ANNUAL FINANCIAL REPORT

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

DECEMBER 31, 2018 AND 2017

ORLEANS PARISH
COMMUNICATION DISTRICT

DECEMBER 31, 2018 AND 2017

INDEX TO ANNUAL FINANCIAL REPORT

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 7
BASIC FINANCIAL STATEMENTS:	
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Fund Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	11 - 30
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the District's Proportionate Share of the Net Pension Liability	31
Schedule of the District's Pension Contributions	32
Notes to Required Supplementary Information	33
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	34
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*	35 - 36
SUMMARY SCHEDULE OF FINDINGS	37 - 42

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INDEPENDENT AUDITOR'S REPORT

June 24, 2019

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, 2018 and 2017, 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.

Opinions

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, 2018 and 2017, 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 opinions 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 June 24, 2019 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 & 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, 2018 and 2017. 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 2018 and 2017, the District received $9,476,774 and $9,476,778, 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, 2018 increased over 2017 by $18,291 while operating expenses for the year ended December 31, 2018 increased from 2017 by $714,192. The increase in operating revenues is attributable to an increase in E-9-1-1 fees due to additional phone subscribers. The increase in operating expenses was due mainly to an increase in personnel wages and benefits, staff training, insurance bonding, professional fees associated with litigation, along with additional repair and maintenance expenses.

* Capital expenditures for 2018 were $258,810. Primarily, these expenditures were for 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, 2018 and 2017

	2018	2017
Current Assets	$ 6,828,755	$ 6,911,117
Capital Assets - Net	16,129,703	16,886,172
Total Assets	22,958,458	23,797,289
Deferred outflows of resources	10,700,282	10,165,622
Total Assets and Deferred Outflows	$ 33,658,740	$ 33,962,911
Current Liabilities	$ 2,467,963	$ 2,046,529
Noncurrent Liabilities	16,090,982	15,380,351
Total Liabilities	18,558,945	17,426,880
Deferred inflows of resources	961,718	616,794
Net Position		
Net investment in capital assets	15,224,703	15,121,172
Restricted for Debt Service	944,368	936,348
Unrestricted	(2,030,994)	(138,283)
Total Net Position	14,138,077	15,919,237
Total Liabilities, Deferred Inflows and Fund Net Position	$ 33,658,740	$ 33,962,911

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, 2018 and 2017:

Condensed Statement of Revenues, Expenses and
Changes in Fund Net Position
For the Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenues	$ 6,047,511	$ 6,029,220
Operating Expenses	17,605,874	16,891,682
Operating Loss	(11,558,363)	(10,862,462)
Nonoperating Revenues (Expenses):		
Intergovernmental revenue	9,476,774	9,476,778
Interest Income	60,835	32,278
Interest Expense	(72,189)	(106,912)
Other Income	286,406	36,759
Rental Income	25,377	21,926
Total Nonoperating Revenues (Expenses)	9,777,203	9,460,829
Change in Net Position	(1,781,160)	(1,401,633)
Total Net Position, Beginning of Year	15,919,237	17,320,870
Total Net Position, End of Year	$ 14,138,077	$15,919,237

Current Operations and Accomplishments:

The OPCD presently employs 178 full-time equivalents (FTE's), with ten (10) remaining vacancies. OPCD intends to fill all current vacancies to ensure efficient operations and continue to provide outstanding E-9-1-1/3-1-1 service to the citizens of the City of New Orleans. The three (3) primary public safety agencies assigned personnel to act as Coordinators in an exchange of information between the agencies and OPCD.

All Operations employees continue to receive training through accredited organizations such as the International Academies of Emergency Dispatch (IAED) and the Association of Public Safety Communication Officials (APCO). Upon completion of each discipline, the employees can earn the opportunity for promotion.

OPCD recently announced the successful consolidation of 3-1-1 services with the current emergency services provided to the City of New Orleans.

Current Operations and Accomplishments: (continued)

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

Plans and Projects:

The City's Real Time Crime Center (RTCC) continues to offer OPCD generous space as its back-up center's location. Funding will be needed to expand the Computer Aided Dispatch (CAD) 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.

