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Public Belt Railroad Commission for the City of New Orleans

Financial Statements as of and for the Year Ended December 31, 2009, Additional Information for the Years Ended December 31, 2009 and 2008, Schedule of Expenditures of Federal Awards for the Year Ended December 31, 2009, and Independent Auditors' Report

PUBLIC BELT RAILROAD COMMISSION
FOR THE CITY OF NEW ORLEANS

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INDEPENDENT AUDITORS' REPORT

To the President and Members of
Public Belt Railroad Commission
for the City of New Orleans
New Orleans, Louisiana

We have audited the accompanying basic financial statements of the individual funds of the Public Belt Railroad Commission for the City of New Orleans (the "Commission") as of December 31, 2009 and for the year then ended, listed in the accompanying table of contents. These basic financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of the individual funds of the Public Belt Railroad Commission for the City of New Orleans at December 31, 2009, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10 to the financial statements, the Commission has received reports that include findings that the Commission may have violated certain laws and did not have proper internal controls over certain transactions. The possible outcome of these matters, which have been reported to appropriate officials, is uncertain at this time. Accordingly, no adjustments have been made in the financial statements.

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Management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Public Belt Railroad Commission for the City of New Orleans' management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2010, except for Note 10, as to which the date is September 30, 2010, on our consideration of the Public Belt Railroad Commission for the City of New Orleans' internal control over financial reporting and 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 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.

Silva Gurtner & Abney, LLC

June 15, 2010, except for Note 10, as to which the date is September 30, 2010

Management's Discussion and Analysis
(Unaudited)

This narrative discussion and analysis is intended to serve as an introduction to the basic financial statements as of and for the year ended December 31, 2009, of the individual funds of the Public Belt Railroad Commission for the City of New Orleans (the "Commission"). The information presented here should be read in conjunction with the basic financial statements, notes and additional information found in this report.

Overview of the Financial Statements

The Commission operates a railroad system in and around the City of New Orleans as well as a railroad bridge across the Mississippi River (the "Huey P. Long Bridge"). The financial statements in this report present the financial condition, results of operations and cash flows of the Commission, including its railroad system fund (the "Public Belt Railroad") and its bridge operations fund (the "Mississippi River Bridge"). See the notes to the financial statements for a summary of the Commission's significant accounting policies.

The Commission's financial statements consist of three sections – Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the basic financial statements) and additional information. This information taken collectively is designed to provide readers with an understanding of the Commission's financial condition and its operations.

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

The *Statements of Revenues, Expenses and Changes in Net Assets* present information showing how the Commission's net assets changed as a result of current year operations. Changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will not affect cash until future fiscal periods.

The *Statements of Cash Flows* present information showing how the Commission's cash balance changed as a result of current year operations. The cash flow statements are prepared using the direct method and include a reconciliation of net income (loss) to net cash provided by (used in) operating activities (indirect method) as required by Governmental Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* This reconciliation is provided to assist in the understanding of the difference between cash flows from operating activities and net income (loss).

In addition to the basic financial statements and accompanying notes, this report also presents *Additional Information* comprised of a Schedule of Operating Statistics for the years ended December 31, 2009 and 2008.

Financial Position

Summary of Net Assets

	2009	2008	Increase (Decrease)	Percent Increase (Decrease)
ASSETS:				
Current and other assets	$ 26,577,702	$ 29,905,800	$ (3,328,098)	(11.1%)
Net capital assets	51,664,233	47,310,274	4,353,959	9.2%
Total Assets	78,241,935	77,216,074	1,025,861	1.3%
LIABILITIES:				
Current liabilities excluding reserves	4,669,135	3,555,731	1,113,404	31.3%
Long-term liabilities	3,638,640	3,719,454	(80,814)	(2.2%)
Casualty and other reserves	3,038,000	1,120,000	1,918,000	171.3%
Total Liabilities	11,345,775	8,395,185	2,950,590	35.1%
NET ASSETS:				
Invested in capital assets, net of debt	51,268,212	46,767,878	4,500,334	9.6%
Unrestricted	15,627,948	22,053,011	(6,425,063)	(29.1%)
Total Net Assets	$ 66,896,160	$ 68,820,889	$ (1,924,729)	(2.8%)

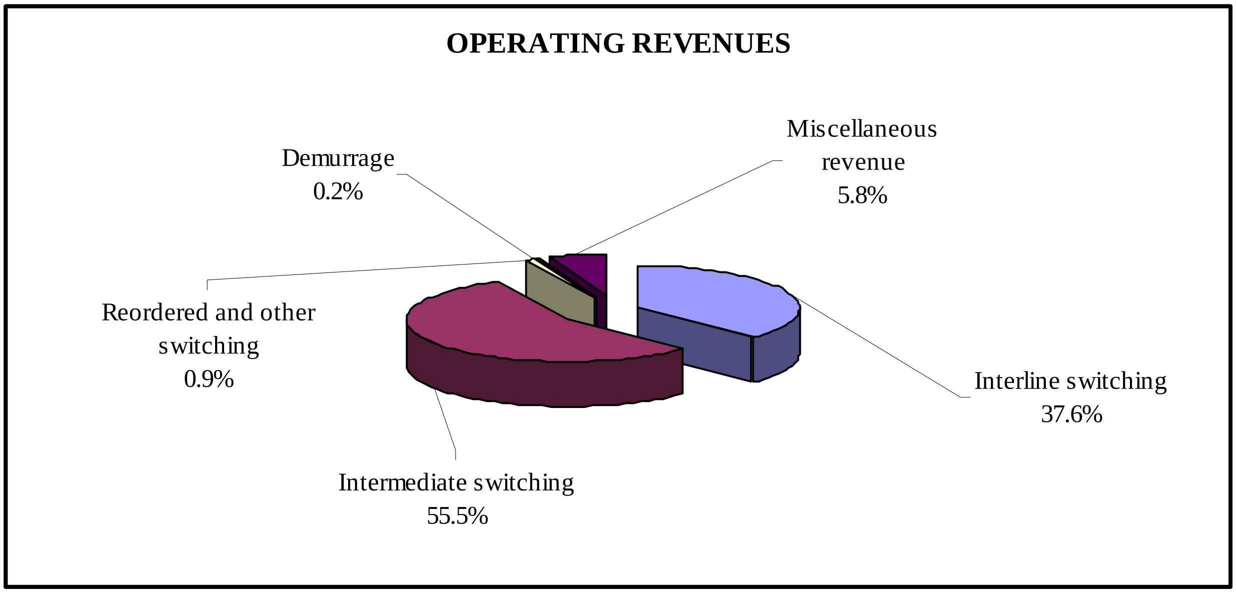
Total assets increased 1.3% in 2009 due primarily to an increase in net capital assets of $4,353,959 (9.2%). This increase was a result of improvements and additions to track structures and shop machinery. In 2009, the Public Belt upgraded several tracks and turnouts in its Cotton Warehouse Yard, installed continuous welded rail in various critical segments of the western part of the railroad, and reconstructed eight major grade crossings. Additionally, the railroad purchased four portable locomotive jacks for use in the engine terminal, where locomotive repairs are performed.

