ANNUAL FINANCIAL REPORT

ORLEANS PARISH
COMMUNICATION DISTRICT
(A Component Unit of the City of New Orleans, Louisiana)

DECEMBER 31, 2019 AND 2018

ORLEANS PARISH
COMMUNICATION DISTRICT

DECEMBER 31, 2019 AND 2018

INDEX TO ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

December 29, 2020

Board of Commissioners
Orleans Parish Communication District
118 City Park Avenue
New Orleans, Louisiana 70119

We have audited the accompanying financial statements of the Orleans Parish Communication District (the District), a component unit of the City of New Orleans, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the index to annual financial report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2019 and 2018, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information as listed in the index to annual financial report, 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2020 on our consideration of the District'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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan and Maher, LLP

New Orleans, Louisiana

This section of the Orleans Parish Communication District's (the District) annual financial report provides important background information and management's analysis of the District's financial performance during the fiscal years that ended on December 31, 2019 and 2018. Please read this section in conjunction with the financial statements and the notes to the financial statements beginning on page 8 in this report.

Financial Highlights:

* During 2019 and 2018, the District received $9,476,776 and $9,476,774, respectively, from the City of New Orleans to fund operations of the 9-1-1 System in conjunction with the Cooperative Endeavor Agreement.

* Operating revenues for the year ended December 31, 2019 decreased from 2018 by $208,506 while operating expenses for the year ended December 31, 2019 increased from 2018 by $2,436,472. The decrease in operating revenues is attributable to a reduction in wireless 9-1-1 taxes received during the year. The increase in operating expenses was due mainly to an increase in personnel wages and benefits expenses.

* Capital expenditures for 2019 were $56,250. Primarily, these expenditures were for a vehicle and equipment used in the daily operations of the District.

Overview of the Financial Statements:

This financial report consists of the following basic parts: management's discussion and analysis (this section), the financial statements, and the notes to the financial statements.

The financial statements contained in this report are presented using Governmental Accounting Standards Board (GASB) accounting principles. These financial statements provide overall information about the District's financial activities on both a short-term and long-term basis. The statements of net position present information about its assets (resources) and liabilities (the amounts obligated to its creditors). The statements of revenues, expenses, and changes in fund net position present information about the current year's and prior year's revenues and expenses. These statements can be used to measure operating improvements or deterioration for the past year. These statements also provide useful information for determining whether the District's service revenue and other revenue sources were sufficient for the District to recover all of its costs. The final financial statements in this report are the statements of cash flows, which provide information about the District's cash from operations, investing, and financing activities. In addition, these statements provide useful information to answer questions such as where cash came from, what cash was used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District:

The statements of net position and the statements of revenues, expenses, and changes in fund net position report information about the District's activities. These two statements report the net position of the District and changes in them. Increases and decreases in the District's net position are one of a number of indicators of whether its overall financial health is improving or deteriorating. However, other nonfinancial factors such as wireless communication growth should also be considered.

Net Position:

A summary of the District's statements of net position is presented below:

Condensed Statements of Net Position
December 31, 2019 and 2018

	2019	2018
Current Assets	$ 3,930,849	$ 6,828,755
Capital Assets - Net	15,456,887	16,129,703
Total Assets	19,387,736	22,958,458
Deferred outflows of resources	11,455,135	10,700,282
Total Assets and Deferred Outflows	$ 30,842,871	$ 33,658,740
Current Liabilities	$ 792,483	$ 2,467,963
Noncurrent Liabilities	18,421,058	16,090,982
Total Liabilities	19,213,541	18,558,945
Deferred inflows of resources	1,968,214	961,718
Net Position		
Net investment in capital assets	15,456,887	15,224,703
Restricted for Debt Service	-	944,368
Unrestricted	(5,795,771)	(2,030,994)
Total Net Position	9,661,116	14,138,077
Total Liabilities, Deferred Inflows and Fund Net Position	$ 30,842,871	$ 33,658,740

Summary of Revenues, Expenses and Changes in Fund Net Position:

The following table presents a summary of the District's revenues and expenses for the calendar years ended December 31, 2019 and 2018:

Condensed Statement of Revenues, Expenses and
Changes in Fund Net Position
For the Years Ended December 31, 2019 and 2018

	2019	2018
Operating Revenues	$ 5,839,005	$ 6,047,511
Operating Expenses	20,042,346	17,605,874
Operating Loss	(14,203,341)	(11,558,363)
Nonoperating Revenues (Expenses):		
Intergovernmental revenue	9,476,776	9,476,774
Interest Income	112,500	60,835
Interest Expense	(13,539)	(72,189)
Other Income	118,652	286,406
Rental Income	31,991	25,377
Total Nonoperating Revenues (Expenses)	9,726,380	9,777,203
Change in Net Position	(4,476,961)	(1,781,160)
Total Net Position, Beginning of Year	14,138,077	15,919,237
Total Net Position, End of Year	$ 9,661,116	$ 14,138,077

Current Operations and Accomplishments:

The OPCD presently employs 167 Full-Time Equivalents (FTE's), with eleven (11) remaining vacancies. OPCD intends to fulfill all current vacancies to ensure efficient operations and continue to provide outstanding E-9-1-1 to the citizens of the City of New Orleans. The three (3) Public Safety Agencies assigned personnel to act as Agency Coordinators in an exchange of information between the agencies and OPCD.

All Operations employees continue to receive training through accredited Public Safety agency programs. Upon completion of each discipline, the employees can earn the opportunity for promotion.

OPCD successfully transitioned City of New Orleans 311 Operations to include the expansion of services in response to the ongoing pandemic.

OPCD continues to exceed the National Fire Protection Association (NFPA) and APCO/NENA standards for emergency call answering response time.

Current Operations and Accomplishments: (continued)

The District successfully deployed public facing life safety technology (Smart 911), enhanced technological infrastructure through FirstNet, and introduced our agency-based community outreach program entitled Project Unity.

Plans and Projects:

The City's Real Time Crime Center (RTCC) continue to offer the District generous space as it's back-up center's location. Funding will be needed to expand the Computer Aided Dispatch system, radio connectivity, audio logging, UPS and other computer and network systems to the RTCC so an adequate facility is available for continuity of operations.

The District contracted Verges Rome/PAGE to conduct a feasibility study for the purpose of the expansion of the Public Safety Answering Point (PSAP) campus. A presentation was made to the Board of Commissioners to move forward into Phase II (design concepts). In Q1 2020 the District received the schematic design for the proposed construction.

The District is presently working to obtain accreditation as an Accredited Center of Excellence (ACE) from IAED and from the Commission on Accreditation for Law Enforcement Agencies.

Contacting the District's Financial Management:

This financial audit report is designed to provide individuals with a general overview of the District's finances, and to demonstrate to the public that the District is accountable for the funds it receives from the public. For additional information, please contact Tyrell Morris, Executive Director, Orleans Parish Communication District, 118 City Park Avenue, New Orleans, LA 70119, and (504) 671-3911.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUSIANA
STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 2,514,797	$ 5,181,950
Accounts receivable	919,418	849,454
Other receivables	-	235,756
Prepaid expenses	173,478	238,439
Due from other governments	323,156	323,156
Total current assets	3,930,849	6,828,755
Capital assets:		
Capital assets (net of accumulated depreciation)	15,456,887	16,129,703
Total capital assets	15,456,887	16,129,703
Total assets	19,387,736	22,958,458
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources related to pensions	11,455,135	10,700,282
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 30,842,871	$ 33,658,740
LIABILITIES:		
Current liabilities:		
Accounts payable	$ 620,939	$ 1,017,272
Bonds payable	-	905,000
Bonds interest payable	-	13,123
Accrued payroll expenses	171,544	532,568
Total current liabilities	792,483	2,467,963
Noncurrent liabilities:		
Accrued leave	843,146	634,021
Net pension liability	17,577,912	15,456,961
Total noncurrent liabilities	18,421,058	16,090,982
Total liabilities	19,213,541	18,558,945
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources related to pensions	1,968,214	961,718
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	21,181,755	19,520,663
NET POSITION:		
Net investment in capital assets	15,456,887	15,224,703
Restricted for debt service	-	944,368
Unrestricted	(5,795,771)	(2,030,994)
Total fund net position	9,661,116	14,138,077
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND NET POSITION	$ 30,842,871	$ 33,658,740

