

FRENCH QUARTER MANAGEMENT DISTRICT

NEW ORLEANS, LOUISIANA

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED

DECEMBER 31, 2021

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
French Quarter Management District
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the French Quarter Management District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the French Quarter Management District, as of December 31, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statement

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



To the Board of Commissioners
French Quarter Management District
June 27, 2022

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



To the Board of Commissioners
French Quarter Management District
June 27, 2022

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the District’s basic financial statements. The accompanying Schedule of Compensation, Benefits and Other Payments to Agency Head is presented to comply with the Act 706 of the 2014 Louisiana Legislative Session, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Commissioners
French Quarter Management District
June 27, 2022

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the French Quarter Management District's internal control over financial reporting and compliance.

June 27, 2022
New Orleans, Louisiana

Ericksen Krentel, LLP

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

This section of the French Quarter Management District’s (the District) annual financial report presents management’s analysis of the District’s financial performance for the year ended December 31, 2021. This analysis should be read in conjunction with the audited financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s net position decreased by \$215,784.
- The program revenues of the District were \$16,057 and general revenues were \$6,000.
- The total expenditures/expenses and other financing uses of the District were \$237,841.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three sections: Management’s Discussion and Analysis, audited financial statements and supplementary information. The financial statements also include notes that provide additional detail of the information included in the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District’s annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District’s overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Position. This is the government-wide statement of position presenting information that includes all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

The second government-wide statement is the Statement of Activities, which reports how the District’s net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

The government-wide financial statements are presented on pages 9 and 10 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District’s most significant funds rather than the District as a whole.

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

The District uses governmental funds and fiduciary funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements providing a distinctive view of the District's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 11 – 14 of this report.

Fiduciary funds are reported in a separate Statement of Fiduciary Net Position. Activities from fiduciary funds are not included in the government-wide financial statements because District cannot use these assets for its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements are presented on pages 15 – 16 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

The following presents condensed financial information of the District:

**SUMMARY OF NET POSITION
AS OF DECEMBER 31, 2021 AND 2020**

	<u>ASSETS</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 166,806	\$ 321,359
	<u>LIABILITIES</u>	
Current liabilities	99,143	37,912
	<u>NET POSITION</u>	
Restricted for police detail	-	79,091
Unrestricted	67,663	204,356
Total net position	\$ 67,663	\$ 283,447

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

Total assets decreased by \$154,553 (48%) due to a decrease in receipts and receivables from the District's agreements with other governments as further described in Note 3 to the financial statements. Total liabilities increased by \$61,231 (162%) primarily due to revenues for the year ended December 31, 2022 which were received in advance. Net position decreased by \$215,784 (76%) as a result of operations.

**SUMMARY OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Program revenues	\$ 16,057	\$ 381,061
General revenues	6,000	-
Expenditures/expenses	<u>(237,841)</u>	<u>(828,060)</u>
Changes in net position	(215,784)	(446,999)
Beginning net position	<u>283,447</u>	<u>730,446</u>
Ending net position	<u>\$ 67,663</u>	<u>\$ 283,447</u>

The decrease in net position improved by \$231,215 (52%) primarily due to decreased revenues from the District's agreement with other governments as further described in Note 3 to the financial statements, which led the District to cut costs related to police patrols and the French Quarter Task Force.

BUDGET ANALYSIS

A comparison of budget to actual operations is required information and is presented in the accompanying financial statements. The original budget adopted by the District was amended during the fiscal year. The final amended budget had a favorable variance from the actual amounts reported primarily due to the District decreasing its public safety expenditures by more than budgeted.

ECONOMIC FACTORS AND A LOOK AT NEXT YEAR

In 2020, the District's primary funding source exited its Cooperative Endeavour Agreement (CEA) due to the effects of the COVID-19 pandemic. Despite not having funding secured for the majority of 2021, the District entered into agreements with the City of New Orleans and New Orleans & Company in the fourth quarter of 2021, which provide funding for 2022 and beyond and allow the District to further its work in the French Quarter.

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

CONTACTING THE DISTRICT'S MANAGEMENT

This report is designed to provide a general overview of the District and to demonstrate the District's accountability for its finances. If you have any questions about this report or need additional information, please contact Karley Frankic, Executive Director, 400 North Peters Street, Suite 206, New Orleans, Louisiana 70130.

