

**LAFAYETTE METROPOLITAN EXPRESSWAY
COMMISSION**

**FINANCIAL REPORT AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR
ENDED JUNE 30, 2010**

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 2/16/11

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

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INDEPENDENT AUDITORS' REPORT

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To the Board of Commissions
Lafayette Metropolitan Expressway Commission
Lafayette, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund, of the Lafayette Metropolitan Expressway Commission, as of and for the year ended June 30, 2010, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lafayette Metropolitan Expressway Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States of America, *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:514 and the Louisiana Governmental Audit Guide. 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 respective financial position of the governmental activities, and the major fund information of the Lafayette Metropolitan Expressway Commission, as of June 30, 2010, and the changes in financial position thereof for the year then ended in conformity with generally accepted accounting principles of the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2010, on our consideration of the Lafayette Metropolitan Expressway Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on 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.



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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Lafayette Metropolitan Expressway Commission's financial statements as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Lafayette Metropolitan Expressway Commission. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

November 29, 2010

Management's Discussion and Analysis

As management of the Lafayette Metropolitan Expressway Commission, we offer readers of the Lafayette Metropolitan Expressway Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the twelve month period ended June 30, 2010.

Financial Highlights

- Act 122 of the Louisiana Legislative Regular Session of 2009 appropriated \$100,000 to the LMEC through the State of Louisiana Department of Transportation and Development. It was reduced to \$92,231 due to the reduction in the official state revenue projection for FY 2009-2010.
- The Commission entered into a contract for \$250,000 with HNTB Corporation on September 7, 2004 to conduct a toll-road economic feasibility study to substantiate project need and feasibility. During 2005, the Commission entered into Supplemental Agreement #1 for \$67,490 and Supplemental Agreement #2 for \$350,000 with HNTB contingent upon funding from the state. Due to hurricanes in 2005, the LMEC did not receive all of the appropriated funds and thereby issued \$200,000 in Notices to Proceed. These supplemental agreements expanded the scope of services to include preparing an EIS and Records of Decision. During 2006, the Commission entered into a third supplemental agreement for \$250,000 expanding the scope to continue the EIS. Supplemental Agreement #4 was executed for \$2,199,425 in 2007. It expanded the scope to include finalizing the preparation of a Tier1 EIS and Record of Decision and the initiation of Phase B-2, Tier2 EIS. During 2009, Supplemental Agreement #5 was executed for \$1,000,000 increasing the total regular and supplemental agreements with HNTB to \$3,966,915. The fifth agreement expanded the scope to further the progress on the Tier 2 EIS. During FYE 6/30/10, Amendment #1 to the original Supplemental Agreement #4 was executed and completed for \$92,231 increasing the total regular and supplemental agreements with HNTB to \$4,059,146. This agreement expanded the scope of services to update preliminary traffic and revenue study, continue development of financing and delivery plans, and completion of phase B-1, Tier 1 EIS and Record of Decision. As of the close of the fiscal year ended June 30, 2010, \$2,818,302.95 has cumulatively been paid on the original and supplemental agreements to HNTB and \$103,083.26 was accrued as a current liability (Retainage Payable).
- The assets of the Lafayette Metropolitan Expressway Commission exceeded its liabilities at the close of the fiscal year ended June 30, 2010 by \$1,458,287 (*total net assets*). This amount, \$1,458,287 (*unrestricted net assets*), may be used to meet the Commission's ongoing obligations to creditors.
- As of the close of the current fiscal year ended June 30, 2010, the Commission's governmental funds reported combined ending fund balances of \$1,458,287. This amount is available for spending at the government's discretion (*unreserved fund balance*).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Lafayette Metropolitan Expressway Commission's basic financial statements. The Commission's basic financial statements are comprised of three components: 1) *Government-wide Financial Statements*, 2) *Fund Financial Statements*, and 3) *Notes to the Financial Statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. *The Government-wide Financial Statements* are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the Commission's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in *net assets* may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's *net assets* changed during the most recent fiscal year. All changes in *net assets* are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accrued expenditures).

