
ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2020

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2020

ORLEANS PARISH COMMUNICATION DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Orleans Parish Communication District
(A Proprietary Component Unit of the City of New Orleans)
New Orleans, Louisiana

Report on the Financial Statements

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 year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2020 and the 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.

Prior Period Financial Statements

The financial statements of the Orleans Parish Communication District as of December 31, 2019 were audited by other auditors whose report dated December 29, 2020, expressed an unmodified opinion on those statements before restatement for a correction of an error in reporting pensions as discussed in Note 13. As a part of our audit of the 2020 financial statements, we also audited the adjustments to the 2019 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the District's 2019 financial statements and, accordingly, do not express an opinion or any other form of assurance on the 2019 financial statements as a whole.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 and the required pension information on page 32 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary 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 Schedule of Compensation, Benefits and Other Payments to the Agency Head (Schedule III) on page 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedule III 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 statement 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, Schedule III 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 28, 2021, 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 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.

Richard CPAS

Metairie, Louisiana
December 28, 2021

ORLEANS PARISH COMMUNICATION DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

As the financial manager of the District, we offer readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the District for the years ended December 31, 2020 and 2019. This discussion and analysis are designed to assist the reader in focusing on the significant financial issues and activities.

We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Using This Annual Report

Our auditors' have provided assurance in their independent auditors' report located immediately preceding this Management's Discussion and Analysis. That opinion is unmodified with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Financial Highlights - 2020

- The District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$11,649,682.
- The District's net position decreased by \$4,317,311 during the year ended December 31, 2020.
- The District received from the State of Louisiana a one-time appropriation in the amount of \$1,126,338.
- The District reported \$522,669 in intergovernmental revenue grants from the State of Louisiana related to various natural disasters and COVID-19.
- The District expended \$557,209 on upgrades for its 9-1-1 emergency response system and \$409,500 on architectural and engineering costs for planned facility construction.

Financial Highlights - 2019

- The District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$15,966,993.
- The District's net position decreased by \$4,466,729 during the year ended December 31, 2019.
- The District's ending net position is \$15,966,993, after restatement, disclosed in Note 13.

Overview of the Financial Statements

The District's basic financial statements comprise of a Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows and the related notes to the financial statements. Since the District consists of a single enterprise fund, no fund level financial statements are shown.

Basic financial statements. The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial position.

ORLEANS PARISH COMMUNICATION DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Overview of the Financial Statements (continued)

The statement of revenues, expenses and changes in net position presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis -2020

The Statement of Net Position includes information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. The statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the District.

ORLEANS PARISH COMMUNICATION DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Financial Analysis -2020 (continued)

CONDENSED STATEMENTS OF NET POSITION

	<u>2020</u>	<u>2019 (As Restated)</u>	<u>Increase (Decrease)</u>
Current assets	\$ 3,690,772	\$ 3,930,849	\$ (240,077)
Capital assets- net	<u>15,720,777</u>	<u>15,456,887</u>	<u>263,890</u>
Total assets	<u>19,411,549</u>	<u>19,387,736</u>	<u>23,813</u>
Deferred outflows of resources	<u>14,861,311</u>	<u>15,581,996</u>	<u>(720,685)</u>
Total assets and deferred outflows	<u>\$ 34,272,860</u>	<u>\$ 34,969,732</u>	<u>\$ (696,872)</u>
Current liabilities	\$ 1,358,512	\$ 792,483	\$ 566,029
Noncurrent liabilities	<u>17,888,278</u>	<u>15,104,466</u>	<u>2,783,812</u>
Total liabilities	<u>19,246,790</u>	<u>15,896,949</u>	<u>3,349,841</u>
Deferred inflow of resources	<u>3,376,388</u>	<u>3,105,790</u>	<u>270,598</u>
Total liabilities and deferred inflow of resources	<u>22,623,178</u>	<u>19,002,739</u>	<u>3,620,439</u>
Net position			
Net investment in capital assets	15,720,777	15,456,887	263,890
Unrestricted	<u>(4,071,095)</u>	<u>510,106</u>	<u>(4,581,201)</u>
Total net position	<u>11,649,682</u>	<u>15,966,993</u>	<u>(4,317,311)</u>
Total liabilities, deferred inflows and fund net position	<u>\$ 34,272,860</u>	<u>\$ 34,969,732</u>	<u>\$ (696,872)</u>

In 2020, net position decreased by \$4,317,311 to \$11,649,682, resulting from the excess of expenses over revenues for the year ended December 31, 2020. Current assets decreased by \$240,077, which includes a \$1,891,991 decrease in cash and cash equivalents offset primarily by an increase in due from other governments of \$1,647,837. Capital assets-net increased by \$263,890 as a result of additions related to system upgrades and architectural and engineering costs of \$966,709 less depreciation of \$702,819. The change in current liabilities is primarily related to amounts due to the City of New Orleans for pension contributions and health insurance contributions. Noncurrent liabilities increased primarily due to the \$2,734,409 increase in the net pension liability resulting from the District's increase in its proportionate share of the pension plan's net pension liability. Changes in deferred inflows of resources and deferred outflows of resources result from the actuarial valuation of the pension plan less amounts charged to pension expense.

