

**FRENCH QUARTER MANAGEMENT DISTRICT**

**NEW ORLEANS, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2018**



**ERICKSEN KRENTEL**<sup>LLP</sup>

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



To the Board of Commissioners and Management of the  
French Quarter Management District  
June 15, 2019

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the French Quarter Management District as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 6 and page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis as required by Act 706 of the 2014 Louisiana Legislative Session and is not a required part of the basic financial statements.



To the Board of Commissioners and Management of the  
French Quarter Management District  
June 15, 2019

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2019, on our consideration of the French Quarter Management District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the French Quarter Management District's internal control over financial reporting and compliance.

June 15, 2019  
New Orleans, Louisiana

*Erickson 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, 2018**

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, 2018. This analysis should be read in conjunction with the audited financial statements which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's net position increased by \$219,740.
- The program revenues of the District were \$1,356,050.
- The total expenditures/expenses and other financing uses of the District were \$1,136,310.

**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.

**BASIC FINANCIAL STATEMENTS**

The financial statements of the District report information about the District using accounting methods similar to those used by private companies. These financial statements provide financial information about the activities of the District.

The Statement of Net Position (page 7) and the Balance Sheet (page 9) present information that includes all of the District's assets and liabilities, with the difference reported as net position and fund balance, respectively. 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 Governmental Fund Balance Sheet focuses on balances that are left at year-end and are available for spending.

The Statement of Activities (page 8) and the Statement of Revenues, Expenditures and Changes in the Fund Balance (page 11) presents information on how the District's net position changed as a result of current period operations.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 13 of this report.

**FRENCH QUARTER MANAGEMENT DISTRICT  
NEW ORLEANS, LOUISIANA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

The following presents condensed financial information of the District:

SUMMARY OF NET POSITION  
AS OF DECEMBER 31, 2018 AND 2017

	<u>ASSETS</u>	
	December 31,	December 31,
	<u>2018</u>	<u>2017</u>
Current assets	\$ 621,290	\$ 423,954
	<u>LIABILITIES</u>	
Current liabilities	<u>63,325</u>	<u>85,729</u>
	<u>NET POSITION</u>	
Restricted for police detail	267,563	117,539
Unrestricted	<u>290,402</u>	<u>220,686</u>
Total net position	<u>\$ 557,965</u>	<u>\$ 338,225</u>

Total assets increased by \$197,336 (47%) primarily due to increases in cash due to an increase in revenue from the District's agreements with other governments as further described in Note 3 to the financial statements. Total liabilities decreased by \$22,404 (26%) due to decreases in payables for police details at December 31, 2018. Net position increased by \$219,740 (65%) as a result of operations.

SUMMARY OF REVENUES, EXPENDITURES/EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	December 31,	December 31,
	<u>2018</u>	<u>2017</u>
Program revenues	\$ 1,356,050	\$ 1,209,545
Expenditures/expenses	(1,121,357)	(1,062,383)
Other financing uses	<u>(14,953)</u>	<u>-</u>
Changes in net position	<u>219,740</u>	<u>147,162</u>
Ending net position	<u>\$ 557,965</u>	<u>\$ 338,225</u>

The change in net position increased by \$72,578 (49%) primarily due to increased revenues from the District's agreement with other governments as further described in Note 3 to the financial statements.

**FRENCH QUARTER MANAGEMENT DISTRICT  
NEW ORLEANS, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018**

**BUDGET ANALYSIS**

A comparison of budget to actual operations is required information and is presented in the accompanying financial statements. Public safety expenditures were under budget by \$239,865 in 2018 based on the District expecting to increase police patrols.

**ECONOMIC FACTORS AND A LOOK AT NEXT YEAR**

The District expects to continue being primarily funded through its CEA with the City of New Orleans and New Orleans & Company which extends through December 31, 2020. With this funding, the District hopes to continue its mission of helping residential and business communities to work together to protect, preserve, and maintain the world famous French Quarter as a safe, clean, vibrant, and friendly neighborhood for residents, businesses, and visitors.

