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ANNUAL FINANCIAL REPORT

ORLEANS PARISH
COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA

DECEMBER 31, 2009 AND 2008

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

Release Date 7/14/10

ORLEANS PARISH
COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA

DECEMBER 31, 2009 AND 2008

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INDEPENDENT AUDITOR'S REPORT

May 3, 2010

Board of Commissioners
Orleans Parish Communication District
New Orleans, Louisiana 70119

We have audited the accompanying financial statements of the Orleans Parish Communication District, a component unit of the City of New Orleans, Louisiana, as of and for the years ended December 31, 2009 and 2008, as listed in the index to the report. These financial statements are the responsibility of the management of Orleans Parish Communication District. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orleans Parish Communication District as of December 31, 2009 and 2008, and the results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as whole. Management's discussion and analysis on Pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 2010 on our consideration of the Orleans Parish Communication District's internal control over financial reporting and on its compliance with laws and regulations. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, LLP

ORLEANS PARISH COMMUNICATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009 AND 2008

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, 2009 and 2008. Please read this section in conjunction with the basic financial statements and the notes to the basic financial statements beginning on Page 8 in this report.

Financial Highlights

- * For 2009 operating revenues decreased by \$27,158.
- * Operating expenditures in the year ended December 31, 2009 were less than operating expenditures for 2008 in the amount of \$1,156,407. The decrease is related to the end of the cooperative agreement with the City of New Orleans which lowered contractual services expense. Depreciation expense for 2009 also decreased due to equipment that was purchased after Hurricane Katrina reaching the end of its depreciable life.
- * Construction in progress increased by \$1,217,215 due to the start of construction on the new permanent facility.

Overview of the Financial Statements

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

The basic 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 statement of net assets presents information about its assets (resources) and liabilities (the amounts obligated to its creditors). The statements of revenues, expenses, and changes in fund net assets present information about the current year's revenues and expenses. The statement can be used to measure operating improvements or deterioration for the past year. The statement also provides useful information for determining whether the District's service revenue and other revenue sources were sufficient for all the District to recover all of its costs. The final financial statement in this report is the statement of cash flows, which provides information about the District's cash from operations, investing, and financing activities. In addition, this statement provides 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.

ORLEANS PARISH COMMUNICATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009 AND 2008

Financial Analysis of the District

The statement of net assets and the statement of revenues, expenses, and changes in net fund assets report information about the District's activities. These two statements report the net assets of the District and changes in them. Increases and decreases in the District's net assets 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 Assets

A summary of the District's statement of net assets is presented below:

Condensed Statement of Net Assets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Current Assets	\$ 9,144,487	\$ 7,995,699
Noncurrent Assets	8,785,238	9,093,324
Capital Assets – Net	<u>9,659,931</u>	<u>8,637,747</u>
Total Assets	<u>27,589,656</u>	<u>25,686,770</u>
Current Liabilities	1,219,866	1,271,413
Noncurrent Liabilities	<u>8,363,490</u>	<u>8,834,774</u>
Total Liabilities	<u>9,583,356</u>	<u>10,106,187</u>
Net Assets:		
Invested in Capital Assets	11,045,168	9,761,071
Restricted for Debt Service	899,468	894,988
Unrestricted	<u>6,061,664</u>	<u>4,924,524</u>
Total Net Assets	<u>\$ 18,006,300</u>	<u>\$ 15,580,583</u>
Total Liabilities and Net Assets	<u>\$ 27,587,656</u>	<u>\$ 25,686,770</u>