Total liabilities increased 35.1% this year, due mainly to a $1,918,000 (171.3%) increase in Casualty and other reserves. The Commission is the defendant in legal proceedings which seek compensation for personal injury and/or property damage. The Commission has established a reserve for personal injury and property damage claims that represents an estimate of its liability under these actions. At the end of 2009, the Commission determined that the Reserve for Personal Injuries should be increased to $3,038,000. Further details may be found in Note 5 to the accompanying financial statements.

The largest portion of the Commission's net assets (77% in 2009 and 68% in 2008) represents its investment in capital assets (e.g., land, buildings, bridges, railroad tracks, locomotives and other rolling stock, and equipment), less any related outstanding debt used to acquire those assets. At December 31, 2009, the Commission had one long-term loan outstanding with Chase Equipment Leasing for the lease-purchase and refurbishment of two used locomotives. More detailed information can be found in Note 6 to the accompanying financial statements. The Commission uses its capital assets to provide service to its Class One railroad partners and to its industry customers, primarily tenants of the Port of New Orleans; consequently, these assets are not available for future spending. The Commission's unrestricted net assets, $15,627,948 for 2009, may be used to meet the Commission's ongoing obligations.

Operating Revenues

The following chart shows major sources and the percentage of operating revenues for the year ended December 31, 2009.



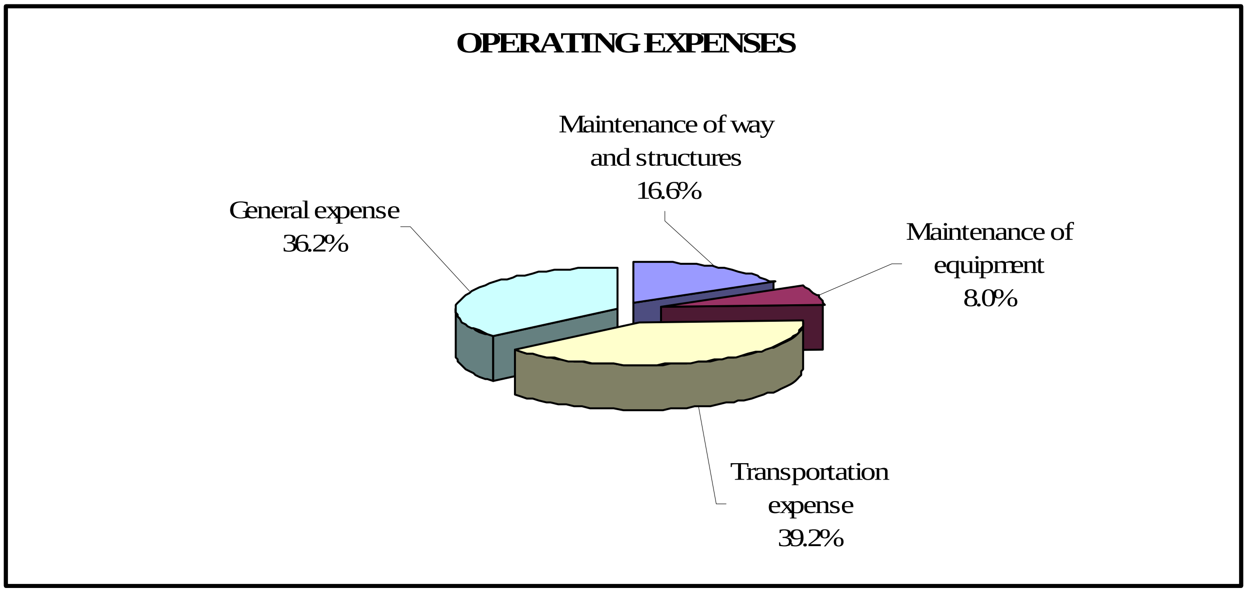
Operating Revenues by Major Source

	2009	2008	Increase (Decrease)	Percent Increase (Decrease)
Interline switching	$ 5,904,871	$ 8,125,094	$ (2,220,223)	(27.3%)
Intermediate switching	8,712,315	22,113,701	(13,401,386)	(60.6%)
Reordered and other switching	147,906	141,909	5,997	4.2%
Demurrage	31,500	120,500	(89,000)	(73.9%)
Miscellaneous revenue	907,503	588,089	319,414	54.3%
Total operating revenue	$ 15,704,095	$ 31,089,293	$ (15,385,198)	(49.5%)