**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 Emily Remington, 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, 2018**

**ASSETS:**

Cash and cash equivalents	\$ 507,750
Contract receivables	100,000
Prepaid expenses	<u>13,540</u>
Total assets	<u>621,290</u>

**LIABILITIES:**

Accounts payable	<u>63,325</u>
Total liabilities	<u>63,325</u>

**NET POSITION:**

Restricted for police detail	267,563
Unrestricted	<u>290,402</u>
Total net position	<u><u>\$ 557,965</u></u>

The accompanying notes are an integral part of this statement

**FRENCH QUARTER MANAGEMENT DISTRICT**  
**STATEMENT OF ACTIVITIES**  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue 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	<u>\$ 1,121,357</u>	<u>\$ -</u>	<u>\$ 1,356,050</u>	<u>\$ 234,693</u>
Total governmental activities	<u>\$ 1,121,357</u>	<u>\$ -</u>	<u>\$ 1,356,050</u>	234,693
		Other financing sources (uses):		
				Transfers in/(out) <u>(14,953)</u>
				Change in net position <u>219,740</u>
				Net position - beginning <u>338,225</u>
				Net position - ending <u>\$ 557,965</u>

**The accompanying notes are an integral part of this statement**

**FRENCH QUARTER MANAGEMENT DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUND**  
DECEMBER 31, 2018

	<u>General Fund</u>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 507,750
Contract receivables	100,000
Prepaid expenses	<u>13,540</u>
Total assets	<u>\$ 621,290</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>	
<b><u>LIABILITIES:</u></b>	
Accounts payable	<u>\$ 63,325</u>
Total liabilities	<u>63,325</u>
<b><u>FUND BALANCE:</u></b>	
Nonspendable - prepaid	13,540
Restricted for police detail	267,563
Unassigned	<u>276,862</u>
Total fund balance	<u>557,965</u>
Total liabilities and fund balance	<u>\$ 621,290</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, 2018**

Fund balance - total governmental fund	\$ 557,965
Amounts reported for governmental activities in the Statement of Net Position are different because:	
There are no differences.	<u>                  -</u>
Net position of governmental activities	<u><u>\$ 557,965</u></u>

**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, 2018**

**REVENUES:**

Local government revenues	\$ 1,200,000
Contributions	<u>156,050</u>
Total revenues	<u>1,356,050</u>

**EXPENDITURES:**

Current for general government:	
Salaries and benefits	93,502
Insurance	17,083
Professional services	11,985
Rental of office space	6,000
Office expenses	7,796
Other	<u>4,374</u>
Total current general government expenditures	<u>140,740</u>
Current for public safety:	
Police patrols	810,441
Security dispatching and administration	97,835
App development and maintenance	22,682
Gas, supplies, maintenance and repairs	<u>49,659</u>
Total current public safety expenditures	<u>980,617</u>
Total current expenditures	<u>1,121,357</u>

**OTHER FINANCING USES:**

Transfers to City of New Orleans	<u>14,953</u>
Total other financing uses	<u>14,953</u>
Net change in fund balance	219,740
Fund balance - beginning	<u>338,225</u>
Fund balance - ending	<u><u>\$ 557,965</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, 2018**

Net change in fund balance - total governmental fund	\$ 219,740
Amounts reported for governmental activities in the Statement of Activities are different because:	
There are no differences.	-
Change in net position of governmental activities	\$ 219,740

**The accompanying notes are an integral part of this statement**

**FRENCH QUARTER MANAGEMENT DISTRICT**  
**NEW ORLEANS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**(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, 2021, 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, 2018

(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, 2018**

(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.

**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, 2018

(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. The budget is prepared using GAAP basis of accounting. 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, 2018

(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.

**Contract Receivables**

Any amounts related to the contract more fully described in Note 3 that are retained on behalf of the District but not remitted as of the end of the accounting period are accrued as contract receivables. At December 31, 2018, the District had contract receivables of \$100,000.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2018, 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, 2018

(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, 2018

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Date of Management Review**

Management has evaluated subsequent events through June 15, 2019, the date which the financial statements were available to be issued.

