

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
New Orleans Tourism and Cultural Fund
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund (general fund) of New Orleans Tourism and Cultural Fund (NOTCF), a component unit of the City of New Orleans, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise NOTCF'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 the general fund of NOTCF, as of December 31, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NOTCF 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 Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 NOTCF'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.

Auditors' 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 NOTCF'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 NOTCF'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.

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 9 and page 24 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 NOTCF's basic financial statements. The accompanying Schedule of Compensation, Benefits and Other Payments to the President & Chief Executive Officer on page 25 is presented for purposes of additional analysis and are 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 the President & Chief Executive Officer 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 1, 2023, on our consideration of NOTCF'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 NOTCF'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 NOTCF's internal control over financial reporting and compliance.

Bruno & Tervalon, LLP

BRUNO & TERVALON, LLP

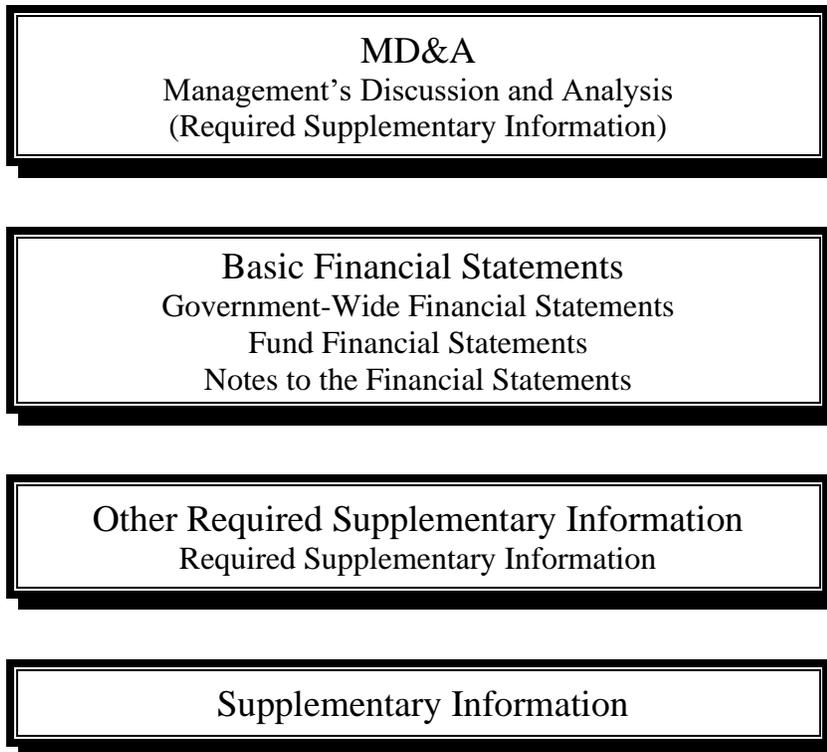
New Orleans, Louisiana

June 1, 2023

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

New Orleans Tourism and Cultural Fund (NOTCF), formerly New Orleans Tourism Marketing Corporation is a component unit of the City of New Orleans. NOTCF's management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of NOTCF's financial activity, and identify changes in NOTCF's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and is intended to provide the financial results for the fiscal year ended December 31, 2022.

The following is an illustration on how this financial report is presented.



NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For the Year Ended December 31, 2022

As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

Government-Wide Financial Statements

The government-wide financial statements provide a perspective of NOTCF as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various NOTCF services.

Fund Financial Statements

The fund statements are similar to financial presentations of typical governmental agencies, but the focus is on NOTCF's major funds rather than fund types as in the past. The fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

The General Fund is the only fund type of NOTCF. The General Fund is used to account for the general activities of NOTCF. Its primary revenues are derived from hotel/motel occupancy privilege taxes.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For the Year Ended December 31, 2022

Financial Analysis of NOTCF as a whole:

Summary Statements of Net Position

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Assets			
Current assets	\$ 7,983,928	\$ 8,792,086	\$ (808,158)
Total assets	<u>7,983,928</u>	<u>8,792,086</u>	<u>(808,158)</u>
Liabilities			
Current liabilities	40,276	285,523	(245,247)
Non-current liabilities	<u>24,701</u>	<u>13,798</u>	<u>10,903</u>
Total liabilities	<u>64,977</u>	<u>299,321</u>	<u>(234,344)</u>
Net Position			
Unrestricted	<u>7,918,951</u>	<u>8,492,765</u>	<u>(573,814)</u>
Total net position	<u>\$ 7,918,951</u>	<u>\$ 8,492,765</u>	<u>\$ (573,814)</u>

As indicated by the statement above, in 2022 total net position is \$7,918,951, which represents about a 7% decrease from 2021. In 2022, total assets decreased by \$808,158 from \$8,792,086 to \$7,983,928. The 2022 decrease in current assets was primarily due to a decrease in the Casino City lease accrual.

The 2022 decrease in current liabilities of \$234,344 was primarily due to the absence of the Essence Festival of Cultural Economy accrual.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For the Year Ended December 31, 2022

Results of Operations

Revenues	<u>2022</u>	<u>2021</u>	<u>Change</u>
Occupancy privilege tax (net of collection fees)	\$4,981,292	\$3,739,040	1,242,252
Casino City lease	1,000,000	2,000,000	(1,000,000)
NOTCF Gala Tickets	25,000	-	25,000
Investment earnings	<u>13,418</u>	<u>6,582</u>	<u>6,836</u>
Total revenues	<u>6,019,710</u>	<u>5,745,622</u>	<u>274,088</u>
Expenses			
New Orleans Film and Video Commission support	100,000	100,000	-
New Orleans Music and Entertainment Commission support	100,000	100,000	-
Mayor's Office of Tourism	100,000	100,000	-
Major event support	591,453	250,000	341,453
NOTCF event	90,886	-	90,886
Cultural economy support	4,880,548	1,423,270	3,457,278
Marketing expenditures	387,399	-	387,399
Transition related expenses	-	8,775	(8,775)
Administrative	<u>343,238</u>	<u>279,467</u>	<u>63,771</u>
Total expenses	<u>6,593,524</u>	<u>2,261,512</u>	<u>4,332,012</u>
Increase/(decrease) in net position	<u>\$ (573,814)</u>	<u>\$3,484,110</u>	<u>\$ (4,057,924)</u>

Changes in NOTCF's revenues are reflected in the statement above. In 2022, the increase in revenues is primarily due to increases in Hotel Occupancy Privilege taxes. As COVID-19 restrictions in New Orleans eased in 2022, New Orleans saw an increase in visitors and overnight hotel stays, therefore, the amount of collections of hotel occupancy privilege taxes was greater in 2022 than in 2021.

The increase in expenditures is primarily due to an increase in Cultural Economy Programming which speaks to the mission of NOTCF. In 2022, NOTCF awarded over 500 grants to six (6) cultural sectors including performance and traditional practices, food related activities, preservation and architecture activities, visual arts and crafts, festivals, design and web activities and writing and publishing activities. In addition to awarding grants, NOTCF partnered with several organizations to host the *Elevation Series*. These programs are designed to educate our cultural artists, elevate their businesses and create positive outcomes for future generations.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
MANAGEMENT’S DISCUSSION AND ANALYSIS, CONTINUED
For the Year Ended December 31, 2022

Financial Analysis of the Governmental Fund

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing NOTCF’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the December 31, 2022 fiscal year, NOTCF’s general fund reported ending fund balance of \$7,943,652, a decrease of \$562,911 in comparison to the prior year. Of the total fund balance, the Board of Directors has reported the following as assigned fund balance:

<u>Purpose</u>	<u>Amount</u>
Administrative costs	\$ 320,000
Reserve for RTA/Convention Center matter	931,684
Emergency cultural economy support	<u>500,000</u>
Total	<u>\$1,751,684</u>

Capital Assets

As of December 31, 2022, NOTCF did have any capital assets.

Economic Factors and Next Year’s Budget

The mission of the New Orleans Tourism and Cultural Fund is to support cultural industries and culture bearers of the City of New Orleans through partnerships, grants, and programs to advance sustainable tourism.