See accompanying notes.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
OPERATING REVENUES:		
Charges for services	$ 5,839,005	$ 6,047,511
Total operating revenues	5,839,005	6,047,511
OPERATING EXPENSES:		
Contractual services, supplies, materials, and other	3,576,855	3,145,148
Personnel services	15,736,425	13,445,447
Depreciation	729,066	1,015,279
Total operating expenses	20,042,346	17,605,874
OPERATING LOSS	(14,203,341)	(11,558,363)
NONOPERATING REVENUES (EXPENSES):		
Intergovernmental revenue	9,476,776	9,476,774
Interest income	112,500	60,835
Interest expense	(13,539)	(72,189)
Miscellaneous income	118,652	286,406
Rental income	31,991	25,377
Total nonoperating revenues (expenses)	9,726,380	9,777,203
CHANGE IN NET POSITION	(4,476,961)	(1,781,160)
TOTAL NET POSITION - Beginning of year	14,138,077	15,919,237
TOTAL NET POSITION - End of year	$ 9,661,116	$ 14,138,077

See accompanying notes.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for services	$ 5,769,041	$ 6,150,965
Cash paid for goods and services	(3,672,470)	(3,063,458)
Payments for salaries and related expenses	(13,515,731)	(11,847,627)
Net cash used by operating activities	(11,419,160)	(8,760,120)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Intergovernmental revenue	9,476,776	9,476,774
Interest paid	(26,662)	(84,515)
Purchase of capital assets	(56,250)	(258,810)
Principal payments on bonds	(905,000)	(860,000)
Miscellaneous receipts	150,643	311,784
Net cash provided by capital and related financing activities	8,639,507	8,585,233
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	112,500	60,835
Net cash provided by investing activities	112,500	60,835
NET DECREASE	(2,667,153)	(114,052)
Cash and cash equivalents, January 1	5,181,950	5,296,002
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 2,514,797	$ 5,181,950
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED OR (USED) BY OPERATING ACTIVITIES:		
Operating loss	$ (14,203,341)	$ (11,558,363)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	729,066	1,015,279
Change in net pension liability	2,120,951	1,864,950
Change in pension deferred inflows/outflows	251,643	(189,736)
Decrease/(Increase) in due from other governments	-	67,417
Decrease/(Increase) in accounts receivable	(69,964)	103,454
Decrease/(Increase) in other receivables	235,756	(235,756)
Decrease/(Increase) in prepaid expenses	64,961	33,195
Increase/(Decrease) in accounts payable	(396,333)	284,251
Increase/(Decrease) in accrued payroll expenses	(361,024)	104,508
Increase/(Decrease) in accrued leave	209,125	(249,319)
Total adjustments	2,784,181	2,798,243
NET CASH USED BY OPERATING ACTIVITIES	$ (11,419,160)	$ (8,760,120)

See accompanying notes.

DESCRIPTION OF ORGANIZATION:

The Orleans Parish Communication District, which services all of Orleans Parish, was created effective July 13, 1982, pursuant to Act No. 155 of the 1982 Regular Session of the Louisiana Legislature.

The District was created for the purpose of establishing a local emergency telephone service, establishing a primary emergency telephone number, providing for the governing body of the District, and authorizing the governing authority of such district to levy an emergency telephone tax. This act was amended by Act No. 1029 in 1999 to provide for the creation of multi-parish communications districts, to provide relative to the rate of the emergency telephone service charge on landline phones and to authorize the levy of an emergency telephone service charge on certain wireless communications systems.

The District and the City of New Orleans (City) entered into a Cooperative Endeavor Agreement on January 1, 2003 that allowed the City to provide pension and health benefits to District employees, while the District provided funding support for call takers, administrative, and maintenance support for the 9-1-1 system, building, and personnel. Effective April 13, 2016, the District and the City of New Orleans entered into another Cooperative Endeavor Agreement that terminated all previous Cooperative Endeavor Agreements and consolidated operations of the 9-1-1 System. The consolidation resulted in the physical and organizational placement of all emergency communication functions into one facility as one organization supporting the New Orleans Police Department, New Orleans Fire Department, New Orleans Emergency Management Services, and New Orleans Homeland Security and Preparedness using common systems. All City personnel assigned to the 9-1-1 call center by various City departments are now assigned to the District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity:

For financial reporting purposes the District is a component unit of the City of New Orleans, Louisiana (the City). The accompanying financial statements present information only as to the transactions of the District and are not intended to present fairly the financial position and results of operations of the City of New Orleans, Louisiana.

Proprietary Fund Type:

The proprietary fund is used to account for the District's ongoing operations and activities which are similar to those often found in the private sector. The District maintains one proprietary fund type – the enterprise fund. The enterprise fund is used to account for operations: a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Proprietary Fund Type: (Continued)

b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Net position is segregated into amounts invested in capital assets (net of related debt), restricted for debt service, and unrestricted.

Basis of Accounting:

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) and deferred outflows of resources and deferred inflows of resources are included on the Statements of Net Position. The Statements of Revenues, Expenses, and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, cash and cash equivalents include all highly-liquid investments with an original maturity of three months or less when purchased.

Allowance for Doubtful Accounts:

The District considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Property, Plant, and Equipment:

Property, plant, and equipment associated with the activity of the District are recorded as assets of the District. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed when occurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation of these assets is computed using the straight-line method over the estimated useful lives of the assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Compensated Absences:

All full-time classified employees of the District are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). In addition, all employees earn bonus and annual sick leave based on the work week schedule and years of service. Upon termination of employment, an employee is paid for accrued annual leave based upon his or her current hourly rate of pay and for accrued sick leave on a formula basis.

Vacation (annual leave) and sick pay (sick leave) are accrued when incurred in the District.

Restricted Resources:

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

Classification of Revenues:

The District has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating Revenues:

Operating revenues include activities that have the characteristics of exchange transactions, such as charges for services.

Non-operating Revenues:

Non-operating revenues include other activities, such as interest earned on cash equivalents, rental income, and intergovernmental revenue.

Risk Management:

The District is exposed to various risks of loss related to torts such as theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to insure against these types of losses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources:

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources that represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. The District has one item that qualifies for reporting in this category, which is deferred amounts related to pensions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources that represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, which is deferred amounts related to pensions.

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Employees' Retirement System of the City of New Orleans (NOMERS) and changes in NOMERS's fiduciary net position have been determined on the same basis as they are reported by NOMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. CASH AND CASH EQUIVALENTS:

Cash:

At December 31, 2019 and 2018, the District has cash (book balances) totaling $260,600 and $2,979,105, respectively, and $314,479 and $3,082,507, respectively, in deposits (collected bank balances) at three financial institutions (the banks). At December 31, 2019 and 2018, these deposits are secured from risk by $250,000 of Federal Deposit Insurance Corporation (FDIC) insurance and pledged securities held by the banks in joint custody.

Cash Equivalents:

For the years ended December 31, 2019 and 2018, cash equivalents in the amount of $2,254,198 and $2,202,845, respectively, consist of government pooled investments. The funds are managed by the Louisiana Asset Management Pool (LAMP) held by a custodial bank in the name of the District.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a

2. CASH AND CASH EQUIVALENTS: (Continued)

Cash Equivalents: (Continued)

safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-RS 33:2955. LAMP is rated AAAm by Standard & Poor's.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating / variable rate investments. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP's financial statements can be obtained by contacting LAMP at 650 Poydras Street, Suite 2220, New Orleans, Louisiana 70130.

3. RECEIVABLES:

The District had receivables due from the landline and wireless 9-1-1 tax collectors in the amount of $919,418 and $849,454 at December 31, 2019 and 2018, respectively. Receivable balances are unsecured.

