	$42,538,197
Investments, at amortized cost	**444,242**	**-**	3,154,465	-
	$14,411,527	**$41,985,235**	$20,455,958	$42,538,197

Custodial Credit Risk

Actual cash in banks and certificates of deposit as of December 31, 2018 and 2017, for restricted and unrestricted bank accounts, before outstanding checks and reconciling items, were $52,210,278 and $47,551,096, respectively. Of the total bank balances at December 31, 2018 and 2017, all amounts were covered by federal depository insurance ($250,000) or by collateral held in the RTA's name by its agent ($51,210,278 for 2018 and $59,773,556 for 2017). Actual cash in money market accounts was $12,685,270 and $21,489,664 for 2018 and 2017, and is included in cash and cash equivalents above.

Investments

Investments are held in the name of the RTA by its agent. Statutes authorize the RTA to invest in direct U.S. Treasury obligations, bonds, debentures, notes, or other indebtedness issued or guaranteed by U.S. Government instrumentalities which are federally sponsored or federal agencies that are backed by the full faith and credit of the United States; short-term repurchase agreements; and time certificates of deposit at financial institutions, state banks and national banks having their principal offices in Louisiana.

As of December 31, 2018, approximately $1,415,000, of restricted assets were pledged as collateral to the Louisiana Office of Workman's Compensation to maintain RTA/TMSEL's self-insurance certificate. This self-insurance certificate applies to all TMSEL employees receiving workman's compensation benefits through August 31, 2009 from the RTA. Effective September 1, 2009, Transdev became responsible for all new worker's compensation claims.

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. RTA has a formal investment policy that limits investment maturities to five years, unless specific authority is given to exceed, as a means of managing its exposure to fair value losses arising from increasing interest rates. In addition, the investment portfolio should remain sufficiently liquid to meet all operating requirements that may be reasonable anticipated.

Credit Risk

State law limits investments in securities issued or backed by U.S. Treasury obligations and U.S. Government instrumentalities, which are federally sponsored. RTA's investment policy does not further limit its investment choices, except that financial institutions and brokers/dealers must be authorized and meet minimum creditworthiness standards.

NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable, net of allowance for uncollectible amounts, consisted of the following as of December 31:

	2018	2017
Sales tax	**$ 13,720,702**	$ 12,584,976
Hotel/motel tax	**2,115,563**	2,044,051
Federal capital grants	**5,869,207**	7,217,893
State operating subsidy	**358,703**	569,149
Federal Emergency Management Agency	**3,336,001**	3,372,722
Passenger (transpass and visitor)	**814,771**	588,988
Kenner operating subsidy	**49,095**	79,114
Due from Transdev	**7,002**	601,168
Other	**402,978**	502,460
	26,671,022	27,560,521
Less: allowance for uncollectible amounts	**(5,751)**	(133,123)
	$ 26,668,271	$ 27,427,398

NOTE 5 – PROPERTY, BUILDINGS, AND EQUIPMENT

A summary of changes in property, buildings, and equipment follows:

	January 1, 2018	Additions	Deletions	December 31, 2018
Land	$ 6,988,812	$ -	$ -	$ 6,988,812
Buildings	283,785,110	1,284,891	-	285,070,001
Equipment, primarily transportation vehicles	295,187,965	921,328	(451,985)	295,657,308
Furniture and fixtures	46,178,932	10,653,773	-	56,832,705
Construction in progress	6,214,695	4,993,498	(9,440,398)	1,767,794
Accumulated depreciation	(324,546,620)	(23,278,063)	451,985	(347,372,698)
	$ 313,808,894	$ (5,424,572)	$ (9,440,398)	$ 298,943,922

At December 31, 2018, construction in progress additions were primarily related to the radio equipment upgrade project and various other construction projects. There was no capitalized interest for the year ended December 31, 2018. Interest capitalized on the French Quarter project was $1,386,541 for the year ended December 31, 2017.

NOTE 6 – LONG-TERM DEBT

Long-term debt consisted of the following as of December 31:

	2018	2017
1991 Series, Sales Tax Revenue Bonds, interest rates between 5.5% and 6.5% on current interest term bonds, and approximate yields of 7.0% and 7.1% on capital appreciation bonds, with annual principal debt service requirements ranging from $574,277 to $758,888, final payment due December 2021.	**$ 1,850,448**	$ 2,558,536
2000 Series, LCDA Revenue Bonds, variable interest rate of approximately 2.56% as of December 31, 2017, due in annual principal debt service requirements ranging from $405,712 to $1,616,700, final payment due February 2025.	**13,032,812**	14,742,812
2000A Series, LCDA Revenue Bonds, variable interest rate of 2.81% as of December 31, 2017, due in annual principal debt service requirements ranging from $1,131,000 to $1,950,656, final payment due November 2029.	**17,995,556**	19,202,656
2010 Series, Sales Tax Revenue Bonds, interest rate of 5% as of December 31, 2017, due in annual principal debt service requirements ranging from $3,080,000 to $5,755,000, final payment due December 2030.	**53,900,054**	57,135,000
Debt Service Assistance Fund Loan, interest rate of 4.64% as of December 31, 2017, due in semi-annual principal debt service requirements ranging from $74,762 to $614,777, final payment due July 2026.	**22,114,696**	26,499,008
Total debt	**108,893,565**	120,138,012
Less: current maturities	**(9,434,370)**	(11,231,701)
Long-term debt less current maturities	**$ 99,459,195**	$ 108,906,311

1991 Bond Series

On December 26, 1991, the RTA issued $23,215,733 in Sales Tax Revenue Bonds, Series 1991. These bonds are to be repaid over 30 years. The net proceeds of $22,968,624 (after original issue discount of $103,661 and payment of $143,448 in underwriting fees and costs) received by the RTA on the sale of the bonds were applied as follows: (a) $19,193,382 was deposited in a reserve fund account designated for capital projects, including, but not limited to, the St. Charles facility renovation and restoration of streetcars used on the St. Charles Avenue Streetcar line, construction of maintenance facilities for the Riverfront streetcar line and the acquisition of buses, (b) $1,513,528 was deposited in a reserve fund for payment of interest costs, (c) $1,596,845 was deposited in a reserve fund account to satisfy the reserve

NOTE 6 – LONG-TERM DEBT (CONTINUED)

fund requirement of the bonds, and (d) the remaining proceeds of $664,869 were used toward the payment of issuance costs of the bonds.

The current interest and capital appreciation bonds are secured by a pledge and lien upon a portion of the RTA's sales tax revenue (one-half of one percent upon the items and services subject to the sales tax). The interest on the current interest bonds is due and payable on June 1 and December 1 of each year through December 1, 2021. The interest for the capital appreciation bonds is due and payable in series in 2012, 2015, and 2021. Consistent with the terms of the bond agreement, $1,960,000 was called mandatory redemption against the principal on December 1, 2009. As of December 31, 2018 and 2017, 7,386 and 6,243 bonds have come due, respectively, and been paid consistent with the terms of the bond agreement for an approximate yield of 7.00%. For the 1991 Series, the principal balance as of December 31, 2018 was $1,850,447, of which $660,387 is due in 2019, and the principal balance as of December 31, 2017 was $2,558,536, of which $708,089 was paid in 2018

In accordance with the requirements of the bond indentures, the RTA maintains, with a designated trustee, certain restricted asset bond accounts.

