
CAPITAL AREA EXPRESSWAY AUTHORITY

FINANCIAL REPORT

DECEMBER 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

7/21/10

CAPITAL AREA EXPRESSWAY AUTHORITY

**Basic Financial Statements
As of and for the Year Ended December 31, 2009**

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Independent Auditors' Report

Capital Area Expressway Authority
Metropolitan Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Capital Area Expressway (the Authority) as of and for the year ended December 31, 2009. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Capital Area Expressway Authority as of December 31, 2009 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 4 and page 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2010 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance. 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.

Postlethwaite + Netterville

Baton Rouge, Louisiana
June 29, 2010

**CAPITAL AREA EXPRESSWAY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED
DECEMBER 31, 2009**

The Capital Area Expressway Authority (the Authority) was created in 2004 in order to advance the interests of the Metropolitan Baton Rouge, Louisiana area with respect to major infrastructure projects. To date, the Authority's primary focus has been the preliminary planning and feasibility study of a "Baton Rouge Loop".

This section of the Authority's annual financial report represents management's analysis of the Authority's financial performance during the fiscal year ended December 31, 2009. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Authority's net assets and fund balance were \$2,194,792 as of December 31, 2009 and consisted almost entirely of cash. These funds are available to spend in 2010.
- The expenses of the Authority consisted of professional services of \$8,719 and costs incurred toward an environmental impact study of \$2,382,713.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of two sections – Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are two basic financial statements required by Governmental Accounting Standards that report information about the Authority using a long-term economic resources focus. The financial data is reported using the accrual basis of accounting, and provides insight as to the Authority's long-term financial position and changes to that financial position over a one-year period. The net assets of a governmental entity and the changes thereto provide an indication of its financial health over time.

**CAPITAL AREA EXPRESSWAY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED
DECEMBER 31, 2009**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

The Statements of Net Assets and Activities for 2009 and 2008 are as follows:

**Statement of Net Assets
December 31**

	<u>2009</u>	<u>2008</u>
Current assets	\$ 2,344,536	\$ 4,099,992
Noncurrent assets	-	-
Total assets	<u>2,344,536</u>	<u>4,099,992</u>
Current liabilities	149,744	20,394
Noncurrent liabilities	-	-
Total liabilities	<u>149,744</u>	<u>20,394</u>
 Net assets (unrestricted)	 <u>\$ 2,194,792</u>	 <u>\$ 4,079,598</u>

**Statement of Activities
December 31**

	<u>2009</u>	<u>2008</u>
Intergovernmental revenues	\$ 475,000	\$ 4,000,000
Interest income	31,626	99,992
Total revenues	<u>506,626</u>	<u>4,099,992</u>
 Expenses	 <u>2,391,432</u>	 <u>20,394</u>
 Changes in net assets	 <u>\$(1,884,806)</u>	 <u>\$ 4,079,598</u>

Net Assets of the Authority decreased during the year. The primary source of funding for the Authority's activities is a Cooperative Endeavor Agreement with the State of Louisiana. Most of the funding made available to date under the Agreement was received in the prior year as a result of the Louisiana Legislature appropriating \$4,000,000 in the 2007 legislative session. An additional appropriation provided for in the 2009 Legislature of \$475,000 was received by the authority in 2009. The environmental impact study began in 2009 thereby increasing expenses and decreasing the unexpended surplus from 2008.

**CAPITAL AREA EXPRESSWAY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED
DECEMBER 31, 2009**

FUND FINANCIAL STATEMENTS

Fund financial statements provide detailed information about a government on a modified accrual basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the governments use to track specific sources of funding and expenditures thereof.

Due to the simplistic nature of its operations to date and the fact that the Authority uses only a general fund (as opposed to multiple funds); no differences exist between the fund financial statements and the government-wide financial statements. The government wide financial statements and the fund financial statements are therefore presented together in one column on pages 5 and 6.

ORIGINAL BUDGET VS FINAL BUDGET

No budget amendments were made by the Authority during 2009.

LONG-TERM DEBT ACTIVITY AND CAPITAL ASSETS

The Authority has not issued any long term debt nor has it purchased any capital assets.

FACTORS CONSIDERED IN SETTING NEXT YEAR'S BUDGET

The Authority has not adopted a budget for 2010. When the 2010 budget is developed and adopted, the Authority will utilize available fund balance and any additional funds made available through the Cooperative Endeavor Agreement and the 2010 Legislature.

CONTACTING THE AUTHORITY

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Authority, 222 St. Louis Street, Baton Rouge LA 70821, (225) 389-3061.