4. CAPITAL ASSETS:

A summary of changes in capital assets for the years ended December 31, 2019 and 2018 are as follows:

	Life	Balance at 12/31/18	Additions	Disposals	Balance at 12/31/19
Administration Building	40	$ 3,356,157	$ -	$ -	$ 3,356,157
OPS Building	40	15,733,571	-	-	15,733,571
Gately Building	40	121,473	-	-	121,473
Equipment	10	6,272,691	18,454	-	6,291,145
Leasehold Improvements	40	1,083,403	-	-	1,083,403
Vehicles	5	104,161	37,796	-	141,957
		26,671,456	56,250	-	26,727,706
Accumulated Depreciation		(10,541,753)	(729,066)	-	(11,270,819)
Total		$ 16,129,703	$ (672,816)	$ -	$ 15,456,887

4. CAPITAL ASSETS: (Continued)

	Life	Balance at 12/31/17	Additions	Disposals	Balance at 12/31/18
Administration Building	40	$ 3,356,157	$ -	$ -	$ 3,356,157
OPS Building	40	15,733,571	-	-	15,733,571
Gately Building	40	121,473	-	-	121,473
Equipment	10	6,013,949	258,810	(68)	6,272,691
Leasehold Improvements	40	1,083,403	-	-	1,083,403
Vehicles	5	104,161	-	-	104,161
		26,412,714	258,810	(68)	26,671,456
Accumulated Depreciation		(9,526,542)	(1,015,279)	68	(10,541,753)
Total		$ 16,886,172	$ (756,469)	$ -	$ 16,129,703

5. COMPENSATED ABSENCES:

Effective January 1, 2019, all regular full-time employees accrue annual leave and sick leave based on bi-weekly period based on their years of service and regular work schedule. An employees' regular work schedule is categorized as either an 8-hour daily schedule or a 12-hour daily schedule. Annual and sick leave is accrued based on the following criteria:

		Hours per pay period		Leave days per year	
Years of Service	Daily Schedule	Annual Leave	Sick Leave	Annual Leave	Sick Leave
0 - 4.9	8 hour	4.00	4.00	13	13
	12 hour	6.00	6.00	13	13
5 - 9.9	8 hour	4.92	4.62	16	15
	12 hour	7.38	6.92	16	15
10 - 14.9	8 hour	5.85	4.62	19	15
	12 hour	8.77	6.92	19	15
15 - 19.9	8 hour	6.77	6.15	22	20
	12 hour	10.15	9.23	22	20
20 +	8 hour	7.69	6.15	25	20
	12 hour	11.54	9.23	25	20

5. COMPENSATED ABSENCES: (Continued)

During the year ended December 31, 2018 all regular full-time employees accrued annual leave and sick leave based on their work week schedule. AFT/OPS employees who worked a scheduled 35-hour work week accrued annual leave at a rate of 3.5 hours for every bi-weekly pay period and accrued sick leave at a rate of 3.5 hours for every bi-weekly pay period. OPS employees who worked a scheduled 36/48-hour week accrued annual leave at a rate of 4.2 hours for every bi-weekly pay period and accrued sick leave at a rate of 4.2 hours for every bi-weekly pay period. AFT/OPS employees who worked a 40-hour week accrued annual leave at a rate of 4.0 hours for every bi-weekly pay period and accrued sick leave at a rate of 4.0 hours for every bi-weekly pay period. Bonus annual and sick leave was granted to employees on January 1st of each year. The bonus annual and sick leave granted was based on the employees' work week and years of service. Effective January 1, 2019, bonus sick and annual leave is no longer granted to employees.

During the year ended December 31, 2018, bonus annual leave was granted to employees on January 1st as follows based on calendar years of continuous service. Employees earn bonus annual leave as follows:

Years of Continuous Service	Bonus Annual Leave Earned per Year
5 - 9	3 days worth of hours
10 - 14	6 days worth of hours
15 - 19	9 days worth of hours
20 +	12 days worth of hours

During the year ended December 31, 2018, bonus sick leave was granted to employees on January 1st as follows based on calendar years of continuous service. Employees earned bonus sick leave as follows:

Years of Continuous Service	Bonus Sick Leave Earned per Year
6 - 15	2 days worth of hours
16 +	7 days worth of hours

Effective January 1, 2019, District employees are allowed to carry forward annual leave from year to year, based on the following criteria:

Daily Schedule	Annual leave max carryover
8 hours	360 hours
12 hours	540 hours

5. COMPENSATED ABSENCES: (Continued)

Full-time District employees hired prior to April 13, 2016 are permitted to carry over a maximum of 720 annual leave hours at the start of each calendar year.

During the year ended December 31, 2018, District employees hired April 13, 2016 or after were allowed to carry forward up to 360 hours of annual leave from year to year. Accrued annual leave in excess of 360 hours was converted to sick leave. District employees hired prior to April 13, 2016 were allowed to carry forward up to 630 hours of annual leave from year to year. Accrued annual leave in excess of 630 hours was converted to sick leave. There was no maximum for the number of sick leave hours which can be carried forward.

Upon an employee's death, termination, resignation, retirement, or lay-off, accrued annual leave is converted to cash and paid out. Accrued sick leave is converted to cash based on the following conversion factors and paid out:

Accrued Sick Leave Hours	Percent Converted
1 - 700	20%
701 - 1,400	25%
1,401 - 2,100	33%
2,101 - 2,800	50%
2,800 +	100%

If termination is the result of retirement, the employee has the option of converting accrued sick and annual leave to additional years of service. At December 31, 2019 and 2018, total accrued annual and sick leave was $843,146 and $634,021, respectively.

A summary of changes in compensated absences for the year ended December 31, 2019 is as follows:

Balance at December 31, 2018	$ 634,021
Additions	1,081,407
Reductions	(872,282)
Balance at December 31, 2019	$ 843,146

6. COOPERATIVE ENDEAVOR AGREEMENT:

Effective April 13, 2016, the District and the City of New Orleans (City) entered into a Cooperative Endeavor Agreement (CEA) to consolidate operations of the 9-1-1 call center. This resulted in the physical and organizational placement of all emergency communications functions into one facility as one organization supporting New Orleans Police Department, New Orleans Fire Department, New Orleans Emergency Management Services and New Orleans Homeland Security and Emergency Preparedness using common systems.

Beginning January 1, 2019, the District and the City of New Orleans (City) entered into a new Cooperative Endeavor Agreement (CEA) to define the obligations of each party.

The CEA requires the City to provide an annual appropriation to the District for the Districts Operations (OPS) personnel, costs including health and accident insurance, employer retirement contributions, workers compensation, unemployment insurance, life insurance, uniform allowance, sick leave, annual leave, and terminal leave. The annual appropriation may also include an allocation for other operating costs required to support the District OPS. Funding shall be subject to approval by the City Council of New Orleans through the regular budgeting process. In addition, the City is to provide the District with access to fueling stations and computer programs and software applications which the City has purchased enterprise-wide licenses, provided the license agreements allow the City.

The District is required to develop an administrative and organizational structure that ensures consolidated operations and maintain and improve upon the current operational performance of 9-1-1 services with the City. Also, the District is to purchase, implement, and maintain hardware, software, and systems required for the provisions of E9-1-1 service throughout Orleans Parish; adopt, maintain, and implement appropriate protocols for operators to become cross-trained to take and dispatch all types of emergency calls; provide personnel with professional training and support; and maintain the physical facility known as the Warren E McDaniel 9-1-1 center for E9-1-1 services.

The CEA requires the District to provide self-generated funding for the purpose of supporting consolidated 9-1-1 operations.

During the years ended December 31, 2019 and 2018, the District received intergovernmental revenue in the amount of $9,476,776 and $9,476,774, respectively, from the City to fund the OPS personnel cost. The City owed the District $323,156 and $ 323,156 for the years ended December 31, 2019 and 2018, respectively, for the cost of the accrued annual and sick leave earned by employees transferred to the District as a result of consolidation.