ORLEANS PARISH COMMUNICATION DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Financial Analysis -2020 (continued)

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u> <u>(As Restated)</u>	<u>Increase</u> <u>(Decrease)</u>
Operating revenues	\$ 5,851,450	\$ 5,839,005	\$ 12,445
Operating expenses	<u>21,729,065</u>	<u>20,032,112</u>	<u>1,696,953</u>
Operating loss	<u>(15,877,615)</u>	<u>(14,193,107)</u>	<u>(1,684,508)</u>
Nonoperating revenues (expenses):			
Intergovernmental revenue	11,343,208	9,476,776	1,866,432
Interest income	13,546	112,500	(98,954)
Interest expense	(7)	(13,539)	13,532
Other income	151,873	118,652	33,221
Rental income	<u>51,684</u>	<u>31,989</u>	<u>19,695</u>
Total nonoperating revenues (expenses)	<u>11,560,304</u>	<u>9,726,378</u>	<u>1,833,926</u>
Change in net position	(4,317,311)	(4,466,729)	149,418
Total net position, beginning of year	<u>15,966,993</u>	<u>20,433,722</u>	<u>(4,466,729)</u>
Total net position, end of year	<u>\$ 11,649,682</u>	<u>\$ 15,966,993</u>	<u>\$ (4,317,311)</u>

The Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the District's financial health. The change in net position resulted in a decrease in net position of \$4,317,311. Operating expenses increased by \$1,696,953. The increase resulted primarily from increased personnel services related to pension expense of \$1,257,730 reduced by a decrease in direct salary costs. The increase in pension expense is primarily a result of the District's continuing increase in its proportionate share of the pension plan. The \$1,866,432 increase in intergovernmental revenue in 2020 resulted from a direct appropriation from the State of Louisiana and claims related to the State of Louisiana for various natural disasters and COVID-19. Intergovernmental revenue includes appropriations from the City of New Orleans of \$9,476,776 in 2020 and 2019.

ORLEANS PARISH COMMUNICATION DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Financial Analysis -2020 (continued)

CONDENSED STATEMENTS OF CASH FLOWS

	<u>2020</u>	<u>2019</u> <u>(As Restated)</u>	<u>Increase</u> <u>(Decrease)</u>
Cash flows from:			
Operating activities	\$ (11,160,905)	\$ (11,419,160)	\$ 258,255
Capital and related financing activities	9,255,368	8,639,507	615,861
Investing activities	<u>13,546</u>	<u>112,500</u>	<u>(98,954)</u>
Net change in cash	(1,891,991)	(2,667,153)	775,162
Beginning of year cash	<u>2,514,797</u>	<u>5,181,950</u>	<u>(2,667,153)</u>
End of year cash	<u>\$ 622,806</u>	<u>\$ 2,514,797</u>	<u>\$ (1,891,991)</u>

The Statements of Cash Flows report the cash provided and used by the District's operations. The net change in cash was a decrease of \$1,891,991 in 2020. Cash used in operating activities decreased \$258,255 in 2020 as a result of a decrease in amounts paid to suppliers of goods and services. Capital and related financing activities in 2020 includes \$966,709 paid for system upgrades and architectural and engineering costs for planned facilities. In 2019 the District paid the final principal payment of \$905,000 on its outstanding \$10,000,000 2004 Revenue Bonds.

ORLEANS PARISH COMMUNICATION DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Financial Analysis -2019

CONDENSED STATEMENTS OF NET POSITION

	2019 <u>(As Restated)</u>	2018 <u>(As Restated)</u>	Increase <u>(Decrease)</u>
Current assets	\$ 3,930,849	\$ 6,828,755	\$ (2,897,906)
Capital assets- net	15,456,887	16,129,703	(672,816)
Total assets	<u>19,387,736</u>	<u>22,958,458</u>	<u>(3,570,722)</u>
Deferred outflows of resources	<u>15,581,996</u>	<u>13,017,125</u>	<u>2,564,871</u>
Total assets and deferred outflows	<u>\$ 34,969,732</u>	<u>\$ 35,975,583</u>	<u>\$ (1,005,851)</u>
Current liabilities	\$ 792,483	\$ 2,467,963	\$ (1,675,480)
Noncurrent liabilities	<u>15,104,466</u>	<u>12,287,506</u>	<u>2,816,960</u>
Total liabilities	<u>15,896,949</u>	<u>14,755,469</u>	<u>1,141,480</u>
Deferred inflow of resources	<u>3,105,790</u>	<u>786,393</u>	<u>2,319,397</u>
Total liabilities and deferred inflow of resources	<u>19,002,739</u>	<u>15,541,862</u>	<u>3,460,877</u>
Net position			
Net investment in capital assets	15,456,887	15,224,703	232,184
Restricted for debt Service	-	944,368	(944,368)
Unrestricted	<u>510,106</u>	<u>4,264,651</u>	<u>(3,754,545)</u>
Total net position	<u>15,966,993</u>	<u>\$ 20,433,722</u>	<u>\$ (4,466,729)</u>
Total liabilities, deferred inflows and fund net position	<u>\$ 34,969,732</u>	<u>\$ 35,975,583</u>	<u>\$ (1,005,851)</u>

The Statement of Net Position includes information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. The statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the District.