Both of the *Government-wide Financial Statements* distinguish functions of the Lafayette Metropolitan Expressway Commission that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through charges (*business-type activities*). The *governmental activities* of the Commission include general governmental expenditures incurred in the Commission's mission of hiring a qualified engineering firm that has experience in conducting toll-road financial feasibility studies that are acceptable to the investment banking community and bond rating organizations and preparing an Environmental Impact Statement. The Commission had no *business-type activities* to report.

Both the *Government-wide Financial Statements* and the *Governmental Fund Financial Statements* can be found on pages 10 and 11 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Lafayette Metropolitan Expressway Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the *Government-wide Financial Statements*. However, unlike the *Government-wide Financial Statements*, *Governmental Fund Financial Statements* focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of *governmental funds* is narrower than that of the *Government-wide Financial Statements*, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the *Government-wide Financial Statements*. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *Governmental Funds Balance Sheet* and the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* provided a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Commission maintains one individual *governmental fund*. The general fund is considered by the Commission to be its major fund.

The Lafayette Metropolitan Expressway Commission adopts an annual budget for its general fund. A budgetary comparative statement has been provided on page 16 for the general fund to demonstrate compliance with this budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the *Government-wide* and *Fund Financial Statements*. The notes to the financial statements can be found on pages 12 through 15 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Lafayette Metropolitan Expressway Commission, assets exceeded liabilities by \$1,458,287 at the close of the most recent fiscal year. The entire amount of net assets is comprised of cash deposited with the fiscal agent of the Commission.

Lafayette Metropolitan Expressway Commission Net Assets

| | Government Activities | |
|-------------------|-----------------------|--------------|
| | 6/30/2010 | 6/30/2009 |
| Cash | \$ 1,560,191 | \$ 2,154,685 |
| Prepaid Expense | 1,277 | - |
| Total Assets | 1,561,468 | 2,154,685 |
| Accounts Payable | 98 | 151,514 |
| Retainage Payable | 103,083 | - |
| Total Liabilities | 103,181 | 151,514 |
| Net Assets: | | |
| Unrestricted | 1,458,287 | 2,003,171 |
| Total Net Assets | \$ 1,458,287 | \$ 2,003,171 |

At the end of the current fiscal year, the Commission is able to report a positive balance in net assets.

Governmental Activities. Governmental activities decreased the Authority's net assets by \$544,884. Key elements of this decrease are as follows:

Lafayette Metropolitan Expressway Commission
Changes in Net Assets

| | Government Activities | |
|-----------------------------------|-----------------------|--------------|
| | 6/30/2010 | 6/30/2009 |
| Revenues: | | |
| General Revenues: | | |
| Intergovernmental | \$ 92,231 | \$ 1,000,000 |
| Unrestricted Investment Earnings | 56,332 | 42,482 |
| Total Revenues | 148,563 | 1,042,482 |
| Expenses: | | |
| General Government: | | |
| Total Expenses | 693,447 | 214,427 |
| Increase (Decrease) in Net Assets | (544,884) | 828,055 |
| Net Assets - Beginning | 2,003,171 | 1,175,116 |
| Net Assets - Ending | \$ 1,458,287 | \$ 2,003,171 |

- The Commission entered into a Cooperative Endeavor Agreement with DOTD in order to receive \$92,231 allocated in Act 122 of the Louisiana Legislature Regular Session of 2009.
- The Commission entered into an Amendment #1 to the original Supplemental Agreement #4 for \$92,231 with HNTB to update preliminary traffic and revenue study, continued development of financing and delivery plans, and completion of phase B-1, Tier 1 EIS and Record of Decision.

Financial Analysis of Government's Funds

As noted earlier, the Lafayette Metropolitan Expressway Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Commission's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Lafayette Metropolitan Expressway Commission's *Governmental Funds* reported ending fund balances of \$1,458,287. This amount constitutes unreserved fund balance, which is available for spending at the government's discretion.

The general fund is the only operating fund of the Lafayette Metropolitan Expressway Commission. As a measure of the general funds liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Both unreserved fund balance and total fund balance represent approximately 200 percent (two times) of total general fund expenditures.