7. RELATED PARTY:

The City of New Orleans provides health and accident insurance to the District's employees exclusively through preferred provider organizations (PPOs). Under this type of program, the District pays initial premiums based on the level of the employee's participation and has no further

7. RELATED PARTY: (Continued)

liabilities on any claims. The total amount of contributions by the District for health insurance was \$1,257,248 and \$1,321,880 for 2019 and 2018, respectively. As of December 31, 2019 and 2018, the District had outstanding health and accident insurance premiums payable to the City of New Orleans of \$121,761 and \$272,297, respectively.

The District also pays the Municipal Employees' Retirement System of the City of New Orleans for its employees' pension costs. See footnote number 8 for the disclosures.

8. PENSION PLAN:

The District's employees participate in the Employees' Retirement System of the City of New Orleans (the Plan) (NOMERS). The Plan, a single-employer defined benefit pension plan, is controlled and administered by a separate Board of Trustees. The Plan covers all employees of the District. The Plan provides retirement, deferred, and disability benefits; survivor benefits; and cost-of-living adjustments to plan members and beneficiaries. It is supported by joint contributions of the City and employee members and income from investments. The Plan became operative on July 1, 1947. The City of New Orleans makes contributions for members during active service as well as for periods of service of members employed prior to July 1, 1947. In this way, reserves are accumulated from the city and employee contributions.

The Board issues a publicly available financial report that includes financial statements and required Plan supplementary information. The financial report for the Plan may be obtained by writing to: The Employees' Retirement System of the City of New Orleans, 1300 Perdido Street, New Orleans, Louisiana 70131.

Benefits Provided:

Retirement Benefits:

Under the Plan, employees with 30 years of service, or who attain age 60 with 10 years of service or age 65 and five years of service, are entitled to a retirement allowance. Effective January 1, 2018, any member with 30 years of service or age 62 with 20 years of service may retire with no age reduction. The benefits to retirees consist of the following:

An annuity, which is the actuarial equivalent of the employee's accumulated contribution; plus

1. Effective for members retiring on or after January 1, 2018, an annual pension, which, together with above annuity, provides total retirement allowance equal to 1.90% of average compensation times creditable service.

8. PENSION PLAN: (Continued)

Benefits Provided: (Continued)

Retirement Benefits: (Continued)

2. Effective for members retiring before 2018, but on or after January 1, 2002, an annual pension, which, together with above annuity, provides total retirement allowance equal to 2.5% of average compensation times first 25 years, plus 4% of average compensation times creditable service over 25 years.

3. Effective for members retiring before 2002, but on or after January 1, 1983, an annual pension, which, together with above annuity, provides total retirement allowance equal to 2% of average compensation times first 10 years, plus 2.5% of average compensation times next 10 years, plus 3% of average compensation times next 10 years, plus 4% of average compensation times creditable service over 30 years.

4. Effective January 1, 1983, additional pension equal to 2% of $1,200 times first 10 years, plus 2.5% of $1,200 times next 10 years, plus 3% of $1,200 times next 10 years, plus 4% of $1,200 times service over 30 years, ceases at 62 or at eligibility for Social Security, whichever comes first. Effective January 1, 2002, the $1,200 exclusion will not apply.

5. Additional pension for members, who reach age 65 with 20 or more years and the retirement allowance under (1) and (2) above is less than $1,200 per year, to produce total retirement allowance of $1,200 per year.

6. Effective January 1, 1982, for service retirement prior to age 62 with less than 30 years of Service, (3) and (4) above are reduced by 3% for each year below 62. How-ever, effective January 1, 1996, this reduction is not made if employee has at least 30 years of service. Effective January 1, 2002, no reduction if age and service total at least 80.

The maximum benefit will not be greater than 100% of average compensation, unless member has already accrued a larger benefit as of April 1978. Effective June 1, 1999, the minimum benefit will be $300 per month for retirees with 10 years of service at retirement.

Form of Benefit:

Modified cash refund annuity - If a member dies after retirement and before receiving the amount of his accumulated contributions in annuity payments, then the lump sum balance of his contributions is paid to beneficiary.

8. PENSION PLAN: (Continued)

Benefits Provided: (Continued)

Cost-of-Living:

Board of Trustees retains excess over average 3.5% interest earnings to provide cost-of-living increases in benefits to retirees (past or future) not to exceed 3% of original benefit per each year of retirement. Effective January 1, 2001, additional one-time increase of 1% times member's or beneficiary's current monthly benefit times whole calendar years from date benefit commenced.

Death Benefits:

Members that expire during active service are eligible for death benefits. The benefits represent the members accumulated plan contributions and are paid to the member's beneficiary. Additional information is as follows:

1. If a member has three years creditable service, additional lump sum benefit equal to 1/4 of earnable compensation for year preceding death, plus 5% of such earnable compensation for each additional year of creditable service (benefit not to exceed compensation made before death).

2. If, at date of death, a member was eligible for retirement and leaves a surviving spouse, the surviving spouse shall be eligible to elect either Option number 2 or Lump Sum refund of employee's contributions.

3. Offset by worker's compensation benefits.

4. If, at date of death, a member was ineligible for retirement, but was at least 55 years of age and had 10 or more years of creditable service or was under age 55 and had at least 20 years of creditable service, then the surviving spouse may elect to receive a benefit equal to an actuarially reduced amount based upon the member's age and years of creditable service. Benefit to cease when the surviving spouse reaches age of eligibility for Social Security.

Separation Benefits:

1. Effective January 1, 2002, a member who separates with five years of creditable service may allow his accumulated contributions to remain on deposit and service retirement allowance to begin as early as age 65.

8. PENSION PLAN: (Continued)

Benefits Provided: (Continued)

Separation Benefits: (Continued)

2. Prior to January 1, 2002, withdrawal with 10 years of creditable service prior to separation, a member may allow accumulated contributions to remain on deposit and service retirement allowance to begin as early as age 60 (subject to reduction if retirement is elected before age 62). If death occurs before retirement, return of accumulated contributions with interest.

3. Upon withdrawal without five years creditable service, the employee is entitled to return of his accumulated contributions with interest or may allow contributions to remain on deposit for maximum of five years. (In case of employee's death, then accumulated contribution plus interest are paid to beneficiary.)

4. If employee re-enters after receipt of refund and continues service thereafter for at least six months, he may repay amount of refund plus the amount of employer contributions, with compound interest, to receive prior creditable service again.

Optional Forms of Benefits:

1. If a member dies before receiving, in annuity payments, the value of his annuity at the time of his retirement, then balance is payable to his beneficiary.

2. 100% survivor's benefits - reduced retirement benefit continued to beneficiary at member's death. If the spouse predeceases the retiree, the benefit reverts back to the maximum amount.

3. 50% survivor's benefits - 50% of reduced retirement benefit continued to beneficiary at member's death. If the spouse predeceases the retiree, the benefit reverts back to the maximum amount.

4. Other benefits of equal actuarial value may be available upon approval of the Board.

Disability:

Any amounts which may be paid or payable under the provisions of any workmen's compensation statute or similar law to a member or to a dependent or a member on account of accidental disability or accidental death shall, in such a manner as the Board shall approve, be offset against and payable in lieu of any benefits payable out of the funds provided by the City under the provisions of the retirement system on account of the same accidental disability or on account of death.

8. PENSION PLAN: (Continued)

Benefits Provided: (Continued)

Ordinary Disability Retirement:

Upon written application of a member in active service or of the head of his department, any member who has had 10 or more years of creditable service may be retired by the Board on an ordinary disability retirement allowance if a physician nominated by the Board shall certify that the member is mentally or physically totally incapacitated for the further performance of duty, that such incapacity is likely to be permanent, and that the member should be retired. Upon retirement for ordinary disability, a member will receive a service retirement allowance, if eligible, otherwise the member will receive a disability retirement allowance, which will consist of:

a. An annuity which is the actuarial equivalent of the employee's accumulated contributions; and

b. An annual pension, which, together with (a), equals 75% of service allowance that would have been payable at age 65, had member continued in service to age 65, computed on the average compensation.

