

STATE OF LOUISIANA LEGISLATIVE AUDITOR

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

January 28, 1998



Financial and Compliance Audit Division

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

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

**General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended October 31, 1997
With Supplemental Information Schedules**

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

January 28, 1998

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

**General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended October 31, 1997
With Supplemental Information Schedules**

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January 20, 1998

Independent Auditor's Report on
the Financial Statements

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

We have audited the accompanying general purpose financial statements of the Crescent City Connection Division, a component unit of the State of Louisiana, as of and for the year ended October 31, 1997, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of management of the Crescent City Connection Division. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

As described in note 1 to the financial statements, the Crescent City Connection Division adopts program budgets for all of its funds, except as noted. However, the Crescent City Connection Division did not prepare actual and budget comparisons at October 31, 1997, for the General Fund, and a comparison of revenues and expenditures to budget is not included in the accompanying financial statements. The budget of the General Fund is included with the budget of the Department of Transportation and Development, State of Louisiana.

LEGISLATIVE AUDITOR

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

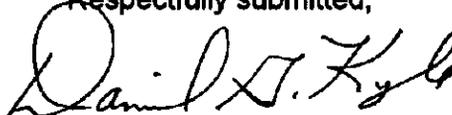
Audit Report, October 31, 1997

In our opinion, except for the effects of the omissions described in the third and fourth paragraphs of this report, which result in an incomplete presentation, the general purpose financial statements referred to previously present fairly, in all material respects, the financial position of the Crescent City Connection Division as of October 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 20, 1998, on the Crescent City Connection Division's compliance with certain provisions of laws and regulations and our consideration of its internal control over financial reporting.

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

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

DJL:WMB:sds

[cccd]

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

Combined Balance Sheet, October 31, 1997

	GOVERNMENTAL FUND TYPES			
	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUND
ASSETS AND OTHER DEBITS				
Assets:				
Cash and cash equivalents (note 2)		\$20,680,017	\$2,348,841	\$51,190,638
Investments (note 3)			2,983,940	
Receivables (note 4)		75,767	107,049	196,691
Due from other funds (note 10)	\$1,479,481	66,313		
Bridge construction (note 5)				
Ferry acquisitions (note 5)				
Bridge approaches and related structures (note 5)				
Other Debits:				
Amount available for debt service funds				
Amount to be provided for retirement of general long-term debt (note 7)				
TOTAL ASSETS AND OTHER DEBITS	\$1,479,481	\$20,822,097	\$5,439,830	\$51,387,329
LIABILITIES, EQUITY, AND OTHER CREDITS				
Liabilities:				
Accounts payable				\$306,634
Due to Department of Transportation and Development	\$1,479,481			
Tag deposits		\$784,205		
Accrued interest			\$941,815	
Accrued principal			1,095,000	
Due to other funds (note 10)		1,479,481	66,313	
Deferred revenues		1,057,574		
Unexpended advances				33,996
General obligation bonds payable (note 7)				
Total Liabilities	1,479,481	3,321,260	2,103,128	340,630
Fund Equity and Other Credits:				
Investment in general fixed assets				
Fund balances:				
Unreserved		109,308		
Reserved (note 8)		10,786,911	3,336,702	10,330,576
Designated for projects (note 8)		6,604,618		40,716,123
Total Fund Equity	NONE	17,500,837	3,336,702	51,046,699
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$1,479,481	\$20,822,097	\$5,439,830	\$51,387,329

The accompanying notes are an integral part of this statement.

Statement A

ACCOUNT GROUPS		
GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
		\$74,219,496
		2,983,940
		379,507
		1,545,794
\$58,428,173		58,428,173
369,886		369,886
121,976,025		121,976,025
	\$3,336,702	3,336,702
	<u>24,398,298</u>	<u>24,398,298</u>
<u>\$180,774,084</u>	<u>\$27,735,000</u>	<u>\$287,637,821</u>
		\$306,634
		1,479,481
		784,205
		941,815
		1,095,000
		1,545,794
		1,057,574
		33,996
	<u>\$27,735,000</u>	<u>27,735,000</u>
<u>NONE</u>	<u>27,735,000</u>	<u>34,979,499</u>
\$180,774,084		180,774,084
		109,308
		24,454,189
		47,320,741
<u>180,774,084</u>	<u>NONE</u>	<u>252,658,322</u>
<u>\$180,774,084</u>	<u>\$27,735,000</u>	<u>\$287,637,821</u>