ORLEANS PARISH COMMUNICATION DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Financial Analysis -2019 (continued)

In 2019, net position decreased by \$4,466,729 to \$15,966,993 resulting from the excess of expenses over revenues for the year ended December 31, 2019. Current assets decreased by \$2,897,906, which includes a \$2,656,919 decrease in cash and cash equivalents offset by increased accounts receivable. Capital assets-net decreased by \$672,816 as a result of depreciation of \$729,066 less equipment additions of \$56,250. The change in current liabilities is primarily related to amounts due to the city of New Orleans for pension contribution and health insurance contributions. Noncurrent liabilities increased primarily due to the \$2,607,837 increase in the net pension liability resulting from the District's increase in proportionate share of the pension plan's net pension liability. Changes in deferred inflows of resources and deferred outflows of resources result from the actuarial valuation of the pension plan less amounts charged to pension expense.

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2019 <u>(As Restated)</u>	2018 <u>(As Restated)</u>	Increase <u>(Decrease)</u>
Operating revenues	\$ 5,839,005	\$ 6,047,511	\$ (208,506)
Operating expenses	20,032,112	17,605,874	2,426,238
Operating loss	<u>(14,193,107)</u>	<u>(11,558,363)</u>	<u>(2,634,744)</u>
Nonoperating revenues (expenses):			
Intergovernmental revenue	9,476,776	9,476,774	2
Interest income	112,500	60,835	51,665
Interest expense	(13,539)	(72,189)	58,650
Other income	118,652	286,406	(167,754)
Rental income	31,989	25,377	6,612
Total nonoperating revenues (expenses)	<u>9,726,378</u>	<u>9,777,203</u>	<u>(50,825)</u>
Change in net position	(4,466,729)	(1,781,160)	(2,685,569)
Total net position, beginning of year	<u>20,433,722</u>	<u>22,214,882</u>	<u>(1,781,160)</u>
Total net position, end of year	<u>\$ 15,966,993</u>	<u>\$ 20,433,722</u>	<u>\$ (4,466,729)</u>

The Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the District's financial health. The District's change in net position resulted in a decrease in net position of \$4,466,729. Operating expenses increased by \$2,426,238. The increase resulted primarily from increased personnel services \$2,290,978 related to pension expense and direct salary costs. The increase in pension expense is primarily a result of the District's continuing increase in its proportionate share of the pension plan. Intergovernmental revenue of \$9,476,774 consists of appropriations from the City of New Orleans in 2019 and 2018.

ORLEANS PARISH COMMUNICATION DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Financial Analysis -2019 (continued)

CONDENSED STATEMENTS OF CASH FLOWS

	2019 <u>(As Restated)</u>	2018 <u>(As Restated)</u>	Increase <u>(Decrease)</u>
Cash flows from:			
Operating activities	\$ (11,419,160)	\$ (8,760,120)	\$ (2,659,040)
Capital and related financing activities	8,639,507	8,585,233	54,274
Investing activities	<u>112,500</u>	<u>60,835</u>	<u>51,665</u>
Net change in cash	(2,667,153)	(114,052)	(2,553,101)
Beginning of year cash	<u>5,181,950</u>	<u>5,296,002</u>	<u>(114,052)</u>
End of year cash	<u>\$ 2,514,797</u>	<u>\$ 5,181,950</u>	<u>\$ (2,667,153)</u>

The Statements of Cash Flows report the cash provided and used by the District's operations. The net change in cash was a decrease of \$2,667,153 in 2019. Cash used in operating activities increased by \$2,648,806 in 2019 as a result of an increase in cash payments to employees and amounts paid to suppliers of goods and services. Capital and related financing activities in 2019 includes \$56,250 paid for system equipment. In 2019 and 2018, the District paid \$905,000 and \$860,000, respectively, on its outstanding \$10,000,000 2004 Revenue Bonds. The bonds were paid in full during the year ended December 31, 2019.

Capital Assets (2020 and 2019)

The District's investment in capital assets that is composed of buildings, leasehold improvements, equipment and vehicles amounts to \$15,720,777, net of accumulated depreciation of \$11,973,638 at December 31, 2020 and \$15,456,887, net of accumulated depreciation of 11,270,819 at December 31, 2019.

At December 31, 2020 the District has construction in progress of \$409,500 related to architectural and engineering costs related to the construction of new facilities.

Debt Administration (2020 and 2019)

The District paid its final amount due on its \$10,000,000 2004 Revenue Bonds in 2019 of \$905,000.

ORLEANS PARISH COMMUNICATION DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Economic Outlook

The District's service area, Orleans Parish, has a diverse economy with the main sectors being energy, advanced manufacturing, international trade/port, healthcare and tourism. Tourism still remains one of the top revenue generators and contributes almost 43% of the city's sales taxes paid by visitors. On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in the local area, including the District. Because of its heavily hit tourism, casino, and exploration base, the New Orleans MSA was the hardest hit in the state by the pandemic, losing 37,300 jobs (-6.4%). The MSA is projected to add 29,100 jobs (+5.3%) in 2021 and 6,800 jobs (+1.2%) in 2022—leaving the region about 1,400 short of full recovery. Final investment decisions on a couple of large industrial projects and recovery back to pre-COVID norms will drive this employment pattern.