<u>2000 Series and 2000A Series – LCDA Revenue Bonds</u>

Under agreements with the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA), RTA may borrow up to $65,820,000 in funds to finance the local match portion of the costs expected to be incurred in the construction of the Canal Street Streetcar and Desire Street Streetcar Projects. The funds are provided from a portion of the proceeds of a Master Indenture Agreement and the sale of revenue bonds by LCDA. For the 2000 Series, the principal balance as of December 31, 2018 was $13,032,812, of which $1,813,400 is due in 2019, and the principal balance as of December 31, 2017 was $14,742,812, of which $1,710,000 was paid in 2018.

For the 2000A Series, the principal balance as of December 31, 2018 was $17,995,556, of which $1,234,900 is due in 2019, and the principal balance as of December 31, 2017 was $19,202,656, of which $1,207,100 was paid in 2018.

<u>2010 Bond Series</u>

On October 14, 2010, the RTA issued $75,000,000 in Sales Tax Revenue Bonds, Series 2010. These bonds are to be repaid over 20 years. The net proceeds of $81,118,364, consisting of $75,000,000 face amount plus an original issue premium of $6,118,364, received by the RTA on the sale of the bonds were applied as follows: (a) $79,380,740 was deposited in a reserve fund account designated for capital projects, including, but not limited to, the construction and installation of transit facilities and transit improvements, including buses and other equipment in the City; the proceeds were invested in money market type investments, (b) $658,294 was deposited in a reserve fund for payment of the bond insurance premium, (c) $241,724 was utilized to pay bond surety, (d) $507,031 was utilized for the underwriter's discount, and (e) the remaining proceeds of $330,575 were used toward the payment of issuance costs of the bonds.

NOTE 6 – LONG-TERM DEBT (CONTINUED)

For the 2010 Series, the principal balance as of December 31, 2018 was $53,900,054, of which $3,395,000 is due in 2019, and the principal balance as of December 31, 2017 was $57,135,000, of which $3,234,946 was paid in 2018.

Interest on the bonds will accrue from October 14, 2010 and will be payable June 1 and December 1 of each year commencing June 1, 2011 through December 1, 2030. Interest rates on the bonds range from 2%-5%. As of December 31, 2018 and 2017, the interest rate was 5%.

Debt Service Assistance Fund Loan

In October 2006, RTA and the State of Louisiana entered into a Cooperative Endeavor Agreement whereby the State agreed to lend up to $35,867,738 from State funds on deposit in the Debt Service Assistance Fund, authorized by the Gulf Opportunity Zone Act of 2005 and Act 41 of the First Extraordinary Session of the Louisiana Legislature of 2007, to assist in payment of debt service requirements from 2006 through 2008 due to disruption of tax bases and revenue streams caused by Hurricane Katrina and Rita. Draw downs on the loan were made as debt service payments became due. No principal or interest was payable during the initial five year period of the loan. After the expiration of the initial five year period, the loan shall bear interest at a fixed rate of 4.64%. Principal payments on the bonds began in July 2012 and the loan will mature in July 2026. Interest is payable semi-annually on January 15 and July 15 beginning January 2012. The loan may be prepaid without penalty or premium. The Board has the right to request one extension of its obligation to begin payments under the loan not to exceed an additional five years. As of December 31, 2018 and 2017, RTA had balances due of $22,114,696 and $24,499,008, respectively.

Debt Service Requirements

The following represents the debt service requirements for the bond issues as of December 31, 2018:

Year Ending December 31	1991 Bond Principal	1991 Bond Interest	2000 and 2000A Bond Principal	2000 and 2000A Bond Interest
2019	$ 660,387	$ 3,975,416	$ 3,033,100	$ 730,125
2020	615,783	4,019,276	3,244,100	657,382
2021	574,278	4,060,724	3,428,900	580,526
2022	-	-	3,623,600	499,340
2023	-	-	3,829,700	413,576
2024-2028	-	-	11,908,412	984,413
2029-2030	-	-	1,960,556	27,482
	$ 1,850,448	$ 12,055,416	$ 31,028,368	$ 3,892,844

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Year Ending December 31	2010 Bond Principal	2010 Bond Interest	Total Bond Principal	Total Bond Interest
2019	$ 3,395,000	$ 2,644,850	$ 7,088,541	$ 7,367,842
2020	3,565,000	2,475,100	7,424,883	7,167,922
2021	3,745,000	2,296,850	7,748,177	6,952,908
2022	3,930,000	2,109,600	7,553,600	2,622,319
2023	4,130,000	1,913,100	7,959,700	2,338,550
2024-2028	23,900,000	6,304,900	35,808,412	7,323,103
2029-2030	11,235,054	849,500	13,195,556	877,960
	$ 53,900,054	$ 18,593,900	$ 86,778,869	$ 34,650,604

Debt service requirements relating to the debt service assistance fund loan are as follows:

Years Ending December 31	Principal	Interest	Total
2019	$ 2,345,883	$ 1,026,122	$ 3,372,005
2020	2,454,732	917,273	3,372,005
2021	2,568,632	803,378	3,372,010
2022	2,687,816	684,189	3,372,005
2023	2,812,532	559,474	3,372,006
2024-2026	9,245,101	870,916	10,116,017
	$ 22,114,696	$ 4,861,352	$ 26,976,048

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Changes in Long-term Debt

Long-term debt activity for the year ended December 31, 2018 is as follows:

	January 1, 2018	Additions	Deletions	December 31, 2018	Due Within One Year
1991 Series, Sales Tax Revenue Bonds	$ 2,558,536	$ -	$ (708,088)	$ 1,850,448	$ 660,387
2000 Series, LCDA Revenue Bonds	14,742,812	-	(1,710,000)	13,032,812	1,813,400
2000A Series, LCDA Revenue Bonds	19,202,656	-	(1,207,100)	17,995,556	1,219,700
2010 Series, Sales Tax Revenue Bonds	57,135,000	-	(3,234,946)	53,900,054	3,395,000
Debt Service Assistance Fund Loan	24,499,008	-	(4,384,312)	22,114,696	2,345,883
Bond Premium	3,951,444	-	(305,918)	3,645,526	305,918
	$124,089,455	$ -	$(11,550,365)	$112,539,092	$ 9,740,288

NOTE 7 – PENSION PLANS

The RTA is a participating employer in the cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). The RTA is also a non-employer contributing entity to the Transit Management of Southeast Louisiana (TMSEL) Retirement Income Plan, which funds employee and retiree benefits for former employees of TMSEL.

Plan Descriptions

Louisiana State Employees' Retirement System (LASERS)

Employees of the RTA are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

Transit Management of Southeast Louisiana (TMSEL) Retirement Income Plan

In 1983, the RTA completed the purchase of the transit system from NOPSI. On that date, the RTA,

NOTE 7 – PENSION PLANS (CONTINUED)

TMSEL, the City of New Orleans and NOPSI entered into a benefit agreement to fund employee and retiree benefits. At the time this agreement was reached, the RTA was a public entity and TMSEL was a privately owned corporation always fully funded by the RTA. In 2004, TMSEL was designated as a political subdivision by the State of Louisiana; and in 2009, TMSEL ceased operations and the management agreement between TMSEL and RTA was terminated. In January 2012, the RTA became a 100% owner in the stock of TMSEL.