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

**Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended October 31, 1997**

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
REVENUES					
Interest on investments		\$537,474	\$323,634	\$2,503,466	\$3,364,574
Toll revenue		20,502,930			20,502,930
Scrip revenue - bridge and ferry		204,940			204,940
Ferry revenue		401,071			401,071
Highway Fund No. 2		4,745,529			4,745,529
Rental income and other income		58,613			58,613
Federal grants		315,949			315,949
Total revenues	NONE	26,766,506	323,634	2,503,466	29,593,606
EXPENDITURES					
Operational expenditures	\$12,965,821	551,491			13,517,312
Local project disbursements				4,729,364	4,729,364
Debt service - interest			1,883,630		1,883,630
Debt service - principal			1,095,000		1,095,000
Bank charges		116,833	10,221	183,373	310,427
Total expenditures	12,965,821	668,324	2,988,851	4,912,737	21,535,733
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES					
	(12,965,821)	26,098,182	(2,665,217)	(2,409,271)	8,057,873
OTHER FINANCING SOURCES (Uses)					
Operating transfers in	12,965,821	14,256,896	3,039,230	31,099,061	61,361,008
Operating transfers out		(47,034,596)	(262,389)	(14,064,023)	(61,361,008)
Total financing sources (uses)	12,965,821	(32,777,700)	2,776,841	17,035,038	NONE
EXCESS (Deficiency) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES					
	NONE	(6,679,518)	111,624	14,625,767	8,057,873
FUND BALANCES AT BEGINNING OF YEAR					
	NONE	24,180,355	3,225,078	36,420,932	63,826,365
FUND BALANCES AT END OF YEAR					
	NONE	\$17,500,837	\$3,336,702	\$51,046,699	\$71,884,238

The accompanying notes are an integral part of this statement.

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

**Notes to the Financial Statements
As of and for the Year Ended October 31, 1997**

INTRODUCTION

The Crescent City Connection Division (the division), formerly known as the Mississippi River Bridge Authority, is a body politic and corporate of the State of Louisiana, incorporated under the authority of Act No. 7 of 1952, with power to acquire by purchase, lease, or otherwise, and to construct, improve, maintain, repair, and operate bridges and ferries across the Mississippi River in the City of New Orleans. Pursuant to the terms of the Reorganization Act of 1976, as amended, the Louisiana Department of Transportation and Development (DOTD), on July 1, 1977, assumed control of the operations of the then Mississippi River Bridge Authority. All of the functions of the authority's General Fund, including maintaining accounting records, issuance of all checks for payroll, operations, routine maintenance expenses and contractual obligations were transferred to DOTD on that date. In July 1988, the payment of the operating expenses of the then Mississippi River Bridge Authority again became the responsibility of the authority. However, except for collecting and depositing toll revenues, the accounting records are maintained by DOTD. In April 1992, the division issued \$30,860,000 of bonds under a Second Supplemental Agreement to the 1954 Indenture and Deed of Trust to construct additional Mississippi River crossings and to make additions or improvements to the bridge and its approaches. The division, domiciled in New Orleans, employed 237 people as of October 31, 1997.

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

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

C. FUND ACCOUNTING

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

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

Funds of the division are classified as governmental funds. Governmental funds account for the division's general activities, including the collection and disbursement of specific or legally restricted moneys, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the division include:

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

D. BASIS OF ACCOUNTING

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

Revenues

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

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

Expenditures

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

E. BUDGET PRACTICES

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

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

Cash includes cash on hand, petty cash, cash with paying agent, and cash on deposit in the First National Bank of Commerce. Cash equivalents include amounts in money market accounts. Under state law, the division may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States.

The Second Supplemental Indenture dated April 1, 1992, authorizes the division to invest in direct United States obligations, United States government agency obligations, the principal and interest of which are fully guaranteed by the government of the United States, direct and general obligations of the State of Louisiana, certificates of deposit of any state bank or national association whose headquarters are in the State of Louisiana, repurchase agreements, money market funds registered under the Federal Investment Company Act of 1940, as amended whose shares are registered under the Federal Securities Act of 1933, and shares of an investment company organized under the Investment Company Act of 1940, as amended. Investments include United States Treasury bills and are stated at cost.