There was a $15,385,198 net decrease in the Public Belt Railroad's operating revenue for the year ended December 31, 2009. The railroad saw decreases in all types of revenue except for two. Miscellaneous revenue, comprised mainly of charges collected for rail car storage on Public Belt Railroad tracks, rose by $319,414. Reordered and other switching saw a slight increase of $5,997. The most significant decline in revenue was a $13,401,386 decrease in Intermediate switching. In the worldwide recession that began to affect the railroad industry in late 2008, and continued to do so throughout 2009, the Public Belt Railroad experienced lower levels of intermediate traffic coming from all six of its Class One railroad partners. The Public Belt Railroad performs interline switching service for customers located along the wharves and industries of the Port of New Orleans and for storage customers who pay for railcar storage space on the Railroad's tracks. Additionally, the Public Belt Railroad performs intermediate switching service for the six Class One railroads that interchange in the New Orleans area, taking railcars from one railroad and delivering them to another.

Operating Expenses

The following chart shows major expense categories and the percentage of operating expenses for the year ended December 31, 2009.



Operating Expenses by Major Function

	2009	2008	Increase (Decrease)	Percent Increase (Decrease)
Maintenance of way and structures	$ 3,874,707	$ 4,928,546	$ (1,053,839)	(21.4%)
Maintenance of equipment	1,861,314	1,745,297	116,017	6.6%
Transportation expense	9,181,233	7,048,032	2,133,201	30.3%
General expense	8,480,926	8,443,023	37,903	0.4%
Total operating expenses	$ 23,398,180	$ 22,164,898	$ 1,233,282	5.6%

There was a $1,233,282 (5.6%) net increase in operating expenses during the current year. This was due mainly to a significant rise in Transportation expense, which was partially offset by a decline in Maintenance of way and structures expense. The Public Belt Railroad lowered its Transportation Department payroll costs by reducing overtime, and the Public Belt Railroad's consumption of costly diesel fuel for locomotives declined sharply in 2009. These cost-cutting measures were, however, overcome by a $1,918,000 increase in the Reserve for Personal Injuries balance over the previous year. The expense related to funding this reserve is reflected in Transportation expense.

Non-Operating Revenues and Expenses

Non-Operating Revenues

	2009	2008	Increase (Decrease)	Percent Increase (Decrease)
Joint facility rent	$ 9,955	$ 245,435	$ (235,480)	(95.9%)
Miscellaneous rent income	91,098	112,883	(21,785)	(19.3%)
Income from non-operating property	870,083	738,934	131,149	17.7%
Income from investments	475,039	411,802	63,237	15.4%
Miscellaneous income	19,496	19,027	469	2.5%
Gain on disposition of land	-	8,565,795	(8,565,795)	NM*
FEMA grants	1,441,996	-	1,441,996	NM*
Total non-operating revenue	$ 2,907,667	$ 10,093,876	$ (7,186,209)	(71.2%)

The net decrease of $7,186,209 in Public Belt Railroad Commission's non-operating revenues results almost entirely from an $8,565,795 gain on disposition of land recorded by the Bridge Fund in 2008 upon receipt of $8,583,935 in cash from the Louisiana Department of Transportation and Development. The cash payment was for the State of Louisiana's purchase of Public Belt Railroad land surrounding the Huey P. Long Bridge. The land will be used in conjunction with the State of Louisiana's highway project of widening the roadway connected to the Huey P. Long railroad bridge over the Mississippi River. There was no corresponding land sale in 2009. The Public Belt Railroad was also the recipient of $1,441,996 in FEMA grant money in 2009, which was related to the reconstruction of the South Bulk Terminal Yard.

Non-Operating Expenses

	2009	2008	Increase (Decrease)	Percent Increase (Decrease)
Hire of freight cars -- per diem	$ 122,060	$ 234,320	$ (112,260)	(47.9%)
Interest expense	22,982	31,285	(8,303)	(26.5%)
Total non-operating expenses	$ 145,042	$ 265,605	$ (120,563)	(45.4%)

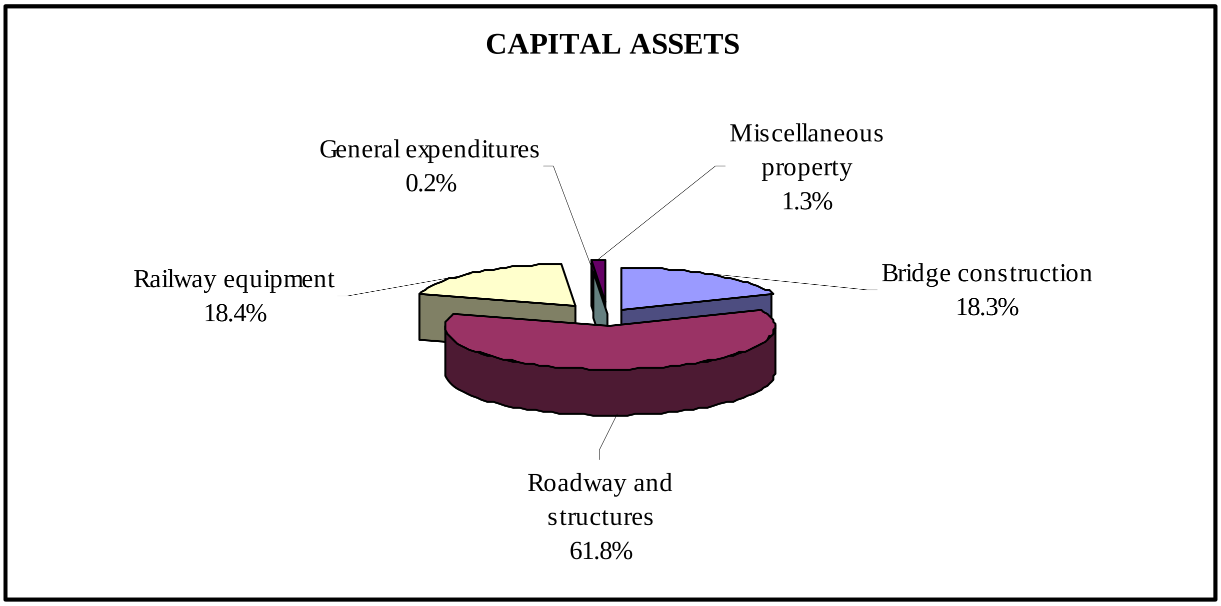
The net decrease of $120,563 in the Public Belt Railroad's non-operating expenses is due mainly to a 47.9% decrease in the Hire of freight cars (car hire). Car hire is paid to railcar owners for the time the railcars spend on the Public Belt Railroad's line. The more time spent in active transportation, the more profitable the railcar is to its owner. Car hire represents compensation to railcar owners for time the cars are kept from active transportation and is standard throughout the railroad industry. When a railroad handles fewer rail cars in a given year, its car hire expense goes down, which is what happened in 2009. Interest expense of $22,982 in 2009 is principally due to the Commission's long-term loan outstanding with Chase Equipment Leasing for the lease-purchase and refurbishment of two used locomotives.