(2) **CASH**

At December 31, 2018, the District had cash (book balances) totaling \$507,750. 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, 2018, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	<u>Bank Balances Category</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Bank Balance</u>
Cash	<u>\$ 250,000</u>	<u>\$ 265,218</u>	<u>\$ -</u>	<u>\$ 515,218</u>

**FRENCH QUARTER MANAGEMENT DISTRICT**  
**NEW ORLEANS, LOUISIANA**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2018

(3) **CONTRACT WITH NEW ORLEANS AND COMPANY AND CITY OF NEW ORLEANS**

On July 20, 2017, the District agreed to a CEA with the City of New Orleans and New Orleans & Company (formerly known as the Convention and Visitors Bureau) that expires on December 31, 2020. Under the terms of the agreement New Orleans & Company agreed to remit \$100,000 per month to the District for the purpose of administration and management of New Orleans Police Department details, including but not limited to maintenance of Supplemental Police Program vehicles, monitoring the Supplemental Police Patrol Program, and monitoring the French Quarter Task Force App. The District is allowed to retain 3% from this remittance or \$3,000 per month. New Orleans & Company or the District have the right to terminate the agreement by giving 7 days written notice to the other party.

For the year ended December 31, 2018, the District received \$1,200,000 from its CEA with the City of New Orleans and New Orleans & Company.

(4) **DONATED FACILITIES**

The District entered into a month-to-month agreement to lease office space at no cost from a related party. 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, 2018, the District recognized contribution revenue and office rental expense of \$6,000 in accordance with this agreement.

(5) **OPERATING LEASES**

On April 14, 2015, the District entered into a lease agreement for a copy machine for 36 months at a minimum of \$129 per month. The price may increase based on the amount of expendables used on the copy machine. Although the District is responsible for payments under the lease agreement, the District routinely splits this cost with another party. Rent expense under this agreement for the year ended December 31, 2018 was \$424.

On May 18, 2018, the District entered into a new 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. As with the prior lease, the District is solely responsible for payments under the terms of the lease, but the District routinely splits the cost with another party. Rent expense under this agreement for the year ended December 31, 2018 was \$1,657.

**FRENCH QUARTER MANAGEMENT DISTRICT**  
**NEW ORLEANS, LOUISIANA**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2018

(5) **OPERATING LEASES (CONTINUED)**

Minimum required rental payments under this agreement at December 31, 2018 are as follows:

2019	\$ 1,985
2020	1,985
2021	<u>910</u>
Total	<u>\$ 4,880</u>

(6) **CONCENTRATIONS OF CREDIT RISK**

Revenues from New Orleans & Company totaled 94% of revenue for the year ended December 31, 2018. At December 31, 2018, 100% of receivables were due from New Orleans & Company under the CEA agreement described in Note 3.

(7) **RELATED PARTY TRANSACTIONS**

The District entered into a lease agreement with a related party to receive free use of office space as described in Note 4.

(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.

(9) **NEW ACCOUNTING PRONOUNCEMENTS**

The GASB has issued Statement No. 84, "Fiduciary Activities." The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. 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, 2018**

