

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

Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 2003
With Supplemental Information Schedules

December 24, 2003



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Albert J. Robinson, Jr., CPA

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

Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 2003
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 office of the Legislative Auditor.

December 24, 2003

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

Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 2003
With Supplemental Information Schedules

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

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

December 3, 2003

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 special purpose (legal basis) financial statements of the Crescent City Connection Division, a division of the Louisiana Department of Transportation and Development, as of and for the year ended June 30, 2003, as listed in the foregoing table of contents. These special purpose financial statements are the responsibility of the Crescent City Connection Division's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 note 1-A to the special purpose financial statements, the accompanying special purpose financial statements do not include all of the activity of the Crescent City Connection Division, which should be included to conform with accounting principles generally accepted in the United States of America. Activities relating to such items as movable property, compensated absences, postemployment benefits, and certain federally funded capital outlay expenditures are reported separately with the Department of Transportation and Development, State of Louisiana. These special purpose financial statements include only those activities as outlined in the notes to the financial statements. Furthermore, the special purpose financial statements have been prepared on a legal basis of accounting prescribed by the Division of Administration. These procedures differ from accounting principles generally accepted in the United States of America as described in the notes to the financial statements. Accordingly, the accompanying special purpose financial statements are not intended to and do not present the financial position and results of operations of the Crescent City Connection Division in conformity with accounting principles generally accepted in the United States of America.

LEGISLATIVE AUDITOR

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

Audit Report, June 30, 2003

In our opinion, the accompanying special purpose financial statements present fairly, in all material respects, the financial position of the Crescent City Connection Division as of June 30, 2003, and the results of its operations for the year ended June 30, 2003, on the basis of accounting described in note 1-A.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2003, on our consideration of the Crescent City Connection Division's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the accompanying special purpose financial statements of the Crescent City Connection Division taken as a whole. The accompanying supplemental information schedules are presented for the purpose of additional analysis and are not a required part of the special purpose financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the special purpose financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Crescent City Connection Division, the Department of Transportation and Development, and its trustee bank and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large initial "G" and "A".

Grover C. Austin, CPA
First Assistant Legislative Auditor

LJD:BQD:THC:dl

[CCCD03]

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

Combined Balance Sheet (Legal Basis), June 30, 2003

	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)	\$4,700	\$188,265		
Investments (note 3)	5,541,973	1,587,006	\$4,298,450	\$52,037,404
Receivables		1,146		
Due from federal government	472,519			
Accrued interest receivable (note 4)	2,034	2,057	2,492	31,027
Due from state treasury			4,513,500	
Due from other funds (note 10)	4,513,500	1,637,439		4,513,500
Bridge construction, ferry acquisition, 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				
TOTAL ASSETS AND OTHER DEBITS	\$10,534,726	\$3,415,913	\$8,814,442	\$56,581,931
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$2,215,965		\$63,516	\$1,323,237
Tag deposits		\$1,586,510		
Due to other funds (note 10)	4,513,500		4,513,500	1,637,439
Deferred revenue (note 1-L)		1,827,997		
General obligation bonds payable (note 7)				
Total Liabilities	6,729,465	3,414,507	4,577,016	2,960,676
Fund Equity:				
Investment in general fixed assets				
Fund balances:				
Reserved for operations (note 8)	3,805,261			
Reserved for projects (note 8)		1,406		53,621,255
Reserved for debt service (note 8)			4,237,426	
Total Fund Equity	3,805,261	1,406	4,237,426	53,621,255
TOTAL LIABILITIES AND FUND EQUITY	\$10,534,726	\$3,415,913	\$8,814,442	\$56,581,931

The accompanying notes are an integral part of this statement.