The District adopted a \$16,756,000 budget for 2021. The budget excludes non-cash pension costs. While the economy was hard hit, the District expects its 2021 revenues from the appropriation from the City and its charges for user fees for communication devices to remain consistent with 2020 and 2019. The District continues to explore funding sources for the construction of new facilities and upgrades to its technologies to deliver 9-1-1 and 3-1-1 services to its users in Orleans Parish.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the District's Executive Director at 118 City Park Avenue New Orleans, Louisiana 70119.

ORLEANS PARISH COMMUNICATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u> (As Restated)
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 622,806	\$ 2,514,797
Accounts receivable	1,150,880	919,418
Due from other governments	1,647,837	-
Due from City of New Orleans	-	323,156
Prepaid expenses	269,249	173,478
Total current assets	3,690,772	3,930,849
Construction in progress	409,500	-
Capital assets, net	15,311,277	15,456,887
Total non-current assets	15,720,777	15,456,887
<u>TOTAL ASSETS</u>	19,411,549	19,387,736
<u>DEFERRED OUTFLOW OF RESOURCES</u>	14,861,311	15,581,996
<u>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</u>	\$ 34,272,860	\$ 34,969,732

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 1,218,866	\$ 620,939
Accrued payroll expense	139,646	171,544
Total current liabilities	1,358,512	792,483
<u>NON CURRENT LIABILITIES</u>		
Compensated absences	892,547	843,144
Net pension liability	16,995,731	14,261,322
Total noncurrent liabilities	17,888,278	15,104,466
Total liabilities	19,246,790	15,896,949
<u>DEFERRED INFLOW OF RESOURCES</u>	3,376,388	3,105,790
<u>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</u>	\$ 22,623,178	\$ 19,002,739
<u>NET POSITION</u>		
Net investment in capital assets	\$ 15,720,777	\$ 15,456,887
Restricted for debt service	-	-
Unrestricted	(4,071,095)	510,106
Total net position	\$ 11,649,682	\$ 15,966,993

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH COMMUNICATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u> (As Restated)
<u>OPERATING REVENUES</u>		
Charges for services	\$ 5,851,450	\$ 5,839,005
Total operating revenues	<u>5,851,450</u>	<u>5,839,005</u>
<u>OPERATING EXPENSES</u>		
Contractual services, supplies, materials and other	3,680,712	3,576,852
Personnel services	17,345,534	15,726,194
Depreciation	702,819	729,066
Total operating expenses	<u>21,729,065</u>	<u>20,032,112</u>
<u>OPERATING LOSS</u>	(15,877,615)	(14,193,107)
<u>NONOPERATING INCOME (LOSS)</u>		
Intergovernmental revenue	11,343,208	9,476,776
Interest income	13,546	112,500
Interest expense	(7)	(13,539)
Miscellaneous income	151,873	118,652
Rental income	51,684	31,989
Total nonoperating income (loss)	<u>11,560,304</u>	<u>9,726,378</u>
<u>CHANGE IN NET POSITION</u>	(4,317,311)	(4,466,729)
<u>NET POSITION, BEGINNING OF THE YEAR, AS RESTATED</u>	<u>15,966,993</u>	<u>20,433,722</u>
<u>NET POSITION, END OF THE YEAR</u>	<u>\$ 11,649,682</u>	<u>\$ 15,966,993</u>

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH COMMUNICATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	2020	2019 (As Restated)
Charges for services	\$ 5,619,988	\$ 5,769,041
Paid to employees for services	(13,602,337)	(13,515,731)
Paid to suppliers for goods and services	(3,178,556)	(3,672,470)
Net cash provided by (used in) operating activities	<u>(11,160,905)</u>	<u>(11,419,160)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Intergovernmental revenue	10,018,527	9,476,776
Interest paid	(7)	(26,662)
Purchase of capital assets	(467,209)	(56,250)
Purchase of construction in progress	(499,500)	-
Principal payment on bonds	-	(905,000)
Miscellaneous receipts	151,873	118,652
Rental income	51,684	31,991
Net cash provided by (used in) capital and related financing activities	<u>9,255,368</u>	<u>8,639,507</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest received	13,546	112,500
Net cash provided by investing activities	<u>13,546</u>	<u>112,500</u>
Net change in cash and cash equivalents	(1,891,991)	(2,667,153)
Cash and cash equivalents, beginning of year	2,514,797	5,181,950
Cash and cash equivalents, end of year	<u>\$ 622,806</u>	<u>\$ 2,514,797</u>
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities areas follows:		
Operating income (loss)	\$ (15,877,615)	\$ (14,193,107)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	702,819	729,066
Increase in accounts receivable	(231,462)	(69,964)
Increase (decrease) in due from other governments	-	-
Decrease in other receivables	-	235,756
(Increase) decrease in prepaid expenses	(95,771)	64,961
Increase (decrease) in accounts payable	597,927	(396,333)
Decrease in accrued payroll expenses	(31,898)	(361,024)
Increase in compensated absences	49,403	209,125
Increase in pension liability	2,734,409	2,120,951
Increase in deferred inflows/ outflows	991,283	241,409
Net cash provided by (used in) operating activities	<u>\$ (11,160,905)</u>	<u>\$ (11,419,160)</u>

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

History and 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 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.

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.