On August 31, 2009, the management contract between RTA and TMSEL expired and was replaced beginning September 1, 2009 with a new delegated management contract with Transdev Services, Inc. (formally Veolia Transportation Services, Inc). Effective September 1, 2009, all active TMSEL employees became employees of Veolia Transportation Services causing a partial termination of the Plan. As a result, TMSEL employees ceased to accrue future benefits in the TMSEL Retirement Income Plan.

The RTA contends that the TMSEL Retirement Plan is a governmental plan not subject to the provisions of ERISA. Although an official ruling is still pending from the Department of Labor as to whether the TMSEL Retirement Plan is an ERISA-governed plan or a governmental plan; the PBGC has not asserted any actions against the RTA or required the RTA to make any minimum quarterly pension funding contributions that would be required by an ERISA-governed plan. In 2014, the RTA entered into a settlement agreement which provided payments to the TMSEL Retirement plan totaling $18 million (see contributions section below and Note 9 for additional information). This agreement does not render a position on the TMSEL plan's status as a governmental plan.

At December 31, the pension plan membership consisted of the following:

	2018	2017
Inactive employees or beneficiaries currently receiving benefits	**1,274**	**1,296**
Inactive employees entitled to but not yet receiving benefits	**492**	**526**
Active employees	-	-
	1,866	**1,822**

Benefits Provided

The following is a description of the plans and their benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

<u>LASERS</u>

Retirement

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Rank and file members hired prior to July 1, 2006, may either retire with full benefits

NOTE 7 – PENSION PLANS (CONTINUED)

at any age upon completing 30 years of creditable service and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service.

NOTE 7 – PENSION PLANS (CONTINUED)

Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

Deferred Retirement Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Disability Benefits

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of

NOTE 7 – PENSION PLANS (CONTINUED)

twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

Permanent Benefit Increases/Cost-of-Living Adjustments
As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

TMSEL

Retirement
All TMSEL and former NOPSI administrative employees and members of the former ATU Division 1611 over the age of 21 (age 25, if hired prior to January 1, 1985) were eligible to participate in the Plan. Effective January 1, 1998, all members of ATU Division 1560 over the age of 21 were eligible to participate in the Plan. Effective July 1, 1998, all members of IBEW Local 1700-4 over the age of 21 were eligible to participate in the Plan. Lift operators and sedan drivers were not participants of the Plan. The Plan was officially closed to new participants effective August 31, 2009. Participants are fully vested in their retirement benefits after completing five years of service (with a minimum 1,000 hours worked per year).

The normal retirement age is sixty-five. Those members who retire at age 65 are entitled to annual retirement benefits for life in an amount equal to 2.1% (multiplier) (unless otherwise specified in the Plan) of their five year average compensation times years of benefit services. The normal retirement benefit is receivable as of the first day of the subsequent month following the date a participant reaches age sixty-five (normal retirement age) and is based on the participant's compensation and years of credited service. The Plan permits early retirement at age fifty-five through sixty-four with five years of vesting service with the pension benefit amount being reduced by 3% for each year of age less than sixty-five. Members of ATU Division 1560 and IBEW Local 1700-4 can retire after 30 years of benefit service pursuant to collective bargaining agreement. Participants may elect to receive their pension benefits in the form of a single election, 50% joint and survivor, 75% joint and survivor, 100% joint and survivor and 10 year certain annuities. The Plan

NOTE 7 – PENSION PLANS (CONTINUED)

also provides for postponed retirement. Participants severing employment prior to full vesting forfeit their benefits after incurring a permanent break in service.

If a covered active employee dies before completing the five-year vesting period, a refund of the employee's contributions with interest is made to the beneficiary. If a covered active employee dies before age fifty-five and is fully vested on that date, a survivorship pension is payable to the employee's spouse. The survivorship pension is determined as if the employee had retired on early retirement with 50% joint and survivor benefits and died after the benefits were to commence. The survivorship pension is equal to 50% of the amount the employee would have received and is payable until the death of the participant's spouse. If a covered active employee dies before age fifty-five and is fully vested on that date, but does not have a spouse, no survivorship pension is paid out. Instead, the employee’s contributions are paid out to the employee’s beneficiary.

On March 13, 2003, the Internal Revenue Service issued a favorable determination letter for the Plan granting approval of a new optional form of payment. The Reduced Annuity Lump Sum (RAWLS) provides a portion of the retirement benefit in a lump sum, plus a reduced monthly benefit. Members of ATU Division 1560 and IBEW 1700-4 are eligible for this form of benefit which is effective retroactively to January 1, 2002.

On May 7, 2008, the Internal Revenue Service issued a favorable determination letter for the Plan granting approval of the amendments proposed on May 15, 2003, May 18, 2006, and January 27, 2007.

Effective March 19, 2015, the Plan was amended to provide unreduced benefits to participants retiring from Transdev, whose combined TMSEL and Transdev service equals 30 or more years of service and who had not previously received any benefits.

On May 16, 2016, the Plan received a signed compliance statement from the Internal Revenue Service agreeing that corrective methods and revised administrative procedures implemented by the Plan as submitted in the Voluntary Correction Program (VCP) are acceptable. In conjunction with the VCP submission, the Plan Sponsor adopted amendments effective retroactive to the effective dates of the specific provisions contained in the amendments to correct all of its nonamender failures. On August 2, 2017 the Internal Revenue Service issued a favorable determination letter for the Plan granting approval for the 2015 and 2016 amendments.

Contributions

LASERS

Contribution requirements of active employees are governed by Title 11 of the Louisiana Revised Statutes and may be amended by the Louisiana Legislature. Employee contributions are deducted from a member’s salary and remitted to LASERS by participating employers along with employer portion of the contribution.

NOTE 7 – PENSION PLANS (CONTINUED)

The rates in effect during the years ending June 30, 2019 and 2018 for the various plans follow:

Plan	Plan Status	Employee Contribution Rate	Employer Contribution Rate 2018	Employer Contribution Rate 2019
Regular State Employee hired before 7/01/06	Closed	7.5%	37.9%	37.9%
Regular State Employee hired after 7/01/06	Open	8.0%	37.9%	37.9%

The RTA's contractually required composite contribution rate for the period from July 1, 2017 to June 30, 2018 was 37.9%, and for the period from July 1, 2018 to December 31, 2018 was 37.9%, of annual payroll, 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 Actuarial Accrued Liability. Contributions to the pension plan from the RTA were $85,424 and $42,324 for the years ended December 31, 2018 and 2017, respectively.

If a member leaves covered employment or dies before any benefits become payable on their behalf, the accumulated contributions may be refunded to the member or their designated beneficiary. Similarly, accumulated contributions in excess of any benefits paid to members or their survivors are refunded to the member's beneficiaries or their estates upon cessation of any survivor's benefits.

TMSEL

TMSEL contributes such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to Plan participants. The contributions of TMSEL are made in amounts, determined by an enrolled actuary, sufficient to fund the Plan's current service costs plus amortization of any unfunded amounts over 25 years. However, the Plan did not make the ERISA minimum required funding contributions for the quarters ended September 30, 2013 through December 31, 2018 due to its assertion that the TMSEL Retirement Plan is a governmental plan not subject to the provisions of ERISA (see Plan Descriptions secti on above).