Budget

As required by state law, the Board of Directors of NOTCF adopts the original budget of NOTCF prior to the commencement of the fiscal year to which the budget applies. NOTCF is permitted by state law to amend its budget anytime during the fiscal year prior to the end of fiscal year to which the budget applies.

Revenue Budgets

NOTCF’s actual general fund revenues of \$6,019,710 were more than the final budget by \$1,009,710.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For the Year Ended December 31, 2022

Expenditures Budgets

NOTCF's actual general fund expenditures of \$6,582,621 were less than final budgeted expenditures by \$650,420.

Contacting NOTCF Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of NOTCF's finances and demonstrate NOTCF's accountability for money it receives. If you have questions about this report or need additional information, contact the New Orleans Tourism and Cultural Fund at 1100 Poydras Street, Suite 2805, New Orleans, LA 70163.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
STATEMENT OF NET POSITION
December 31, 2022

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 6,069,469
Occupancy privilege tax receivable	863,601
Casino City lease receivable	1,000,000
Prepaid expenses	<u>50,858</u>
Total current assets	<u>7,983,928</u>
 <u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable and accrued expenses	<u>40,276</u>
Total current liabilities	<u>40,276</u>
Noncurrent Liabilities:	
Compensated absences	<u>24,701</u>
Total noncurrent liabilities	<u>24,701</u>
Total liabilities	<u>64,977</u>
 <u>NET POSITION</u>	
Unrestricted	<u>7,918,951</u>
Total net position	<u><u>\$ 7,918,951</u></u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Expenses	Program Revenues Operating Grants and Contributions	Net (Expenses) Revenue and Change in Net Position
FUNCTIONS/PROGRAMS			
Governmental activities:			
New Orleans Film and Video			
Commission support	\$ 100,000	\$ -	\$ (100,000)
New Orleans Music and Entertainment			
Commission support	100,000	-	(100,000)
Mayor's Office of Tourism	100,000	-	(100,000)
Major event support	591,453	-	(591,453)
NOTCF event	90,886	-	(90,886)
Cultural economy support	4,880,548	-	(4,880,548)
Marketing expenditures	387,399	-	(387,399)
Administrative	343,238	-	(343,238)
Total governmental activities	\$ 6,593,524	\$ -	(6,593,524)
General Revenues:			
Occupancy privilege tax (net of collection fees)			4,981,292
Casino City lease			1,000,000
NOTCF Gala ticket sales			25,000
Investment earnings			13,418
Total general revenues			6,019,710
Change in net position			(573,814)
Net position, beginning of year			8,492,765
Net position, end of year			\$ 7,918,951

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
BALANCE SHEET
December 31, 2022

ASSETS

Cash and cash equivalents	\$ 6,069,469
Occupancy privilege tax receivable	863,601
Casino City lease receivable	1,000,000
Prepaid expenses	<u>50,858</u>
Total assets	<u><u>\$ 7,983,928</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable and accrued expenses	\$ <u>40,276</u>
Total liabilities	<u>40,276</u>

Fund Balance

Spendable:

Unassigned	6,191,968
Assigned	<u>1,751,684</u>
Total fund balance	<u>7,943,652</u>

Total liabilities and fund balance	\$ <u><u>7,983,928</u></u>
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The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
TO THE STATEMENT OF NET POSITION
December 31, 2022

Total fund balance - Governmental Fund - General Fund	\$ 7,943,652
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund:	
Compensated absences payable	<u>(24,701)</u>
Net position of governmental activities	<u>\$ 7,918,951</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGE
IN FUND BALANCE-GOVERNMENTAL FUND - GENERAL FUND
For the Year Ended December 31, 2022

REVENUES

Occupancy privilege tax (net of collection fees)	\$ 4,981,292
Casino City lease	1,000,000
NOTCF Gala Tickets	25,000
Investment earnings	<u>13,418</u>
 Total revenues	 <u>6,019,710</u>