The District is presented as a component unit of the City of New Orleans. Component units are legally separate organizations for which elected officials of the primary government (City of New Orleans) are financial accountable. Component unit status is determined using the following criteria:

The City of New Orleans is financial accountable if it appoints a voting majority of the District's governing body and is either:

1. Able to impose its will on the District
2. There is potential for the District to provide specific financial benefits to or impose financial burdens on the City of New Orleans. The City of New Orleans may be financial accountable if the District is fiscally dependent on the City of New Orleans.

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The District reports all of its activity in one enterprise fund. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues.

Basis of accounting refers to the point at which revenue or expenses are recognized in the accounts, reported in the accounts, and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Proprietary fund financial statements are presented on the accrual basis of accounting. Taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

Accounting Estimates

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include amounts in non-interest-bearing demand deposits and funds on deposit at The Louisiana Asset Management Pool (LAMP). Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States of America.

Accounts Receivable

Accounts receivable are reported net of estimated uncollectible amounts. 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.

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	40 years
Furniture, fixtures, and equipment	3-7 years
Vehicles	5 years

Deferred outflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 5 for more information regarding deferred outflows of resources related to the net pension liability.

Compensated absences

All full-time classified employees of the District hired prior to January 1, 1979 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). Employees hired after December 31, 1978 can accrue a maximum of 45 days of annual leave and an unlimited number of sick leave. Upon termination of employment, an employee is paid for accrued annual leave based upon current hourly rate of pay and for accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting accrued sick leave to additional years of service.

Deferred inflows of resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. See Note 5 for more information regarding deferred inflows of resources related to the net pension liability.

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

Net Position

Net position classifications are defined as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” as described above.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Revenues and expenses

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District’s ongoing operations. The principal operating revenues of the District is charges for services. Operating expenses include the contractual services, supplies, materials, personnel services, depreciation and other. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pension

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.

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

2. Cash and Cash Equivalents

Cash and Cash equivalents include the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash on deposit with financial institutions	\$ 112,493	\$ 260,600
Louisiana Asset Management Pool	510,313	2,254,197
Total	<u>\$ 622,806</u>	<u>\$ 2,514,797</u>

Under state law, the District's deposits (or the resulting bank balances) must be insured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it under state law. At December 31, 2020 and 2019, the District's deposits had a carrying amount of \$112,493 and \$260,600, respectively, and a bank balance of \$258,322 and \$314,479, respectively, of which all amounts were covered by federal depository insurance.

LAMP is considered to be an external investment pool 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 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-R.S. 33.2955.

LAMP is a 2a7- like investment pool. The following facts are relevant for 2a7- like investment pools:

- Credit Risk: LAMP is rated AAA by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: 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.
- Foreign currency risk: Not applicable to 2a7- like pools.

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.

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

2. Cash and Cash Equivalents (continued)

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. An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP. LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 650 Poydras Street, Suite 2220, New Orleans, LA 70130.

3. Accounts Receivables

The District had receivables due from the landline and wireless 9-1-1 tax collectors in the amount of \$1,150,880 and \$919,418 at December 31, 2020 and 2019, respectively. Receivable balances are unsecured.

4. Due from Other Governments

The District had receivables due from the State of Louisiana in the amount of \$1,647,837 and \$0 at December 31, 2020 and 2019, respectively. Amounts include an appropriation of \$1,126,338 and claims for reimbursement of expenses of \$521,499 for various natural disasters and COVID-19.

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

5. Capital Assets

The capital assets of the District as of December 31, 2020 and 2019 consist of the following:

	January 1, 2020	Additions	Transfer in/(out)	December 31, 2020
Non-depreciable capital assets:				
Construction in progress	\$ -	\$ 409,500	\$ -	\$ 409,500
Total non-depreciable capital assets	-	409,500	-	409,500
Depreciable capital assets:				
Buildings	19,160,085	-	-	19,160,085
Leasehold improvements	1,158,697	-	-	1,158,697
Equipment	6,247,276	557,209	-	6,804,485
Vehicles	161,648	-	-	161,648
Total depreciable capital assets	26,727,706	557,209	-	27,284,915
Accumulated depreciation	(11,270,819)	(702,819)	-	(11,973,638)
Capital assets, net	<u>\$ 15,456,887</u>	<u>\$ 263,890</u>	<u>\$ -</u>	<u>\$ 15,720,777</u>
	January 1, 2019	Additions	Transfer in/(out)	December 31, 2019
Non-depreciable capital assets:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total non-depreciable capital assets	-	-	-	-
Depreciable capital assets:				
Buildings	19,160,085	-	-	19,160,085
Leasehold improvements	1,158,697	-	-	1,158,697
Equipment	6,228,822	18,454	-	6,247,276
Vehicles	123,852	37,796	-	161,648
Total depreciable capital assets	26,671,456	56,250	-	26,727,706
Accumulated depreciation	(10,541,753)	(729,066)	-	(11,270,819)
Capital assets, net	<u>\$ 16,129,703</u>	<u>\$ 672,816</u>	<u>\$ -</u>	<u>\$ 15,456,887</u>

At December 31, 2020, the construction in progress of \$409,500 consists primarily of architectural and engineering fees for planned facilities.