**ORLEANS PARISH COMMUNICATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009 AND 2008**

Summary of Revenues, Expenses and Changes in Net Assets

The following table presents a summary of the District's revenues and expenses for the fiscal years ended December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Operating Revenues	\$ 4,836,257	\$ 4,863,415
Operating Expenses	<u>2,523,519</u>	<u>3,679,926</u>
Operating Income	<u>2,312,738</u>	<u>1,183,489</u>
Nonoperating Revenue (Expenses):		
Interest income	76,512	269,264
Interest expense	(39,095)	(40,049)
Other	51,562	19,428
Rental income	<u>24,000</u>	<u>--</u>
Total Nonoperating Revenues (Expenses)	<u>112,979</u>	<u>248,643</u>
Changes in Net Assets	2,425,717	1,432,132
Total Net Assets, Beginning of Year	<u>15,580,583</u>	<u>14,148,451</u>
Total Net Assets, End of Year	<u>\$ 18,006,300</u>	<u>\$ 15,580,583</u>

ORLEANS PARISH COMMUNICATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009 AND 2008

Current Operations and Accomplishments:

On January 31, 2008, Retired Police Captain Stephen J. Gordon was selected as the new permanent Executive Director of OPCD after the retirement of William Hawkins. Captain Gordon became the District's third Executive Director.

Chair of the Board, Chief Warren E. McDaniels passed away on February 24, 2008. He was the Chair who had served the longest and he is greatly missed. The Board of Directors elected Colonel Terry Ebbert as Board Chair on September 23, 2008.

The OPCD maintains the co-located E9-1-1 Center for the City of New Orleans. Before Hurricane Katrina in August 2005, the financial costs of operating three separate E9-1-1 Centers were paid by individual departments of City government. The OPCD has assumed this cost and responsibility from the City and intends to maintain it permanently.

The 600 square foot Gately Building located on the land leased from Firemen's Charitable Benevolent Association has been leased to Alfortish Memorials and Mausoleums (sub-tenant). The sub-tenant made all the renovations, which will be reimbursed to them as a reduction in their rent until paid in full.

The Firemen's Charitable & Benevolent Association completed the process of removing contaminated soil in 2009.

The old Orkin Pesticide wooden building was demolished during the second week of December 2009. The building suffered from being located near contaminated soil, severe termite damage to floor and support joists, a fire in 2000 so severe the I-10 had to be closed to heavy smoke and from having a majority of the flat roof burned away and exposed to the elements for nearly a decade.

Plans and Projects:

OPCD is constructing a permanent E9-1-1 Building which will be constructed by January, 2011 and in which after furnishing with equipment and furniture will be moved into completely by Summer, 2011. The new building will provide additional sustainability and redundancy for such a critical function for public safety.

OPCD will have a significant upgrade in the Motorola CAD system during 2010 and 2011. There has been \$600,000 budgeted for this upgrade during 2010.

The OPCD has established contracts and relationships with outside companies that maintain the entire E9-1-1 campus at 118 City Park Avenue. Private contractors, all experts in their fields, maintain or support the extensive telephone switching equipment and computers, the Computer Aided Dispatch system, audio logging equipment, emergency generator, security cameras, door and gate access systems, HVAC maintenance, and lighting around the E9-1-1 Center. These contracts ensure systems are at a maximum readiness for the public and the three public safety agencies.

ORLEANS PARISH COMMUNICATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009 AND 2008

Current Operations and Accomplishments: (Continued)

The 911 Communication Districts in Louisiana were successful in passing legislation during the 2009 session to create a new fee on wireless pre-paid telephones, with the proceeds to pay for statewide improvements to the 911 systems. House Bill 782 passed with an 84-15 vote.

Cell phone users already paid an 85-cent fee monthly, but those who purchased pre-paid minutes to use a wireless phone (Tracfone) paid nothing for the 911 service that was available to them.

The Communication Districts in Louisiana were successful in being able to collect a 911 fee from all telephone users, including pre-paid companies. The new fee is set at two percent of the purchase price.

This new fee will begin January 1, 2010, but proceeds will not go to the 911 systems until after the first quarter of 2010. First quarter proceeds will go to retailers to pay for cash register upgrades required by implementation of the new fee.

The OPCD did not include any possible income from the new legislation into the 2010 budget until it is determined what increase in funds can be anticipated.