	General Fund		
	Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
<b><u>REVENUES:</u></b>			
Local government revenues	\$ 1,164,000	\$ 1,200,000	\$ 36,000
Contributions	150,000	156,050	6,050
Total revenues	<u>1,314,000</u>	<u>1,356,050</u>	<u>42,050</u>
<b><u>EXPENDITURES:</u></b>			
Current for general government:			
Salaries and benefits	100,203	93,502	6,701
Insurance	18,268	17,083	1,185
Professional services	16,920	11,985	4,935
Rental of office space	-	6,000	(6,000)
Office expenses	4,990	7,796	(2,806)
Other	6,667	4,374	2,293
Total current general government expenditures	<u>147,048</u>	<u>140,740</u>	<u>6,308</u>
Current for public safety:			
Police patrols	900,000	810,441	89,559
Security dispatching and administration	171,800	97,835	73,965
App development and maintenance	24,000	22,682	1,318
Gas, supplies, maintenance and repairs	66,000	49,659	16,341
Total current public safety expenditures	<u>1,161,800</u>	<u>980,617</u>	<u>181,183</u>
Total current expenditures	<u>1,308,848</u>	<u>1,121,357</u>	<u>187,491</u>
<b><u>OTHER FINANCING USES:</u></b>			
Transfers to City of New Orleans	-	14,953	(14,953)
Total other financing uses	<u>-</u>	<u>14,953</u>	<u>(14,953)</u>
Net change in fund balance	5,152	219,740	214,588
Fund balance - beginning	<u>338,225</u>	<u>338,225</u>	<u>-</u>
Fund balance - ending	<u>\$ 343,377</u>	<u>\$ 557,965</u>	<u>\$ 214,588</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, 2018

	<u>Emily Remington</u> <u>Executive Director</u>	
Salary	\$	84,872
Health stipend		<u>5,100</u>
Total compensation, benefits, and other payments	\$	<u><u>89,972</u></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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 15, 2019.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2018-001, that we consider to be a material weakness.



To Board of Commissioners and Management of the  
French Quarter Management District  
June 15, 2019

### **Compliance and Other Matters**

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

### **French Quarter Management District's Response to Findings**

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 15, 2019  
New Orleans, Louisiana

*Erickson Krentel, LLP*

Certified Public Accountants

**FRENCH QUARTER MANAGEMENT DISTRICT  
NEW ORLEANS, LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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. One material weakness in internal control relating to the audit of the financial statements was 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, 2018.

**SECTION II FINANCIAL STATEMENT FINDINGS**

**2018-001 Use of Accounting Software**

Criteria: The District should use an appropriate accounting software to be able to produce financial statements in accordance with generally accepted accounting principles.

Condition: The District is currently very dependent on Excel spreadsheets to track its transactions. The District has access to an integrated accounting software, but prefers to use Excel for its accounting. Additionally, information is keyed multiple times in different spreadsheets to obtain analyses in different formats rather than keyed once into a database and sorted to the desired format. Such redundant processing increases the risk of inadvertent errors.

Effect: By not using an integrated business software system, the District puts itself at greater risk of having a material misstatement go undetected.

Cause: The District currently has few transactions and is able to track information in Excel to fit its bimonthly reporting needs for the board of directors.

Recommendation: We believe that the District needs to significantly reduce the use of external spreadsheets and shift toward complete usage of an integrated business software system. An integrated system could eliminate redundant processing and improve the District's access to information. Analysis and other reviews could be performed online by appropriate board members based on real-time data. Overall, continued usage of an integrated business software would improve the quality, timeliness, and accuracy of accounting information.

**FRENCH QUARTER MANAGEMENT DISTRICT**  
**NEW ORLEANS, LOUISIANA**  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2018

Management's Response: Management is in agreement with the finding and has implemented the recommendation. See Management's Corrective Action Plan for further information.

**FRENCH QUARTER MANAGEMENT DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**SECTION I – FINANCIAL STATEMENTS FINDINGS**

**2017-001 Use of Accounting Software**

The District is currently very dependent on Excel spreadsheets to track its transactions. The District has access to an integrated accounting software, but prefers to use Excel for its accounting.

This item has not been resolved and is repeated for the year ended December 31, 2018 as finding 2018-001.

**SECTION II – MANAGEMENT LETTER ITEMS**

**2017-002 Enact Comprehensive Written Policies and Procedures**

The District had certain written policies, but in certain areas, they were lacking or vague. We recommended that the District develop a comprehensive set of policies and procedures specifically related to its accounting procedures and controls.

This item has been resolved through the enactment of comprehensive written policies and procedures during the year ended December 31, 2018.



