



Report Highlights

Department of Transportation and Development

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Why We Conducted This Audit

We performed certain procedures at the Department of Transportation and Development (DOTD) as a part of the Annual Comprehensive Financial Report of the State of Louisiana, the Single Audit of the State of Louisiana, and to evaluate DOTD's accountability over public funds for the period July 1, 2020, through June 30, 2021.

What We Found

- For the third consecutive year, DOTD did not have adequate controls in place to ensure that close-out documentation for federal projects was submitted timely.
- DOTD resolved the prior-year finding related to Deficiencies in Controls over Electronic Payroll Certifications and Approvals.
- Financial information relating to the following accounts was materially correct: Capital Outlay Escrow - infrastructure, construction-in-progress, right-of-way, expenditures, and accounts payable; Transportation Trust Fund - federal revenue (progress billings); and Engineering and Operations - classification of operating and capital grant revenues.

DOTD Capital Outlay Funding Sources

General Fund is the principal operating fund of the state, was established administratively to provide for the distribution of funds appropriated by the state legislature for the ordinary expenses of state government.

(LA Constitution Article 7, Section 9)

Grant Anticipation Revenue Vehicles (GARVEE) is a debt-financing instrument authorized to receive federal reimbursement of debt service and related financing costs under Section 122 of Title 23, U.S. Code. The GARVEE financing mechanism generates up-front capital for major highway projects and enables a state to construct a project earlier than if using traditional resources.

(https://www.fhwa.dot.gov/ipd/fact_sheets/garvees.aspx; LA RS 48:27)

Unclaimed Property Leverage Fund is a special fund that is funded by a portion of unclaimed property collected by the state. It contains two separate accounts, I-49 North and I-49 South, which can only be used to match federal funds for the costs associated with each respective project.

(LA RS 9:165)

Transportation Trust Fund (TTF) is funded by a 16 cents gasoline tax, which is used exclusively for the construction and maintenance of the state and federal highway systems, the Statewide Flood-Control program, ports, airports, transit, and the Parish Transportation Fund.

(LA Constitution Article 7, Section 27)

State Highway Improvement Fund (SHIF) collects registration and license fees and taxes to be used exclusively for funding projects that are part of the state highway system but not part of the federal system, and thus, is ineligible for federal highway funding assistance.

(LA RS 48:196)

Highway Planning and Construction Cluster (HPCC) provides federal grants to states to assist in the construction, rehabilitation, and preservation of the National Highway System; to provide aid for the repair of federal-aid highways following disasters; to foster safe highway design and improve bridge conditions; to support community-level transportation infrastructure; and to provide for other special purposes.

(<https://highways.dot.gov>)

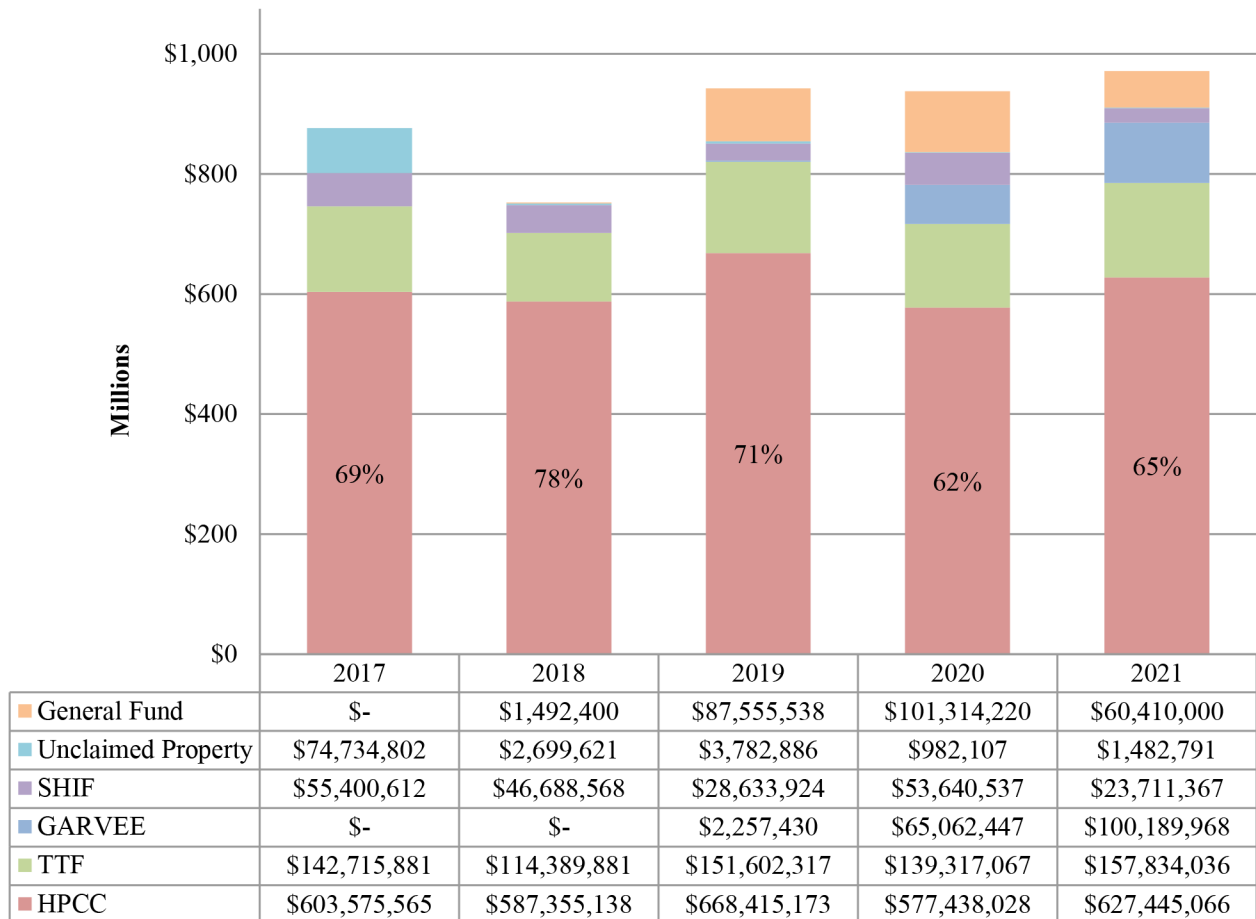
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Department of Transportation and Development

What We Found (Cont.)

As shown in the chart below, HPCC federal funds provided \$627,445,066 (65%) of the funding for the capital outlay program in fiscal year 2021. There was a \$50 million increase (9%) in HPCC federal funds and an \$18.5 million increase (13%) in the Transportation Trust Fund for fiscal year 2021. These increases were due to the rise in costs associated with Hurricanes Laura and Delta. Federal funding from Grant Anticipation Revenue Vehicle (GARVEE) Bonds increased by \$35 million in fiscal year 2021, providing \$100 million (10%) towards capital outlay projects. In addition, there was a \$30 million decrease (-56%) in the state highway improvement fund and a \$41 million decrease (-40%) in general fund non-recurring revenues for fiscal year 2021 due to appropriations in the capital outlay budget.

Five-Year Trend of DOTD Capital Outlay Funding Sources, by Fiscal Year (FY)



Source: FY 2017–2021 DOTD Capital Outlay Annual Fiscal Reports