Accidental Disability Retirement:

Upon the application of a member or the head of his department, any member whom the Board finds has been totally and permanently incapacitated as result of an accident sustained in service as a member and occurring while in performance of his duty may be retired by the Board; provided, that a physician nominated by the Board will certify that the member is, mentally or physically, totally incapacitated and that the member should be retired.

Upon retirement for accidental disability, a member will receive a service retirement allowance, if eligible; otherwise the member will receive an accidental disability retirement allowance, consisting of:

a. An annuity which is the actuarial equivalent of the employee’s accumulated contributions; and

b. An annual pension equal to the difference between the employee’s annuity and 65% of earnable compensation for year preceding date of accident.

Medical examinations are required every three years for those disability retirees under 60. Accidental disability benefits are offset by workmen's compensation payments, if any.

8. PENSION PLAN: (Continued)

Benefits Provided: (Continued)

Reciprocity:

Effective July 16, 1974, provisions made for reciprocal transfers of service and funds between this System and the Employees' Retirement System of the Sewerage and Water Board of New Orleans, in the event an employee transfers from one employer to the other, service credits were transferred from sending system to receiving system provided all employee contributions plus earned interest and all employer contributions, plus agreed-upon interest, are transferred. Effective September 23, 1993, retroactive for transfers on and after the October 17, 1988, agreement was amended to provide for a transfer from the sending system to the receiving system equal to the GASB No.5 liability of the sending system at 7% interest, 5% salary scale, the remaining GASB No. 5 actuarial assumptions and the salary and benefit structure in effect for the sending system at time of transfer.

A detailed plan agreement has been published and made available to all plan participants. Their agreement contains all information regarding the plan's benefits, amendments, actuarial assumptions, and contribution requirements.

Early Retirement Window:

From January 1, 1987 through April 30, 1987, an early retirement window was available. Any member, who had at least 15 years of service and whose age plus service totaled at least 70, could retire during the window with no reduction for early retirement. The member must have converted all sick leave into service credits.

DROP Account:

Effective January 1, 1994, any member who is eligible for a service retirement under Section 114-201(a) may participate in the DROP program. A member can participate for up to five years. When a member joins the DROP, he stops contributing to and earning benefits in the system. Employer contributions also stop. His retirement benefit begins being paid into his DROP account.

1. Interest is earned on the DROP account at an annual rate set by the Board. Members of the DROP receive cost-of-living increases, as if they would have received such raises as a retiree.

2. Upon termination of employment at the end of the specified period of DROP participation, the DROP account is paid out. After his DROP period ends and upon continued or re-employment, the member may resume contributions and earn a supplemental benefit based on current covered compensation.

8. PENSION PLAN: (Continued)

Benefits Provided: (Continued)

DROP Account: (Continued)

3. If at the end of a member's period of DROP participation he does not terminate employment, payments into DROP shall cease and no further interest shall be earned or credited to the account. Payments shall not be made until employment is terminated.

Contributions:

Plan members are required to contribute 6% of their annual covered salary. The District is required to contribute at an actuarially determined rate. The employer contribution rate for the years ended December 31, 2019 and 2018 are 23.190% and 23.252% of annual payroll, respectively. The contribution requirement of Plan members and the District are established and may be amended by state statute. The contributions made by the District to the Plan for the years ended December 31, 2019 and 2018 was $2,004,643 and $1,578,674, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At December 31, 2019 and 2018, the District reported a liability for the Plan in the amount of $17,577,912 and $15,456,961, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and December 31, 2018, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The District's proportion of the net pension liability for the retirement system was based on the District's pension wages reported to the pension plan as a percentage of total pension wages reported to the Plan. At December 31, 2019 and 2018, the District's proportion for the Plan was 5.7789% and 5.2824%, respectively.

At December 31, 2019 and 2018, the District recognized pension expense for its participation in the Plan of $4,369,824 and $3,226,545, respectively.

8. PENSION PLAN: (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

At December 31, 2019 and 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,894,466	$ 903,950
Net difference between projected and actual earnings on pension plan investments	-	567,277
Change in assumptions	3,071,624	-
Change in proportion and differences between employer contributions and proportionate share of contributions	5,489,045	496,987
Total	$ 11,455,135	$ 1,968,214

2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,476,151	$ 185,064
Net difference between projected and actual earnings on pension plan investments	1,419,988	-
Change in proportion and differences between employer contributions and proportionate share of contributions	5,804,143	776,654
Total	$ 10,700,282	$ 961,718

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized in pension expense (benefit) as follows:

Year Ending December 31,	Amount
2020	$ 2,505,747
2021	2,548,602
2022	2,792,535
2023	1,103,422
2024	536,615
Total	$ 9,486,921

8. PENSION PLAN: (Continued)

Actuarial Assumptions:

The total pension liability for the Plan in the December 31, 2019 and 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Actuarial cost method	Entry Age
Actuarial assumptions:	
Expected Remaining Service Lives	4 Years
Investment rate of return	7.25% and 7.50% per annum for 2019 and 2018, respectively.
Inflation rate	2.50%
Projected salary increases	Age-based annual rates ranging from 10% to 3.2% for 2019 5.00% for all ages, compounded annually for 2018
Cost-of-living adjustments	None
Mortality	PubG-2010 Healthy Mortality Table and PubG-2010 General Healthy Retiree Tables, amount weighted, projected generationally with Scale MP-2018 for 2019. RP-2000 Combined Healthy Mortality Table (Sex Distinct) without projection for 2018
Termination and disability	PubNS-2010 Non-Safety Disabled Retiree Table, amount weighted, projected generationally with Scale MP-2018 for 2019. RP-2000 Disability Mortality Table (Sex Distinct) without projection for 2018.
Experience Study	The assumptions used in the 2019 actuarial valuation are based on the results of an Actuarial Experience Study for the period 2011 - 2016. The assumptions used in the 2018 actuarial valuation are based on the results of an Actuarial Experience Study for the period 2006 - 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target allocation as of December 31, 2019 and 2018 are summarized as follows:

8. PENSION PLAN: (Continued)

Actuarial Assumptions: (Continued)

December 31, 2019

Asset Class	Target Asset Allocation	Long-term expected portfolio real rate of return
Cash and Cash Equivalents	2.0%	0.01%
Domestic Equity	42.5%	2.72%
International Equity	14.0%	0.99%
Fixed Income	22.0%	0.25%
Real Estate	5.0%	0.23%
Hedge Funds and GTAA	9.5%	0.32%
Private Investments	5.0%	0.52%
Total Real Return	100%	5.04%

December 31, 2018

Asset Class	Target Asset Allocation	Long-term expected portfolio real rate of return
Cash Equivalents	2%	0.03%
Equity Securities	58%	3.94%
Fixed Income	25%	0.66%
Real Estate	5%	0.20%
Other Alternate Investments	10%	0.74%
Total Real Return	100%	5.57%

Discount Rates:

The discount rate used to measure the total pension liability was 7.25% and 7.50% for the years ended December 31, 2019 and 2018, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from District members will be made at the current contribution rates and those contributions from participating employers will be made at the actuarially determined rates approved by the District's board, taking into consideration the recommendation of the system's actuary. Based on those assumptions, the system fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. PENSION PLAN: (Continued)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rates:

The following presents the net pension liability of the District calculated using the current discount rate as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher, than the current rate for the years ending December 31, 2019 and 2018:

	Changes in Discount Rate		
	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
NPL - December 31, 2019	$ 22,186,873	$ 17,577,912	$ 13,725,484

	Changes in Discount Rate		
	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
NPL - December 31, 2018	$ 19,804,316	$ 15,456,961	$ 12,550,889

Pension Plan Fiduciary Net Position:

Detailed information about the pension plans fiduciary net position is available in the separately issued financial reports for NOMERS.

Payables to the Pension Plan:

As of December 31, 2019 and 2018, the District had outstanding contributions payable to the pension plan of $180,715 and $196,417, respectively.

9. BOARD COMPENSATION:

Members of the Board of Commissioners are not paid per diem for attending Board meetings.