OPCD 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).

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

Financial Issues:

In order to provide quality E9-1-1 service to the public, OPCD continues to invest in cutting-edge technology, such as the upgrading to the NICE Inform Elite 8 software, and the Motorola Computer Aided Dispatch (CAD) system. This has prepared OPCD for future development of Next Generation (NG-911) which will have the capability to receive pictures, video, crash notification information, and any other source of data useful for dispatching emergency services.

In order to prepare for the future of 9-1-1, and in order to continue providing E9-1-1 service to the public, the OPCD Board of Commissioners must create an Equipment Replacement Plan so that when this equipment needs replacing, OPCD has the funds to do so. The Board of Commissioners should create a budgetary set-aside that can be used only to replace E9-1-1 equipment (such as VIPER or CAD) as it wears out or becomes functionally obsolete. The ability to keep pace with technological advancements has allowed the OPCD to purchase the equipment that is needed to meet the public's requirements for E9-1-1 service. OPCD has only been able to remain resilient because previous Boards had looked ahead and were willing to set funds aside to do so.

Contacting the District's Financial Management:

This financial audit report is designed to provide individuals with a general overview of OPCD's finances, and to demonstrate to the public that the OPCD 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, 2018 AND 2017

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,181,950	$ 5,296,002
Accounts receivable	849,454	952,908
Other receivables	235,756	-
Prepaid expenses	238,439	271,634
Due from other governments	323,156	390,573
Total current assets	6,828,755	6,911,117
Capital assets:		
Capital assets (net of accumulated depreciation)	16,129,703	16,886,172
Total capital assets	16,129,703	16,886,172
Total assets	22,958,458	23,797,289
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	10,700,282	10,165,622
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 33,658,740	$ 33,962,911
LIABILITIES		
Current liabilities:		
Accounts payable	$ 1,017,272	$ 733,020
Bonds payable	905,000	860,000
Bonds interest payable	13,123	25,449
Accrued payroll expenses	532,568	428,060
Total current liabilities	2,467,963	2,046,529
Noncurrent liabilities:		
Bonds payable (net of current portion)	-	905,000
Accrued leave	634,021	883,340
Net pension liability	15,456,961	13,592,011
Total noncurrent liabilities	16,090,982	15,380,351
Total liabilities	18,558,945	17,426,880
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	961,718	616,794
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	19,520,663	18,043,674
NET POSITION		
Net investment in capital assets	15,224,703	15,121,172
Restricted for debt service	944,368	936,348
Unrestricted	(2,030,994)	(138,283)
Total fund net position	14,138,077	15,919,237
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND NET POSITION	$ 33,658,740	$ 33,962,911

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, 2018 AND 2017

	2018	2017
OPERATING REVENUES:		
Charges for services	$ 6,047,511	$ 6,029,220
Total operating revenues	6,047,511	6,029,220
OPERATING EXPENSES:		
Contractual services, supplies, materials, and other	3,145,148	2,660,144
Personnel services	13,445,447	13,086,738
Depreciation	1,015,279	1,144,800
Total operating expenses	17,605,874	16,891,682
OPERATING LOSS	(11,558,363)	(10,862,462)
NONOPERATING REVENUES (EXPENSES):		
Intergovernmental revenue	9,476,774	9,476,778
Interest income	60,835	32,278
Interest expense	(72,189)	(106,912)
Miscellaneous income	286,406	36,759
Rental income	25,377	21,926
Total nonoperating revenues (expenses)	9,777,203	9,460,829
CHANGE IN NET POSITION	(1,781,160)	(1,401,633)
TOTAL NET POSITION - Beginning of year	15,919,237	17,320,870
TOTAL NET POSITION - End of year	$ 14,138,077	$ 15,919,237