CAPITAL AREA EXPRESSWAY AUTHORITY

BALANCE SHEET and STATEMENT OF NET ASSETS

GENERAL FUND\GOVERNMENTAL ACTIVITIES

DECEMBER 31, 2009

ASSETS

Pooled cash residing with the City-Parish Government of East Baton Rouge	\$ 35,754
Bank deposits	2,308,728
Interest receivable	54

TOTAL ASSETS	<u>2,344,536</u>
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LIABILITIES

Accrued expenses	<u>149,744</u>
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FUND BALANCE/NET ASSETS

Fund balance/unrestricted net assets	<u>2,194,792</u>
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TOTAL LIABILITIES AND FUND BALANCES\NET ASSETS	<u>\$ 2,344,536</u>
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The accompanying notes are an integral part of these financial statements

CAPITAL AREA EXPRESSWAY AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE and STATEMENT OF ACTIVITIES
GENERAL FUND\GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

REVENUES

Intergovernmental revenues	\$ 475,000
Interest income	31,626
Total Revenues	<u>506,626</u>

EXPENDITURES\EXPENSES

Legal and professional fees	8,719
Design and engineering fees	2,382,713
Total Expenditures\Expenses	<u>2,391,432</u>

**DEFICIENCY OF REVENUES OVER
EXPENDITURES\ CHANGE IN NET ASSETS**

(1,884,806)

FUND BALANCES\NET ASSETS

Beginning of year	4,079,598
End of year	<u>\$ 2,194,792</u>

The accompanying notes are an integral part of these financial statements

CAPITAL AREA EXPRESSWAY AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

1. INTRODUCTION

The Capital Area Expressway Authority (referred to as the Authority) was created in 2004 as a public non-profit corporation in accordance with the provisions of the Louisiana Nonprofit Corporation Law, as a body politic possessing full corporate powers, whose formation and incorporation is authorized under the Louisiana Transportation Development Act, Chapter 26 of Title 48 of Louisiana Revised Statutes. The Authority is a special purpose government, independent of the state and local governments, created for the purpose of advancing the interests of the Baton Rouge, Louisiana metropolitan area with respect to major infrastructure projects, specifically the "Baton Rouge Loop".

The Authority is governed by a board consisting of five members as follows: the Secretary of the Louisiana Department of Transportation and Development, the Chairman of the Metropolitan Planning Organization, and the presidents of the parishes encompassing the Baton Rouge Metropolitan Area. Although created in 2004, the Authority began operations in 2008 upon receipt of a state appropriation from the 2007 regular session of the Louisiana Legislature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Authority complies with U.S. Generally Accepted Accounting Principles (GAAP) and as such, applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Authority is considered a primary government, since it is a special purpose government that has a separately functioning governing body that is not subrogated to the will of any one local or state government, is legally separate, and is fiscally independent of the state or participating local governments. As used in GASB Statement 14, fiscally independent means that the Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or apply for intergovernmental funding agreements, and issue bonded debt. The Authority also has no component units, defined by GASB Statement 14 as other legally separate organizations for which the appointed Authority members are financially accountable.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. GASB is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

The Authority applies all GASB pronouncements and those Financial Accounting Standards Board (FASB) statements and interpretations which were issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

CAPITAL AREA EXPRESSWAY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND PRESENTATION (continued)

The Authority employs fund accounting as is common among governmental entities and as prescribed by the Governmental Accounting Standards Board. Funds are accounting entities that are created to account for various sources of funding in order to demonstrate compliance with restrictions that may be imposed on those sources by taxpayers, grantors, creditors or others. Funds consist of three basic types: governmental, proprietary and fiduciary. Governmental fund types are used to account for those programs that are primarily funded with taxes and intergovernmental revenues. The Authority uses one fund, its general fund, which is considered to be a governmental fund.

Under Governmental Accounting Standards, two separate financial statements are presented: the fund level financial statements and the government-wide financial statements. Separate financial statements are presented for each fund type as described above. The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to fund current operations. Additionally, intergovernmental revenues must meet all eligibility requirements pertaining to the funding in order to be recognized. Expenditures are recognized when the related fund liability is incurred, except for principal and interest on long-term debt which is recognized when due.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned without consideration of when those revenues are available. Expenses are recognized when the related liability is incurred, or resources are used, regardless of the timing of related cash flows. Expenditures providing benefits beyond one year are capitalized as assets on the statement of net assets and depreciated or amortized over the estimated useful lives of those assets. Additionally, long term debt is carried on the statement of net assets.

Because no differences exist between the modified accrual and the accrual bases of accounting for the Authority's 2009 financial statements, both the fund financial statements and the government-wide financial statements are presented in the same columns. Events and conditions occurring or existing during future periods may cause differences between the modified and full accrual bases of accounting and therefore separate presentations may be necessary.