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

6. Compensated Absences

A summary of changes in compensated absences for the years ended December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 843,146	\$ 634,021
Additions	1,059,690	1,342,688
Reductions	<u>(1,010,289)</u>	<u>(1,133,565)</u>
Balance at end of year	<u>\$ 892,547</u>	<u>\$ 843,144</u>

7. Pension Plan

General Information about the Pension Plan

Plan Description

Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit plan administered by the Employees Retirement System of the City of New Orleans (the Plan) established under the laws of the State of Louisiana. The Plan issues a publicly available financial report that can be obtained at www.nola.gov/nomers.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Benefits Provided – Regular Benefits

Employees with thirty (30) years of service, or who attain age 65 with five (5) years of service, or any age with 30 years of service or age plus service equal 80, or age 62 with 20 years of service, are entitled to an unreduced normal retirement allowance. Early retirement is allowed with 10 years of service and attainment of age 62. Benefits vest after five years of service. The retirement allowance consists of an annuity, which is the actuarial equivalent of the employee's accumulation contribution, plus an annual pension, which together with the annuity, provides a total retirement allowance equal to 1.9% to 4% of average compensation times the number of years of service. The maximum pension may not exceed 100% of average compensation. Pension amounts are reduced for service retirement prior to age 62. Average compensation is defined as average annual earned compensation for the highest 60-month period. Members eligible for normal retirement or unreduced retirement may elect to defer receipt of the retirements while continuing employment for 3 to 5 years. Benefits accumulated are paid at termination or in level payments of up to 119 months.

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

7. Pension Plan (continued)

Benefits Provided - Disability Benefits

Disability benefits are awarded to active members with 10 or more years of creditable service if a physician nominated by the board certifies that the member is totally incapacitated and that such incapacitation is likely to be permanent. The member receives an annuity, which is the actuarial equivalent to the employee's accumulated contribution, plus an annual pension, which, together with the annuity shall be 75% of the service allowance that would have been payable upon service retirement at age 65, had the member continued in service to the age of 65. Such allowance is to be computed on the average compensation, plus the sum of \$1,200 provided, however, the minimum annual retirement allowance will be \$3,000 per year.

Contributions

Contribution requirements of active employees are governed by the Retirement Ordinance of the City Charter of New Orleans. Employee and employer contributions are deducted from a member's salary and remitted to the Plan by participating employers. For the 2020 fiscal year, employees participating in the Retirement System are required to contribute 6% of their salary and the employer is required to contribute 24.73%. Employer contributions to the Retirement System are based upon the amount necessary to fund normal cost and amortization of past service costs over a period of thirty years. The contribution requirements of Retirement System members of the District are established and may be amended by the Retirement System's Board of Trustees. The District's contributions to the Retirement System, which were equal to the required contribution, for the years ended December 31, 2020 and 2019 were \$1,997,230 and \$2,005,854, respectively. However, the District does not guarantee any of the benefits granted by the plan.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to Pensions

At December 31, 2020 and 2019, the Employer reported a liability of \$16,995,731 and \$14,261,322, respectively, for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2020 and 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of December 31. The District's proportion of the Net Pension Liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2020 and 2019, the District's proportion was 5.9884 % and 4.6689%, respectively.

For the years ended December 31, 2020 and 2019, the District recognized pension expense of \$5,617,322 and \$4,359,592.

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

7. Pension Plan (continued)

At December 31, 2020 and 2019, the District reported deferred outflow of resources and deferred inflow of resources related to pensions from the following sources:

	<u>2020</u>		<u>2019</u>	
	<u>Deferred outflow of resources</u>	<u>Deferred inflow of resources</u>	<u>Deferred outflow of resources</u>	<u>Deferred inflow of resources</u>
Differences between expected and actual experience	\$ 2,588,722	\$ (597,197)	\$ 2,979,580	\$ (930,530)
Net difference between projected and actual earnings on pension plan investments	1,060,866	(2,590,627)	1,591,299	(2,175,260)
Changes in assumptions	2,107,967	(188,565)	3,161,951	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,103,756	-	7,849,166	(163,596)
	<u>\$ 14,861,311</u>	<u>\$ (3,376,388)</u>	<u>\$ 15,581,996</u>	<u>\$ (3,105,790)</u>

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to Pensions

Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 4,890,576
2022	4,037,407
2023	1,914,966
2024	641,974
Total	<u>\$ 11,484,923</u>

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

7. Pension Plan (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2020 and 2019 are as follows:

Valuation Date	January 1, 2020 (2020)	January 1, 2019 (2019)
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Adjusted Market Value using seven-year smoothing	Adjusted Market Value using seven-year smoothing
Investment Rate of Return	7.25% per annum	7.5% per annum
Mortality	Non-disabled Pre-Retirement members - Mortality rates based on the PubG-2010 Employee Mortality Tables, amount-weighted, projected generationally with Scale MP-2018	Non-disabled members – Mortality rates based on the RP-2000 Combined Healthy Mortality Table: set forward six years for males under age 70 and set forward for four years for females under age 65 (2019) and (Sex Distinct) Without Projection (2018)
	Non-disabled Post-Retirement members - Mortality rates based on the PubG-2010 General Healthy Retiree Tables, amount-weighted, projected generationally with Scale MP-2018	
	Disabled members - Mortality rates based on the PubNS - 2010 Non-Safety Disabled Retiree Tables, amount-weighted, projected generationally with Scale MP-2018	Disabled members – Mortality rates based on the RP-2000 Disabled Mortality Table: (Sex Distinct) Without Projection
Turnover	Table developed from the 2011-2016 Actuarial Experience Study	Table developed from the 2006-2010 Actuarial Experience Study
Salary Increases	Age based annual rates ranging from 10% to 3.2% annually	5.0% compounded annually