See accompanying notes.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for services	$ 6,150,965	$ 5,859,608
Cash paid for goods and services	(3,063,458)	(2,770,049)
Payments for salaries and related expenses	(11,847,627)	(11,360,537)
Net cash provided or (used) by operating activities	(8,760,120)	(8,270,978)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Intergovernmental revenue	9,476,774	9,476,778
Interest paid	(84,515)	(118,600)
Purchase of capital assets	(258,810)	(46,721)
Principal payments on bonds	(860,000)	(825,000)
Miscellaneous receipts	311,784	58,684
Net cash provided or (used) by capital and related financing activities	8,585,233	8,545,141
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	60,835	32,278
Net cash provided by investing activities	60,835	32,278
NET INCREASE (DECREASE)	(114,052)	306,441
Cash and cash equivalents, January 1	5,296,002	4,989,561
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 5,181,950	$ 5,296,002
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED OR (USED) BY OPERATING ACTIVITIES:		
Operating loss	$ (11,558,363)	$ (10,862,462)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	1,015,279	1,144,800
Change in net pension liability	1,675,214	1,574,271
Decrease/(Increase) in due from other governments	67,417	-
Decrease/(Increase) in accounts receivable	103,454	(169,608)
Decrease/(Increase) in other receivables	(235,756)	-
Decrease/(Increase) in prepaid expenses	33,195	(23,289)
Increase/(Decrease) in accounts payable	284,251	(86,620)
Increase/(Decrease) in accrued payroll expenses	104,508	58,271
Increase/(Decrease) in accrued leave	(249,319)	93,659
Total adjustments	2,798,243	2,591,484
NET CASH PROVIDED OR (USED) BY OPERATING ACTIVITIES	$ (8,760,120)	$ (8,270,978)

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:

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure/expense) until that future time.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

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, 2018 and 2017, the District has cash (book balances) totaling $2,979,105 and $4,119,368, respectively, and $3,082,507 and $4,463,339, respectively, in deposits (collected bank balances) at three financial institutions (the banks). At December 31, 2018 and 2017, 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, 2018 and 2017, cash equivalents in the amount of $2,202,845 and $1,176,634, 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 60 days and consists of no securities with a maturity in excess of 397 days. 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 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 225 St. Charles Avenue, Suite 1123, 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 $849,454 and $952,908 at December 31, 2018 and 2017, respectively. Receivable balances are unsecured.

4. CAPITAL ASSETS:

A summary of changes in capital assets for the years ended December 31, 2018 and 2017 are as follows:

	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

4. CAPITAL ASSETS: (Continued)

	Life	Balance at 12/31/16	Additions	Disposals	Balance at 12/31/17
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	7,362,078	46,721	(1,394,850)	6,013,949
Leasehold Improvements	40	1,083,403	-	-	1,083,403
Vehicles	5	104,161	-	-	104,161
		27,760,843	46,721	(1,394,850)	26,412,714
Accumulated Depreciation		(9,776,592)	(1,144,800)	1,394,850	(9,526,542)
Total		$ 17,984,251	$ (1,098,079)	$ -	$ 16,886,172

5. COMPENSATED ABSENCES:

All regular full time employees accrued annual leave and sick leave based on their work week schedule. AFT/OPS employees who work a scheduled 35 hour work week accrue annual leave at a rate of 3.5 hours for every bi-weekly pay period and accrue sick leave at a rate of 3.5 hours for every bi-weekly pay period. OPS employees who work a scheduled 36/48-hour week accrue annual leave at a rate of 4.2 hours for every bi-weekly pay period and accrue sick leave at a rate of 4.2 hours for every bi-weekly pay period. AFT/OPS employees who work a 40-hour week accrue annual leave at a rate of 4.0 hours for every bi-weekly pay period for and accrue sick leave at a rate of 4.0 hours for every bi-weekly pay period. Bonus annual and sick leave is granted to employees on January 1st of each year. The bonus annual and sick leave granted is based on the employees' work week and years of service.

Bonus annual leave is granted to employees on January 1st of each year 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

5. COMPENSATED ABSENCES: (Continued)

Bonus sick leave is granted to employees on January 1st of each year as follows based on calendar years of continuous service. Employees earn 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

District employees hired April 13, 2016 or after are allowed to carry forward up to 360 hours of annual leave from year to year. Accrued annual leave in excess of 360 hours is converted to sick leave. District employees hired prior to April 13, 2016 are allowed to carry forward up to 630 hours of annual leave from year to year. Accrued annual leave in excess of 630 hours is converted to sick leave. There is 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 to Cash
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, 2018 and 2017, total accrued annual and sick leave was $634,021 and $883,340, respectively.