In 2014, the RTA entered into an $18 million settlement to fund the TMSEL Retirement plan, and, accordingly, recorded $18 million in pension benefits expense, of which $10 million was funded in 2014, and the remaining $8 million was scheduled to be paid to the plan in equal installments of $1.6 million over the next five years. The RTA paid the second and third installment of $1.6 million during the year ended December 31, 2018 and 2017, respectively. The agreement also states that this agreement does not limit the RTA's obligations to further fund the TMSEL Plan in the future.

NOTE 7 – PENSION PLANS (CONTINUED)

Pension Liability and Pension Expense

LASERS

At December 31, 2018 and 2017, the RTA reported a liability of $1,021,966 and $433,592, respectively, for its proportionate share of the net pension liability of LASERS. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The RTA's proportion of the net pension liability was based on a projection of the RTA's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018 and 2017, the RTA's proportion was .014985% and 0.006160%, respectively, which was an increase of .008825% and .000051% from its proportion measured as of June 30, 2017 and 2016, respectively.

For the years ended December 31, 2018 and 2017, the RTA recognized pension expense of $83,432 and $39,676, respectively, plus the RTA's amortization of the change in proportionate share and the difference between employer contributions and proportionate share of contributions of $145,458 and ($33,145), respectively.

TMSEL

The RTA's net pension liability was measured as of December 31, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The components of the net pension liability at December 31, 2017 and 2016 for TMSEL were as follows:

	2017	2016
Total pension liability	**$ 185,754,098**	$ 186,581,311
Fiduciary net position	**193,132,886**	186,596,379
Net pension (asset) liability	**$ (7,378,788)**	$ (15,068)
Fiduciary net position as a percentage of the total pension liability	**103.97%**	100.01%

For the years ended December 31, 2018 and 2017, the RTA recognized pension expense of $3,923,154 and $(733,928), respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the RTA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 7 – PENSION PLANS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
LASERS		
Differences between expected and actual experience	$ -	$ 11,460
Net difference between projected and actual earnings on pension plan investments	13,252	-
Changes in assumptions	10,399	-
Changes in proportion and differences between employer contributions and proportion of shared contributions	408,128	38,218
Employer contributions subsequent to the measurement date	54,955	-
Total LASERS	$ 486,734	$ 49,678

	Deferred Outflows of Resources	Deferred Inflows of Resources
TMSEL		
Net difference between projected and actual earnings on pension plan investments	$ -	$ 6,392,148
Total TMSEL	$ -	$ 6,392,148

At December 31, 2017, the RTA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LASERS		
Differences between expected and actual experience	$ -	$ 7,956
Net difference between projected and actual earnings on pension plan investments	14,100	-
Changes in assumptions	1,713	-
Changes in proportion and differences between employer contributions and proportion of shared contributions	16,087	1,327
Employer contributions subsequent to the measurement date	21,765	-
Total LASERS	$ 53,665	$ 9,283

NOTE 7 – PENSION PLANS (CONTINUED)

TMSEL

Net difference between projected and actual earnings on pension plan investments	$ 4,894,726	$ -
Total TMSEL	$ 4,894,726	$ -

As of December 31, 2018, deferred outflows of resources of $54,955 related to pensions resulting from the RTA's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	LASERS	TMSEL	Total
2019	$ 214,647	$ (1,035,796)	$ (821,149)
2020	196,169	(138,950)	57,219
2021	(24,975)	(2,752,868)	(2,777,843)
2022	(3,740)	(2,464,534)	(2,468,274)

NOTE 7 – PENSION PLANS (CONTINUED)

Actuarial Assumptions

LASERS

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 and 2017 are as follows:

Valuation Date	June 30, 2018 and 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return	2018: 7.65% per annum, net of investment expenses. 2017: 7.70% per annum, net of investment expenses.
Inflation Rate	2018: 2.75% per annum 2017: 2.75% per annum
Mortality	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.
Salary Increases	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	3.8%	12.8%
Judges	2.8%	5.3%
Corrections	3.4%	14.3%
Hazardous Duty	3.4%	14.3%
Wildlife	3.4%	14.3%

NOTE 7 – PENSION PLANS (CONTINUED)

Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected 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 and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

	2018		**2017**	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Cash	0%	-0.48%	0%	-0.24%
Domestic equity	25%	4.31%	25%	4.31%
International equity	32%	5.26%	32%	5.35%
Domestic fixed income	8%	1.49%	8%	1.73%
International fixed income	6%	2.23%	6%	2.49%
Alternative investments	22%	7.67%	22%	7.41%
Global asset allocation	7%	4.96%	7%	2.84%
Totals	100%	5.40%	100%	5.26%

NOTE 7 – PENSION PLANS (CONTINUED)

TMSEL

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 and 2016 are as follows:

Valuation date	December 31, 2017 and 2016
Valuation method	Entry age normal cost
Inflation	Not applicable
Projected salary increases	Not applicable
Investment rate of return	2017: 7.25% used for ASC 960 liabilities and determine total pension liability 2016: 7.50% used for ASC 960 liabilities 7.11% blended rate used to determine total pension liability
Mortality rates	2016: Based on the sex-distinct RP-2000 separate annuitant and non-annuitant tables with static projection to 2024 and 2032, respectively. This is the same mortality assumption used for funding, as determined by statute. 2016: Based on the sex-distinct RP-2000 separate annuitant and non-annuitant tables with static projection to 2023 and 2031, respectively. This is the same mortality assumption used for funding, as determined by statute.
Expected remaining service lives	0 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each

NOTE 7 – PENSION PLANS (CONTINUED)

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.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017 and 2016 are summarized in the following table:

	2017		2016	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	40.0%	6.4%	40.0%	6.6%
International equity	10.0%	7.4%	10.0%	7.3%
International equity	5.0%	9.8%	0.0%	0.0%
Global equity	7.5%	6.8%	10.0%	7.0%
Core fixed income	20.0%	1.8%	20.0%	1.7%
Real estate	10.5%	5.1%	10.5%	4.5%
Private equity	4.5%	10.7%	4.5%	11.3%
Cash	2.5%	1.1%	5.0%	1.1%
Totals	100.0%		100.0%	5.6%

Discount Rate

LASERS

The discount rate used to measure the total pension liability was 7.65% and 7.70% for the years ended June 30, 2018 and 2017, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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.

TMSEL

The discount rate used to measure the total pension liability was 7.25% and 7.11% for the years ended December 31, 2017 and 2016, respectively. The projection of cash flows used to determine the discount rate assumed contributions will be made at the current contribution level of $1.6 million per year. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. For the year ended December 31, 2016, the pension plan's fiduciary net position was not projected

NOTE 7 – PENSION PLANS (CONTINUED)

to be available to make all projected future benefit payments of current plan members. Therefore, for the year ended December 31, 2016, the long-term expected rate of return on pension plan investments of 7.50% was applied to the first 30 years of projected benefit payments and a 3.78% municipal bond rate was applied to all years thereafter to determine the total pension liability. 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.