Financial Issues:

In August 2006 the Louisiana Legislature changed the way the landline rate was set, from a tariff-based rate to a flat-fee rate of \$1.00 per month for residential landlines and \$2.00 per month for business landlines, due to the significant population loss resulting from Hurricane Katrina. This rate is scheduled to expire on December 31, 2009, which will cut OPCD's landline 9-1-1 revenue by half.

A Senate Bill sponsored by Senator Edwin R. Murray will suspend the expiration of the rate change. OPCD will experience financial problems if this expiration is not suspended, due to the following facts:

- A. Although Orleans Parish population is at 80 percent of its pre-Katrina level, landline access lines are only at 50 percent of their pre-Katrina levels. OPCD's revenue level will fall by \$1,200,000, which will impact OPCD's ability to provide residents of and visitors to New Orleans with the level of E9-1-1 service that they need and deserve. In addition, OPCD will be severely limited in its ability to provide New Orleans' three public safety agencies with the necessary equipment and support that is needed every day of the year.
- B. The District has an \$8 million loan from IberiaBank for the permanent E9-1-1 building. OPCD anticipates having to seek an additional loan to complete the building, which will not be possible if the revenue cannot support the additional loan.

ORLEANS PARISH COMMUNICATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009 AND 2008

Financial Issues: (Continued)

- C. The OPCD needs to start planning for its future path, which will require the purchase of IP-capable call-taking equipment and an IP-network within the next two to three years. This equipment must be capable of accepting additional devices, such as text messaging and video relay services. The cost for the IP-capable equipment and network could exceed \$2 million.

A second Senate Bill is being sponsored by Senator Edwin R. Murray that will extend the wireless E9-1-1 service charge to all users and buyers of pre-paid wireless service. Current state law does not provide a method for pre-paid carriers to remit the E9-1-1 fee for its prepaid users. This bill will clarify the existing law that all landline and wireless devices capable of accessing E9-1-1 service will pay the E9-1-1 charge.

Contacting the District's Financial Management:

This financial report is designed to provide our citizens and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability for money it receives. If there are any questions or additional information is needed please contact Stephen J. Gordon, Executive Director, Orleans Parish Communications District, 118 City Park Avenue, New Orleans, LA 70119, and (504) 671-3911.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENTS OF NET ASSETS
DECEMBER 31, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 8,110,562	\$ 6,864,432
Accounts receivable	869,154	800,267
Due from FEMA	22,936	-
Prepaid expenses	141,835	291,000
Total current assets	<u>9,144,487</u>	<u>7,955,699</u>
NONCURRENT ASSETS:		
Restricted cash	8,785,238	9,093,324
Total noncurrent assets	<u>8,785,238</u>	<u>9,093,324</u>
CAPITAL ASSETS:		
Capital assets (net of accumulated depreciation)	4,383,443	4,578,474
Construction in progress	5,276,488	4,059,273
Total capital assets	<u>9,659,931</u>	<u>8,637,747</u>
TOTAL ASSETS	\$ <u>27,589,656</u>	\$ <u>25,686,770</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 483,658	\$ 99,955
Due to other governments	190	469,940
Bonds payable	595,000	570,000
Bonds interest payable	101,489	108,329
Accrued payroll expenses	15,529	23,189
Deferred revenue	24,000	-
Total current liabilities	<u>1,219,866</u>	<u>1,271,413</u>
NONCURRENT LIABILITIES:		
Bonds payable net of current portion	6,805,000	7,400,000
FEMA Community Disaster Loan/Principal	1,270,570	1,270,570
FEMA Community Disaster Loan/Accrued interest	113,673	78,444
Accrued leave	98,720	85,760
Retainage payable	38,580	-
Deferred revenue net of current portion	36,947	-
Total noncurrent liabilities	<u>8,363,490</u>	<u>8,834,774</u>
Total liabilities	<u>9,583,356</u>	<u>10,106,187</u>
NET ASSETS:		
Invested in capital assets - net of related debt	11,045,168	9,761,071
Restricted for Debt Service	899,468	894,988
Unrestricted	6,061,664	4,924,524
Total net assets	<u>18,006,300</u>	<u>15,580,583</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>27,589,656</u>	\$ <u>25,686,770</u>

See accompanying notes.