A summary of changes in compensated absences for the year ended December 31, 2018 is as follows:

Balance at December 31, 2017	$ 883,340
Additions	573,040
Reductions	(822,359)
Balance at December 31, 2018	$ 634,021

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. As a result of the CEA, all City personnel assigned to the 9-1-1 call center by various other City departments were assigned to the District.

The CEA requires the City is to provide an annual appropriation to the District for the OPS personnel, cost including health and accident insurance, employer retirement contributions, workers compensation, unemployment insurance, life insurance, uniform allowance, sick leave, annual leave, and terminal leave. In addition, the City is to provide the District with access to 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; 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 an offset to the City's general fund in the amount equal to $500,000 which shall be dedicated to support the consolidated 9-1-1 operations.

During the years ended December 31, 2018 and 2017, the District received intergovernmental revenue in the amount of $9,476,774 and $9,476,778, respectively, from the City to fund the OPS personnel cost. The City owed the District $323,156 and $ 390,573 for the years ended December 31, 2018 and 2017, respectively, for the cost of the accrued annual and sick leave earned by employees assigned to the District from other City departments.

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 liabilities on any claims. The total amount of contributions by the District for health insurance was $1,321,880 and $1,222,481 for 2018 and 2017, 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 1.9% of average compensation times creditable service.

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.

8. PENSION PLAN: (Continued)

Benefits Provided: (Continued)

Retirement Benefits: (Continued)

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.

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.

8. PENSION PLAN: (Continued)

Benefits Provided: (Continued)

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 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.

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.)

8. PENSION PLAN: (Continued)

Benefits Provided: (Continued)

Separation Benefits: (Continued)

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.

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:

8. PENSION PLAN: (Continued)

Benefits Provided: (Continued)

Ordinary Disability Retirement: (Continued)

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.

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

8. PENSION PLAN: (Continued)

Benefits Provided: (Continued)

Reciprocity: (Continued)

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.

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.

8. PENSION PLAN: (Continued)

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, 2018 and 2017 are 23.252% and 21.490% 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, 2018 and 2017 was $1,578,674 and $1,483,758, respectively.

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

At December 31, 2018 and 2017, the District reported a liability for the Plan in the amount of $15,456,961 and $13,592,011, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018 and December 31, 2017, 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, 2018 and 2017, the District's proportion for the Plan was 5.2824% and 5.7124%, respectively.

At December 31, 2018 and 2017, the District recognized pension expense for its participation in the Plan of $3,226,545 and $3,092,318, respectively.

At December 31, 2018 and 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

8. PENSION PLAN: (Continued)

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

2017	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,288,783	$ 266,839
Net difference between projected and actual earnings on pension plan investments	-	230,692
Change in proportion and differences between employer contributions and proportionate share of contributions	6,876,839	119,263
Total	$ 10,165,622	$ 616,794

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
2019	$ 2,189,977
2020	1,754,808
2021	1,793,981
2022	2,036,131
2023	1,435,590
Thereafter	528,077
Total	$ 9,738,564

8. PENSION PLAN: (Continued)

Actuarial Assumptions:

The total pension liability for the Plan in the December 31, 2018 and 2017 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	7.50%
Inflation rate	2.50%
Projected salary increases	5.00%
Cost-of-living adjustments	None
Mortality	RP-2000 Combined Healthy Mortality Table (Sex Distinct) Without Projection
Termination and disability	RP-2000 Disability Mortality Table (Sex Distinct) Without Projection

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, 2018 and 2017 are summarized as follows:

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%

8. PENSION PLAN: (Continued)

Actuarial Assumptions: (Continued)

December 31, 2017

Asset Class	Target Asset Allocation	Long-term expected portfolio real rate of return
Equity Securities	58%	4.49%
Fixed Income	27%	0.73%
Real Estate	5%	0.23%
Other Alternate Investments	10%	0.62%
Total Real Return	100%	6.07%

Discount Rates:

The discount rate used to measure the total pension liability was 7.5%. 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 District'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.