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

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

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

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

H. COMPENSATED ABSENCES

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

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

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

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

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

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

K. FEDERAL FUNDS

The Crescent City Connection Division follows the same guidelines as DOTD concerning general and specific compliance with federal laws and regulations. The Federal Transit Administration (FTA) grants require 80 percent federal funding with 20 percent local funding for the capital assistance portion and up to 50 percent federal funding for the operating assistance portion. For the capital assistance portion of the grants, the project expenditures are paid by DOTD, which then receives the 80 percent reimbursement from the FTA and the 20 percent portion from the division. Therefore, no federal grant income is recorded by the division for capital assistance. For the operating assistance portion of the grant, the operating expenditures are paid by the

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

division, and the reimbursement from the FTA is received by DOTD and transferred to the division's operating account. Therefore, federal grant income is recorded by the division in the Special Revenue Operating and Maintenance Fund for the operating assistance received.

L. INTERFUND TRANSACTIONS

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

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

M. TOTAL COLUMNS ON STATEMENTS

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

2. CASH AND CASH EQUIVALENTS

At October 31, 1997, the division has cash and cash equivalents (book balances) totaling \$74,219,496 as follows:

Cash (cash on hand, petty cash, and demand accounts)	\$193,302
Money market accounts	<u>74,026,194</u>
Total	<u><u>\$74,219,496</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At October 31, 1997, the division has \$74,156,873 in deposits (collected bank balances). These deposits were secured from risk by \$100,000 of federal deposit insurance and \$30,679 in pledged securities held by the fiscal agent in the name of the division (GASB Risk Category 1). In

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

addition, \$74,026,194 of pledged securities are held by the pledging financial institution's trust department or agent but not in the division's name (GASB Risk Category 3).

3. INVESTMENTS

At October 31, 1997, investments of the division total \$2,983,940, which consist of United States Treasury bills. Investments are stated at cost, which approximates market value. These investments are direct obligations of the United States Department of Treasury. These investments are considered uninsured and unregistered for which the securities are not in the name of the division and are held by the fiscal agents and/or their trust departments. They are classified in Category 3 in applying the credit risk of GASB Codification Section 150.164.

4. RECEIVABLES

The division has receivables of \$379,507 at October 31, 1997. This amount represents interest earned on investments before October 31, 1997, which was not received by the division until after October 31, 1997.

5. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance October 31, 1996	Additions	Deletions	Balance October 31, 1997
Bridge No. 1 construction	\$58,428,173			\$58,428,173
Ferry acquisitions	369,886			369,886
Bridge approaches and related structures	117,246,661	\$4,729,364		121,976,025
Total	\$176,044,720	\$4,729,364	NONE	\$180,774,084

In 1992, bonds were issued to construct approaches, ramps, lighting, landscaping, and related structures connecting the bridges to expressways and highways developed since the original design. These costs are shown as bridge approaches and related structures.

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

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

6. RETIREMENT SYSTEM

The Crescent City Connection Division has elected early implementation of GASB Statement 27, "Accounting for Pensions by State and Local Governmental Employers" for fiscal year ended October 31, 1997.

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

All full-time division employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5 percent of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5 percent of gross salary, and the division is required to contribute at an actuarially determined rate as required by Louisiana Revised Statute 11:102. The contribution rate for the fiscal year ended October 31, 1997, increased to 13.0 percent, of annual covered payroll, from the 12.4 percent required in fiscal year ended October 31, 1996, and the 12.0 percent required in fiscal year ended October 31, 1995. The division's contributions to the system for the years ending October 31, 1997, 1996, and 1995, were \$915,779, \$888,771, and \$811,779, respectively, equal to the required contributions for each year.

7. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended October 31, 1997:

	Bonded Indebtedness Payable at November 1, 1996	Additions	Retirements	Bonded Indebtedness Payable at October 31, 1997
Bridge Revenue Bonds - Series 1992	\$28,830,000	NONE	\$1,095,000	\$27,735,000

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

The bonds mature November 1, 2012, and accrue interest at rates of 5.25 percent to 6.75 percent. The bonds were issued to complete the approaches to Bridges No. 1 and No. 2. Maturities of long-term debt including interest payments of \$16,978,451 are as follows:

1998	\$2,981,215
1999	2,983,355
2000	2,979,555
2001	2,980,255
2002	2,979,695
Thereafter	<u>29,809,376</u>
Total	<u>\$44,713,451</u>

The division has accumulated a balance of \$3,336,702 dedicated to payment of bonds. Another \$24,398,298 is to be provided from future years' revenues dedicated to the payment of the bonds.