Changes in Net Pension Liability

The change in net pension liability for the TMSEL plan for the year ended December 31, 2018 is as follows:

Change in Net Pension Liability	**Total Pension Liability**	**Plan Fiduciary Net Position**	**Net Pension (Liability) Asset**
Service Cost	**$ -**	**$ -**	**$ -**
Interest on total pension liability	**12,663,909**	**-**	**12,663,909**
Net investment income	**-**	**25,289,174**	**(25,289,174)**
Changes of assumptions	**3,249,732**	**-**	**3,249,732**
Difference between expected and actual experience	**193,679**	**-**	**193,679**
Benefit payments, including refunds	**(16,934,533)**	**(16,934,533)**	**-**
Administrative expense	**-**	**(1,818,134)**	**1,818,134**
Net Change	**(827,213)**	**6,536,507**	**(7,363,720)**
Net Pension Liability, Beginning	**186,581,311**	**186,596,379**	**(15,068)**
Net Pension Liability, Ending	**$ 185,754,098**	**$ 193,132,886**	**$ (7,378,788)**

The change in net pension asset for the TMSEL plan for the year ended December 31, 2017 is as follows:

Change in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Liability) Asset
Service Cost	$ -	$ -	$ -
Interest on total pension liability	12,756,532	-	12,756,532
Net investment income	-	14,589,683	(14,589,683)
Changes of assumptions	(3,454,577)	-	(3,454,577)
Difference between expected and actual experience	(26,948)	-	(26,948)
Benefit payments, including refunds	(16,756,577)	(16,756,577)	-
Administrative expense	-	(1,710,340)	1,710,340
Net Change	(7,481,570)	(3,877,234)	(3,604,336)
Net Pension Liability, Beginning	194,062,881	190,473,613	(3,589,268)
Net Pension Liability, Ending	$ 186,581,311	$ 186,596,379	$ (15,068)

NOTE 7 – PENSION PLANS (CONTINUED)

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

LASERS

The following presents the RTA's proportionate share of the Net Pension Liability of LASERS using the discount rate of 7.65%, as well as what the RTA's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.65%) or one percentage-point higher (8.65%) than the current rate:

	1.0% Decrease (6.65%)	Current Discount Rate (7.65%)	1.0% Increase (8.65%)
RTA's proportionate share of the net pension liability	$ 1,289,789	$ 1,021,966	$ 791,304

TMSEL

The following presents the RTA's Net Pension Liability for TMSEL calculated using the discount rate of 7.25%, as well as what as what the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
Net pension liability	$ 9,485,272	$ (7,378,788)	$ (21,821,426)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position in LASERS is available in the separately issued LASERS 2018 Comprehensive Annual Financial Report at www.lasersonline.org.

Detailed information about the TMSEL plan's fiduciary net position is available in the separately issued TMSEL financial Report.

Payables to TMSEL

The RTA's payables to TMSEL included in Amounts Due to TMSEL on the statement of Net Position in accordance with the settlement agreement were $1,600,000 and $3,200,000 as of December 31, 2018 and 2017, respectively.

NOTE 8 – OTHER POST EMPLOYMENT RETIREMENT BENEFITS

Plan Description

The Regional Transit Authority provides certain continuing health care and life insurance benefits for its retired employees. The Regional Transit Authority's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Regional Transit Authority. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Regional Transit Authority. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75.

Benefits Provided

Medical and dental benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. Contract employees are eligible to retire at age 55 and completion of 5 years of service. Non-contract employees are eligible to retire at completion of 30 years of service. The Regional Transit Authority has two active employees participating in the OPEB Plan and several active members participating in the OPEB Plan which are former NOPSI and TMSEL members for whom the Regional Transit Authority is still responsible for retiree medical care benefit costs. The employer does not pay for retiree medical benefits after Medicare eligibility (normally age 65).

Life insurance coverage is provided to a closed group of 466 retirees (no future retirees will be eligible) and paid by the employer. The employer pays 100% of the cost of the retiree benefit payments as they become due.

Employees covered by benefit terms – At January 1, 2018, the following employees were covered by the medical benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	90
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	61
Total	151

Total OPEB Liability

The Regional Transit Authority's total OPEB liability of $7,737,191 was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date.

NOTE 8 – OTHER POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Actuarial Assumptions and other inputs – The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	N.A; 2.5% inflation used per paragraph 156 of GASB 75
Discount rate	4.1% annually
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index over the 52 weeks immediately preceding the applicable measurement dates.

Mortality rates were based on the 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2008 to December 31, 2018.

Changes in the Total OPEB Liability

Balance at December 31, 2017	$ 10,165,126
Changes for the year:	
Service cost	21,186
Interest	313,400
Differences between expected and actual experience	(1,667,222)
Benefit payments and administrative expenses	(1,095,299)
Net changes	(2,427,935)
Balance at December 31, 2018	$ 7,737,191

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Regional Transit Authority, as well as what the Regional Transit Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.1%) or 1-percentage-point higher (5.1%) than the current discount rate:

	1.0% Decrease (3.1%)	Current Discount Rate (4.1%)	1.0% Increase (5.1%)
Total OPEB liability	$ 8,647,733	$ 7,737,191	$ 6,832,854

NOTE 8 – OTHER POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Regional Transit Authority, as well as what the Regional Transit Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	**Current Discount Rate (5.5%)**	**1.0% Increase (6.5%)**
Total OPEB liability	$ 7,638,985	$ 7,737,191	$ 7,839,838

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Regional Transit Authority recognized OPEB expense of $(1,216,462). At December 31, 2018, the Regional Transit Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 611,681	$ 1,111,481
Total	$ 611,681	$ 1,111,481

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31:	
2019	(351,846)
2020	(351,846)
2021	203,893

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Commitments

TMSEL Retirement Plan – To prevent the termination of the TMSEL Retirement Plan, which was partially terminated in 2009, the RTA entered into discussions with the PBGC for the continued funding of the plan. The ability of the RTA to control the Board of Trustees of the TMSEL Retirement Plan was a condition precedent to the negotiation of this funding agreement (See Note 7). The TMSEL Retirement Plan Board is responsible for the administration, management, and proper operation of the TMSEL Retirement Plan. The RTA was in litigation with the Board of Trustees of the TMSEL Retirement Plan, certain of the individual board members, and former counsel for the TMSEL Retirement Plan in Orleans Parish relating to the composition of the TMSEL

NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Retirement Plan Board of Trustees as it relates to control over the TMSEL Retirement Plan. A settlement agreement between the parties was reached on December 23, 2014 and is described in Note 7. This agreement does not render a position on the TMSEL plan's status as a governmental plan. Per the agreement, the TMSEL Plan Board consists of six administrative trustees, of which four will be appointed by RTA and two will be appointed by the TMSEL Board of Directors.

TMSEL Retirees Medical and Dental Benefits – The RTA was also a defendant in on-going litigation with former employees of NOPSI and retirees of TMSEL with respect to retiree medical and dental benefits. The RTA has asserted that the TMSEL health and welfare benefit plan is a governmental plan; and therefore, is exempt from the ERISA framework which is the basis for subject matter jurisdiction of this case. The RTA's motion to dismiss this case was granted by the trial court, specifically, the United States District Court, Eastern District of Louisiana. The trial court agreed with the RTA's assertion that the plan is exempt from ERISA and granted the RTA's motion to dismiss. The United States Court of Appeals for the Fifth Circuit affirmed that ruling upon appeal as of June 28, 2016.