Statement A

ACCOUNT GROUPS		
GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
		\$192,965
		63,464,833
		1,146
		472,519
		37,610
		4,513,500
		10,664,439
\$273,597,413		273,597,413
	\$4,237,426	4,237,426
	15,662,574	15,662,574
<u>\$273,597,413</u>	<u>\$19,900,000</u>	<u>\$372,844,425</u>
		\$3,602,718
		1,586,510
		10,664,439
		1,827,997
	\$19,900,000	19,900,000
<u>NONE</u>	<u>19,900,000</u>	<u>37,581,664</u>
\$273,597,413		273,597,413
		3,805,261
		53,622,661
		4,237,426
<u>273,597,413</u>	<u>NONE</u>	<u>335,262,761</u>
<u>\$273,597,413</u>	<u>\$19,900,000</u>	<u>\$372,844,425</u>

**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 (Legal Basis)
For the Year Ended June 30, 2003**

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
REVENUES					
Interest on investments	\$17,125	\$55,625	\$71,620	\$582,457	\$726,827
Toll revenue		19,670,441			19,670,441
Scrip revenue - bridge and ferry		112,263			112,263
Ferry revenue		458,057			458,057
Highway Fund No. 2			4,513,500		4,513,500
Rental income and other income		239,021			239,021
Federal grants	472,519			9,554	482,073
Total revenues	<u>489,644</u>	<u>20,535,407</u>	<u>4,585,120</u>	<u>592,011</u>	<u>26,202,182</u>
EXPENDITURES					
Operational expenditures	19,168,488				19,168,488
Capital outlay expenditures				14,822,441	14,822,441
Interest expense			1,280,828		1,280,828
Bond issuance costs			313,214		313,214
Bonds redeemed			22,665,000		22,665,000
Premium on bonds			424,000		424,000
Bank charges	4,684	150,788	18,458	225,640	399,570
Total expenditures	<u>19,173,172</u>	<u>150,788</u>	<u>24,701,500</u>	<u>15,048,081</u>	<u>59,073,541</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(18,683,528)</u>	<u>20,384,619</u>	<u>(20,116,380)</u>	<u>(14,456,070)</u>	<u>(32,871,359)</u>
OTHER FINANCING SOURCES (Uses)					
Operating transfers in (note 11)	27,002,289	6,640,318	38,488,491	6,770,591	78,901,689
Operating transfers out (note 11)	(4,513,500)	(33,156,013)	(39,334,551)	(1,897,625)	(78,901,689)
Proceeds from sale of bonds			20,694,248		20,694,248
Total financing sources (uses)	<u>22,488,789</u>	<u>(26,515,695)</u>	<u>19,848,188</u>	<u>4,872,966</u>	<u>20,694,248</u>
EXCESS (Deficiency) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>3,805,261</u>	<u>(6,131,076)</u>	<u>(268,192)</u>	<u>(9,583,104)</u>	<u>(12,177,111)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>NONE</u>	<u>6,132,482</u>	<u>4,505,618</u>	<u>63,204,359</u>	<u>73,842,459</u>
FUND BALANCES AT END OF YEAR	<u>\$3,805,261</u>	<u>\$1,406</u>	<u>\$4,237,426</u>	<u>\$53,621,255</u>	<u>\$61,665,348</u>

The accompanying notes are an integral part of this statement.

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

Notes to the Financial Statements
As of and for the Year Ended June 30, 2003

INTRODUCTION

The Crescent City Connection Division (the division) 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. In November 2002, the division issued \$19,900,000 of bonds under an Amended and Restated Indenture and Deed of Trust to provide funds to refund all of the 1992 Bonds and to pay the costs of issuance. The division, domiciled in New Orleans, employed 235 people as of June 30, 2003.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) promulgates generally accepted accounting principles and reporting standards for state and local governments. These principles are found in the Codification of Governmental Accounting and Financial Reporting Standards, published by the GASB. However, the accompanying special purpose financial statements have been prepared on a legal basis prescribed by the Division of Administration, Office of Statewide Reporting and Accounting Policy, which differs from accounting principles generally accepted in the United States of America as described in the following notes.