General Fund Budgetary Highlights. The LMEC received a total of \$92,231 from DOTD during the fiscal year ended 6/30/10. An amendment to the fourth supplemental agreement with an engineering firm, HNTB, totaling \$92,231 was executed and completed during fiscal year ended 6/30/10.

Capital Asset and Debt Administration

Capital Assets. The Lafayette Metropolitan Expressway Commission does not have any capital assets as of the end of the fiscal year ended June 30, 2010.

Long-Term Debt. The Lafayette Metropolitan Expressway Commission does not have any long-term debt as of the end of the fiscal year ended June 30, 2010.

Economic Factors and Next Year's Budget

- The unemployment rate for the Lafayette Parish in October 2009 was 5.6 percent, which is an increase from a rate of 3.6 percent a year ago. This compares favorably to the state's average unemployment rate for the month of October 2009 of 7.0 percent and the national average rate for October 2009 of 9.5 percent.
- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the Lafayette Metropolitan Expressway Commission's budget for the fiscal year ended 6/30/10.

Requests for Information

This financial report is designed to provide a general overview of the Lafayette Metropolitan Expressway Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Elaine Abell, Lafayette Metropolitan Expressway Commission, P. O. Box 60485 Lafayette, Louisiana 70596-0485.

BASIC FINANCIAL STATEMENTS

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

**STATEMENT OF NET ASSETS AND GOVERNMENTAL
FUND BALANCE SHEET
JUNE 30, 2010**

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of Net Assets</u> |
|--|-------------------------|-------------------------|--|
| ASSETS | | | |
| Current Assets: | | | |
| Cash | \$ 1,560,191 | \$ - | \$ 1,560,191 |
| Prepaid Insurance | <u>1,277</u> | <u>-</u> | <u>1,277</u> |
| Total Current Assets | <u>1,561,468</u> | <u>-</u> | <u>1,561,468</u> |
| Total Assets | <u>\$ 1,561,468</u> | <u>\$ -</u> | <u>\$ 1,561,468</u> |
| LIABILITIES | | | |
| Accounts Payable | \$ 98 | \$ - | \$ 98 |
| Retainage Payable | <u>103,083</u> | <u>-</u> | <u>103,083</u> |
| Total Liabilities | <u>103,181</u> | <u>-</u> | <u>\$ 103,181</u> |
| FUND BALANCE/NET ASSETS | | | |
| Fund Balance: | | | |
| Unreserved | <u>1,458,287</u> | <u>(1,458,287)</u> | <u>-</u> |
| Total Fund Balance | <u>1,458,287</u> | <u>(1,458,287)</u> | <u>-</u> |
| Total Liabilities and Fund Balance | <u>\$ 1,561,468</u> | | |
| Net Assets: | | | |
| Unrestricted | | <u>1,458,287</u> | <u>1,458,287</u> |
| Total Net Assets | | <u>\$ 1,458,287</u> | <u>\$ 1,458,287</u> |

The Accompanying Notes are an Integral Part of This Statement.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

**STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2010**

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of Activities</u> |
|--|-------------------------|--------------------|--|
| Expenditures/Expenses: | | | |
| General Government | \$ 693,447 | \$ - | \$ 693,447 |
| Total Expenditures/Expenses | <u>693,447</u> | <u>-</u> | <u>693,447</u> |
| General Revenues: | | | |
| Intergovernmental | 92,231 | - | 92,231 |
| Unrestricted Investment Earnings | <u>56,332</u> | <u>-</u> | <u>56,332</u> |
| Total General Revenues | <u>148,563</u> | <u>-</u> | <u>148,563</u> |
| Deficiency of Revenues over Expenditures | (544,884) | 544,884 | - |
| Change in Net Assets | - | (544,884) | (544,884) |
| Fund Balance/Net Assets: | | | |
| Beginning of the Year | <u>2,003,171</u> | <u>-</u> | <u>2,003,171</u> |
| End of the Year | <u>\$ 1,458,287</u> | <u>\$ -</u> | <u>\$ 1,458,287</u> |

The Accompanying Notes are an Integral Part of This Statement.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity - The Lafayette Metropolitan Expressway Commission (the Commission) was created by Act 893 of the 2003 Regular Session of the Louisiana Legislature to pursue alternative and innovative funding sources, included but not limited to tolls, to supplement public revenue sources for the construction, maintenance, and operation of a safe and efficient limited access highway system exclusively within Lafayette Parish.