Summary of Changes in Net Assets

	2009	2008	Increase (Decrease)	Percent Increase (Decrease)
Operating Revenues	$ 15,704,095	$ 31,089,293	$ (15,385,198)	(49.5%)
Operating Expenses	23,398,180	22,164,898	1,233,282	5.6%
Income (Loss) before Tax Accruals and Reimbursement	(7,694,085)	8,924,395	(16,618,480)	(186.2%)
Payroll Tax Accruals	(1,322,974)	(1,609,011)	(286,037)	(17.8%)
Reimbursement from Joint Tenant Lines and State of Louisiana	4,329,705	4,261,890	67,815	1.6%
Railway Operating Income (Loss)	(4,687,354)	11,577,274	(16,264,628)	(140.5%)
Railway Rental Income, net	(112,105)	11,115	(123,220)	(1108.6%)
Other Income	2,874,730	9,817,156	(6,942,426)	(70.7%)
Net Income	$ (1,924,729)	$ 21,405,545	$ (23,330,274)	(109.0%)

The Public Belt Railroad showed an Operating Loss of $4,687,354 for the year ended December 31, 2009, as compared to Operating Income of $11,577,274 for the year ended December 31, 2008, a decline of 140.5%. While Operating Expenses stayed relatively static, Operating Revenue decreased 49.5% in 2009. The most significant factor in the decline in Operating Revenue was a $13,401,386 drop in Intermediate switching. In the worldwide recession that began to affect the railroad industry in late 2008, and continued to do so throughout 2009, the Public Belt Railroad experienced lower levels of intermediate traffic coming from all six of its Class One railroad partners. There was also a net decrease in Other Income from 2008 to 2009, due to an $8,565,795 gain on disposition of land recorded by the Bridge Fund in 2008 upon receipt of $8,583,935 in cash from the Louisiana Department of Transportation and Development. The cash payment was for the State of Louisiana's purchase of Public Belt Railroad land surrounding the Huey P. Long Bridge. There was no corresponding land sale in 2009.

Capital Asset Activity



Capital Assets at Cost

	2009	2008	Increase (Decrease)	Percent Increase (Decrease)
Bridge construction	$ 12,506,229	$ 12,506,229	$ 0	0.0%
Roadway and structures	42,212,277	38,158,226	4,054,051	10.6%
Railway equipment	12,616,337	12,611,692	4,645	0.0%
General expenditures	108,697	108,697	0	0.0%
Miscellaneous property	907,382	907,382	0	0.0%
Total Capital Assets at Cost	68,350,922	64,292,226	4,058,696	6.3%
Less Accumulated Depreciation	16,686,689	16,981,952	(295,263)	(1.7%)
Net Capital Assets	$ 51,664,233	$ 47,310,274	$ 4,353,959	9.2%

The Commission's investment in capital assets is summarized in the preceding table. The total increase in capital assets this fiscal year was $4,353,959 or 9.2%. More detailed information can be found in Note 4 to the accompanying financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Commission's finances. Questions concerning any of the information should be addressed to the Chief Financial and Mechanical Officer, New Orleans Public Belt Railroad, 4822 Tchoupitoulas Street, New Orleans, Louisiana 70115.

PUBLIC BELT RAILROAD COMMISSION
FOR THE CITY OF NEW ORLEANS

BALANCE SHEETS
AS OF DECEMBER 31, 2009

	Public Belt Railroad	Mississippi River Bridge	Combined
ASSETS			
CURRENT ASSETS:			
Cash	$ 1,535,330	$ 242,982	$ 1,778,312
Investments	10,081,058	-	10,081,058
Accounts receivable — net	4,970,522	581,659	5,552,181
Advances to the Mississippi River Bridge Fund for maintenance requisitions	389,511	-	389,511
Materials and supplies	1,277,969	-	1,277,969
Accrued interest and other current assets	157,863	-	157,863
Total current assets	18,412,253	824,641	19,236,894
CAPITAL ASSETS — At cost:			
Bridge construction	-	12,506,229	12,506,229
Roadway and structures	41,852,445	359,832	42,212,277
Railway equipment	12,616,337	-	12,616,337
General expenditures	108,697	-	108,697
Miscellaneous property	238,022	669,360	907,382
Total capital assets	54,815,501	13,535,421	68,350,922
Less accumulated depreciation	(9,175,781)	(7,510,908)	(16,686,689)
Net capital assets	45,639,720	6,024,513	51,664,233
OTHER:			
Investments — designated	4,000,000	-	4,000,000
Advances to the Mississippi River Bridge Fund for additions and betterments	1,960,499	-	1,960,499
Advances to the Public Belt Railroad Fund	-	1,380,309	1,380,309
Total other	5,960,499	1,380,309	7,340,808
TOTAL	$ 70,012,472	$ 8,229,463	$ 78,241,935