Furthermore, 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. The division's financial statements reflect only the following activities:

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

Notes to the Financial Statements (Continued)

- Debt service funds for the purpose of refunding all of the 1992 Bonds and paying the cost of issuance, administered by the Trustee, Bank One Trust Company, N.A., in accordance with the Amended and Restated Indenture and Deed of Trust dated as of November 1, 1954, as subsequently amended June 23, 1989, April 1, 1992, and November 1, 2002
- Collection of all tolls, Highway Fund No. 2 monies, and miscellaneous income
- Direct and allocated operating expenses incurred
- Capital projects funds and operating and maintenance expenditures reimbursed by Federal Transit Administration (FTA) grants
- Changes in the General Fixed Assets Account Group as they relate to the majority of the approaches to Bridge No. 2, ferries, and capital projects of the division
- Changes in the General Long-Term Debt Account Group as they relate to payments on bonds issued for the purpose of refunding all of the 1992 Bonds and paying the cost of issuance

B. REPORTING ENTITY

The State of Louisiana has been determined to be the reporting entity under accounting principles generally accepted in the United States of America. The accompanying financial statements present the activity of a division within a department of state government and, therefore, are a part of the funds of the State of Louisiana and its basic financial statements. Annually, the State of Louisiana issues a Comprehensive Annual Financial Report (CAFR), which includes the activity contained in the accompanying financial statements. The CAFR is audited by the Office of the Legislative Auditor.

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. 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 monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the division include the following:

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 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.

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 accumulated annual and sick leave, which are recognized when paid, and principal and interest on general long-term debt, which are not recognized until due.

Other Financing Sources (Uses)

Other financing sources (uses), representing transfers between funds, that are not expected to be repaid, are recognized when they become measurable and available. Proceeds from bonds sold are recorded as other financing sources.

E. BUDGET PRACTICES

Budgets are prepared for all Federal Transit Authority 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 within 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 Revenues, Expenditures, and Changes in Fund Balances - Actual and Budget is not included in these financial statements.

F. CASH AND INVESTMENTS

Cash includes cash on hand and cash with the paying agent. 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 Amended and Restated Indenture and Deed of Trust dated November 1, 2002, authorizes the trustee to invest in direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by the federal agencies; bonds, debenture, notes or other evidence of indebtedness issued or guaranteed by the non-full faith and credit U.S. government agencies; money market funds; certificates of deposit, savings accounts, deposit accounts, or money market deposits; investment agreements; commercial paper; bonds or notes issued by any state or municipality; federal funds or bankers acceptances; repurchase agreements; any state administered pool investment fund; and any other investment acceptable to the district, the trustee and the bond issuer.

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

G. FIXED ASSETS AND LONG-TERM OBLIGATIONS

Fixed assets of governmental funds, including public domain and infrastructure assets, are recorded as expenditures at the time purchased or constructed, and the related assets are reported in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Long-term obligations expected to be financed from governmental funds including long-term debt due after July 1 of the subsequent year 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 costs of current leave privileges are included in the operational expenditures on Statement B. The costs 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 B. The costs for continuing health care and life insurance benefits for its retired employees are included in the notes of the annual fiscal report of DOTD.

J. FUND EQUITY - RESERVES

Reserves represent those portions of fund equity not appropriable for expenditure and are legally segregated for a specific future use.

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

Notes to the Financial Statements (Continued)

K. FEDERAL FUNDS

The Crescent City Connection Division follows DOTD's guidelines to document compliance with federal laws and regulations. Federal Transit Authority (FTA) grants provide 80% federal funding for the capital project expenditures in the Capital Projects Fund and up to \$500,000 federal funding for operation and maintenance expenditures in the General Fund. The capital project expenditures are paid by DOTD, which then receives 80% reimbursement directly from the FTA and is reimbursed the remaining 20% by the division. The operating and maintenance expenditures are paid by DOTD, which then receives reimbursement from the FTA or the division. FTA income and the corresponding expenditures that were funded for operations and maintenance are recorded and reported by the division in the Capital Projects Fund and the Special Revenue Funds, respectively. FTA income and the corresponding expenditures that were funded for capital outlay are recorded and reported by DOTD and are not recorded or reported by the division.

L. DEFERRED REVENUE

Deferred revenue represents prepaid tolls at the end of the fiscal year that will be used in the subsequent accounting period. Prepaid tolls at June 30, 2003 is \$1,827,997.