C. BUDGET POLICIES

The proposed budget for each fiscal year is completed and made available for public inspection and a public hearing is held for suggestions and comments. The proposed fiscal year budget is then formally adopted by the Authority after the public hearing. The budgets, which included proposed expenditures and the means of financing them, are prepared on the modified accrual basis of accounting. Formal budgetary integration is used during the year as a management control device. When actual revenues within a fund are failing to meet estimated annual budgeted revenues by five percent or more, and/or

CAPITAL AREA EXPRESSWAY AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BUDGET POLICIES (continued)

actual expenditures within a fund are exceeding estimated budgeted expenditures by five percent or more, a budget amendment to reflect such changes is adopted by the Authority in a public meeting. Budgeted amounts included in the financial statements include the originally adopted budget and all subsequent amendments.

D. NET ASSETS

Net assets represent the difference between assets and liabilities and can be classified in the following components:

- Restricted net assets consist of external constraints placed on net asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets are free of restrictions such as those listed above. If the restriction imposed is consistent with the overall purpose of the fund or reporting entity, then the net assets are reported as unrestricted.

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

E. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

3. CASH AND INVESTMENTS

Under state law, the Authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, or a nationally chartered bank with principal offices in Louisiana. Statutorily allowed investments include direct US Government debt securities, securities issued by US sponsored Agencies, mutual funds whose underlying investments consist of US government obligations, repurchase agreements collateralized by US debt securities, and certain others.

The Authority's cash consists of \$35,754 of pooled cash within the City-Parish Government's consolidated cash account and \$2,308,728 of cash deposits in a local bank. The pooled cash account's underlying assets consist of deposit accounts in qualifying local banks, US Treasury and Agency securities, and overnight repurchase agreements. The consolidation of the cash pool allows for reduced

CAPITAL AREA EXPRESSWAY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

3. POOLED CASH AND INVESTMENTS (continued)

administrative costs and maximization of investment earnings. Each participating fund or entity shares in the investment earnings according to its average cash and investment balance. The cash pool is highly liquid to the Authority and poses no custodial credit risk to the Authority. Details of the City- Parish's consolidated cash account are disclosed in the City-Parish of East Baton Rouge's financial statements, a copy of which can be obtained from Kathleen Kreko of the City-Parish's accounting department, 222 St. Louis Street, Baton Rouge, LA 70821, (225) 389-3069.

The cash deposited in a local bank is protected from custodial credit risk through a pledge of the bank's eligible investment securities and FDIC insurance.

Custodial credit risk is the risk that a depositor may not receive a return of its deposited funds upon failure of the financial institution. The Corporation does not have a formal policy for custodial credit risk for cash.

4. COMMITMENTS

A contract has been executed in the amount of \$4,000,000 with an engineering firm to conduct an environmental impact study. Approximately \$1,700,000 remains under contract as of December 31, 2009.

5. COOPERATIVE ENDEAVOR AGREEMENTS

The Authority is currently operating under two separate cooperative endeavor agreements:

- a. Dated December 21, 2007 and amended October 29, 2008, with the Louisiana Department of Transportation and Development – provides \$4,000,000 (amended with an additional \$475,000 from the 2009 legislation session) as appropriated by Act 203 of the Louisiana Legislature's 2007 regular session for the purpose of conducting environmental impact studies for a proposed "Baton Rouge Loop". The initial funding of \$4,000,000 was received in 2008 while the additional appropriation was received in 2009. The agreement remains in effect until the project has been completed or until withdrawal of the Agreement due to lack of funding.
- b. Dated April 3, 2008 with the City of Baton Rouge and Parish of East Baton Rouge (City-Parish) – provides that the City-Parish government will provide administrative services to the authority including financial and accounting, procurement, certain legal services, and other services at no expense to the Authority. The agreement remains in effect indefinitely.

CAPITAL AREA EXPRESSWAY AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

6. BOARD COMPENSATION

The Authority's members receive no compensation for their service. During 2009, the members consisted of:

Kip Holden	Mayor – President of the City of East Baton Rouge Parish
Mike Grimmer*	President of Livingston Parish
William Ankner/Sheri Lebas	Louisiana Department of Transportation
J. Mitchell Ourso*	President of Iberville Parish
Tommy Martinez*	President of Ascension Parish
Riley Berthelot	President of West Baton Rouge Parish

*Subsequent to year end these Board Members resigned. Replacements have not been appointed.

7. Concentrations

The Authority's revenues to date have been derived solely from the Cooperative Endeavor Agreement with the State of Louisiana. Future funding under the Agreement is contingent upon appropriations made through the State's budget setting process.