10. LEASES:

During May 2002, the District entered into an operating lease agreement for the lease of land. The lease term is for 50 years with an option to renew for four 10-year periods beginning June 2052. The annual rent for the first 10 years was fixed at a specific amount. The remaining term of the lease shall be divided into consecutive five-year rent periods. The annual rent for each rent period will be adjusted by a formula based on the consumer price index.

10. LEASES: (Continued)

The District also leases various pieces of equipment under month-to-month leases.

Total rental expense for all leases for the years ended December 31, 2019 and 2018 was $313,578 and $322,139, respectively. Future minimum lease payments for all leases are as follows:

Year	Amount
2020	$ 295,503
2021	295,503
2022	295,503
2023	295,503
2024	295,503
Thereafter	8,126,333
Total	$ 9,603,848

11. REVENUE BONDS:

During 2004, the District issued $10,000,000 of revenue bonds to pay part of the cost of constructing, acquiring, equipping, and furnishing a communications center headquarters and related facilities and paying the costs of issuance of the bonds.

The bonds bore interest at 4.35% and matured during 2019. The Revenue Bonds were payable from a pledge of 1) the proceeds of the emergency telephone tax imposed pursuant to law and 2) the excess of annual revenues of the District.

A summary of changes in bonds payable for the year ended December 31, 2019 is as follows:

Balance at December 31, 2018	$ 905,000
Payments	(905,000)
Balance at December 31, 2019	$ -

12. NET POSITION:

Restricted:

Net position in the amount of $-0- and $944,368 for the years ending December 31, 2019 and 2018, respectively, have been restricted for the payment of principal and interest on bonds.

13. SUBSEQUENT EVENTS:

During March 2020, the World Health Organization declared the outbreak of novel coronavirus disease ("COVID-19") as a pandemic. The COVID-19 pandemic has disrupted operations. We expect this matter may continue to negatively impact our operations but the related financial impact cannot be reasonably estimated at this time. While the disruption is currently expected to be temporary, there is considerable uncertainty concerning the duration. The related financial impact and duration cannot be reasonably estimated at this time. Subsequent events have been evaluated through December 29, 2020 which is the date the financial statements are available to be issued.

ORLEANS PARISH COMMUNICATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FIVE YEARS ENDED DECEMBER 31, 2019

Fiscal Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2015	0.8499 %	$ 1,900,272	$ 826,428	229.94%	60.26 %
2016	3.7438 %	$ 9,564,185	$ 4,324,216	221.18%	58.06 %
2017	5.7124 %	$ 13,592,011	$ 6,901,061	196.96%	62.22 %
2018	5.2824 %	$ 15,456,961	$ 6,789,412	227.66%	55.55 %
2019	5.7789 %	$ 17,577,912	$ 8,641,651	203.41%	57.94 %

This schedule is intended to show information for 10 years. Additional years will be presented as they become available.

ORLEANS PARISH COMMUNICATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
FOR THE FIVE YEARS ENDED DECEMBER 31, 2019

Fiscal Year	Statutorily Required Contribution	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess)	District's Covered-Payroll	Contributions as a Percentage of Covered-Payroll
2015	$ 186,591	$ 186,591	$ -	$ 826,428	22.58%
2016	$ 973,410	$ 973,410	$ -	$ 4,324,216	22.51%
2017	$ 1,483,758	$ 1,483,758	$ -	$ 6,901,061	21.50%
2018	$ 1,578,674	$ 1,578,674	$ -	$ 6,789,412	23.25%
2019	$ 2,005,854	$ 2,004,643	$ 1,211	$ 8,649,651	23.18%

This schedule is intended to show information for 10 years. Additional years will be presented as they become available.

1. CHANGE IN BENEFIT TERMS:

The following plan provisions were effective January 1, 2018 for participants hired on or after January 1, 2018:

a. Benefit multiplier changed to 1.90% for all years of service.
b. 80-point provision eliminated for retirement eligibility.
c. Age 60 with 10 years of service early retirement eligibility eliminated.
d. Age 62 with 20 years of service retirement eligibility added.
e. Pensionable earnings capped at $100,000, periodically adjusted for inflation by the Trustees.
f. DROP period was changed to 36 months.
g. The funded percentage necessary for the approval of Cost of Living Adjustments (COLA's) was increased to 95%.

2. CHANGE IN ASSUMPTIONS:

The following assumptions were changed with the January 1, 2020 valuation, based on an experience study for the period of January 1, 2011 through December 31. 2016 conducted by another actuary employed by the City:

a. Update the mortality rates to use the PubG-2010 mortality tables for healthy lives, and PubNS-2010 Disabled Retiree table for Disabled lives, and project the mortality improvement for all participants with Scale MP-2018.
b. Change the retirement rates to use age-based rates, rather than 100% at selected eligibilities.
c. Lower the assumed rate of investment return from 7.50% to 7.25%.
d. Change the salary scale to use age-based rates that reflects decreasing pay growth as a participant ages, rather than use 5% increases for all ages.
e. Update the turnover rates to reflect recent experience.
f. Update the disability rates to only begin after ten years of service, and stop at age 60. There was no change in assumptions during any of the years presented.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUSIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2019

Agency Head Name: Tyrell Morris, Executive Director

PURPOSE	AMOUNT
Salary	$ 115,002
Benefits - insurance	9,716
Benefits - retirement	26,669
Uniform allowance	300
Conference travel	2,200
Continuing professional education fees	2,091
Per diem	2,077
Reimbursements	990
TOTAL	$ 159,045

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INDEPENDENT AUDITOR'S 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*

December 29, 2020

Board of Commissioners
Orleans Parish Communication District
118 City Park Avenue
New Orleans, Louisiana 70119

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Orleans Parish Communication District, a component unit of the City of New Orleans, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 19-01 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 19-02 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 19-03 and 19-04.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duplantier, Hrapmann, Hogan and Maher, LLP

New Orleans, Louisiana

SUMMARY OF AUDITOR'S RESULTS:

1. Findings Required To Be Reported Under Generally Accepted Government Auditing Standards:

Internal Controls – Significant deficiency with material weakness

19-01 General Ledger

During the performance of audit procedures, we noted the following:

a. Funds received subsequent to year-end were posted to the general ledger in the current fiscal year resulting in a material overstatement in cash and revenue;
b. Year-end payroll accrual was not recorded resulting in a material understatement in expenses and liabilities;
c. Seven instances of duplicate liabilities or items reported as outstanding liabilities which had been paid, as of December 31, 2019, were reported as a liability on the general ledger, resulting in a material overstatement of payables at year end;
d. Funds received in the current year were posted to the general ledger in the prior year resulting in an inaccurate cash balance;
e. The prepaid expense reconciliation did not include all prepaid items as of year-end. In addition, a duplicate posting in the general ledger was discovered. As a result, the prepaid expense account was incorrect on the general ledger;
f. The asset depreciation schedule was not reconciled to the general ledger. Also, current year asset disposals were not reflected on the asset depreciation schedule;
g. A beginning balance discrepancy in fund balance occurred as a result of prior year proposed audit adjustments not posted to the general ledger, in addition, adjustments were posted to the prior year general ledger subsequent to the completion of the prior year audit;
h. Various transactions were not recorded to the appropriate general ledger accounts.

A contributing factor to the above findings was a result of difficulties encountered with the accounting software which prompted the District to move to a new accounting software.

The District should properly record transactions to the correct accounts and in the correct fiscal year to ensure accurate posting of receipts and disbursements to the general ledger. Reasonable estimates of liabilities should be made to ensure internal financial information is accurate. Subsidiary ledgers should be periodically reviewed for accuracy and adjusted as necessary. Adjustments should not be made to prior periods, which have been closed. Transactions should be recorded to the correct account on the general ledger to ensure financial statement account balances are properly stated.

SUMMARY OF AUDITOR'S RESULTS: (Continued)

1. Findings Required To Be Reported Under Generally Accepted Government Auditing Standards: (Continued)

Internal Controls – Significant deficiency with material weakness (Continued)

19-01 General Ledger (Continued)

We recommend the District properly record transactions to the correct accounts and in the correct fiscal year to ensure accurate posting of receipts and disbursements to the general ledger. We recommend adhering to current policies in place to ensure payroll is recorded in the proper period and accruals are adjusted as needed. We recommend the District review account details on a regular basis, and at year end, to ensure information is being posted accurately; and review, investigate, and remove, as necessary, items listed on subsidiary ledgers that are inaccurate.