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 accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

2. CASH

At June 30, 2003, the division has cash (book balances) totaling \$192,965. A summary of cash of the division follows:

Imprest petty cash bank account	\$3,000
Cash on hand - toll collector change fund	4,700
Demand deposits with financial institutions	<u>185,265</u>
Total	<u><u>\$192,965</u></u>

Under state law, demand deposits with financial institutions must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At June 30, 2003, the division has \$84,175 in deposits (collected

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

bank balances). These deposits are secured from risk by federal deposit insurance (GASB Category 1).

3. INVESTMENTS

At June 30, 2003, investments of the division total \$63,464,833, which is shown on Statement A. The investments, which consist entirely of money market mutual funds, are stated at fair value as required by GASB Statement Number 31. The division used quoted market values to determine the fair value of the investments. The money market mutual funds consist of shares in investments in direct obligations of the U.S. Department of the Treasury. These investments are not required to be classified as to category of risk by GASB Codification Section I50.126.

4. ACCRUED INTEREST RECEIVABLE

The division has accrued interest receivables of \$37,610 at June 30, 2003. This amount represents income from investments earned before June 30, 2003, which was not received by the division until after June 30, 2003.

5. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance June 30, 2002	Additions	Deletions	Balance June 30, 2003
Bridge construction, ferry acquisitions, bridge approaches, and related structures	<u>\$258,774,972</u>	<u>\$14,822,441</u>	<u>NONE</u>	<u>\$273,597,413</u>

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

6. PENSION PLAN

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% 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

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

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 (225) 922-0600.

Members are required by state statute to contribute 7.5% 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 year ended June 30, 2003, was 14.1% of annual covered payroll; 13% for the fiscal year ended June 30, 2002; and 13% for the eight-month period ended June 30, 2001. The division's contributions to the System including employee contributions for fiscal year ending June 30, 2003, for fiscal year ending June 30, 2002, and for eight months ending June 30, 2001, were \$1,391,320, \$1,256,296, and \$822,737, respectively, equal to the required contribution for each year.

7. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the fiscal year ended June 30, 2003:

	Bonded Indebtedness Payable at June 30, 2002	Additions	Retirements	Bonded Indebtedness Payable at June 30, 2003
Bridge Revenue Bonds - Series 1992	\$22,665,000		\$22,665,000	
Bridge Revenue Refunding Bonds - Series 2002		\$19,900,000		\$19,900,000
Total	\$22,665,000	\$19,900,000	\$22,665,000	\$19,900,000

**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 2.00% to 5.00%. The bonds were issued for the purpose of refunding all of the 1992 Bonds and paying the cost of issuance. Maturities of long-term debt including interest payments of \$4,172,322 are as follows:

Fiscal Year Ending June 30:	
2004	\$2,478,969
2005	2,413,069
2006	2,409,850
2007	2,406,244
2008	2,399,556
2009-2013	<u>11,964,634</u>
Total	<u><u>\$24,072,322</u></u>

The division has accumulated a balance of \$4,237,426 dedicated to the payment of bonds. Another \$15,662,574 is to be provided from future years' revenues dedicated to the payment of the bonds.

8. RESERVED FUND BALANCES

As shown on Statement A, the division has reserved fund balances of \$61,728,864 at June 30, 2003. These balances are reserved as follows:

Reserve for Operations - Monies are reserved in the General Fund (Bridge and Ferry) for operations of the division. The amount of the reserve at June 30, 2003, is \$3,805,261.

Reserve for Debt Service - Monies are reserved in the debt service funds in accordance with the Third Supplemental Bond Indenture dated November 1, 2002. The amount of the reserve at June 30, 2003, is \$4,237,426.

Reserve for Projects - Monies are reserved in the Capital Projects Fund for incomplete projects. The amount of the reserve at June 30, 2003, is \$53,621,255. An additional amount of \$1,406 is reserved in the Special Revenue Fund.

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 special 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.