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 discount rate of 7.5% 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, 6.5%, or one percentage point higher, 8.5%, than the current rate for the years ending December 31, 2018 and 2017:

	1% Decrease 6.5%	Current Rate 7.5%	1% Increase 8.5%
NPL - December 31, 2018	$ 19,804,316	$ 15,456,961	$ 12,550,889
NPL - December 31, 2017	$ 17,227,275	$ 13,592,011	$ 10,549,584

8. PENSION PLAN: (Continued)

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, 2018 and 2017, the District had outstanding contributions payable to the pension plan of $196,417 and $229,757, 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.

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, 2018 and 2017 was $322,139 and $280,873, respectively. Future minimum lease payments for all leases are as follows:

Year	Amount
2019	$ 295,503
2020	295,503
2021	295,503
2022	295,503
2023	295,503
Thereafter	8,421,836
Total	$ 9,899,351

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 bear interest at 4.35% and mature in 2019. The Revenue Bonds will be 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, 2018 is as follows:

Balance at December 31, 2017	$ 1,765,000
Payments	(860,000)
	905,000
Less: Current portion at December 31, 2018	(905,000)
Long-term portion at December 31, 2018	$ -

The following amounts are expected future maturities of the bonds at December 31, 2018:

Year	Principal	Interest	Total
2019	$ 905,000	$ 39,368	$ 944,368
	$ 905,000	$ 39,368	$ 944,368

12. NET POSITION:

Restricted:

Net position in the amount of $944,368 and $936,348 for the years ending December 31, 2018 and 2017, respectively, have been restricted for the payment of principal and interest on bonds.

13. RECLASSIFICATIONS:

Certain 2017 amounts have been reclassified in order to conform to the 2018 financial statement presentation. The reclassifications had no effect on the net position or revenues, expenses and changes in fund net position.

ORLEANS PARISH COMMUNICATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
FOR THE FOUR YEARS ENDED DECEMBER 31, 2018

Fiscal Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability as a % of its Covered-Employee 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 %

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 DISTRICTS PENSION CONTRIBUTIONS
FOR THE FOUR YEARS ENDED DECEMBER 31, 2018

Fiscal Year	Statutorily Required Contibution	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess)	District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee 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%

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

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FOUR YEARS ENDED DECEMBER 31, 2018

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:

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, 2018

	AGENCY HEAD NAMES		
PURPOSE	Stephen Gordon Executive Director Jan 2018 - Jul 2018	Tyrell Morris Executive Director (Aug 2018 - Dec 2018)	Total Amount
Salary	$ 103,343	$ 44,231	$ 147,574
Benefits - insurance	5,441	3,886	9,327
Benefits - retirement	15,255	10,285	25,540
Per diem	1,352	236	1,588
Cell phone / internet	-	1,722	1,722
Travel	464	616	1,080
Registration fees	-	521	521
Continuing professional education	-	60	60
TOTAL	$ 125,855	$ 61,557	$ 187,412

DHHM
certified public accountants

Duplantier
Hrapmann
Hogan &
Maher, LLP

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
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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*

June 24, 2019

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 24, 2019.

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 were not identified. However, as described in the accompanying schedule of findings, we identified 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 18-01 described in the accompanying schedule of findings to be material weaknesses.

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 deficiencies 18-02 and 18-03 described in the accompanying schedule of findings to be significant deficiencies.

The results of our tests disclosed instances of immaterial matters of internal control over financial reporting and compliance or other matters that we have communicated to management in a separate letter.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* as item 18-04.

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 & Maher, LLP

New Orleans, Louisiana

SUMMARY OF AUDITOR'S RESULTS:

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

Internal Controls – Significant deficiency with material weakness

18-01 General Ledger

During the performance of audit procedures, we noted the following errors made to the general ledger:

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 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 policies in place be followed 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.