**8. RESERVED AND DESIGNATED
FUND BALANCES**

As shown on Statement A, the division has reserved fund balances of \$24,454,189 and designated fund balances of \$47,320,741 at October 31, 1997. These balances are reserved or designated as follows:

Reserve for Operations - Moneys are reserved in the Operating and Maintenance Fund for operations of the division. The amount of the reserve at October 31, 1997, is \$10,786,911.

Reserve for Debt Service - Moneys are reserved in the debt service funds in accordance with the Second Supplemental Bond Indenture dated April 1, 1992. The amount of the reserve is \$3,336,702 at October 31, 1997.

Reserve for Construction - Moneys are reserved in the Capital Projects Fund for incomplete projects. The amount reserved is \$10,330,576 at October 31, 1997.

Designated Fund Balances - The designated fund balance of the Revenue Fund is \$6,604,618, which is designated for future capital projects. The remaining fund balance in the Capital Projects Fund in the amount of \$40,716,123 has also been designated for future capital projects.

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

9. LITIGATION AND CLAIMS

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

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

10. DUE FROM/TO OTHER FUNDS

Individual fund balances due from/to other funds at October 31, 1997, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$1,479,481	
Special Revenue Funds	66,313	\$1,479,481
Debt Service Funds		66,313
	<u> </u>	<u> </u>
Total	<u>\$1,545,794</u>	<u>\$1,545,794</u>

11. OPERATING TRANSFERS IN/OUT

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

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

The following is a summary of the operating transfers in and out for the year ended October 31, 1997:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$12,965,821	
Special Revenue Funds:		
Revenue Fund	192,873	\$33,942,215
Operating and Maintenance Fund	13,935,543	12,965,821
Toll Tag Deposit Fund	128,480	126,560
Debt Service Funds:		
Reserve Fund		196,076
Sinking Fund	1,151,462	
Interest Fund	1,887,768	66,313
Capital Projects Fund	<u>31,099,061</u>	<u>14,064,023</u>
Total	<u>\$61,361,008</u>	<u>\$61,361,008</u>

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

**SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended October 31, 1997**

SPECIAL REVENUE FUNDS

REVENUE FUND

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

OPERATING AND MAINTENANCE FUND

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

TOLL TAG DEPOSIT FUND

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

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

Combining Balance Sheet, October 31, 1997

	REVENUE FUND	OPERATING AND MAINTENANCE FUND	TOLL TAG DEPOSIT FUNDS	TOTAL
ASSETS				
Cash and cash equivalents	\$7,571,070	\$12,218,763	\$890,184	\$20,680,017
Receivables	24,809	47,629	3,329	75,767
Due from other funds	66,313			66,313
TOTAL ASSETS	<u>\$7,662,192</u>	<u>\$12,266,392</u>	<u>\$893,513</u>	<u>\$20,822,097</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Tag deposits			\$784,205	\$784,205
Due to other funds		\$1,479,481		1,479,481
Deferred revenues	\$1,057,574			1,057,574
Total Liabilities	<u>1,057,574</u>	<u>1,479,481</u>	<u>784,205</u>	<u>3,321,260</u>
Fund Equity - fund balances:				
Reserved for operations		10,786,911		10,786,911
Unreserved:				
Designated for projects	6,604,618			6,604,618
Undesignated			109,308	109,308
Total Fund Equity	<u>6,604,618</u>	<u>10,786,911</u>	<u>109,308</u>	<u>17,500,837</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$7,662,192</u>	<u>\$12,266,392</u>	<u>\$893,513</u>	<u>\$20,822,097</u>