The Lafayette Metropolitan Expressway Commission prepares its financial statements in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

The Commission is defined as a special purpose government engaged in a single governmental program, as a single-program special purpose government, the Commission has elected to combine the government-wide and fund financial statements.

Basic Financial Statements-Government-Wide Statements - The Commission's basic financial statements include both government-wide (reporting the Commission as a whole) and fund financial statements (reporting the Commission's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Commission's net assets are reported in three parts--invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Commission first utilizes restricted resources to finance qualifying activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The Commission has no *program revenues*. Revenue not properly included among program revenues are reported instead as *general revenues*.

This government-wide focus is more on the sustainability of the Commission as an entity and the change in the Commission's net assets resulting from the current year's activities.

Basic Financial Statements-Fund Financial Statements - The financial transactions of the Commission are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The following fund type is the only fund used by the Commission:

Governmental Fund:

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Commission:

General Fund - This type of fund is the general operating fund of the Commission. The General Fund is financed through the General Appropriations Act contained in the Louisiana State General Fund. The general fund is considered the major fund of the Commission.

Basis of Accounting - Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Budgets and Budgetary Accounting - The Lafayette Metropolitan Expressway Commission is required to adopt an annual budget for the General Fund. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles ("GAAP") of the United States of America.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a. Each year, prior to July 1, the Commission prepares and adopts a budget for the succeeding fiscal year. The budget includes proposed expenditures and the means of financing them.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- b. The budget must be revised and approved by the Commission for any increase in budgetary expenditures.
- c. All budgetary appropriations lapse at the end of each fiscal year.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

(B) CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Commission 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 Commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2010, the Commission had an interest-bearing deposit (book balance) totaling \$1,560,191 in a demand deposit account.

This deposit is stated at cost, which approximates market. Under state law, this deposit (or the resulting bank balance) 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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to them. The Commission's policy for custodial credit risk requires that all uninsured deposits must be secured with acceptable collateral as defined in LRS 38:1221 valued at market. At June 30, 2010, the Commission had deposits (collected bank balances) totaling \$1,695,742 which were fully secured.

Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within ten days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

(C) LITIGATION

There was no litigation pending against the Commission as of June 30, 2010.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

(D) COMMITMENTS

On September 7, 2004 the Commission entered into a contract for professional engineering services with HNTB Corporation in the amount of \$250,000, to provide Phase A of the project, which is to hire an engineering firm or firms that have experience in conducting toll-road financial feasibility studies that are acceptable to the investment banking community and bond rating organizations. In addition, Supplemental Agreements No. 1 and 2 were entered into during 2005, which increased the contract amount by \$267,490 and expanded the scope of services to be provided to include a feasibility study and to begin Phase B, the NEPA process, which includes Environmental Impact Statements and Records of Decision. Supplemental Agreement No. 3 was entered into during 2006 to continue the Environmental Impact statement, which increased the contract amount by \$250,000. Supplemental Agreement No. 4 was effective on October 1, 2007 and expanded the scope to consist of finalizing the preparation of a Tier 1 EIS and Record of Decision. Also included in this supplement is the initiation of Phase B-2, Tier 2 EIS for SIU1, I-10 to US 90. Additional compensation under this Supplemental Agreement is \$2,199,425. Supplemental Agreement No. 5 was entered into during 2009 for \$1,000,000 and consists of further progression of Phase B-2, Tier2 EIS. During the fiscal year ended June 30, 2010, an amendment to Supplemental Agreement No. 4 for \$92,231 was executed to finalize the preparation of a Tier 1 EIS and Record of Decision. As of June 30, 2010, \$2,921,386 has been paid or accrued under this contract, including supplements. The terms of the contract outline payment on a monthly basis with the amount directly proportional to the percentage of completed services as shown in the monthly progress schedule.