BASIC FINANCIAL STATEMENTS

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS:

Cash and cash equivalents	\$ 132,605
Contract receivables	15,436
Prepaid expenses	<u>18,765</u>
 Total assets	 <u>166,806</u>

LIABILITIES:

Accounts payable	1,661
Accrued liabilities	2,555
Revenues received in advance	75,000
Due to custodial fund	<u>19,927</u>
 Total liabilities	 <u>99,143</u>

NET POSITION:

Unrestricted	<u>67,663</u>
 Total net position	 <u>\$ 67,663</u>

The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue</u>
		<u>Charges for</u>	<u>Operating</u>	<u>(Expense) and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
<u>Governmental activities:</u>				
French Quarter Management District	\$ 237,841	\$ 621	\$ 15,436	\$ (221,784)
Total governmental activities	<u>\$ 237,841</u>	<u>\$ 621</u>	<u>\$ 15,436</u>	<u>(221,784)</u>
		General revenues:		
			General contributions	<u>6,000</u>
			Change in net position	(215,784)
			Net position - beginning	<u>283,447</u>
			Net position - ending	<u>\$ 67,663</u>

The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2021

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 132,605
Contract receivables	15,436
Prepaid expenses	<u>18,765</u>
 Total assets	 <u>\$ 166,806</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES:</u>	
Accounts payable	\$ 1,661
Accrued liabilities	2,555
Revenues received in advance	75,000
Due to custodial fund	<u>19,927</u>
 Total liabilities	 <u>99,143</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Unavailable revenue	<u>15,436</u>
<u>FUND BALANCE:</u>	
Nonspendable - prepaid	18,765
Unassigned	<u>33,462</u>
 Total fund balance	 <u>52,227</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$ 166,806</u>

The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Fund balance - total governmental fund	\$	52,227
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Certain reimbursements are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the governmental funds.		15,436
Net position of governmental activities	\$	67,663

The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUES:

Donations	\$ 6,000
Other income	<u>621</u>
Total revenues	<u>6,621</u>

EXPENDITURES:

Current for general government:	
Salaries and benefits	100,307
Insurance	18,446
Professional services	27,684
Rental of office space	6,000
Office expenses	5,808
Other	<u>2,560</u>
Total current general government expenditures	<u>160,805</u>
Current for public safety:	
Police patrols	62,455
French Quarter homelessness assessment	5,490
App development, licensing, and maintenance	5,458
Gas, supplies, maintenance and repairs	<u>3,633</u>
Total current public safety expenditures	<u>77,036</u>
Total current expenditures	<u>237,841</u>
Net change in fund balance	(231,220)
Fund balance - beginning	<u>283,447</u>
Fund balance - ending	<u><u>\$ 52,227</u></u>

The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Net change in fund balance - total governmental fund	\$	(231,220)
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Amounts reported for governmental activities in the Statement of
 Activities are different because:

Certain reimbursements are not available to pay for current-period expenditures and therefore, revenue recognition is deferred and they are reported as deferred inflows of resources in the governmental funds.		15,436
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Change in net position of governmental activities	\$	(215,784)
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The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2021

<u>ASSETS:</u>	
Due from general fund	\$ <u>19,927</u>
Total assets	<u>19,927</u>
 <u>NET POSITION:</u>	
Restricted for other organizations	<u>19,927</u>
Total net position	<u>\$ 19,927</u>

The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2021

ADDITIONS:

Donations	\$ <u>20,710</u>
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DEDUCTIONS:

Administration fees to FQMD	621
Marketing expenses	1,387
Taxes and licenses	1,500
Website	<u>79</u>

Total deductions	<u>3,587</u>
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Net change	17,123
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Fiduciary net position, beginning	<u>2,804</u>
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Fiduciary net position, ending	<u><u>\$ 19,927</u></u>
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The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Act 280 of 2007, as amended and reenacted by Act 782 of 2008 and Act. 304 of 2011, of the State of Louisiana Legislative created the French Quarter Management District (the District). Pursuant to Louisiana Revised Statute 25:799, the District is created to provide the following functions:

- (1) Enhancing public safety and sanitation within the District by financing supplemental safety and sanitation services.
- (2) Providing supplemental resources for the enforcement of laws and regulations that relate to the quality of life for tourists, residents, and businesses within the District.
- (3) Engaging in strategic planning, business and commercial development activities, administering capital improvement funds, and administering programs.
- (4) Taking action to enhance commercial, civic, and cultural activity.
- (5) Promote and aid in the conservation and preservation of the District's quaint historic nature, character, qualities, and architecture.
- (6) Foster quality events and quality of life in the District.
- (7) Restore regional character to the District attract locals and tourists to visit, facilitate and promote the development and improvement of public infrastructure, and encourage new residents to live in the District.