Grant Commitments – As of December 31, 2018, the RTA is committed to funding local matching requirements under grants for which a contractual obligation existed at the end of each year. As of December 25, 2010, the RTA is required to match 20% of all new funding. The outstanding federal share of grants at December 31, 2018 and 2017 totals approximately $14,230,354 and $7,217,893, respectively.

Contingencies

Regulatory – The RTA receives financial assistance directly from Federal agencies, which is subject to audit and final acceptance by these agencies. In the opinion of management, amounts that may be subject to disallowance upon final audit, if any, would not have a material effect on the RTA's financial position.

NOTE 10 – SELF INSURANCE AND LEGAL CLAIMS

The RTA is from time to time involved in lawsuits arising in the ordinary course of its business. Management provides for a provision for claims when such amounts are known or can be estimated. All accident and general liability claims and judgments for dates of loss from September 1, 2009, through July 31, 2012, are the responsibility of Transdev pursuant to the delegated management contract in effect during these periods. For dates of loss subsequent to August 1, 2012, and prior to September 1, 2009, the RTA is responsible. Claim expenses and liabilities are reported when it is probable that the loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

NOTE 10 – SELF INSURANCE AND LEGAL CLAIMS (CONTINUED)

At December 31, 2018 and 2017, $24,473,940 and $25,725,599 of accrued general liability and small claim estimates were recorded to cover such claims. The long-term portion of this accrual at December 31, 2018 and 2017 was $22,166,816 and $24,714,715, respectively. The accruals, which are based upon experience with previous claims, the advice of counsel, and actuarial evaluation, are, in the opinion of management, sufficient to provide for all probable and reasonably estimable claim liabilities at December 31, 2018. It is the opinion of management, after conferring with legal counsel for the RTA, that several potential claims against the RTA have the reasonable possibility of an unfavorable outcome, with an estimated maximum possible liability to the RTA of $2,815,609.

Changes in legal and small claims liability during the years ended December 31, 2018 and 2017 were as follows:

	Beginning of year liability	Current year claims and changes in estimates	Claim payments	Balance at year end
2018	$ 25,725,599	$ 33,700	$ (1,285,359)	$ 24,473,940
2017	$ 17,898,003	$ 8,934,433	$ (1,106,837)	$ 25,725,599

NOTE 11 – RELATED PARTIES

The RTA has a standing agreement with the City of New Orleans to provide mutually beneficial services (interagency agreement). The RTA offset $1,200,000 in police and other services provided by the City against state parish transportation fund proceeds appropriated by the State of Louisiana in 2018 and 2017.

The members of the Board of Commissioners who were paid a per diem for the attendance at board meetings in calendar years 2018 and 2017 are listed below. Some commissioners elect not to receive a per diem.

The amounts received by each commissioner for the year ended December 31, 2018 were as follows:

2018	Per Diem	Expense Reimbursement	Total
Flozell Daniels, Jr.	$ 1,050	$ 728	$ 1,778
Mark Raymond	525	-	525
Al Herrera	825	345	1,170
Fred Neil, Jr.	825	-	825
Walter Tillery	1,425	-	1,425
Barbara Waiters	525	-	525
Sharon Wegner	1,125	966	2,091
Earline Roth	1,200	-	1,200
	$ 7,500	$ 2,039	$ 9,539

NOTE 11 – RELATED PARTIES (CONTINUED)

The amounts received by each commissioner for the years ended December 31, 2017 were as follows:

2017	Per Diem	Expense Reimbursement	Total
Flozell Daniels, Jr.	$ 1,050	$ -	$ 1,050
Ashley Gardere	-	-	-
Al Herrera	1,200	646	1,846
Earline Roth	1,050	-	1,050
Walter Tillery	1,500	-	1,500
Barbara Waiters	1,125	917	2,042
Sharon Wegner	1,125	651	1,776
Sharonda Williams	-	1,072	1,072
	$ 7,050	$ 3,286	$ 10,336

NOTE 12 – NATURAL DISASTER

On August 29, 2005, the New Orleans region suffered significant damage to property and lives when Hurricane Katrina struck the Gulf Coast area. The RTA sustained significant damage to RTA-owned facilities, buses, streetcars, other revenue vehicles, and inventory, which were flooded and/or wind damaged.

During the years ended December 31, 2018 and 2017, RTA received cash reimbursements from FEMA totaling $2,848,658 and $1,183,797, respectively. Included in accounts receivable at December 31, 2018 and 2017 are $3,336,001 and $3,372,722, respectively, of reimbursements due from FEMA.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2019, and determined, except as disclosed in Note 1, that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

Schedule of Changes in OPEB Liability and Related Ratios
For the Year ended December 31, 2018

For the year ended December 31,	**2018**
TOTAL OPEB LIABILITY	
Service cost	$ 21,186
Interest	313,400
Change of benefit term	-
Differences between expected and actual experience	(1,667,222)
Change of assumptions	-
Benefit payments, including refunds of member contributions	(1,095,299)
Net Change in Total OPEB Liability	(2,427,935)
Total OPEB Liability - Beginning	10,165,126
Total OPEB Liability - Ending (a)	$ 7,737,191
Covered-employee payroll	N/A
Net pension liability as a percentage of covered-employee payroll	N/A

Notes to Schedule:

Benefit Changes. There were no changes of benefit terms for the year ended December 31, 2018.

Changes of Assumptions. The discount rate as of December 31, 2017 was 3.50% and it changed to 4.10% as of December 31, 2018.

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

See accompanying independent auditors' report.

SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY FOR TRANSIT MANAGEMENT OF SOUTHEAST LOUISIANA RETIREMENT INCOME PLAN

For the years ended December 31,	2018*	2017*	2016*	2015*
TOTAL PENSION LIABILITY				
Service cost	$ -	$ -	$ -	$ -
Interest	12,663,909	12,756,532	13,457,817	13,417,600
Change of benefit term	-	-	-	5,066,266
Differences between expected and actual experience	193,679	(26,948)	(648,029)	(2,886,065)
Change of assumptions	3,249,732	(3,454,577)	10,254,242	285,567
Benefit payments, including refunds of member contributions	(16,934,533)	(16,756,577)	(16,877,431)	(13,816,843)
Net Change in Total Pension Liability	(827,213)	(7,481,570)	6,186,599	2,066,525
Total Pension Liability - Beginning	186,581,311	194,062,881	187,876,282	185,809,757
Total Pension Liability - Ending (a)	$ 185,754,098	$ 186,581,311	$ 194,062,881	$ 187,876,282
PLAN FIDUCIARY NET POSITION				
Contributions - employer	-	-	-	18,000,000
Contributions - employee	-	-	-	-
Net investment income	25,289,174	14,589,683	1,257,989	17,955,244
Benefit payments, including refunds of member contributions	(16,934,533)	(16,756,577)	(16,877,431)	(13,816,843)
Administrative expense	(1,818,134)	(1,710,340)	(1,826,776)	(1,481,038)
Net Change in Plan Fiduciary Net Position	6,536,507	(3,877,234)	(17,446,218)	20,657,363
Plan Fiduciary Net Position - Beginning	186,596,379	190,473,613	207,919,831	187,262,468
Plan Fiduciary Net Position - Ending (b)	$ 193,132,886	$ 186,596,379	$ 190,473,613	$ 207,919,831
NET PENSION (ASSET) LIABILITY - ENDING (a)-(b)	$ (7,378,788)	$ (15,068)	$ 3,589,268	$ (20,043,549)
Fiduciary net position as a percentage of the total pension liability	103.97%	100.01%	98.15%	110.67%
Covered payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

Notes to Schedule: 2015 change of assumptions reflects increase in projected mortality improvement in statutory funding mortality tables. 2016 change of assumptions reflects change in discount rate from 7.50% to 6.87% and increase in projected mortality improvement in statutory funding mortality tables. 2015 plan change reflects plan amendment to extend availability of unreduced service pension to participants with 30 years of combined service with TMSEL and Transdev. 2018 change of assumptions reflects increase in investment rate of return from 7.11% blended rate to 7.25%.