ORLEANS PARISH COMMUNICATION DISTRICT
 NEW ORLEANS, LOUISIANA
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES:		
Charges for services	\$ <u>4,836,257</u>	\$ <u>4,863,415</u>
Total operating revenues	<u>4,836,257</u>	<u>4,863,415</u>
OPERATING EXPENSES:		
Contractual services, supplies, materials and other	1,192,097	1,790,593
Personnel services	874,294	789,042
Depreciation	<u>457,128</u>	<u>1,100,291</u>
Total operating expenses	<u>2,523,519</u>	<u>3,679,926</u>
OPERATING INCOME	<u>2,312,738</u>	<u>1,183,489</u>
NONOPERATING REVENUES (EXPENSES):		
Interest income	76,512	269,264
Interest expense	(39,095)	(40,049)
Miscellaneous income	51,562	19,428
Rental income	<u>24,000</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>112,979</u>	<u>248,643</u>
CHANGES IN NET ASSETS	2,425,717	1,432,132
TOTAL NET ASSETS - BEGINNING	<u>15,580,583</u>	<u>14,148,451</u>
TOTAL NET ASSETS - ENDING	<u>\$ 18,006,300</u>	<u>\$ 15,580,583</u>

See accompanying notes.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for services	\$ 4,767,370	\$ 4,879,342
Cash paid for goods and services	(1,128,979)	(2,157,242)
Payments for salaries and related expenses	<u>(868,994)</u>	<u>(753,418)</u>
Net cash provided by operating activities	<u>2,769,397</u>	<u>1,968,682</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
FEMA loan	<u>-</u>	<u>35,254</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>35,254</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest paid	(3,866)	(27,329)
Purchase of capital assets	(177,150)	(140,551)
Construction of capital assets	(1,185,475)	(412,192)
Principal payments on capital lease	-	(99,171)
Principal payments on bonds	(570,000)	(535,000)
Miscellaneous receipts	<u>28,626</u>	<u>19,428</u>
Net cash used by capital and related financing activities	<u>(1,907,865)</u>	<u>(1,194,815)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	<u>76,512</u>	<u>269,264</u>
Net cash provided by investing activities	<u>76,512</u>	<u>269,264</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	938,044	1,078,385
Cash and cash equivalents, January 1	<u>15,957,756</u>	<u>14,879,371</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ <u>16,895,800</u>	\$ <u>15,957,756</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ <u>2,312,738</u>	\$ <u>1,183,489</u>
Adjustments to reconcile operating income to net cash provided (used by) operating activities:		
Depreciation expense	457,128	1,100,291
Decrease/(Increase) in accounts receivable	(68,887)	15,927
Decrease/(Increase) in prepaid expenses	149,165	(142,500)
Increase (Decrease) in accounts payable	383,703	(224,149)
Increase/(Decrease) in due to other governments	(469,750)	-
Increase (Decrease) in accrued payroll expenses	(7,660)	2,459
Increase/(Decrease) in accrued leave	<u>12,960</u>	<u>33,165</u>
Total adjustments	<u>456,659</u>	<u>785,193</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>2,769,397</u>	\$ <u>1,968,682</u>

See accompanying notes.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Orleans Parish Communication District, comprised 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; to establish a primary emergency telephone number; to provide for the governing body of the District, and to authorize 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.

Reporting Entity

For financial reporting purposes in conformance with Governmental Accounting Standards Board Statement No. 1, the District is a component unit of the City of New Orleans, Louisiana (the City), the reporting entity (the Oversight Unit). 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.

Fund Accounting

The accounts of the District are organized and operated on a fund basis whereby a separate self-balancing set of accounts that comprise its assets, liabilities, net assets, revenues and expenditures is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The District is presented in the accompanying financial statements as follows:

a) Proprietary Fund

- (1) The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenditures including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting

The Proprietary Fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, it is the District's policy to apply all applicable GASB pronouncements as well as all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The District has not adopted any Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions or Accounting Research Bulletins of the Committee on Accounting Procedure issued after November 30, 1989. In addition, these financial statements include the implementation of GASB Statement Number 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* and related standards.