8. Subsequent Event

House Bill 2, also known as the State Capital Outlay Bill, of the 2010 legislative session included \$5,000,000 of funding for the Loop's planning and development. Of that, approximately \$1.7 million would be available for 2010. The bill now goes to the Governor for signature and final approval.

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 29, 2010, and determined that no events, other than the matter referred to above, occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

CAPITAL AREA EXPRESSWAY AUTHORITY

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental revenues	\$ 500,000	\$ 500,000	\$ 475,000	\$ (25,000)
Interest income	37,000	37,000	31,626	(5,374)
Total revenues	<u>537,000</u>	<u>537,000</u>	<u>506,626</u>	<u>(30,374)</u>
EXPENDITURES\EXPENSES				
Design and engineering fees	4,000,000	4,000,000	2,382,713	1,617,287
Legal fees	50,000	50,000	3,719	46,281
Audit fees	10,000	10,000	5,000	5,000
Total expenditures\expenses	<u>4,060,000</u>	<u>4,060,000</u>	<u>2,391,432</u>	<u>1,668,568</u>
EXCESS OF REVENUES OVER EXPENDITURES\				
CHANGES IN NET ASSETS	(3,523,000)	(3,523,000)	(1,884,806)	1,638,194
<u>FUND BALANCES\NET ASSETS</u>				
Beginning of year	4,095,900	4,095,900	4,079,598	(16,302)
End of year	<u>\$ 572,900</u>	<u>\$ 572,900</u>	<u>\$ 2,194,792</u>	<u>\$ 1,621,892</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Capital Area Expressway Authority
Metropolitan Baton Rouge, Louisiana

We have audited the financial statements of the Capital Area Expressway Authority (the Authority) as of and for the year ended December 31, 2009, and have issued our report thereon dated June 29, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2009-1.

This report is intended for use by the Authority, federal and state awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Portlathwaite + Netterville

Baton Rouge, Louisiana

June 29, 2010

**CAPITAL AREA EXPRESSWAY AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009**

A. Summary of Auditors' Results

Type of auditor's report issued:	Unqualified
Internal Control over Financial Reporting:	
• Material weakness (es) identified?	no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	yes

B. Findings – Financial Statement Audit

2009 - 1

Louisiana Local Government Budget Act

Criteria: LA Revised Statute 39:1305 requires that a budget message accompany the proposed and adopted budget.

LA Revised Statute 39:1305 also requires that budgets be amended when actual revenues fall short of budgeted revenues by more than 5% or when expenditures exceed budgeted amounts by more than 5%.

Condition: The 2009 budget did not include a budget message. Furthermore, actual revenues fall short of budgeted revenues by 6%. *This is a repeat finding from the prior year.*

Effects: The Authority was non-compliant with the statute.

Recommendation: We recommend full compliance with the statute in future years.

View of Responsible Official and Planned Corrective Action: The Authority has recently experienced turnover on its board which has contributed to the conditions that resulted in the finding. The Authority will seek appropriate replacements or amend its bylaws in order to operate with its remaining members.

**CAPITAL AREA EXPRESSWAY AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

2008 - 1

Louisiana Local Government Budget Act

- Criteria:** LA Revised Statute 39:1305 requires budgets for local governments be made available to the public and provide notice of availability to the public at least 10 days prior to the public hearing for the budget. After a hearing allowing for public comment, the budget should be adopted in open session prior to the beginning of the entity's fiscal year.
- LA Revised Statute 39:1305 also requires that a budget message accompany the proposed and adopted budget.
- LA Revised Statute 39:1305 also requires that budgets be amended when actual expenditures exceed budgeted amounts by more than 5%.
- Condition:** The Authority did not notify the public of the availability of the budget, did not hold a public hearing, and did not adopt the budget prior to the beginning of its fiscal year. The 2008 budget was approved at the December 2008 meeting.
- Additionally, the budget did not include a budget message. Finally, actual expenditures exceeded the budget by more than 5%.
- Effects:** The Authority was non-compliant with the statute.
- Recommendation:** We recommend full compliance with the statute for future years.
- Management's Response:** This was the initial year of operation for the Capital Area Expressway Authority. There were no cash outflows made or purchase orders issued during 2008.
- The Board will adopt budgets timely in future years and will amend the budget when actual expenditures exceed budgeted amounts by more than 5%. The 2009 budget was adopted at the December 2008 board meeting. They have also been advised to notify the public of the availability of future budgets, to hold a public hearing, and to include a budget message.
- Current Status:** The Board adopted the 2009 budget in public session prior to the beginning of the Authority's fiscal year, which included a public hearing. However, the 2009 budget did not include a budget message and the budget was not amended when actual revenues were under budgeted amounts by more than 5%. **This is a repeat finding in the current fiscal year. See item 2009-1.**