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SUMMARY OF AUDITOR'S RESULTS: (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 recommend 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.

18-03 Accrued Annual and Sick Leave

During the review 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 be classified as 40 hour work week employees.
b. Manual adjustments were made to employees' accumulated leave balances in the payroll system with no written support, and the adjustments could not be sufficiently explained by OPCD personnel.

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)

Internal Controls – Significant deficiency (Continued)

18-03 Accrued Annual and Sick Leave (Continued)

We recommend the District develop a procedure for accurately tracking sick and annual leave and require appropriate documentation be maintained for manual adjustments to leave balances.

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 recommend the District correct withholding rates and allowances as required by the IRS.

2. Summary of Prior Year Findings:

Internal Controls – Significant deficiency with material weakness

17-01 General Ledger

During the performance of audit procedures, we noted the following mispostings made to the general ledger:

a. Funds received prior to year-end were not deposited and posted to the general ledger in the current fiscal year resulting in a material understatement in cash and overstatement in accounts receivable.
b. Year-end payroll accrual was posted incorrectly resulting in a material understatement in cash and liabilities;
c. Receipts were posted to incorrect customer accounts and revenues were posted to incorrect general ledger accounts resulting in inaccurate internal financial reports;
d. Incorrect invoices/credits were not removed from the accounts payable subsidiary ledger resulting in a material discrepancy between the subsidiary ledger and the trial balance; and

SUMMARY OF AUDITOR'S RESULTS: (Continued)

2. Summary of Prior Year Findings: (Continued)

e. Manual payroll checks were posted to an incorrect account in the general ledger resulting in an overstatement of cash and an understatement of expenses.

Receipts should be posted to the accounting system when received to properly reflect cash and accounts receivable and should be coded to correct customers and revenue accounts. 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 required, and all payroll checks should be processed through the payroll system. We recommend the District implement a cash receipts policy which ensures the timely deposit of funds and posting of receipts to the general ledger. We recommend policies be implemented to ensure payroll is recorded in the proper period, accruals are adjusted as needed, and manual payroll checks are processed accurately. We recommend the review of account details of the chart of accounts on a regular basis to ensure information is being posted accurately; and review, investigate, and remove, as necessary, items listed on subsidiary ledgers that are inaccurate. A current year comment was made regarding the general ledger. See comment 18-01.

Internal Controls – Significant deficiency

17-02 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, voided checks were listed as outstanding on a cash reconciliation and there was no review of the reconciliation by a second person resulting in incorrect cash reconciliations;
b. Checks were being issued out of order which could result in inaccurate internal reporting;
c. The check register for the operating account contained multiple notations of "missing checks" which could result in inaccurate internal reporting;
d. Cash transactions were posted to incorrect accounting periods resulting in inaccurate internal reporting; and
e. Manual payroll checks were not being processed through the payroll system resulting in inaccurate federal and state reporting which requires payroll tax forms to be amended.

Cash activity and cash reconciliations should be reviewed to ensure accurate internal financial statements are generated. We recommend 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

SUMMARY OF AUDITOR'S RESULTS: (Continued)

2. Summary of Prior Year Findings: (Continued)

sequential order; cash reconciliations are reviewed and approved by a second person; and manual payroll checks are processed through the ADP payroll system accurately and timely. A current year comment was made regarding cash. See comment 18-02.

17-03 Payroll

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

a. Payroll reports are not reviewed and approved by an additional level of management resulting in inaccurate reporting of wages and related payroll tax liabilities;
b. Access to the payroll system is not limited to the payroll manager only which could result in unauthorized changes to the system;
c. Support for approval of sick leave, annual leave, and leave without pay, was not properly maintained. In addition adjustments to employees' annual leave hours and sick leave hours were incorrect which could result in the overpayment or underpayment of wages upon termination;
d. There exists a lack of segregation of duties relating to the funding of payroll to the ADP system and the reconciliation of cash which makes the District at risk of fraud;
e. Not all payroll checks are being processed through the payroll system resulting in improper reporting of salaries and related expenses in the general ledger in addition to improper reporting of payroll to the federal and state agencies;
f. Daily leave and attendance was not documented which could result in the overpayment or underpayment of wages;
g. Employees did not obtain management approval prior to taking leave which could result in the overpayment or underpayment of wages; and
h. Current pay rates for employees were not supported by an employee contract or other official documentation maintained in the employees' files which could result in the over-payment or underpayment of wages.