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

10. DUE FROM/TO OTHER FUNDS

Individual fund balances due from/to other funds at June 30, 2003, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$4,513,500	\$4,513,500
Special Revenue Funds	1,637,439	
Debt Service Funds		4,513,500
Capital Projects Fund	<u>4,513,500</u>	<u>1,637,439</u>
Total	<u>\$10,664,439</u>	<u>\$10,664,439</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. Under the 1992 revision of the bond indenture, 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. Under the 2002 revision of the bond indenture, all revenues pledged for the payment of the bonds, including revenues from the Highway Fund No. 2, are deposited into the Debt Service Fund and then distributed to the General Fund after all debt service requirements have been met. All revenues derived from tolls imposed on the bridges and ferries are deposited into the Toll Collection Fund and then distributed to the General Fund. Monies in the General Fund can be used to operate and maintain the bridges and ferries, for authorized projects, and for any lawful purpose of the division.

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

The distributions of these revenues are shown as operating transfers. The following is a summary of the operating transfers in and out for the year ended June 30, 2003:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$27,002,289	\$4,513,500
Special Revenue Funds:		
Revenue Fund	130,749	10,327,353
Operating and Maintenance	4,202,331	10,346,411
Toll Tag Deposits	245,827	273,898
Toll Collection Fund	2,061,411	12,208,351
Debt Service Funds:		
Reserve Fund	2,120,260	3,048,019
Sinking Fund	3,314,297	1,562,746
Interest Fund	2,805,798	1,423,506
Debt Service Fund	2,435,996	6,950,848
Proceeds Fund	5,968,128	26,349,432
Escrow	21,844,012	
Capital Projects Fund	<u>6,770,591</u>	<u>1,897,625</u>
Total	<u><u>\$78,901,689</u></u>	<u><u>\$78,901,689</u></u>

12. INFRASTRUCTURE

The following information was requested by the Office of Statewide Reporting and Accounting Policy (OSRAP) to convert the financial statements of the Crescent City Connection Division from modified accrual basis to full accrual basis for the state's Comprehensive Annual Financial Report (CAFR):

Infrastructure

Balance at June 30, 2002 (gross)	\$247,980,004
Plus - additions	14,784,474
Less - accumulated depreciation	<u>(105,021,850)</u>
Balance at June 30, 2003 (net of depreciation)	<u><u>\$157,742,628</u></u>

Accumulated depreciation of \$105,021,850 is composed of current year depreciation expense of \$5,238,037 and \$99,783,813 accumulated from prior years. Infrastructure is reported in the General Fixed Asset Account Group at the gross amount of \$273,597,413 which includes the amount for land and land improvements.

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

13. LAND AND LAND IMPROVEMENTS

Land and land improvements for the Crescent City Connection Division include right-of-way acquisitions and improvement to those properties. Land and land improvements do not depreciate and are included in the General Fixed Asset Account Group. Changes to the land and land improvements category of assets are as follows:

Balance at June 30, 2002	\$10,794,968
Additions	37,967
Deletions	<u>NONE</u>
Balance at June 30, 2003	<u><u>\$10,832,935</u></u>

14. COOPERATIVE ENDEAVORS

R.S. 33:9022 defines cooperative endeavor as any form of economic development assistance between and among the state, its local government subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The Crescent City Connection District has entered into five cooperative agreements. Three of those agreements are with the Jefferson Parish Council; one is with the Regional Planning Commission for Jefferson, Orleans, Plaquemines, St. Bernard and St. Tammany parishes and one is with the City of Gretna. All the agreements are to improve access to the bridges and are funded with the district's toll collections (self-generated revenues). The estimated amount outstanding as of June 30, 2003, for these agreements is \$3,681,341, which is not reflected on the accompanying financial statements.

15. ELIMINATION ENTRIES

Certain information concerning revenue and expenditure transactions and related receivables and payables of the Crescent City Connection Division is also included in the annual financial statements of DOTD. The Crescent City Connection Division provided information to OSRAP to allow OSRAP to eliminate this duplicate reporting in the state's CAFR. Information regarding these elimination entries is not included in this report.

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

**SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2003**

SPECIAL REVENUE FUNDS

REVENUE FUND

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

OPERATING AND MAINTENANCE FUND

The Operating and Maintenance Fund is used to account for funds dedicated to the operation and maintenance of the bridges and ferries. The costs 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.