* The amounts presented were determined as of the measurement date (prior year)

Regional Transit Authority
Schedule of Proportionate Share of Net Pension Liability for Retirement Systems
Last Four Fiscal Years

For the Year Ended June 30,	Agency's proportion of the net pension liability (asset)		Agency's proportionate share of the net pension liability (asset)		Agency's covered payroll	Agency's Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana State Emoloyees' Retirement System							
2018*	0.014990%	$	1,021,966	$	137,950	741.00%	64.30%
2017*	0.006160%	$	433,592	$	114,855	378.00%	62.50%
2016*	0.006109%	$	479,712	$	109,987	436.00%	57.70%
2015*	0.005539%	$	376,736	$	105,119	358.00%	62.70%

* The amounts presented were determined as of the measurement date (year ended June 30 for LASERS).

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

Schedule of Contributions
Last Five Fiscal Years

For the Year Ended December 31,	(a) Contractually or Actuarially Required Contribution		(b) Contributions in relation to the contractually or actuarially required contribution		(a-b) Contribution Deficiency (Excess)	Agency's covered payroll	Contributions as a percentage of covered payroll
Louisiana State Emoloyees' Retirement System							
2018	$ 85,425		$ 85,425		$ -	$ 225,522	37.9%
2017	$ 42,324		$ 42,324		$ -	$ 114,855	36.9%
2016	$ 41,922		$ 41,922		$ -	$ 114,885	36.5%
2015	$ 38,999		$ 38,999		$ -	$ 105,403	37.0%
2014	$ 37,730		$ 37,730		$ -	$ 101,973	37.0%
Transit Management of Southeast Louisiana, Inc.							
2018	$ 11,229,807		$ -	**	$ 11,229,807	N/A	N/A
2017	$ 9,250,439	*	$ -	**	$ 9,250,439	N/A	N/A
2016	$ 5,799,714	*	$ -	**	$ 5,799,714	N/A	N/A
2015	$ 8,349,665	*	$ -	**	$ 8,349,665	N/A	N/A

**Related to multiple plan years; includes adjustments for actual contribution timing required by ERISA for meeting the minimum funding requirements; does not include additional interest for late payment*

***Contributions of $1.6 million paid in fiscal year 2015, 2016, 2017 and 2018 were applied to actuarially determined contributions for the 2013 fiscal year. Annual contribution of $1.6 million to be paid in fiscal year 2019 are not reflected.*

Notes to Schedule - LASERS

Changes of Benefit Terms

For LASERS, a 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session, and, added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015 by Act 648 of 2014.

Changes of Assumptions

For LASERS, the investment rate of return was decreased from 7.75% to 7.70% and the inflation rate was decreased from 3.00% to 2.75% for the valuation dated June 30, 2017.
The investment rate of return was decreased from 7.50% to 7.65% for the valuation dated June 30, 2018.

Notes to Schedule - TMSEL

Valuation date:	January 1, 2017
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Unit Credit, for actuarially determined contributions
Amortization method	Level dollar
Remaining amortization period.	All new bases are amortized over 7 years Effective period of 4 years remaining as of January 1, 2018
Asset valuation method	Assets are determined by averaging the market value as of the valuation date and the adjusted market values as of the preceding two years. The resulting value is limited to between 90% and 110% of market value of assets. Legislation provides that the averaging method is to be adjusted for expected earnings. The expected earnings are based on an assumed rate of return of 7.50%, not to exceed the applicable PPA third segment rate of 7.16%% in 2013, 6.99% in 2014, 6.81% in 2015, 6.65% in 2016, and 6.48% in 2017.
Investment rate of return	7.50%, used only for developing the actuarial value of assets, Effective interest rate of 5.63% for liabilities.
Inflation	N/A
Salary increases	N/A
Cost of living adjustments	N/A

Regional Transit Authority
Schedule of Changes in Restricted Asset Bond Accounts
For the year ended December 31, 2018

The following summarizes the activity in the 1991 Series bond trustee accounts:

	Capital Projects and Contingency	Capital	Debt Service	Revenue	Total
BEGINNING BALANCE - January 1, 2018	$ 468,761	$ 117,565	$ 397,101	$ 1,000,001	$ 1,983,428
Cash receipts					
Transfer for principal and interest	-	-	4,686,929	55,827,433	60,514,362
Sales tax receipts	-	-	-	89,216,269	89,216,269
Investment income	-	1,534	32,594	21,288	55,416
Transfer	-	-	4,482,744	-	4,482,744
Total cash receipts	-	423	9,202,267	145,064,990	154,268,791
Cash disbursements					
Principal and interest payments	-	-	4,635,675	55,827,432	60,463,107
Transfer for debt service and excess	-	-	-	89,219,920	89,219,920
Expense payments	-	-	-	17,638	17,638
Total disbursements	-	-	4,635,675	145,064,990	149,700,665
ENDING BALANCE - December 31, 2018	**$ 468,761**	**$ 119,099**	**$ 4,963,693**	**$ 1,000,001**	**$ 6,551,554**

Schedule of Changes in Restricted Asset Bond Accounts
For the year ended December 31, 2018

The following summarizes the activity in the 1998 Series trustee accounts:

	Sales Tax Capital	Debt Service	Total
BEGINNING BALANCE - January 1, 2018	$ 1	$ 8,534,957	$ 8,534,958
Cash receipts			
Transfer for principal and interest	-	-	-
Investment income	-	32,343	32,343
Total cash receipts	-	32,343	32,343
Cash disbursements			
Principal and interest payments	-	-	-
Transfer	1	8,567,300	8,567,300
Total disbursements	-	8,567,300	8,567,300
ENDING BALANCE - December 31, 2018	$ -	$ -	$ -

The following summarizes the activity in the 2000 Series trustee accounts:

	Sales Tax Capital	Debt Service	Total
BEGINNING BALANCE - January 1, 2018	$ -	$ -	$ -
Cash receipts			
Transfer for principal and interest	-	2,526,542	2,526,542
Investment income	-	25,539	25,539
Total cash receipts	-	2,552,081	2,552,081
Cash disbursements			
Principal and interest payments	-	128,331	128,331
Expense payments	-	-	-
Total disbursements	-	128,331	128,331
ENDING BALANCE - December 31, 2018	**$ -**	**$ 2,423,751**	**$ 2,423,751**

The following summarizes the activity in the 2010 Series trustee accounts:

	Sales Tax Capital	Debt Service	Total
Beginning Balance - January 1, 2018	$ (412,412)	$ 3,566,877	$ 3,154,465
Cash receipts			
Transfer for principal and interest	-	-	-
Investment income	-	18,758	18,758
Total cash receipts	-	18,758	18,758
Cash disbursements			
Streetcar Projects	(2,728,981)	-	(2,728,981)
Unrealized loss	-	-	-
Realized loss	-	-	-
Expense payments	-	-	-
Total disbursements	(2,728,981)	-	(2,728,981)
Ending Balance - December 31, 2018	**$ (3,141,393)**	**$ 3,585,635**	**$ 444,242**

Regional Transit Authority
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the year ended December 31, 2018

Agency Head Name: Flozell Daniels, Chairman of Board of Commissioners

PURPOSE	AMOUNT	
Salary	$	-
Benefits-health insurance		-
Benefits-retirement		-
Deferred compensation		-
Workers comp		-
Benefits-life insurance		-
Benefits-long term disability		-
Benefits-Fica & Medicare		-
Car allowance		-
Vehicle provided by government		-
Cell phone		-
Dues		-
Vehicle rental		-
Per diem		1,050
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		728
Unvouchered expenses		-
Meetings & conventions		-
Other		-
	$	1,778

REGIONAL TRANSIT AUTHORITY

SINGLE AUDIT REPORT

DECEMBER 31, 2018

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REPORT

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners of
Regional Transit Authority
New Orleans, 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 Regional Transit Authority (the "RTA"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the RTA's basic financial statements, and have issued our report thereon dated June 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the RTA'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 RTA's internal control. Accordingly, we do not express an opinion on the effectiveness of the RTA'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 RTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the RTA'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

June 26, 2019

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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Commissioners of
Regional Transit Authority
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Regional Transit Authority's (the "RTA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect of each of the RTA's major federal programs for the year ended December 31, 2018. The RTA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the RTA'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 RTA'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 RTA's compliance.

Opinion on Each Major Federal Program

In our opinion, the RTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the RTA 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 RTA'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 RTA'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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the RTA, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the RTA's basic financial statements. We issued our report thereon dated June 26, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

Carr, Riggs & Ingram, L.L.C.

June 26, 2019

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Grantor/Program or Cluster Title	CFDA Number	Pass-Through to Sub-Recipients	Expenditures
United States of America Department of Transportation Direct Awards			
Federal Transit Administration –			
Federal Transit Cluster:			
Federal Transit Capital Investment Grants	20.500	$ -	$ 269,530
Federal Transit Formula Grants	20.507	-	16,750,484
State of Good Repair Grants Program	20.525	-	5,479,705
Bus and Bus Facilities Formula Program	20.526	-	631,375
Total Federal Transit Cluster		-	23,131,094
Transit Services Programs Cluster			
Job Access and Reverse Commute Program	20.516	-	558
New Freedom Program	20.521	-	10,990
Total Transit Services Programs Cluster		-	11,548
National Infrastructure Investments	20.933	-	169,786
Total National Infrastructure Investments		-	169,786
United States of America Department of Transportation		-	23,312,428
United States of America Department of Homeland Security			
Federal Emergency Management Agency, passed through the State of Louisiana -			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	-	2,256,171
Total Department of Homeland Security		-	2,256,171
Total Expenditures of Federal Awards		$ -	$ 25,568,599

The accompanying notes are an integral part of this statement.

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal awards of the Regional Transit Authority (RTA) and is presented on the accrual basis of accounting. The RTA's reporting entity is defined in Note 1 to the RTA's financial statements for the year ended December 31, 2018. All federal awards received from federal agencies are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the RTA's financial statements for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. RTA did not elect to use the 10 percent (10%) de minimis indirect cost rate.

NOTE 3 – LOANS

The RTA did not expend federal awards related to loans or loan guarantees during the year.

NOTE 4 – FEDERALLY FUNDED INSURANCE

The RTA has no federally funded insurance.

NOTE 5 – NONCASH ASSISTANCE

The RTA did not receive any federal noncash assistance for the year ended December 31, 2018.

A. SUMMARY OF AUDITORS' RESULTS

1. The *Independent Auditors' Report* expresses an unmodified opinion on the financial statements of the Regional Transit Authority (RTA).

2. There were no instances of noncompliance material to the financial statements of the RTA reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.*

3. No material weaknesses or significant deficiencies relating to the audit in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.*

4. The *Independent Auditors' Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance* expresses an unmodified opinion on the major federal program.

5. There were no findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.

6. The major program tested for the year ended December 31, 2018 was:

   Federal Transit Administration – Federal Transit Cluster:

Capital Investment Grants	20.500
Formula Grants	20.507
State of Good Repair Grants	20.525
Bus and Bus Facilities Formula	20.526

7. The dollar threshold used to distinguish between Type A and Type B programs: $767,058

8. The RTA qualified as a low-risk auditee under Section 200.520 of Uniform Guidance.

B. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended December 31, 2018.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

There were no findings related to the major federal award program for the year ended December 31, 2018.

D. FINDINGS REALTED TO COMPLIANCE AND OTHER MATTERS

There were no findings related to compliance and other matters for the year ended December 31, 2018.

B. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended December 31, 2017.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

There were no findings related to the major federal award program for the year ended December 31, 2017.

D. FINDINGS REALTED TO COMPLIANCE AND OTHER MATTERS

There were no findings related to compliance and other matters for the year ended December 31, 2017.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To Mark Raymond, Commissioner, Finance Committee Chair
Board of Commissioners
Regional Transit Authority
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of New Orleans Regional Transit Authority ("RTA") and the Louisiana Legislative Auditor ("LLA") on the control and compliance ("C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures ("SAUPs") for the fiscal period January 1, 2018 through December 31, 2018. The RTA is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   Results: No exceptions were found as a result of this procedure.

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

   Results: No exceptions were found as a result of this procedure.

   c) ***Disbursements***, including processing, reviewing, and approving.

   Results: No exceptions were found as a result of this procedure.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: No exceptions were found as a result of this procedure.

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: No exceptions were found as a result of this procedure.

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: No exceptions were found as a result of this procedure.

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Results: No exceptions were found as a result of this procedure.

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: No exceptions were found as a result of this procedure.

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: No exceptions were found as a result of this procedure.

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: No exceptions were found as a result of this procedure.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: No exceptions were found as a result of this procedure.

b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Results: No exceptions were found as a result of this procedure.

c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results: Procedure not applicable. There was no negative ending unrestricted fund balance in the prior year audit report.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

3. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

   Results: No exceptions were found as a result of this procedure.

4. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

   a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

   Results: No exceptions were found as a result of this procedure.

   b) Observe that finance charges and late fees were not assessed on the selected statements.

   Results: No exceptions were found as a result of this procedure.

5. Using the monthly statements or combined statements selected under #4 above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

   Results: No exceptions were found as a result of this procedure.

Ethics

6. Using 5 randomly selected employees/officials, obtain ethics documentation from management, and:

   a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

   Results: No exceptions were found as a result of this procedure.

   b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

   Results: No exceptions were found as a result of this procedure.

Debt Service

7. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

   Results: No exceptions were found as a result of this procedure.

8. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

   Results: No exceptions were found as a result of this procedure.

Other

9. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

   Results: There were no misappropriations of public funds and assets during the fiscal period.

10. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Results: No exceptions were found as a result of this procedure.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of procedures performed on those C/C areas identified in the SAUPs, and the result of the procedures performed, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Carr, Riggs & Ingram, L.L.C.

June 26, 2019