The District is comprised of the area of the city of New Orleans lying within the following boundaries: the Mississippi River, the center line of Canal Street, the rear property line of the properties fronting on the lake side of North Rampart Street, the rear property line of the properties fronting on the downriver side of Esplanade Avenue to the Mississippi River. The District shall consist of four Subdistricts: the Vieux Carre, the Iberville Corridor, the Treme, and the Faubourg Marigny.

Pursuant to Louisiana Revised Statute 25:799, the District shall be governed by a Board of Commissioners consisting of thirteen members. The District shall continue in existence until June 30, 2028, unless such date is extended by law.

Basis of Presentation

Governmental Accounting Standards Board (GASB) indicates the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special purpose government that meets all of the following criteria: a) has a separately elected governing body, b) is legally separate, and c) is fiscally independent of other state and local governments.

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

The District is a separate legal entity with a governing body which is separate and independent of any other government “reporting entity,” as defined by GASB. However, the District is dependent primarily on donations and appropriations to conduct its business.

The District’s financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major fund). Both the government-wide and fund financial statements categorize primary activities as governmental type. The District’s program activities and related general administrative services are classified as governmental activities. The District does not have any business-type activities.

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

In the government-wide Statement of Net Position (Exhibit A), the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations.

The government-wide Statement of Activities (Exhibit B) reports both gross and net cost of the District’s function. The function is supported by program revenues which include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

This government-wide focus is on the sustainability of the District as an entity and the change in the District’s net position resulting from current year’s activities.

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (FFS)

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflow of resources, liabilities, deferred inflow of resources, reserves, fund equity, revenues and expenditures. The District's current operations require the use of only the following fund type:

Governmental Fund:

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. In general, fund balance represents the accumulated expendable resources, which may be used to finance future operations of the District.

General Fund

The General Fund is the principal fund of the District and is used to account for the operations of the District. General revenues are accounted for in this fund. General operating expenditures are paid from this fund.

Fiduciary Fund

Fiduciary funds are used to account for assets held by the District as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financials are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50 (GASB 34, as amended by GASB 63 and 65).

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The General Fund utilizes the following practices in recording revenues and expenditures:

Revenues

The District's revenue is primarily derived from contributions and a cooperative endeavor agreement (more fully discussed in Note 3) and is considered recorded when it is measurable and available.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Budgetary Accounting

Annually, the District adopts a budget for the General Fund on a modified accrual basis of accounting. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. All appropriations lapse at year end. Formal budget integration within the accounting records is employed as a management control device during the year. The board also reviews budget versus actual reports on a monthly basis. Changes or amendments are made upon approval of the board.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (continued)

Louisiana revised statutes authorize the District to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Equity Classification

In the government-wide financial statements, equity is classified as net positions and displayed in three components:

- a. Net investment in capital 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 and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classification (continued)

- c. Unrestricted net position – net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Governmental fund equity is classified as fund balance. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of state, local or federal awards or externally imposed conditions by grantors or creditors.
- c. Committed – amounts that can be used for specific purposes determined by formal action by an ordinance or resolution.
- d. Assigned – amounts that are designated by the formal action of the government's highest level of decision making authority.
- e. Unassigned – amounts not included in other classifications.

The District, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment. For assigned fund balance the District authorizes management to assign amounts for a specific purpose.

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Date of Management’s Review

Management has evaluated subsequent events through June 27, 2022, the date which the financial statements were available to be issued.

(2) CASH

At December 31, 2021, the District had cash (book balances) totaling \$132,605. The District is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. The District may also invest in U.S. Treasury securities and other evidence of indebtedness issued or guaranteed by federal agencies and time certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent.

Cash and deposits are categorized into three categories of credit risk. Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent, in the District’s name. Category 2 includes deposits covered by collateral held by the pledging financial institution’s trust department, or its agent in the District’s name. Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the District’s name, and deposits which are uninsured or uncollateralized.