TOLL COLLECTION FUND

The Toll Collection Fund accounts for all tolls imposed on the bridges and ferries collected by the district.

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

Combining Balance Sheet (Legal Basis), June 30, 2003

	TOLL COLLECTION FUND	TOLL TAG DEPOSIT FUND	TOTAL
ASSETS			
Cash and cash equivalents	\$188,265		\$188,265
Investments		\$1,587,006	1,587,006
Receivables	1,146		1,146
Accrued interest receivable	1,147	910	2,057
Due from other funds	1,637,439		1,637,439
	<u>1,637,439</u>	<u></u>	<u>1,637,439</u>
TOTAL ASSETS	<u>\$1,827,997</u>	<u>\$1,587,916</u>	<u>\$3,415,913</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Tag deposits		\$1,586,510	\$1,586,510
Deferred revenue	\$1,827,997		1,827,997
Total Liabilities	<u>1,827,997</u>	<u>1,586,510</u>	<u>3,414,507</u>
Fund Equity - fund balance - reserved for projects	NONE	1,406	1,406
	<u>NONE</u>	<u>1,406</u>	<u>1,406</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$1,827,997</u>	<u>\$1,587,916</u>	<u>\$3,415,913</u>

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

**Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances (Legal Basis)
For the Year Ended June 30, 2003**

	REVENUE FUND	OPERATING AND MAINTENANCE FUND	TOLL TAG DEPOSIT FUND	TOLL COLLECTION FUND	TOTAL
REVENUES					
Interest on investments	\$8,111	\$25,060	\$14,304	\$8,150	\$55,625
Toll revenue	9,824,684			9,845,757	19,670,441
Scrip revenue - bridge and ferry	60,563			51,700	112,263
Ferry revenue	198,776			259,281	458,057
Rental income and other income	159,232		20,587	59,202	239,021
Total revenues	10,251,366	25,060	34,891	10,224,090	20,535,407
EXPENDITURES - Bank charges	54,762	13,462	5,414	77,150	150,788
EXCESS OF REVENUES OVER EXPENDITURES	10,196,604	11,598	29,477	10,146,940	20,384,619
OTHER FINANCING SOURCES (Uses)					
Operating transfers in	130,749	4,202,331	245,827	2,061,411	6,640,318
Operating transfers out	(10,327,353)	(10,346,411)	(273,898)	(12,208,351)	(33,156,013)
Total financing sources (uses)	(10,196,604)	(6,144,080)	(28,071)	(10,146,940)	(26,515,695)
EXCESS (Deficiency) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	NONE	(6,132,482)	1,406	NONE	(6,131,076)
FUND BALANCES AT BEGINNING OF YEAR	NONE	6,132,482	NONE	NONE	6,132,482
FUND BALANCES AT END OF YEAR	NONE	NONE	\$1,406	NONE	\$1,406

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

**SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2003**

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 Sinking 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.

DEBT SERVICE FUND

The Debt Service Fund is used to account for those revenues pledged to the payment of bonds issued under the amended and restated bond indenture.

ESCROW FUND

The Escrow Fund is used to pay the principal of, premium, and accrued interest on the 1992 Bonds.

PROCEEDS FUND

The Proceeds Fund is used to account for the proceeds of the 2002 Bonds and any monies transferred to or deposited in the Proceeds Fund by the trustee from any other source, including amounts on deposit in the reserve account, the interest account, and the sinking fund account for the 1992 Bonds.

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

Combining Balance Sheet (Legal Basis), June 30, 2003

	RESERVE FUND	SINKING FUND	INTEREST FUND	DEBT SERVICE FUND	PROCEEDS FUND	TOTAL
ASSETS						
Investments	\$2,074,998	\$1,813,870	\$346,104		\$63,478	\$4,298,450
Accrued interest receivable	1,203	1,051	200		38	2,492
Due from state treasury				\$4,513,500		4,513,500
TOTAL ASSETS	\$2,076,201	\$1,814,921	\$346,304	\$4,513,500	\$63,516	\$8,814,442
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable					\$63,516	\$63,516
Due to other funds				\$4,513,500		4,513,500
Total Liabilities	NONE	NONE	NONE	4,513,500	63,516	4,577,016
Fund Equity - fund balance - reserved for debt service	\$2,076,201	\$1,814,921	\$346,304	NONE	NONE	4,237,426
TOTAL LIABILITIES AND FUND EQUITY	\$2,076,201	\$1,814,921	\$346,304	\$4,513,500	\$63,516	\$8,814,442