(Continued)

PUBLIC BELT RAILROAD COMMISSION
FOR THE CITY OF NEW ORLEANS

BALANCE SHEETS
AS OF DECEMBER 31, 2009

LIABILITIES AND NET ASSETS	Public Belt Railroad	Mississippi River Bridge	Combined
CURRENT LIABILITIES:			
Due to Public Belt Railroad	$ -	$ 389,511	$ 389,511
Accounts payable and accrued expenses	4,126,528	-	4,126,528
Current portion of capital lease obligation	153,096	-	153,096
Casualty and other reserves	3,038,000	-	3,038,000
Total current liabilities	7,317,624	389,511	7,707,135
OTHER LIABILITIES AND DEFERRED CREDITS:			
Advances from the Mississippi River Bridge Fund	1,380,309	-	1,380,309
Advances from the Public Belt Railroad Fund for additions and betterments	-	1,960,499	1,960,499
Capital lease obligation	242,925	-	242,925
Deferred credit - LA TIMED lease	54,907	-	54,907
Total other liabilities and deferred credits	1,678,141	1,960,499	3,638,640
NET ASSETS:			
Invested in capital assets-net of related debt	45,243,699	6,024,513	51,268,212
Unrestricted	15,773,008	(145,060)	15,627,948
Total net assets	61,016,707	5,879,453	66,896,160
TOTAL	$ 70,012,472	$ 8,229,463	$ 78,241,935

See notes to financial statements.

(Concluded)

PUBLIC BELT RAILROAD COMMISSION
FOR THE CITY OF NEW ORLEANS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Public Belt Railroad	Mississippi River Bridge	Combined
OPERATING REVENUES:			
Switching:			
Interline	$ 5,904,871	$ -	$ 5,904,871
Intermediate	8,712,315	-	8,712,315
Reordered and other	147,906	-	147,906
Total switching	14,765,092	-	14,765,092
Incidentals:			
Demurrage	31,500	-	31,500
Miscellaneous revenue	888,768	18,735	907,503
Total incidentals	920,268	18,735	939,003
Total operating revenues	15,685,360	18,735	15,704,095
OPERATING EXPENSES:			
Maintenance of way and structures	956,732	2,917,975	3,874,707
Maintenance of equipment	1,725,061	136,253	1,861,314
Transportation expense	8,549,996	631,237	9,181,233
General expense	7,562,355	918,571	8,480,926
Total operating expenses	18,794,144	4,604,036	23,398,180
LOSS BEFORE PAYROLL TAX ACCRUALS AND REIMBURSEMENT	(3,108,784)	(4,585,301)	(7,694,085)
PAYROLL TAX ACCRUALS	(1,249,663)	(73,311)	(1,322,974)
REIMBURSEMENT FROM JOINT TENANT LINES AND STATE OF LOUISIANA	-	4,329,705	4,329,705
RAILWAY OPERATING LOSS	(4,358,447)	(328,907)	(4,687,354)

(Continued)

PUBLIC BELT RAILROAD COMMISSION
FOR THE CITY OF NEW ORLEANS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Public Belt Railroad	Mississippi River Bridge	Combined
RAILWAY RENTAL INCOME (EXPENSE):			
Hire of freight cars — per diem	(122,060)	-	(122,060)
Joint facility rent	(51,117)	61,072	9,955
Total railway rental income (expense)	(173,177)	61,072	(112,105)
OTHER INCOME (EXPENSE):			
FEMA grants	1,441,996	-	1,441,996
Miscellaneous rent income	91,098	-	91,098
Interest expense	(22,982)	-	(22,982)
Income from nonoperating property	870,083	-	870,083
Income from investments	471,539	3,500	475,039
Miscellaneous income	5,682	13,814	19,496
Total other income (expense)	2,857,416	17,314	2,874,730
NET LOSS	(1,674,208)	(250,521)	(1,924,729)
NET ASSETS—Beginning of year	62,690,915	6,129,974	68,820,889
NET ASSETS—End of year	$ 61,016,707	$ 5,879,453	$ 66,896,160

See notes to financial statements. (Concluded)

PUBLIC BELT RAILROAD COMMISSION
FOR THE CITY OF NEW ORLEANS

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Public Belt Railroad	Mississippi River Bridge	Combined
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 19,453,714	$ 4,968,237	$ 24,421,951
Cash paid for materials and services	(15,839,543)	(4,918,078)	(20,757,621)
Net cash provided by operating activities	3,614,171	50,159	3,664,330
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Property additions — net	(5,477,201)	-	(5,477,201)
Payments under capital lease	(146,375)	-	(146,375)
Net advances to Mississippi River Bridge Fund for additions and betterments	(13,800)	13,800	-
Net cash provided by (used in) capital and related financing activities	(5,637,376)	13,800	(5,623,576)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash used for investments—net	(1,450,214)	-	(1,450,214)
Cash received for interest	471,539	3,500	475,039
Net cash provided by (used in) investing activities	(978,675)	3,500	(975,175)
NET INCREASE (DECREASE) IN CASH	(3,001,880)	67,459	(2,934,421)
CASH — Beginning of year	4,537,210	175,523	4,712,733
CASH — End of year	$ 1,535,330	$ 242,982	$ 1,778,312