The District should have a payroll system with strong internal controls in place to ensure the proper reporting and recording of payroll and payroll related expenses. We recommend the District review their payroll system and implement additional controls to ensure the proper payment and recording of all payroll and payroll related expenses. The comment was cleared during the current year.

17-04 Credit Card Disbursements

During credit card disbursement testing, we noted the following:

a. 10 instances in which monthly credit card statements were not reviewed or approved by management;

SUMMARY OF AUDITOR'S RESULTS: (Continued)

2. Summary of Prior Year Findings: (Continued)

b. Receipts for 37 of the 43 transactions tested did not denote the business/public purpose;
c. Charges were not supported by receipts for 21 of the 43 tested; and
d. One violation of Article 7 Section 14 of the LA Constitution which prohibits the loan, pledge, or donation of funds, credit, property, or things of value.

All credit card disbursements should be supported by detailed receipts and, where appropriate, an explanation detailing the nature of the purchase and approval by the Executive Director. Not obtaining detailed receipts for purchases in addition to the explanation of the purchase and review by the Executive Director could result in the misuse or misappropriation of funds. We recommend the District develop a policy over credit card disbursements and require all detailed receipts be obtained, and where appropriate include a detail explanation on the nature of the purchase and review by the Executive Director. The comment was cleared during the current year.

Compliance with Laws and Regulations

17-05 Fixed Assets

Louisiana Revised Status 24:515 B.(1) requires the District to maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which such entity is accountable. The records shall include information as to the date of purchase of such property or equipment, the initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the property or equipment disposed of.

During the audit of fixed assets, we noted the following deficiencies:

a. Beginning accumulated depreciation did not agree with prior year ending accumulated depreciation for six assets tested;
b. Depreciation expense for ten assets tested in the current year was understated;
c. Depreciation expense for seven assets tested in the current year was overstated;
d. Net book value for one asset tested was overstated;
e. 57 assets had no initial cost;
f. 204 assets had no date of purchase; and
g. 37 assets were disposed of with no "written" purpose.

The above deficiencies resulted in the District not being in compliance with the Louisiana Revised Statues and inaccurate financial reporting. We recommend the District update the listing of fixed assets to be in compliance with the general fixed asset statues of the State of Louisiana. The comment was cleared during the current year.

ORLEANS PARISH COMMUNICATION DISTRICT

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

DECEMBER 31, 2018

ORLEANS PARISH COMMUNICATION DISTRICT

TABLE OF CONTENTS

DECEMBER 31, 2018

	PAGE
AGREED UPON PROCEDURES	1 - 8

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

June 7, 2019

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, 2018. 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 the entity'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 (l) 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) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Upon applying the procedures above, we noted the following:

1. *Travel and expense reimbursement policy did not state a dollar threshold by category of expense.*

2. *The ethics policy did not include all prohibited transactions or reference the Louisiana Revised Statue 42:1111-1121 for prohibited transactions.*

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

Bank Reconciliations

2) We obtained a listing of client bank accounts from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity'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 that there was no documentation indicating that management researched reconciling items outstanding for more than twelve months from the statement closing 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 deposit site.

   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 each collection location, and observed that job duties are properly segregated at each 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.

Collections (Continued)

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.

Upon applying the procedures above, we noted the person responsible for collecting cash was not bonded or covered by a bond or insurance policy for theft. However, a special risk insurance policy for theft, covering the employee who has access to cash, was obtained effective April 1, 2019.

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 10 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.

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:

1. *There was no policy for reconciling cash to the general ledger by revenue source by a person who is not responsible for cash collections.*
2. *One (1) of the six (6) deposits tested were not made within one (1) day of receipt.*

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

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.

   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 person responsible for processing payments is not prohibited from adding vendors to the system.

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.