June 15, 2019

Louisiana Legislative Auditor

French Quarter Management District respectfully submits the following corrective action plan for the year ended December 31, 2018.

Name and address of independent public accounting firm:

Ericksen Krentel LLP  
4227 Canal Street  
New Orleans, LA 70119

Audit Period: January 1, 2018 – December 31, 2018

The finding from the December 31, 2018 schedule of findings and responses is discussed below. The finding is numbered consistently with the number assigned in the schedule.

## Section II Financial Statement Findings

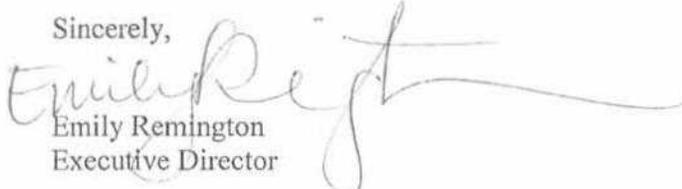
### 2018-001 Use of Accounting Software

Recommendation: We believe that the District needs to significantly reduce the use of external spreadsheets and shift toward complete usage of an integrated business software system. An integrated system could eliminate redundant processing and improve the District's access to information. Analysis and other reviews could be performed online by appropriate board members based on real-time data. Overall, continued usage of an integrated business software would improve the quality, timeliness, and accuracy of accounting information.

Response: The District agrees with the recommendation and is currently interviewing bookkeepers to assist in the implementation of an accounting software.

If there are any questions regarding this plan, please contact Emily Remington, Executive Director, at (504) 323-5801.

Sincerely,

  
Emily Remington  
Executive Director

**FRENCH QUARTER MANAGEMENT DISTRICT**

**NEW ORLEANS, LOUISIANA**

**STATEWIDE AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2018**



**ERICKSEN KRENTEL<sup>LLP</sup>**

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners of  
French Quarter Management District

We have performed the procedures enumerated below, which were agreed to by French Quarter Management District and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. French Quarter Management District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are attached in Schedule "1."

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

June 15, 2019  
New Orleans, Louisiana

*Ericksen Krentel LLP*

Certified Public Accountants

**FRENCH QUARTER MANAGEMENT DISTRICT**  
AGREED-UPON PROCEDURES  
JANUARY 1, 2018 – DECEMBER 31, 2018

**Written Policies and Procedures**

1. **Procedures:** Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
  - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) Disbursements, including processing, reviewing, and approving.
  - d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
  - h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

FRENCH QUARTER MANAGEMENT DISTRICT  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 - DECEMBER 31, 2018

- j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Results:** The written policies and procedures entirely address the functions of budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, and travel and expense reimbursements listed above. All elements of the ethics function are addressed except for the requirement that employees annually attest through signature verification that they have read the ethics policy. Debt service is not applicable to the District.

**Collections**

- 2. **Procedures:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

**Results:** Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing was complete.

- 3. **Procedures:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

FRENCH QUARTER MANAGEMENT DISTRICT  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

**Results:** Obtained a listing of collections locations and management's representation that the listing was complete. As there is only one employee, the employee may collect cash, make deposit slips, post the collection entries and reconcile the cash collections. However, there are very few cash collection transactions, and each transaction is subject to review by a member of the Board.

4. **Procedures:** Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Results:** Management represented to us that the District maintains insurance policies that cover employee theft.

5. **Procedures:** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** We randomly selected two deposit dates. We obtained supporting documentation for all of the deposits and traced the deposit slip total to the bank statement and general ledger. Entity documentation does not require receipts or other collection documentation. We reviewed internal records of deposits and documentation of review of the completeness of the revenues.

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

6. **Procedures:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

FRENCH QUARTER MANAGEMENT DISTRICT  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

**Results:** Obtained a listing of entity disbursements from management and management's representation that the listing was complete.

7. **Procedures:** For each location selected, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

**Results:** As there is only one employee, the employee is involved in the initiation and approval of each purchase. However, each purchase is reviewed by a member of the Board, and each check requires two signatures.