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

7. Pension Plan (continued)

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 expense 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 and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020 and 2019 are summarized in the following table:

Asset Class	2020			2019		
	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Rate of Return
Cash Equivalents	2.0%	0.00%	0.00%	2.0%	0.00%	0.00%
Domestic Equity	42.5%	6.55%	2.78%	42.5%	6.40%	2.72%
International Equity	14.0%	7.30%	1.02%	14.0%	7.05%	.99%
Fixed income	22.0%	0.65%	0.14%	22.0%	1.15%	0.25%
Real estate	5.0%	3.65%	0.18%	5.0%	4.50%	0.23%
Hedge Funds and GTAA	9.5%	2.45%	0.23%	9.5%	3.32%	0.32%
Private Investments	5.0%	10.55%	0.53%	5.0%	10.40%	0.52%
Total	<u>100.0%</u>		<u>4.88%</u>	<u>100.0%</u>		<u>5.03%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.25% and 7.5% at December 31, 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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.

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

7. Pension Plan (continued)

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

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.25%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	<u>1.0% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1.0% Increase (8.25%)</u>
Employer's proportionate share of the net pension liability - 2020	<u>\$ 21,944,934</u>	<u>\$ 16,995,731</u>	<u>\$ 12,859,734</u>
	<u>1.0% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1.0% Increase (8.50%)</u>
Employer's proportionate share of the net pension liability - 2019	<u>\$ 18,000,661</u>	<u>\$ 14,261,322</u>	<u>\$ 11,135,764</u>

Included in accounts payable were contributions payable to the pension plan in the amount of \$403,920 and \$180,715 at December 31, 2020 and 2019, respectively.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees Retirement System of the City of New Orleans 2020 Comprehensive Annual Financial Report at www.nola.gov/nomers.

8. 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.

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

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

8. Leases (continued)

Total rental expense for all leases for the years ended December 31, 2020 and 2019 was \$308,164 and \$313,578, respectively. Future minimum lease payments for all leases are as follows:

<u>December 31,</u>	<u>Amount</u>
2021	\$ 295,974
2022	295,974
2023	295,974
2024	295,974
2025	295,974
Thereafter	<u>7,991,298</u>
	<u>\$ 9,471,168</u>

9. 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	<u>(905,000)</u>
Balance at December 31, 2019	<u>\$ -</u>

10. 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.

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

10. Cooperative Endeavor Agreement

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

11. Related Party Transactions

During the years ended December 31, 2020 and 2019, the District received intergovernmental revenue in the amount of \$9,476,776 and \$9,476,776, respectively, from the City to fund the OPS personnel cost. In addition, during the year ended December 31, 2020, the City provided \$710,581 in supplemental funding related to COVID-19. The City owed the District \$323,156 as of December 31, 2019 for the cost of the accrued annual and sick leave earned by employees transferred to the District as a result of consolidation. During the year ended December 31, 2020, the District determined that collection of the amount previously recorded was doubtful and therefore, recorded a reduction of \$323,156 in intergovernmental revenues related to this receivable.

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 liabilities on any claims. The total amount of contributions by the District for health insurance was \$1,295,192 and \$1,257,248 for 2020 and 2019 respectively. As of December 31, 2020 and 2019, the District had outstanding health and accident insurance premiums payable to the City of New Orleans of \$403,920 and \$121,761, respectively.

The District also pays the Municipal Employees' Retirement System of the City of New Orleans for its employees' pension costs. See footnote 7 for the disclosures.

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

12. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. On March 11, 2020, the Mayor of New Orleans declared a State of Emergency due to COVID-19. Subsequently, the Governor of Louisiana and the Mayor of New Orleans through a series of proclamations and orders limited gatherings of various types and placed restrictions on commercial business activities, which ultimately culminated in the issuance of a "Stay at Home Mandate" for Orleans Parish by the Mayor on March 20, 2020, and by the Governor on March 22, 2020. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in the local area and around the world.

13. Prior Period Adjustment

The District identified adjustments to pension liability related to its participation in the New Orleans Employee Retirement System that should have been recorded to correct an error which affected prior year financial statements. The impact on the pension liability and related accounts of the District as of December 31, 2019 is as follows:

<u>Description</u>	<u>As Reported</u>	<u>Adjustment</u>	<u>As Adjusted</u>
Deferred Outflows	\$ 11,455,135	\$ 4,126,861	\$ 15,581,996
Deferred Inflows	\$ (1,968,214)	\$ (1,137,576)	\$ (3,105,790)
Net Pension Liability	\$ (17,577,912)	\$ 3,316,590	\$ (14,261,322)
Net Loss, Pension Expense	\$ 4,476,961	\$ (10,232)	\$ 4,466,729
Net Position, Beginning	\$ (14,138,077)	\$ (6,295,645)	\$ (20,433,722)
Net Position, Ending	\$ (9,661,116)	\$ (6,305,877)	\$ (15,966,993)