(Continued)

PUBLIC BELT RAILROAD COMMISSION
FOR THE CITY OF NEW ORLEANS

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Public Belt Railroad	Mississippi River Bridge	Combined
RECONCILIATION OF NET LOSS TO CASH PROVIDED BY OPERATING ACTIVITIES:			
Net loss	$ (1,674,208)	$ (250,521)	$ (1,924,729)
Adjustments to reconcile net loss to cash provided by operating activities:			
Income from investments	(471,539)	(3,500)	(475,039)
Depreciation	933,934	189,308	1,123,242
Decrease in accounts receivable	1,359,513	624,718	1,984,231
Decrease (increase) in advances for maintenance requisitions	509,846	(509,846)	-
Increase in materials and supplies	(588,560)	-	(588,560)
Increase in accounts payable and accrued expenses	1,620,104	-	1,620,104
Increase in casualty and other reserves	1,918,000	-	1,918,000
Other- net	7,081	-	7,081
Cash provided by operating activities	$ 3,614,171	$ 50,159	$ 3,664,330

See notes to financial statements. (Concluded)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements in this report present the financial condition, results of operations and cash flows of the Public Belt Railroad Commission for the City of New Orleans (the "Commission") including its railroad system fund (the "Public Belt Railroad") and its bridge operations fund (the "Mississippi River Bridge"). The Commission operates a railroad system in and around the City of New Orleans as well as a bridge across the Mississippi River (the "Huey P. Long Bridge").

The accompanying policies of the Commission conform to accounting principles generally accepted in the United States of America as applicable to proprietary component units of governmental entities. A summary of the Commission's significant accounting policies follows:

Basis of Presentation-Fund Accounting—The proprietary funds are used to account for the Commission's ongoing operations and activities which are similar to those in the private sector. Proprietary funds are accounted for using a flow of economic resource measurement focus under which all assets and all liabilities associated with the operation of these funds are included in the balance sheets. The operating statements present increases (revenues) and decreases (expenses) in total net assets. The Commission maintains two separate proprietary funds—the Public Belt Railroad and the Mississippi River Bridge.

Basis of Accounting—The Commission prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Such principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Commission has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board ("FASB"), excluding those issued after November 30, 1989.

Basis of Reporting—The Commission has adopted GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and also the required portions of GASB Statement No. 37, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*, which modified the disclosure requirements of GASB No. 34. GASB No. 34 established standards for external financial reporting for all state and local governmental entities. It requires the classification of net assets into three components—invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in Capital Assets—Net of Related Debt—This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted—This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Investments—Investments are recorded at fair value in accordance GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pool* (the "Statement"). Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties and has generally been based upon quoted values. This method of accounting causes fluctuations in reported investment values based on fluctuations in the investment market. Fluctuations in the fair value of investments are recorded as income or expense in the statements of revenues, expenses and changes in net assets. These mark to market adjustments were not significant in 2009. The Commission applies the provisions of the Statement to all of its investments.

Accounts Receivable—Accounts receivable are carried in the financial statements net of an allowance for doubtful accounts, which has been determined based on an analysis of outstanding accounts at December 31. No allowance was recorded at December 31, 2009, since all accounts were deemed collectible.

Materials and Supplies—Materials and supplies are valued at the lower of cost or market on the first-in, first-out ("FIFO") method.

Capital Assets—Capital assets are recorded at cost. The current cost of repairs is charged to operating expense. Property additions are generally capitalized and depreciated on the straight-line basis over their estimated service lives; however, certain railroad track structures are not depreciated, but are accounted for under the Retirement-Replacement-Betterment accounting method. Annual depreciation rates range from 1.75% to 10%. When assets or equipment are retired or sold, the cost, net of accumulated depreciation, is removed from the respective capital asset accounts.

Income Tax Provisions—Income tax provisions for federal and state income taxes have not been provided as the Commission is a tax exempt entity. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustment to or disclosure in the financial statements.

Revenues and Reimbursements—Revenues and reimbursements are recorded as services are performed. Customers of the Public Belt Railroad Fund providing over 10% of its revenues were as follows:

Customer	2009	2008
A	13.1%	26.0%
B	12.2%	15.6%
C	13.3%	*
D	42.8%	36.0%
E	11.9%	10.7%

* Under 10%

All of the reimbursements recorded by the Mississippi River Bridge Fund are derived from the State of Louisiana and two other customers under long-term contracts.

Statements of Cash Flows—The statements of cash flows reflect all amounts included on the balance sheet caption "cash" as cash equivalents.

Combined Columns—Combined columns on the financial statements are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in accordance with accounting principles generally accepted in the United States of America. Such data is not comparable to a consolidation.

2. INVESTMENTS

At December 31, 2009, investments consist of the following (at fair value):

Certificates of deposit	$ 9,538,622
FHLB, GNMA and FNMA securities	4,542,436
Total investments	14,081,058
Less designated portion (Note 3)	4,000,000
Net investments	$ 10,081,058

In compliance with state laws, those deposits not covered by depository insurance are secured by bank owned securities specifically pledged to the Commission and held in joint custody by an independent custodian bank. The Commission recognizes all purchases of investments with a maturity of three months or less, except for short term repurchase agreements, as cash equivalents.

Credit Risk

Statutes authorize the Commission to invest in the following types of investment securities:

1. Fully-collateralized certificates of deposit issued by qualified commercial banks, federal credit unions and savings and loan associations located within the State of Louisiana.