Management's Response:

Many of the issues relative to the General Ledger resulted from issues with the Microsoft Solomon Accounting Software that were identified prior to the beginning of the 2019 Financial Audit. The District conducted a needs assessment and transitioned to a new accounting software in 2020 that better meets the needs of the District and ensures the integrity of the General Ledger and financial statements. In addition, procedures have been put in place to ensure periodic review of the general ledger for accuracy and to address and correct issues as needed.

Internal Controls – Significant deficiency

19-02 Accrued Annual and Sick Leave

During the testing of accrued leave for the District, we noted the following:

a. Certain employees appeared to be incorrectly classified in the payroll system. This resulted in those employees' sick and annual leave not being properly accrued. The employees were accruing leave based on an 8-hour daily work schedule while they should have been accruing leave based on a 12-hour daily work schedule. It was discovered that when corrections were made to these employees, they were inadvertently left with multiple instances of leave balances in the payroll system;
b. Accrued leave as of January 1, 2019, did not agree with the ending accrued leave balances as of December 31, 2018, for certain employees;
c. Payroll was transferred to a new system during the year. A significant number of employees' leave balances transferred from the old system did not agree with their transferred balance in the new system;
d. Manual adjustments were made to certain employees' accumulated leave balances in the payroll system with no written support.

SUMMARY OF AUDITOR'S RESULTS: (Continued)

1. Findings Required To Be Reported Under Generally Accepted Government Auditing Standards: (Continued)

Internal Controls – Significant deficiency (Continued)

19-02 Accrued Annual and Sick Leave (Continued)

All employees should be set up in the payroll system based on their classification and manual adjustments should be supported by written approval. Inaccurate tracking and unauthorized adjustments of accrued leave could cause individual's accumulated sick and annual leave balances to be misstated.

We recommend the District develop a procedure to report all employees accurately in the payroll system, to accurately track sick and annual leave and require appropriate documentation be maintained for manual adjustments to leave balances.

Management's Response:

The District transitioned to a new payroll software in the 2^{nd} quarter of 2019 which resulted in annual and sick leave conversion issues due to system programming. The District has implemented procedures to better track employee leave accrual balances including periodic internal audits of employees' accumulated leave balances as well documenting employee leave usage and adjustments via the payroll system.

Compliance with Laws and Regulations

19-03 Public Bid Law

The District acquired equipment through piggyback of a contract negotiated by another public entity. Purchases can be piggybacked off of an existing public contract of another public agency within one year of the opening bids, provided that:

1. The contract was bid on in compliance with R.S. 38:2211.
2. The total purchases on the contract do not exceed two times what was purchased by the political subdivision bidding the contract.
3. The written consent of the political subdivision which bid the contract is obtained, as well as the contract number, and if applicable, the resolution accepting the contract.
4. The vendor agrees to the additional purchase.

SUMMARY OF AUDITOR'S RESULTS: (Continued)

1. Findings Required To Be Reported Under Generally Accepted Government Auditing Standards: (Continued)

Compliance with Laws and Regulations (Continued)

19-03 Public Bid Law (Continued)

5. The vendor, product, price, materials, supplies, vehicles, and/or equipment are identical to those specified in the existing public contract of the other political subdivision.

The District did not provide documentation to support compliance with use of another public entity's contact. Not properly documenting the piggybacking of a competitively bid contract results in noncompliance with the Louisiana Public Bid law.

We recommend the District ensure employees are knowledgeable regarding the requirements of the Louisiana Public Bid law to ensure compliance with all aspects of the law.

Management's Response:

The District has implemented a more robust purchasing and requisition system to ensure all purchases are in compliance with the Louisiana Public Bid Law. In addition, all employees involved in the purchasing and requisitioning process are being trained to ensure they are knowledgeable of all applicable procurement laws.

19-04 Public Bid Law

The District purchased equipment which required compliance with the La Public Bid Law. In review of documentation, it was determined the equipment was proprietary and thus purchased from a sole source vendor. However, documentation could not be provided to support the sole source vendor. The District should maintain documentation to support the proprietary equipment and sole source purchase. Not maintaining such documentation results in a violation of the La. Public Bid Law. We recommend the District ensure employees are knowledgeable regarding all aspects of the La. Public Bid Law to ensure compliance.

Management's Response:

The District is implementing a more robust purchasing and requisition system to ensure all purchases are in compliance with the Louisiana Public Bid Law. In addition, all employees involved in the purchasing and requisitioning process are being trained to ensure they are knowledgeable of all applicable procurement laws.

SUMMARY OF AUDITOR'S RESULTS: (Continued)

2. Summary of Prior Year Findings:

Internal Controls – Significant deficiency with material weakness

18-01 General Ledger

During the performance of audit procedures, we noted the following:

a. Funds received subsequent to year-end were posted to the general ledger in the current fiscal year resulting in a material overstatement in cash and revenue;
b. Year-end payroll accrual was posted incorrectly resulting in a material understatement in cash and liabilities;
c. Year-end retirement contribution liability was not properly adjusted to reflect the current year accrual;
d. Receipts were posted to incorrect customer accounts and recorded in duplicate, resulting in a material overstatement in cash and revenue;
e. Invoices/credits were not removed from the accounts payable subsidiary ledger resulting in a material discrepancy between the subsidiary ledger and the trial balance;
f. Vendor disbursements paid in dated January 2019 were posted to the December 2018 cash account on the general ledger and included on the December 31, 2018 cash reconciliation as outstanding checks;
g. Disbursements were not recorded to the appropriate general ledger accounts indicated on the approved vendor invoices.

Receipts should be posted to the accounting system based on when received and to the correct customer accounts to properly reflect cash, accounts receivable and revenue. Reasonable estimates of liabilities should be made to ensure internal financial information is accurate. Subsidiary ledgers should be periodically reviewed for accuracy and adjusted as necessary. Disbursements should be recorded based on check date and to the correct expense account to ensure cash and expenses are properly stated.

We recommended the District properly record transactions to the correct accounts and in the correct fiscal year to ensure accurate posting of receipts and disbursements to the general ledger. We recommended policies in place be followed to ensure payroll is recorded in the proper period and accruals are adjusted as needed. We recommended the District review account details on a regular basis, and at year end, to ensure information is being posted accurately; and review, investigate, and remove, as necessary, items listed on subsidiary ledgers that are inaccurate. A similar finding was noted in the current year see finding 19-01.

SUMMARY OF AUDITOR'S RESULTS: (Continued)

2. Summary of Prior Year Findings: (Continued)

Internal Controls – Significant deficiency

18-02 Cash

During the audit of cash, we noted the following items:

a. Outstanding checks greater than six months old were listed on the cash reconciliations and there was no review of the reconciliation by management, or another employee, resulting in incorrect cash reconciliations;
b. The check register for the operating account contained multiple notations of "missing checks" which could result in inaccurate internal reporting;
c. Cash transactions were posted to incorrect accounting periods resulting in inaccurate internal reporting;
d. The cash reconciliation for the consolidated payroll account did not agree with the unadjusted trial balance which caused cash, accrued wages and payroll tax liabilities to be understated;
e. Checks voided in the general ledger were listed as outstanding on the cash reconciliation. Additionally, the voided checks cleared the bank along with the re-issued checks resulting in duplicate vendor payments.

Cash activity and cash reconciliations should be reviewed to ensure accurate internal financial reporting. We recommended the District implement a policy which ensures outstanding cash items are reviewed and adjusted on a regular basis; voided checks are properly voided from the accounting system; checks are issued in sequential order; and cash reconciliations are reviewed and approved by a second person. This comment was resolved during the current year.