At December 31, 2021, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	Bank Balances Category			
	1	2	3	Bank Balance
Cash	<u>\$ 132,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,605</u>

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA**
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(3) CONTRACTS WITH THE CITY OF NEW ORLEANS AND NEW ORLEANS AND COMPANY

On April 24, 2021 voters approved a ballot proposition authorizing a .245% increase in the sales tax within the boundaries of the French Quarter Economic Development District (FQEDD) beginning July 1, 2021 and ending June 30, 2026. The purpose of the additional tax was to provide supplemental police patrols and homeless assistance services within the FQEDD boundaries. The first \$2 million collected in any year is dedicated to supplemental police patrols and additional revenues are to be divided between additional patrols and public safety programs. The FQEDD is a political subdivision of the State of Louisiana, and the City Council of the City of New Orleans is the its governing authority. On October 1, 2021, the City of New Orleans and the District entered into a cooperative endeavor agreement which provides funding for the District through June 30, 2026 in exchange for services.

The District was appointed as the administrator for the FQEDD Trust Fund and is responsible for its fiscal and operational oversight. For its services, the District receives an administrative fee not to exceed 7% of the monthly collections remitted to the FQEDD Trust Fund, up to \$150,000. During the year ended December 31, 2021, the District submitted invoices for reimbursement totaling \$15,436 under the agreement. The District began funding supplemental police patrols under the agreement in 2022.

On December 23, 2021, the District entered into a memorandum of understanding with New Orleans & Company. Under the memorandum, New Orleans & Company would provide \$150,000 for the year ended December 31, 2022 in two payments of \$75,000. The payments are contingent on the collection of hotel motel taxes pursuant to Louisiana Revised Statute 21:201 through 21:208. The District is obligated to use the funding for the salary and employee benefits of staff, paying taxes and fees, purchasing or renting resources for staff, or paying insurance for staff and the District's office. The District received \$75,000 under this agreement during 2021, which is included in revenues received in advance on the statement of net position.

(4) CONTRACT WITH FRENCH QUARTER MUSEUM ASSOCIATION

On June 28, 2019, the District agreed to a CEA with the French Quarter Museum Association (FQMA), that was set to expire on December 31, 2020, and was extended twice to June 30, 2022. Under the terms of the agreement, the District serves as the fiscal agent of FQMA by maintaining an FDIC insured checking account that shall be restricted for FQMA use only using FQMA Members' dues and restricted donations as deposits. The District's duties include general bookkeeping, maintaining the checking account, approving an appropriate budget for FQMA, and approving an appropriate advertising campaign for FQMA. The District is allowed to retain 3% from all deposits as a service fee and reimburse itself a maximum of \$1,000 for direct costs incurred by the District on behalf of FQMA. FQMA or the District has the right to terminate the agreement immediately for cause.

For the year ended December 31, 2021, the District received \$621 from its CEA with the French Quarter Museum Association.

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021**

(5) DONATED FACILITIES

The District entered into a month-to-month agreement to lease office space at no cost from a former Board member. The District has determined that the fair market rental value of this space would otherwise be \$500 per month. For the year ended December 31, 2021 the District recognized contribution revenue and office rental expense of \$6,000 in accordance with this agreement.

(6) OPERATING LEASES

On May 18, 2018, the District entered into a 36-month lease agreement for a copy machine. The lease requires monthly payments of \$165 per month, plus applicable expendables based on use of the copier. Lease expense under this agreement for the year ended December 31, 2021 was \$1,794. The lease ended during 2021.

On July 23, 2021, the District entered into a 36-month lease agreement for a copy machine requiring payments of \$145 per month, plus applicable expendables based on the use of the copier. Lease expense under this agreement for the year ended December 31, 2021 was \$956.

The District is solely responsible for payments under the terms of the leases, but the District routinely splits the cost with another party.

Minimum required rental payments under this agreement at December 31, 2021 are as follows:

2022	\$	1,740
2023		1,740
2024		<u>1,015</u>
Total	\$	<u>4,495</u>

(7) CONCENTRATIONS OF CREDIT RISK

Substantially all receivables for the year ended December 31, 2021 are due from the City of New Orleans, which comprised 70% of the District's revenue for the year. In 2022, the District will have two primary funders in accordance with the agreements discussed in Note 3.

(8) RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance in amounts sufficient to insure itself against claims resulting from any of those risks.