Cash and Cash Equivalents

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

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are to be used for the planned construction of a communication center headquarters, attached facilities and paying the costs of the related bond issuance. The cash and cash equivalents are classified as a restricted asset on the statement of net assets because its use is limited by non-arbitrage certificate.

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.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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 not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of these assets is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives may be found in Note 4.

Compensated Absences

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

2. CASH AND CASH EQUIVALENTS:

Cash

At December 31, 2009 and 2008, the District has cash (book balances) totaling \$15,391,735 and \$15,957,457, respectively, and \$15,471,340 and \$16,035,703, respectively, in deposits (collected bank balances) at two financial institutions (the banks). At December 31, 2009, these deposits are secured from risk by \$500,000 (\$250,000 of coverage for each bank where the deposits are held) of the Federal Deposit Insurance Corporation (FDIC) insurance and pledged securities held by the banks in joint custody.

Cash Equivalents:

For the years ended December 31, 2009 and 2008, cash equivalents in the amount of \$1,504,065 and \$0, 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.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

2. CASH AND CASH EQUIVALENTS: (Continued)

Cash Equivalents: (Continued)

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 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.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. 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 share.

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.

3. RECEIVABLES:

The District had receivables due from the landline and wireless 911 tax collectors in the amount of \$869,154 and \$800,267 at December 31, 2009 and 2008, respectively.

4. PROPERTY, PLANT, EQUIPMENT, DEPRECIATION
AND CONSTRUCTION IN PROGRESS:

A summary of changes in property, plant, equipment, depreciation and construction in progress for the years ended December 31, 2009 and 2008 are as follows:

	Balance December 31, <u>2008</u>	<u>Additions</u>	<u>Disposals</u>	Balance December 31, <u>2009</u>
Building	\$ 2,868,943	\$ --	\$ --	\$ 2,868,943
Equipment	4,716,845	177,155	(6,291)	4,887,709
Gately Building Renovations	--	84,947	--	84,947
Leasehold Improvements	959,076	--	--	959,076
Vehicles	<u>78,086</u>	<u>--</u>	<u>--</u>	<u>78,086</u>
	8,622,950	262,102	(6,291)	8,878,761
Construction in progress	<u>4,059,273</u>	<u>1,217,215</u>	<u>--</u>	<u>5,276,488</u>
	<u>\$12,682,223</u>	<u>\$1,479,317</u>	<u>\$(6,291)</u>	<u>\$14,155,249</u>

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

4. PROPERTY, PLANT, EQUIPMENT, DEPRECIATION AND CONSTRUCTION IN PROGRESS: (Continued)

	<u>Life</u>	Accumulated Depreciation December 31, <u>2008</u>	<u>Depreciation</u>	<u>Disposals</u>	Accumulated Depreciation December 31, <u>2009</u>
Building	40	\$ 245,212	\$ 95,602	\$ --	\$ 340,814
Equipment	10	3,697,861	315,204	(6,286)	4,006,779
Gately Bldg	40	--	1,947	--	1,947
Leasehold Imp	40	62,348	28,757	--	91,105
Vehicles	5	39,055	15,618	--	54,673
		<u>\$ 4,044,476</u>	<u>\$ 457,128</u>	<u>\$ (6,286)</u>	<u>\$ 4,495,318</u>
		Balance December 31, <u>2007</u>	<u>Additions</u>	<u>Disposals</u>	Balance December 31, <u>2008</u>
Building		\$ 2,864,778	\$ 4,165	\$ --	\$ 2,868,943
Equipment		5,984,635	81,448	(1,349,238)	4,716,845
Leasehold Improvements		970,847	28,756	(40,527)	959,076
Vehicles		51,904	26,182	--	78,086
		9,872,164	140,551	(1,389,765)	8,622,950
Construction in progress		3,647,081	412,192	--	4,059,273
		<u>\$ 13,519,245</u>	<u>\$ 552,743</u>	<u>\$ (1,389,765)</u>	<u>\$ 12,682,223</u>
		Accumulated Depreciation December 31, <u>2007</u>	<u>Depreciation</u>	<u>Disposals</u>	Accumulated Depreciation December 31, <u>2008</u>
Building	40	\$ 93,731	\$ 151,481	\$ --	\$ 245,212
Equipment	10	4,113,391	915,012	(1,330,542)	3,697,861
Leasehold Imp	40	83,821	19,054	(40,527)	62,348
Vehicles	5	24,311	14,744	--	39,055
		<u>\$ 4,315,254</u>	<u>\$ 1,100,291</u>	<u>\$ (1,371,069)</u>	<u>\$ 4,044,476</u>