18-03 Accrued Annual and Sick Leave

During the testing of accrued leave for the District, we noted the following items:

a. Certain employees, redistricted from OPS to AFT, appear to be incorrectly classified in the payroll system. This resulted in those employees' sick and annual leave not being properly accrued. The employees are accruing leave based on a 36/48 hour work week while they should have been accruing leave based on a 40 hour work week.

b. Manual adjustments were made to employees' accumulated leave balances in the payroll system with no written support.

Inaccurate tracking and unauthorized adjustments of accrued leave could cause individual's accumulated sick and annual leave balances to be misstated.

SUMMARY OF AUDITOR'S RESULTS: (Continued)

2. Summary of Prior Year Findings: (Continued)

Internal Controls – Significant deficiency (Continued)

18-03 Accrued Annual and Sick Leave (Continued)

We recommended the District develop a procedure for accurately tracking sick and annual leave and require appropriate documentation be maintained for manual adjustments to leave balances. A similar comment was included in the current year. See comment 19-02.

Compliance with Laws and Regulations

18-04 Payroll Taxes

The District was notified by letter from the Internal Revenue Service (IRS) of withholding rates and maximum number of withholdings allowances that must be used in the preparation of four employees' payroll checks. The District was allowed approximately sixty (60) days to implement the requirements as outlined by the IRS. Per review of payroll summaries, the District did not implement the requirements of the IRS letter within the 60 day time period. Additionally, based on the Income Tax Withholding tables as published by the IRS in Publication 15 (Circular E), Employer's Tax Guide for 2018, the District did not adhere to the withholding rates and allowances as required by the IRS.

The above deficiencies resulted in the District not being in compliance with the withholding requirements as mandated by the IRS. We recommended the District correct withholding rates and allowances as required by the IRS.

This comment was resolved during the current year.

ORLEANS PARISH COMMUNICATION DISTRICT

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

DECEMBER 31, 2019

ORLEANS PARISH COMMUNICATION DISTRICT

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DECEMBER 31, 2019

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

December 23, 2020

Board of Commissioners
Orleans Parish Communication District and
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Orleans Parish Communication District (the District) and the Louisiana Legislative Auditor, on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed Upon Procedures for the year ended December 31, 2019. Orleans Parish Communication District's management is responsible for the control and compliance areas identified in the Statewide Agreed upon Procedures.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of these procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

Written Policies and Procedures

1) We obtained and inspected the District's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions, as applicable:

   a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

Written Policies and Procedures (Continued)

b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

c) *Disbursements*, including processing, reviewing, and approving.

d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

e) *Payroll/Personnel*, including (1) payroll processing and (2) reviewing and approving time and attendance records, including leave and overtime worked.

f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

h) *Travel and Expense Reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

k) *Disaster Recovery/Business Continuity,* including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written Policies and Procedures (Continued)

Upon applying the procedures above, we noted the following:

The ethics policy did not require all employees, to annually attest through signature verification that they had read the District's ethics policy.

Management response:

The District has modified the ethics policy to include requiring all employees to annually attest through signature verification that they have read the District's ethic policy.

Bank Reconciliations

2) We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing was complete. We asked management to identify the District's main operating account. We selected the District's main operating account and randomly selected 4 additional accounts. We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected accounts, and observed that:

   a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;

   b) Bank reconciliations included evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation; and

   c) Management had documentation reflecting that it had researched reconciling items that have been outstanding for more than twelve months from the statement closing date, if applicable.

Upon applying the procedures above, we noted the following:

The bank reconciliations did not include evidence indicating that the District had prepared the bank reconciliations within 2 months from the statement closing date.

Management response:

For 2019, the District had procedures in place that required all bank reconciliations to be completed within 15 days of receipt of the bank statement and required signature of both the preparer and reviewer but did not include evidence of the completion date. Currently, bank reconciliations are completed electronically within the new accounting system which electronically logs the date to provide evidence of the completion date.

Collections

3) We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We selected the only existing deposit site for testing.

No findings were noted.

4) For the deposit site selected, we obtained a list of collection locations and management's representation that the listing was complete. We randomly selected one collection location for the deposit site, obtained and inspected written policies and procedures relating to employee job duties at the collection location, and observed that job duties are properly segregated at the collection location such that:

   a) Employees that are responsible for cash collections do not share cash drawers/ registers.

   b) Each employee responsible for collecting cash is not responsible for preparing/ making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

   d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No findings were noted.

5) We inquired of management if all employees who have access to cash were covered by a bond or insurance policy for theft.

No findings were noted.

6) We randomly selected two deposit dates for each of the 5 bank accounts selected from procedure #2 under "Bank Reconciliations" above. We obtained supporting documentation for each of the 6 deposits and:

   a) Observed that receipts are sequential pre-numbered.

   b) Traced sequentially pre-numbered receipts, system reports, and other related collection documents to the deposit slip.

<u>Collections</u> (Continued)

c) Traced the deposit slip total to the actual deposit per the bank statement.

d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

e) Traced the actual deposit per the bank statement to the general ledger.

Upon applying the procedures above, we noted the following:

One (1) of the six (6) deposits tested were not made within one (1) day of receipt.

<u>Management response</u>:

The District has implemented procedures to ensure all deposits are made within one day of receipt including the purchase of remote deposit system to increase the efficiency of the cash collection process.

<u>Non-Payroll Disbursements (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)</u>

7) We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

No findings were noted.

8) For each location selected under #7 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

b) At least two employees are involved in processing and approving payments to vendors.

c) The employee responsible for processing payments is prohibited from adding/ modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Non-Payroll Disbursements (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases) (Continued)

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Upon applying the procedures above, we noted the following:

1. *Employees who are involved in the processing of payments for disbursement can add/modify vendor files.*

2. *The person responsible for processing payments is also responsible for mailing the checks.*

Management response:

1. *As a mitigating control the department manager reviews and approves the list of vendors periodically.*

2. *The District has implemented a procedure to ensure that either the check signer or a person not involved in processing payments is responsible for mailing checks.*

9) For each location selected under #7 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:

a) Observed that the disbursement matched the related original invoice/billing statement.

b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

Upon applying the procedures above, we noted the following:

1. *One out of 25 disbursements selected for testing was for travel reimbursement which included 14 travel request reimbursement forms:*

   a. *One travel request reimbursement form, was approved by the same person who submitted the request form.*

   b. *Two travel request forms were not approved by management.*

Non-Payroll Disbursements (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases) (Continued)

2. *10 out of 25 disbursements selected for testing, we noted the following:*

   a. *Invoice did not include documentation of approval for payment by the department head. Invoice was only approved by Finance Manager, who is also involved in the processing of payments for disbursement. Per Disbursement policy, invoice must be approved by the department head.*

3. *2 out of 25 disbursements selected for testing, we noted the following:*

   a. *Invoice did not include documentation of approval for payment by the department head or any form of documented approval for payment.*

Management responses:

1. *The District is implementing a more robust travel request approval system that will ensure all travel request received the appropriate approvals.*

2. *The District is implementing a more robust procurement system that will provide evidence of department head approval of invoices for payment electronically.*

3. *The District is implementing a more robust procurement system that will provide evidence of department head approval of invoices for payment electronically.*

Credit Cards/Debit Cards/Fuel Cards/P-Cards

10) We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.

    No findings were noted.

11) Using the listing prepared by management, we randomly selected 5 cards that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card, obtained supporting documentation, and:

    a) Observed that there was evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

    b) Observed that finance charges and late fees were not assessed on the selected statements.

<u>Credit Cards/Debit Cards/Fuel Cards/P-Cards</u> (Continued)

Upon applying the procedures above, we noted that the monthly statements or combined statements for the five monthly statements selected for testing were not reviewed and approved, in writing, by someone other than the authorized cardholder.

<u>Management response</u>:

Moving forward all statements will be reviewed in writing by someone other than the authorized cardholder.

12) Using the monthly statements or combined statements selected under #11 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it was supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No findings were noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the Statewide Agreed upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the Statewide Agreed upon Procedures, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Duplantier, Hrapmann, Hogan and Maher, LLP

New Orleans, Louisiana