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

**Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances (Legal Basis)
For the Year Ended June 30, 2003**

	RESERVE FUND	SINKING FUND	INTEREST FUND	DEBT SERVICE FUND
REVENUES				
Interest on investments	\$26,826	\$14,871	\$6,621	\$1,921
Highway Fund No. 2				4,513,500
Total revenues	<u>26,826</u>	<u>14,871</u>	<u>6,621</u>	<u>4,515,421</u>
EXPENDITURES				
Interest expense			1,039,810	
Bond issuance costs				
Bonds redeemed		1,465,000		
Premium on bonds				
Bank charges	9,292	5,693	2,799	569
Total expenditures	<u>9,292</u>	<u>1,470,693</u>	<u>1,042,609</u>	<u>569</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>17,534</u>	<u>(1,455,822)</u>	<u>(1,035,988)</u>	<u>4,514,852</u>
OTHER FINANCING SOURCES (Uses)				
Operating transfers in	2,120,260	3,314,297	2,805,798	2,435,996
Operating transfers out	(3,048,019)	(1,562,746)	(1,423,506)	(6,950,848)
Proceeds from sale of bonds				
Total financing sources (uses)	<u>(927,759)</u>	<u>1,751,551</u>	<u>1,382,292</u>	<u>(4,514,852)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>(910,225)</u>	<u>295,729</u>	<u>346,304</u>	<u>NONE</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>2,986,426</u>	<u>1,519,192</u>	<u>NONE</u>	<u>NONE</u>
FUND BALANCES AT END OF YEAR	<u><u>\$2,076,201</u></u>	<u><u>\$1,814,921</u></u>	<u><u>\$346,304</u></u>	<u><u>NONE</u></u>

Schedule 4

PROCEEDS FUND	ESCROW FUND	TOTAL
\$375	\$21,006	\$71,620
		4,513,500
<u>375</u>	<u>21,006</u>	<u>4,585,120</u>
	241,018	1,280,828
313,214		313,214
	21,200,000	22,665,000
	424,000	424,000
105		18,458
<u>313,319</u>	<u>21,865,018</u>	<u>24,701,500</u>
<u>(312,944)</u>	<u>(21,844,012)</u>	<u>(20,116,380)</u>
5,968,128	21,844,012	38,488,491
(26,349,432)		(39,334,551)
<u>20,694,248</u>		<u>20,694,248</u>
<u>312,944</u>	<u>21,844,012</u>	<u>19,848,188</u>
NONE	NONE	(268,192)
<u>NONE</u>	<u>NONE</u>	<u>4,505,618</u>
<u><u>NONE</u></u>	<u><u>NONE</u></u>	<u><u>\$4,237,426</u></u>

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on compliance with laws and regulations and on internal control 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.



LEGISLATIVE AUDITOR

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

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

December 3, 2003

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of the Special Purpose Financial Statements
Performed in Accordance With *Government Auditing Standards*

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

We have audited the special purpose (legal basis) financial statements of the Crescent City Connection Division, a division of the Louisiana Department of Transportation and Development, as of and for the year ended June 30, 2003, and have issued our report thereon dated December 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Crescent City Connection Division's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 in order to determine our auditing procedures for the purpose of expressing an opinion on the special 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 material in relation to the 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 internal control over financial reporting and its operation that we consider to be material weaknesses.

LEGISLATIVE AUDITOR

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

Compliance and Internal Control Report

December 3, 2003

Page 2

This report is intended solely for the information and use of management of the Crescent City Connection Division, Department of Transportation and Development, and its trustee bank and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large, stylized initial "G".

Grover C. Austin, CPA
First Assistant Legislative Auditor

LJD:BQD:THC:dl

(CCCD03