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(9) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 87, “*Leases*.” The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, as extended by GASB Statement No. 95, “*Postponement of Effective Dates of Certain Authoritative Guidance*.” The District plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.” The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The District plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*.” The primary objective of this Statement is to provide temporary relief from certain newer accounting and financial reporting requirements to governments due to the COVID-19 pandemic. The effective date of certain Statements and Implementation Guides—through GASB Statement No. 93, Replacement of Interbank Offered Rates, and Implementation Guide No. 2019-03, Leases—that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, and later are deferred by either one year or eighteen months.

The GASB has issued Statement No. 96, “*Subscription-Based Information Technology Arrangements*.” Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The District plans to adopt this Statement as applicable by the effective date.

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(9) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 99, “*Omnibus 2022*.” The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, public private partnerships, and subscription based information technology are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District plans to adopt this Statement as applicable by the effective date.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund		
	Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
<u>REVENUES:</u>			
Contract revenues	\$ -	\$ -	\$ -
Contributions	-	6,000	6,000
Other income	-	621	621
	<u>-</u>	<u>6,621</u>	<u>6,621</u>
Total revenues	-	6,621	6,621
<u>EXPENDITURES:</u>			
Current for general government:			
Salaries and benefits	101,779	100,307	1,472
Insurance	18,134	18,446	(312)
Professional services	35,350	27,684	7,666
Rental of office space	-	6,000	(6,000)
Office expenses	4,900	5,808	(908)
Other	5,200	2,560	2,640
	<u>165,363</u>	<u>160,805</u>	<u>4,558</u>
Total current general government expenditures	165,363	160,805	4,558
Current for public safety:			
Police patrols	57,750	62,455	(4,705)
Security dispatching and administration	9,075	-	9,075
French Quarter homelessness assessment	-	5,490	(5,490)
App development, licensing, and maintenance	658	5,458	(4,800)
Gas, supplies, maintenance and repairs	3,359	3,633	(274)
	<u>70,842</u>	<u>77,036</u>	<u>(6,194)</u>
Total current public safety expenditures	70,842	77,036	(6,194)
Total current expenditures	<u>236,205</u>	<u>237,841</u>	<u>1,636</u>
Net change in fund balance	(236,205)	(231,220)	4,985
Fund balance - beginning	<u>283,447</u>	<u>283,447</u>	<u>-</u>
Fund balance - ending	<u>\$ 47,242</u>	<u>\$ 52,227</u>	<u>\$ 4,985</u>

See Independent Auditors' Report

OTHER SUPPLEMENTARY INFORMATION

FRENCH QUARTER MANAGEMENT DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

	Karley Frankic Executive Director
Salary	\$ 80,000
Benefits - insurance (health and dental)	13,000
Total compensation, benefits, and other payments	\$ <u>93,000</u>

**OTHER REPORT REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



**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 Board of Commissioners and Management of the
French Quarter Management District
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the French Quarter Management District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 27, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To Board of Commissioners and Management of the
French Quarter Management District
June 27, 2022

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 27, 2022
New Orleans, Louisiana

Certified Public Accountants

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

SECTION I SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the French Quarter Management District (the District).
2. No material weaknesses in internal control relating to the audit of the financial statements were reported in the 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*.
3. No instances of noncompliance material to the financial statements of the French Quarter Management District were reported in the 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*.
4. No management letter was issued for the year ended December 31, 2021.

SECTION II FINANCIAL STATEMENT FINDINGS

There were no findings for the year ended December 31, 2021.

**FRENCH QUARTER MANAGEMENT DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**

SECTION I – FINANCIAL STATEMENTS FINDINGS

There were no findings for the year ended December 31, 2020.

SECTION II – MANAGEMENT LETTER ITEMS

2020-001 Develop a Disaster Recovery Plan

The District does not have written policies and procedures over disaster recovery/business continuity. A well-thought out and documented disaster recovery plan would help the District's personnel act quickly and appropriately at a time when the stress and disruption of a disaster might adversely affect their memory, emotions, and judgment. It would also help others take charge in place of the sole employee who might be lost, injured, or otherwise unavailable at the time of the crisis. Also, as part of developing a disaster recovery plan, arrangements could be made for protection of files and for use of backup space, equipment and furniture, or services should a disaster occur. In addition, while developing the plan, management personnel could take the opportunity to reassess the adequacy of its property and business interruption insurance and to learn about some of the financial assistance that might be available to the District after a disaster so that such assistance could be requested as quickly as possible. A disaster recovery plan promotes the protecting of accounting records and other related files in case of a disaster.

This item has been resolved through the development and adoption of a written disaster recovery plan during 2021.