14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued December 28, 2021 and determined the no matters occurring subsequent to December 31, 2020 require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ORLEANS PARISH COMMUNICATION DISTRICT
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contribution in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employers Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2020	\$ 1,997,230	\$ 1,997,230	\$ -	\$ 8,077,320	24.73%
2019	\$ 2,005,854	\$ 2,004,643	\$ 1,211	\$ 7,011,149	28.59%
2018	\$ 1,578,674	\$ 1,578,674	\$ -	\$ 4,924,230	32.06%
2017	\$ 1,483,758	\$ 1,483,758	\$ -	\$ 3,125,696	47.47%
2016	\$ 973,410	\$ 973,410	\$ -	\$ 3,125,696	31.14%
2015	\$ 186,591	\$ 186,591	\$ -	\$ 826,428	22.58%

Note: Employer's covered employee payroll amount represents the amount from the 2020 year.

Note: GASB 68 requires this schedule to show information for 10 years. The District implemented GASB 68 during the 2015 fiscal year. Therefore, additional years will be displayed as they become available.

See accompanying independent auditors' report.

ORLEANS PARISH COMMUNICATION DISTRICT
SCHEDULE OF EMPLOYERS PROPORTIONATE SHARE OF PENSION LIABILITY
DECEMBER, 31, 2020

Fiscal Year	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	5.9884%	4.6689%	3.8312%	2.7612%	0.0702%	0.0702%
District's Proportionate Share of the Net Pension Liability	\$ 16,995,731	\$ 14,261,322	\$ 11,210,644	\$ 6,438,928	\$ 6,913,336	\$ 1,569,029
District's Covered Payroll	\$ 8,077,320	\$ 7,011,149	\$ 6,789,412	\$ 3,125,696	\$ 3,125,696	\$ 745,405
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered Employee Payroll	210.41%	242.41%	210.05%	206.00%	221.18%	210.49%
Plan Fiduciary Net Position as a Percentage of total Pension Liability	61.72%	57.94%	55.55%	62.22%	58.06%	60.26%

Note: GASB 68 requires this schedule to show information for 10 years. The District implemented GASB 68 during the 2015 fiscal year. Therefore, additional years will be displayed as they become available.

See accompanying independent auditors' report.

ORLEANS PARISH COMMUNICATION DISTRICT

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

Benefit changes:

The following plan provisions were effective January 1, 2021 for participants hired or on after January 1, 2018 and were reflected in the December 31, 2020 disclosure:

- Benefit multiplier changed to 2.50% for all years of service
- 80-point provision added to retirement eligibility
- Age 60 with 10 years of service early retirement eligibility added
- Pensionable earnings capped at \$150,000, periodically adjusted for inflation by the Trustees
- A Retirement Incentive Plan was adopted for participating members with a retirement date in 2020.

Assumption changes:

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:

- 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
- Change the retirement rates to use age-based rates, rather than 100% at selected eligibilities
- Lower the assumed rate of investment return from 7.50% to 7.25%
- Change the salary scale to use age-based rates that reflects decreasing pay growth as a participant age, rather than use 5% increases for all ages
- Update the turnover rates to reflect recent experience
- Update the disability rates to only begin after ten years of service, and stop at age 60

The following assumptions were changed with the January 1, 2021 valuation:

- The mortality projection scale was update from MP-2018 to MP-2020 for all participants.
- Administrative expenses were lowered from 0.3% of payroll to 0.2% of payroll.

There were no changes of benefits terms for the year ended December 31, 2020.

OTHER SUPPLEMENTARY INFORMATION

ORLEANS PARISH COMMUNICATION DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2020

Agency Head Name: Tyrell Morris, Executive Director

Salary	\$ 140,724
Benefits - Insurance	9,327
Benefits - Retirement	31,409
Conference Travel	266
Per diem	140
Reimbursements	<u>359</u>
Total	<u>\$ 159,045</u>

See accompanying independent auditors' report.



INDEPENDENT AUDITORS' 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*

The Board of Directors
Orleans Parish Communications District
(A Proprietary Component Unit of the City of New Orleans)
New Orleans, Louisiana

We have audited, in accordance with the 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, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Orleans Parish Communications District (the District) as of and for the year ended December 31, 2020, 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 28, 2021.

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 opinions 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richard CPAS

Metairie, Louisiana
December 28, 2021

ORLEANS PARISH COMMUNICATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2020

1. Summary of Independent Auditors' Results – December 31, 2020

Financial Statements

(a) The type of report issued on the basic financial statements: **Unmodified**

(b) Internal control over financial reporting:

Material weakness(es) identified: **None reported**

Significant deficiency(ies) identified: **None reported**

(c) Noncompliance which is material to the basic financial statements: **None reported**

2. Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards*

None reported

ORLEANS PARISH COMMUNICATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2019

SUMMARY OF INDEPENDENT AUDITOR'S RESULTS - December 31, 2019:

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.

ORLEANS PARISH COMMUNICATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2019

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

STATUS; Resolved

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.

ORLEANS PARISH COMMUNICATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2019

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 2nd 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.

STATUS: Resolved

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.

ORLEANS PARISH COMMUNICATIONS DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2019

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 contract. 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.

STATUS: Resolved

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.

STATUS: Resolved