2. Direct obligations of the U.S. Government, including such instruments as treasury bills, treasury notes and treasury bonds and obligations of U.S. Government agencies that are deliverable on the Federal Reserve System.

3. Repurchase agreements in government securities in (2) above made with the various primary dealers that report to and are regulated by the Federal Reserve Bank of New York.

4. Guaranteed Investment Contracts with companies with good credit ratings

The Commission has no investment policy that would further limit its investment choices beyond the restrictions imposed by the State of Louisiana. At December 31, 2009, the Commission's investments in FHLB, GNMA and FNMA are rated at least AAA by Standard and Poor's or Aaa by Moody's Investors Services. The Commission has no limit on the amount it may invest in any one issuer so long as the State's restrictions are followed.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Commission does not make investments with long maturities. By using this method, the Commission believes that it will mitigate its interest rate risk.

The Commission had investments in certificates of deposit with a weighted average maturity of approximately 6 months and FHLB, GNMA and FNMA investments with a weighted average maturity of 3.6 years.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2009, the Commission was not exposed to custodial credit risk with respect to its investments because all investments are either insured by federal depository insurance, registered in the name of the Commission, or collateralized by other investments pledged in the name of the Commission.

Cash and certificates of deposit are fully collateralized by securities held for the Commission's benefit at the Federal Reserve Bank in New Orleans, Louisiana. The book balances of cash approximated the bank balances at December 31, 2009.

3. INVESTMENTS—DESIGNATED

The Commission established an Insurance Cash Reserve Fund in a prior year and authorized increasing the fund monthly. Disbursements from the Insurance Cash Reserve Fund can be made only for payment of personal injury and property damage claims upon approval by the Board of Commissioners. Interest earned on this fund is deposited in the general fund to be used for current operations. The balance of the Insurance Cash Reserve Fund was $4,000,000 at December 31, 2009. The Insurance Cash Reserve Fund is considered a component of unrestricted net assets since it represents an internally imposed designation rather than an externally imposed restriction.

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2009 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Cost:				
Bridge construction	$ 12,506,229	$ -	$ -	$ 12,506,229
Roadway and structures	38,158,226	5,472,556	(1,418,505)	42,212,277
Railway equipment	12,611,692	4,645	-	12,616,337
General expenditures	108,697	-	-	108,697
Miscellaneous property	907,382	-	-	907,382
Total	64,292,226	5,477,201	(1,418,505)	68,350,922
Less accumulated depreciation and amortization:	(16,981,952)	(1,123,242)	1,418,505	(16,686,689)
Property and equipment—net	$ 47,310,274	$ 4,353,959	$ -	$ 51,664,233

5. CASUALTY RESERVES

The Commission is the defendant in legal proceedings which seek compensation for personal injury and/or property damage. The Commission has established a reserve for personal injury and property damage claims that represents an estimate of its liability under these actions.

During the year ended December 31, 2009, the Commission added approximately $4,340,000 to the reserve and paid out approximately $2,422,000. In addition, the Commission incurred approximately $400,000 in related legal fees during the year ended December 31, 2009.

6. CAPITAL LEASE OBLIGATION

During the year ended December 31, 2007, the Public Belt Railroad entered into an agreement to purchase certain railroad equipment and finance it under arrangements with a local bank. The agreement requires 10 semi-annual payments of $84,679 including interest at 4.54% through 2012. The loan may be repaid in full after June 29, 2010, with no prepayment penalty. This debt relates to the purchase and refurbishment of two locomotives. The original balance of the debt was $750,000 and the remaining balance was approximately $396,000 at December 31, 2009. Annual principal and interest payments are approximately $170,000 through June of 2012.

7. RETIREMENT PLAN

The Commission made contributions totaling $80,000 in 2009 to an employer-funded 401(a) pension plan for nonunion employees. Benefits to the participants will be paid based on the ratio of the eligible participants' units to the total units of all eligible participants. One unit is allocated for each half-year of service to the Public Belt Railroad and one unit for each $1,000 of salary in each eligible year.

8. INTERFUND TRANSACTIONS

The Public Belt Railroad provides funds for additions and betterments to the Mississippi River Bridge but is not reimbursed until retirement of the related asset occurs. Advances to the Mississippi River Bridge for additions and betterments were $1,960,499 at December 31, 2009. The Commission also provides material, labor and other miscellaneous expenditures related to maintenance of the Mississippi River Bridge to the Mississippi River Bridge Fund. This is billed monthly and generally collected from the Mississippi River Bridge Fund within a three-month period. The balance payable at December 31, 2009, was $389,511. The Public Belt Railroad Fund also had a liability to the Mississippi River Bridge Fund for $1,380,309 at December 31, 2009. None of these interfund transactions were interest bearing.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 15, 2010, and has determined that no events have occurred that require disclosure, except for the events subsequent to the issuance of the report in Note 10, for which the date is September 30, 2010. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

10. EVENTS SUBSEQUENT TO THE ISSUANCE OF THE REPORT

The Commission received a final report dated September 22, 2010 from the Louisiana Legislative Auditor regarding a compliance audit of certain transactions of the Commission for the period December 14, 2006 to June 30, 2010. This report noted several findings and recommendations as well as management's response for possible violations of certain laws and improper internal controls over certain transactions. Copies of this report have been delivered to the United States Attorney for the Eastern District of Louisiana, the District Attorney for the Orleans Judicial District of Louisiana, and others as required by Law. The possible outcome of these matters is uncertain at this time. Accordingly, no adjustments have been made in the financial statements.

Subsequent to the issuance of the report by the Louisiana Legislative Auditor report above, numerous members of the Board of Commissioners have resigned. An additional investigation is currently being conducted by the District Attorney for the Orleans Judicial District of Louisiana. The results of this investigation have not been released as of this date. The effect of this investigation, if any, on the financial statements cannot be determined at this time.