   No findings were noted.

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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

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

    Upon applying the procedures above, we noted the following:

    1. *The monthly statements or combined statements for the five months selected for testing were not reviewed and approved, in writing, by someone other than the authorized cardholder.*

    2. *Finance charges and late fees were assessed on one of the five selected accounts. However, management investigated further and had finance and late charges refunded by the bank subsequent to year end.*

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).

    Upon applying the procedures above, we noted the following:

    1. *Six (6) of the forty-one (41) transactions selected for testing did not have the original itemized receipt to support purchase.*

Credit Cards/Debit Cards/Fuel Cards/P-Cards (Continued)

2. *Eight (8) of the forty-one (41) transactions selected for testing did not have written documentation of the business/public purpose. The District did track descriptions of all detailed credit card transaction. However, we recommend that the District document additional details to further clarify business/public purpose for all credit card transactions.*

Payroll and Personnel

13) We obtained a listing of employees with their related salaries, and obtained management's representation that the listing was complete. We randomly selected five employees/ officials, obtained their personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

No findings were noted.

14) For the five employees/officials selected above, we randomly selected one pay period during the fiscal period and obtained attendance records and leave documentation for the pay period, and:

a) Determined whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

b) Determined whether supervisors approved the attendance and leave of the selected employees/officials.

c) Determined whether any leave accrued or taken during the pay period was reflected in the entity's cumulative records.

No findings were noted.

15) We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list was complete. We randomly selected two employees/officials, obtained related documentation of the hours and pay rates used in the management's termination payment calculations, agrees the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

No findings were noted.

16) We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

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 & Maher, LLP

New Orleans, Louisiana

Orleans Parish Communication District

Administrators of New Orleans' 9-1-1/3-1-1 System

Board of Commissioners
Chairman
Director Michael "Beau" Tidwell
City of New Orleans (At Large)

Vice Chairman
Director Collin Arnold
New Orleans Homeland Security

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Director Emily M. Nichols, MD
New Orleans EMS

Jennifer Avegno, MD
New Orleans Health Department

Dr. Brobson Lutz
Orleans Parish Medical Society

Executive Staff
Tyrell Morris
Executive Director

June 28, 2019

Ms. Michelle Cunningham
Duplantier Hrapmann Hogan & Maher, LLP
1615 Poydras Street, Suite 2100
New Orleans, LA 70112

Dear Ms. Cunningham:

Following items are in response to the 2018 Agreed Upon Procedures.

AUP 1 – Written Policies and Procedures

OPCD is committed to reviewing and updating all policies and procedures to ensure compliance with the Louisiana Legislative Auditors Statewide Agreed Upon Procedures.

AUP 2 – Bank Reconciliations

OPCD commits to ensuring that all cash activity and cash reconciliations are reviewed and approved by management prior to posting on a regular basis to ensure accurate internal financial reporting. Also, OPCD has implemented internal procedures that require outstanding items be reviewed regularly by management for reconciliation.

AUP 5 – Collections

OPCD management has implemented a policy for collections and ensures that all individuals responsible for collections are bonded. A Risk Insurance policy has been obtained effective April 1, 2019.

AUP 6 - Collections

OPCD revenue source have been difficult to prove in the past. In 2018 OPCD hired a consultant to review this process for both collections and disbursements related to E9-1-1 fees. OPCD management will include collections completeness for E9-1-1 fees in the receipts policy. In addition, OPCD will work with DHHM to develop a system for monitoring and forecasting projected revenue.

AUP 8 – Disbursements

OPCD has implemented internal procedures that require management to review all changes and modifications to vendors' payment system regularly.

AUP 11 – Credit Cards/Debit Cards/Fuel Cards/P-Cards

OPCD has implemented a policy to ensure that all monthly statements are reviewed and approved by management.

AUP 12 – Credit Cards/Debit Cards/Fuel Cards/P-Cards

OPCD has implemented a policy to ensure that all detailed receipts are obtained and where appropriate include a detailed explanation on the nature of the purchase and reviewed by management.

Sincerely,

Tyrell T. Morris, MBA
Executive Director