5. COMPENSATED ABSENCES:

All full-time classified employees of the District hired subsequent to December 31, 1978 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). 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. 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, 2009 and 2008, the accrued annual and sick leave was \$98,720 and \$85,760, respectively.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
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DECEMBER 31, 2009 AND 2008

6. RELATED PARTY:

The City of New Orleans provides health and accident insurance to its 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 \$86,663 and \$66,686 for 2009 and 2008, respectively.

The District entered into a contract with the City of New Orleans to pay one hundred percent of the New Orleans Police Department's telecommunications' salaries. For the years ended December 31, 2009 and 2008, the District's expense for the telecommunications salaries was \$100,000 and \$299,770, respectively. The contract ended in 2009. Also, the District owes the City \$190 and \$469,940 as of December 31, 2009 and 2008, respectively. The District also pays the City for pension expense. See footnote number 7 for the disclosures.

7. PENSION PLAN:

The District's employees participate in the Employees' Retirement System of the City of New Orleans (the Plan). The pension expense recorded by the District for contributions to the Plan for the years ended December 31, 2009 and 2008 was \$92,065 and \$35,415, respectively.

Plan Membership

The Plan covers all City employees except for fire and police employees.

Plan Description

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. The Board issues a publicly available financial report that includes financial statements and required Plan supplementary information. The financial report for the years ended December 31, 2008 and 2007 may be obtained by writing to: The Employees' Retirement System of the City of New Orleans, 1300 Perdido Street New Orleans, Louisiana 70131.

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting. Contributions from employees and employer and interest income are recognized as revenue when earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

7. PENSION PLAN: (Continued)Summary of Significant Accounting Policies (Continued)Funding Policy

Plan members are required to contribute 4% of their annual covered salary in excess of \$1,200. The District is required to contribute at an actuarially determined rate. The current rate is 14.857% of annual payroll. The contribution requirement of plan members and the District are established and may be amended by state statute.

Annual Pension Cost

The annual pension cost for the Plan for the current year and the employer contributions were unavailable. The annual required contributions for the current year was determined as part of the December 31, 2008 actuarial valuation using the Frozen Entry Age Actuarial Cost Method with Unfunded Actuarial Accrued Liability. Under this method, normal cost of the plan is designed to be a level percentage of payroll; calculated on an aggregate basis, spread over the entire working lifetime of the participants.

Significant actuarial assumptions used in the valuation include: 1) rate of return on the investment of present and future assets of 7.75% compounded annually and 2) projected salary increases based on U.S. Department of Commerce adjusted for increases in standard of living. The actual value of assets is set equal to an adjusted market value of assets.

Annual Pension Cost and Net Pension Obligation information was not available.