8. **Procedures:** For each location selected, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Results:** All disbursement documentation tested matched related original invoice/billing statements and included dual signatures to evidence compensating controls related to segregation of duties issues noted above.

FRENCH QUARTER MANAGEMENT DISTRICT  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

**Travel and Expense Reimbursement**

9. **Procedures:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** Obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period and management's representation that the listing was complete. All 5 reimbursements selected included all of the required documentation by written policy.

**Payroll and Personnel**

10. **Procedures:** Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**Results:** Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing was complete. For the year ended December 31, 2018, the entity only had one employee. Salary amounts for the sole employee are not kept in the personnel files; however, they are approved by the Board of Commissioners and only members of the Board have access to update the salary with the entity's third-party payroll provider.

FRENCH QUARTER MANAGEMENT DISTRICT  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

11. **Procedures:** Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

**Results:** Observed that the sole employee documented her leave for the period selected. Observed that a Board member approved attendance and leave for all employees selected. The entity did not keep cumulative leave records.

12. **Procedures:** Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee's cumulative leave records, and agree the pay rates to the employee's authorized pay rates in the employee/officials' personnel files.

**Results:** No employees were terminated during the fiscal period.

13. **Procedures:** Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Results:** No exceptions were noted.

**Ethics**

14. **Procedures:** Using the 5 randomly selected employees/officials under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

**FRENCH QUARTER MANAGEMENT DISTRICT**  
**AGREED-UPON PROCEDURES (CONTINUED)**  
**JANUARY 1, 2018 – DECEMBER 31, 2018**

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

**Results:** Obtained ethics documentation from management and observed that the entity's sole employee completed one hour of ethics training during the fiscal period. However, signature verification from the sole employee indicating that they read the entity's ethics policy during the fiscal period was not retained in the employee's file.

**FRENCH QUARTER MANAGEMENT DISTRICT**  
**CORRECTIVE ACTION PLAN – AGREED-UPON PROCEDURES**  
**JANUARY 1, 2018 – DECEMBER 31, 2018**

June 15, 2019

Louisiana Legislative Auditor

The French Quarter Management District respectfully submits the following corrective action plan for items identified pursuant to the Statewide Agreed-Upon Procedures Engagement prescribed by the Louisiana Legislative Auditor.

Name and address of independent public accounting firm:

Ericksen Krentel LLP  
4227 Canal Street  
New Orleans, LA 70119

Engagement Period: January 1, 2018 – December 31, 2018

The exceptions from the Statewide Agreed-Upon Procedures Report are discussed below:

**Written Policies and Procedures**

**Exceptions:** The District's written policies and procedures over ethics did not include a requirement that all employees annually attest through signature verification that they have read the entity's ethics policy.

**Cash Collections**

**Exceptions:** As there is only one employee, the employee may collect cash, make deposit slips, post the collection entries, and reconcile the cash collections. However, there are very few cash collection transactions, and each transaction is subject to review by a member of the board.

**Non-payroll Disbursements**

**Exceptions:** As there is only one employee, the employee is involved in the initiation and approval of each purchase. However, each purchase is reviewed by a member of the board, and each check requires two signatures.

**Payroll and Personnel**

**Exceptions:** The sole employee did not document daily attendance but did document and receive approval for leave. The entity did not keep cumulative leave records.

**Ethics**

**Exceptions:** Signature verification from the sole employee indicating that they read the entity's ethics policy during the fiscal period was not retained in the employee's file.

**FRENCH QUARTER MANAGEMENT DISTRICT**  
CORRECTIVE ACTION PLAN – AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

**Management's Response to Exceptions:** Management has noted and agrees with the above exceptions. Management and its Board of Commissioners will consider the effects of such exceptions and the need to enhance key controls or compensating controls in the identified areas.

If there are any questions regarding this plan, please contact Emily Remington, Executive Director, at (504) 323-5801.

Sincerely,

  
Signature

  
Title