On January 18, 2008, the Commission also entered into a Cooperative Endeavor Agreement with the Louisiana Department of Transportation and Development in the amount of \$2,250,000 for engineering and environmental studies for the Project. On March 10, 2009, the Commission amended this Cooperative Endeavor Agreement with the Louisiana Department of Transportation and Development, appropriating an additional \$1,000,000 for the Administration of the Project.

(E) ECONOMIC DEPENDENCE

The Commission received all of its funding through annual appropriations of the legislature of the State of Louisiana. A change in this funding could significantly effect the operations of the Commission.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2010**

| | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|----------------------------|---------------------------|---------------------|---|
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ 92,231 | \$ 92,231 | \$ - |
| Investment Earnings | <u>30,000</u> | <u>55,750</u> | <u>56,332</u> | <u>582</u> |
| Total Revenues | <u>30,000</u> | <u>147,981</u> | <u>148,563</u> | <u>582</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 1,776,295 | 758,330 | 693,447 | 64,883 |
| Capital Outlay | <u>5,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>1,781,295</u> | <u>758,330</u> | <u>693,447</u> | <u>64,883</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>\$ (1,751,295)</u> | <u>\$ (610,349)</u> | <u>\$ (544,884)</u> | <u>\$ 65,465</u> |

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

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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

JOHN W. WRIGHT, CPA *
JAMES H. DUPUIS, CPA, CFP *
JAN H. COWEN, CPA *
LANCE E. CRAPPELL, CPA *
MICAH R. VIDRINE, CPA *
TRAVIS M. BRINSKO, CPA *
RICK L. STUTES CPA, CVA / ABV, AFA *

To the Board of Commissioners
Lafayette Metropolitan Expressway Commission
Lafayette, Louisiana

* A PROFESSIONAL CORPORATION

JOE D. HUTCHINSON, CPA * +
M. TROY MOORE, CPA * +
MICHAEL G. DEHART, CPA, CVA, MBA * +

+ RETIRED

We have audited the financial statements of the governmental activities and the major fund of the Lafayette Metropolitan Expressway Commission (the "Commission"), as of and for the year ended June 30, 2010, which collectively comprise the commission's basic financial statements and have issued our report thereon dated November 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the of the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:514 and the Louisiana Governmental Audit Guide.



Internal Control Over Financial Reporting

STEPHANIE A. BLANK, CPA
KRISTIE C. BOUDREAUX, CPA
ROBERT T. DUCHARME, II, CPA
CHRISTINE R. DUNN, CPA
JUDITH FAULK, CPA
STUART FLEMING, CPA
MARY PATRICIA KEELEY, CPA
JOAN MARTIN, CPA, CVA, CFE, DABFA
TANYA L. MIGUES, CPA
WENDY ORTEGO, CPA
STUART SONNIER, CPA
DAMIAN H. SPIESS, CPA, CFP
ROBIN G. STOCKTON, CPA
BRIDGET B. TILLEY, CPA, MT
ABBY T. TRAHAN, CPA, MS
TINA B. VIATOR, CPA

In planning and performing our audit, we considered Lafayette Metropolitan Expressway Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission'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 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 Lafayette Metropolitan Expressway Commission'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Lafayette Metropolitan Expressway Commission, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

November 29, 2010

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

We have audited the financial statements of the Lafayette Metropolitan Expressway Commission as of and for the year ended June 30, 2010, and have issued our report thereon dated November 29, 2010. We conducted our audit in accordance with generally accepted auditing standards of the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our audit of the financial statements of June 30, 2010 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

| | | |
|--------------------------|------------------------------|--|
| Significant Deficiencies | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Reportable Conditions | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Compliance

| | | |
|---|------------------------------|--|
| Compliance Material to Financial Statements | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|---|------------------------------|--|

Section II Financial Statement Findings

No Current Year Findings.

Section III Federal Award Findings and Questioned Costs

This section is not applicable for the year ended June 30, 2010.

LAFAYETTE METROPOLITAN EXPRESSWAY COMMISSION
SUMMARY OF CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

There were no prior year findings.