ADDITIONAL INFORMATION

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Certified Public Accountants & Consultants

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Craig A. Silva, CPA*
Thomas A. Gurtner, CPA*
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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the President and Members of
Public Belt Railroad Commission
for the City of New Orleans
New Orleans, Louisiana

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information included on page 24 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Public Belt Railroad Commission for the City of New Orleans' management. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Silva Gurtner & Abney, LLC

June 15, 2010

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PUBLIC BELT RAILROAD COMMISSION
FOR THE CITY OF NEW ORLEANS
MISSISSIPPI RIVER BRIDGE

SCHEDULE OF OPERATING STATISTICS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Number of railway cars crossing the Bridge during the year	383,890	427,322
Number of Bridge employees at year end	26	32

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

To the President and Members of
Public Belt Railroad Commission
for the City of New Orleans
New Orleans, Louisiana

We have audited the basic financial statements of the individual funds of the Public Belt Railroad Commission for the City of New Orleans (the "Commission") as of and for the year ended December 31, 2009, and have issued our report thereon dated June 15, 2010. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures 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 Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs as item 2009-1, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2009-1.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and the State of Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513 this report is distributed by the Legislative Auditor as a public document.

Silva Gurtner & Abney, LLC

June 15, 2010, except for Note 10, as to which the date is September 30, 2010

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNALCONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the President and Members of
Public Belt Railroad Commission
for the City of New Orleans
New Orleans, Louisiana

Compliance

We have audited the compliance of Public Belt Railroad Commission for the City of New Orleans (the "Commission") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2009. The Commission's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in an internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A material deficiency over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the individual funds of the Commission as of and for the year ended December 31, 2009, and have issued our report thereon dated June 15, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the Commission. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects when considered in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Commission, management, federal awarding agencies, and the State of Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silva Gurtner & Abney, LLC

June 15, 2010, except for Note 10, as to which the date is September 30, 2010

PUBLIC BELT RAILROAD COMMISSION FOR THE CITY OF NEW ORLEANS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2009

Description	CFDA Number	Federal Expenditure
Department of Homeland Security:		
Public Assistance Grants	97.036	$ 1,441,996
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 1,441,996

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Commission and is presented on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Commission has met the qualifications for the respective grants.

Payments to Subrecipients —There were no payments to subrecipients for the year ended December 31, 2009.

PUBLIC BELT RAILROAD COMMISSION
FOR THE CITY OF NEW ORLEANS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2009

Part I — Summary of Auditors' Results

1. The independent auditors' report on the financial statements expressed an unqualified opinion.

2. Significant deficiencies in internal control were disclosed by the audit of the financial statements and such conditions were material weaknesses.

3. An instance of noncompliance considered material to the financial statements was disclosed by the audit.

4. The statement that significant deficiencies in internal control over compliance with the requirements applicable to major federal award programs were identified by the audit and whether any such conditions were material weaknesses is not applicable.

5. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.

6. The audit disclosed no findings required to be reported by OMB Circular A-133.

7. The Commission's major program for the fiscal year ended December 31, 2009 was:

CFDA Number	Name of Federal Program
97.036	Department of Homeland Security—Public Assistance Grants

8. A threshold of $300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.

9. The Organization did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

Part II — Financial Statement Findings Section

2009-1 LOUISIANA LEGISLATIVE AUDITOR COMPLIANCE AUDIT

Condition: The Louisiana Legislative Auditor audited certain transactions of the Commission to determine the credibility of allegations received from the Metropolitan Crime Commission concerning expenditures of the Commission

Criteria: According to Article VII, Section 14 of the Louisiana Constitution, expenditures, should have a public purpose, not appear to be gratuitous, and have evidence and/or supporting documentation to indicate equivalent benefit or value. In addition, expenditures and procurement practices should be made in accordance with the provisions of the Public Bid Law, other state laws, and the City Charter.

Effect: Many of the expenditures, including personal and private use of business cars, did not have a public purpose, were gratuitous, and lacked evidence and/or supporting documentation to indicate equivalent benefit or value. These expenditures appear to violate Article VII, Section 14 of the Louisiana Constitution and may also violate state law.

Cause: The Commission did not provide adequate protection or management of public assets, nor did the board of commissioners appear to provide adequate oversight of the Commission.

Auditor's Recommendation: The Commission should comply with and implement the recommendations included in the Louisiana Legislative Auditor's report.

Management Response: The Commission is in the process of addressing the recommendations included in the report.

Part III — Federal Award Findings and Questioned Costs Section

No matters are reportable.

Part IV — Other Reports

The Commission received a final report dated September 22, 2010 from the Louisiana Legislative Auditor regarding a compliance audit of certain transactions of the Commission for the period December 14, 2006 to June 30, 2010. This report noted several findings and recommendations as well as management's response. Copies of this report have been delivered to the United States Attorney for the Eastern District of Louisiana, the District Attorney for the Orleans Judicial District of Louisiana, and others as required by Law. The effect of this report, if any, on the financial statements cannot be determined at this time.

A Report of Investigation was issued by the Office of the Inspector General of the City of New Orleans on August 17, 2010 which substantiated allegations that the Commission and its committees conducted some of its meetings in contravention of the State's Open Meeting Laws. These matters were submitted to the Mayor as President of New Orleans Public Belt Railroad for corrective action.

An additional investigation is currently being conducted by the District Attorney for the Orleans Judicial District of Louisiana. The results of this investigation have not been released as of this date. The effect of this investigation, if any, on the financial statements cannot be determined at this time.

PUBLIC BELT RAILROAD COMMISSION
FOR THE CITY OF NEW ORLEANS

SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2009

Not applicable