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

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended October 31, 1997**

	REVENUE FUND	OPERATING AND MAINTENANCE FUND	TOLL TAG DEPOSIT FUNDS	TOTAL
REVENUES				
Interest on investments	\$231,291	\$268,293	\$37,890	\$537,474
Toll revenue	20,502,930			20,502,930
Scrip revenue - bridge and ferry	204,940			204,940
Ferry revenue	401,071			401,071
Highway Fund No. 2	4,745,529			4,745,529
Rental income and other income	39,043	4,700	14,870	58,613
Federal grants		315,949		315,949
Total revenues	<u>26,124,804</u>	<u>588,942</u>	<u>52,760</u>	<u>26,766,506</u>
EXPENDITURES				
Operational expenses	200,231	351,260		551,491
Bank charges	91,413	22,843	2,777	116,833
Total expenditures	<u>291,644</u>	<u>373,903</u>	<u>2,777</u>	<u>668,324</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>25,833,160</u>	<u>215,039</u>	<u>49,983</u>	<u>26,098,182</u>
OTHER FINANCING SOURCES (Uses)				
Operating transfers in	192,873	13,935,543	128,480	14,256,896
Operating transfers out	(33,942,215)	(12,965,821)	(126,560)	(47,034,596)
Total financing sources (uses)	<u>(33,749,342)</u>	<u>969,722</u>	<u>1,920</u>	<u>(32,777,700)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>(7,916,182)</u>	<u>1,184,761</u>	<u>51,903</u>	<u>(6,679,518)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>14,520,800</u>	<u>9,602,150</u>	<u>57,405</u>	<u>24,180,355</u>
FUND BALANCES AT END OF YEAR	<u>\$6,604,618</u>	<u>\$10,786,911</u>	<u>\$109,308</u>	<u>\$17,500,837</u>

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

**SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended October 31, 1997**

DEBT SERVICE FUNDS

RESERVE FUND

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

SINKING FUND

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

INTEREST FUND

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

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

Combining Balance Sheet, October 31, 1997

	<u>RESERVE FUND</u>	<u>SINKING FUND</u>	<u>INTEREST FUND</u>	<u>TOTAL</u>
ASSETS				
Cash and cash equivalents		\$1,344,561	\$1,004,280	\$2,348,841
Investments	\$2,983,940			2,983,940
Receivables	98,048	5,153	3,848	107,049
TOTAL ASSETS	\$3,081,988	\$1,349,714	\$1,008,128	\$5,439,830
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accrued interest			\$941,815	\$941,815
Accrued principal		\$1,095,000		1,095,000
Due to other funds			68,313	68,313
Total Liabilities	NONE	1,095,000	1,008,128	2,103,128
Fund Equity - fund balance - reserved for debt service	\$3,081,988	254,714	NONE	3,336,702
TOTAL LIABILITIES AND FUND EQUITY	\$3,081,988	\$1,349,714	\$1,008,128	\$5,439,830

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

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended October 31, 1997**

	<u>RESERVE FUND</u>	<u>SINKING FUND</u>	<u>INTEREST FUND</u>	<u>TOTAL</u>
REVENUES				
Interest on investments	<u>\$197,632</u>	<u>\$58,092</u>	<u>\$67,910</u>	<u>\$323,634</u>
EXPENDITURES				
Debt service:				
Interest			1,883,630	1,883,630
Principal		1,095,000		1,095,000
Bank charges	268	4,218	5,735	10,221
Total expenditures	<u>268</u>	<u>1,099,218</u>	<u>1,889,365</u>	<u>2,988,851</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>197,364</u>	<u>(1,041,126)</u>	<u>(1,821,455)</u>	<u>(2,665,217)</u>
OTHER FINANCING SOURCES (Uses)				
Operating transfers in		1,151,462	1,887,768	3,039,230
Operating transfers out	(196,076)		(66,313)	(262,389)
Total financing sources (uses)	<u>(196,076)</u>	<u>1,151,462</u>	<u>1,821,455</u>	<u>2,776,841</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	1,288	110,336	NONE	111,624
FUND BALANCES AT BEGINNING OF YEAR	<u>3,080,700</u>	<u>144,378</u>	<u>NONE</u>	<u>3,225,078</u>
FUND BALANCES AT END OF YEAR	<u>\$3,081,988</u>	<u>\$254,714</u>	<u>NONE</u>	<u>\$3,336,702</u>

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**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal controls as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



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

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

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January 20, 1998

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

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

We have audited the general purpose financial statements of the Crescent City Connection Division, a component unit of the State of Louisiana, as of and for the year ended October 31, 1997, and have issued our report thereon dated January 20, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Crescent City Connection Division's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

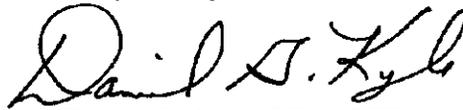
LEGISLATIVE AUDITOR

CRESCENT CITY CONNECTION DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
STATE OF LOUISIANA
Compliance and Internal Control Report
January 20, 1998
Page 2

material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the division and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

DJL:WMB:sds

[CCCD]