Schedule of Employer Contributions (Amounts in Thousands)

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
12-31-07	\$ 5,780	133%
12-31-08	9,428	53%

Schedule of Funding Progress (Amounts in Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>(Unfunded) Excess of Assets Over AAL (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Excess as a Percentage of Covered Payroll ((a-b)/c)</u>
12-31-07	\$ 398,491	\$423,794	\$50,276	94.00%	\$ 63,457	79.22%
12-31-08	381,604	450,943	50,325	84.62%	78,846	63.80%

The Schedule of Employer Contributions and Schedule of Funding Progress for the year ended December 31, 2009 was not available.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

8. BOARD COMPENSATION:

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

9. LEASES:

During May 2002, the District entered into an operating lease agreement for the lease of land. The lease term is for fifty years with an option to renew for four ten-year periods beginning June 2052. The annual rent beginning June 1, 2002 is \$108,000 for the first two years. For years three through five, the annual rent will be \$216,000. For the remaining term of the lease, the annual rent will be \$216,000 multiplied by a formula based on consumer price index.

In 2007, the District entered into a maintenance and support services agreement for five years with a Corporation to provide software and support server maintenance for the computer equipment used in the operations. The maintenance and support services agreement is for \$750,000 payable over the five year term.

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

Total rent expense for all leases for the years ended December 31, 2009 and 2008 was \$409,540 and \$329,045, respectively. Future minimum lease payments for all leases are as follows:

2010	\$ 516,000
2011	216,000
2012	216,000
2013	216,000
2014	216,000
Thereafter	<u>8,208,000</u>
Total	<u>\$ 9,588,000</u>

10. 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.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

10. REVENUE BONDS: (Continued)

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, 2009 is as follows:

Balance at December 31, 2008	\$ 7,970,000
Payments	<u>570,000</u>
	7,400,000
Less: Current portion at December 31, 2009	<u>595,000</u>
Long term portion at December 31, 2009	<u>\$ 6,805,000</u>

The following amounts are expected future maturities of the bonds at December 31, 2009:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 595,000	\$ 304,468	\$ 899,468
2011	625,000	282,155	907,155
2012	655,000	258,093	913,093
2013	685,000	232,220	917,220
2014	715,000	204,820	919,820
2015-2019	<u>4,125,000</u>	<u>547,009</u>	<u>4,672,009</u>
	<u>\$ 7,400,000</u>	<u>\$ 1,828,765</u>	<u>\$ 9,228,765</u>

11. FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) NOTES:

During the year ending December 31, 2006, the District received a loan from FEMA in the amount of \$799,416 plus interest at a rate of 2.68% per annum. The total principal and any unpaid accrued interest are due on January 17, 2011.

During the year ended December 31, 2006 and 2007, the District received an additional loan from FEMA in the amount of \$122,310 and \$348,844, respectively, plus interest at a rate of 2.93%. The total principal in the amount of \$471,154 and any unpaid accrued interest are due on August, 27, 2011.

As of December 31, 2009 and 2008, the total principal amount due to FEMA is \$1,270,570 and the total accrued interest was \$113,673 and \$78,444, respectively.

ORLEANS PARISH COMMUNICATION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

12. INTEREST COSTS:

For the year ended December 31, 2009, the District incurred \$357,243 of interest costs of which \$39,095 was expensed and \$318,148 was capitalized as construction in progress. For the year ended December 31, 2008, the District incurred \$376,985 of interest costs of which \$40,049 was expensed and \$336,936 was capitalized as construction in progress.

13. COMMITMENTS:

In October, 2009, the District signed a \$10,109,000 contract with a local construction contractor to have a new permanent facility built. Management expects construction of the facility to be completed in either late 2011 or early 2012.



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

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

May 3, 2010

Board of Commissioners
Orleans Parish Communication District
New Orleans, Louisiana

We have audited the financial statements of the Orleans Parish Communication District, a component unit of the City of New Orleans, as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Orleans Parish Communication District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances on noncompliance.

This report is intended solely for the information and use of management, others within the organization, City Council and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

ORLEANS PARISH COMMUNICATION DISTRICT
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

SUMMARY OF AUDITOR'S RESULTS:

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

Internal Control:

Significant deficiencies: none noted

Material weaknesses: none noted

Compliance with Laws and Regulations:

Noncompliance – none noted

SUMMARY OF PRIOR FINDINGS:

No findings were noted in the prior year.