EXPENDITURES

New Orleans Film and Video Commission support	100,000
New Orleans Music and Entertainment Commission support	100,000
Mayor's Office of Tourism	100,000
Major event support	591,453
NOTCF event	90,886
Cultural economy support	4,880,548
Marketing expenditures	387,399
Administrative	<u>332,335</u>
 Total expenditures	 <u>6,582,621</u>
 Net change in fund balance	 (562,911)
 Fund balance, beginning of year	 <u>8,506,563</u>
 Fund balance, end of year	 <u><u>\$ 7,943,652</u></u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

Total net changes in fund balance - Governmental Fund - General Fund	\$	(562,911)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Long-term compensated absences are reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, compensated absences are not reported as expenditures in the Governmental Fund</p>		
Increase in compensated absences		(10,903)
Change in net position of governmental activities	\$	(573,814)

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Note 1 - Organization and Operations:

New Orleans Tourism and Cultural Fund's (NOTCF) board of directors and the Council of the City of New Orleans voted in 2020 to change the name of the New Orleans Tourism Marketing Corporation to the New Orleans Tourism and Cultural Fund (NOTCF). Under this name, NOTCF remains a nonprofit economic development corporation and its mission was amended to support the cultural economy of the City of New Orleans. The organization continues to receive the occupancy tax revenues, but all other revenues previously received have been redirected to other organizations.

NOTCF's mission is to support cultural industries and culture bearers of the City of New Orleans through partnerships, grants, and programs to advance sustainable tourism.

Note 2 - Summary of Significant Accounting Policies:

The accompanying financial statements conform to accounting principles in generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB") and other recognized authoritative sources. The more significant accounting policies are summarized in the following paragraphs.

Reporting Entity

NOTCF is a component unit of the City of New Orleans, the reporting entity, as defined by the Governmental Accounting Standards Board pronouncement. The accompanying financial statements present information only on the funds maintained by NOTCF and do not present information on the City of New Orleans, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Funds

NOTCF uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain NOTCF functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The fund of NOTCF is classified as governmental.

The governmental fund accounts for all of NOTCF's general activities. This fund focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the governmental fund according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of NOTCF. The following is NOTCF's governmental fund:

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

General Fund - the operating fund of NOTCF and it accounts for all financial resources.

Measurement Focus/Basis of Accounting:

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of NOTCF.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of NOTCF governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of NOTCF. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of NOTCF.

Fund Financial Statements (FFS)

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and net change in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide statements and the statements for governmental funds are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fund financial statements report detailed information about NOTCF. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. At December 31, 2022, the general fund

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

is the only major fund of NOTCF.

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. NOTCF considers all revenues available if they are collected within 60 days after the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Budgetary Data

NOTCF follows these procedures in establishing the budgetary data reflected in these financial statements:

1. NOTCF is required to prepare an annual budget and submit it to the Board of Directors.
2. Upon review and completion of all action necessary to finalize the budget, it is then adopted by the Board of Directors prior to the commencement of the fiscal year to which the budget applies.
3. Budgetary amendments involving the transfer of funds from one program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Directors.
4. All budgetary appropriations lapse at the end of the fiscal year.
5. The budget for the general fund expenditures is prepared on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted or as amended by the Board of Directors.
6. The budget of the City of New Orleans' appropriations must be approved by the City of New Orleans.

Cash and Cash Equivalents

Cash includes amounts in noninterest and interest-bearing demand deposits. Cash equivalents include amounts in interest-bearing time deposits. Under state law, NOTCF may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Compensated Absences

Unused vacation leave may be accumulated up to a specified maximum and is paid at the time of termination from NOTCF employment. NOTCF is not obligated to pay for unused sick leave if an employee terminates prior to retirement.

NOTCF accrues accumulated unpaid compensated absences when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental fund is maintained separately and represents a reconciling item between the fund and government-wide presentation.

Income Taxes

As a governmental entity, NOTCF is exempt from taxation under the Internal Revenue Code.

Receivables

Receivables primarily consist of outstanding occupancy privilege taxes. All receivables are shown net of an allowance for uncollectible accounts.

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. NOTCF maintains a threshold level of \$5,000 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Furniture and equipment are depreciated using the straight-line method over three (3) to five (5) years estimated useful lives.

At December 31, 2022, there were no capital assets.

Use of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

Fund Equity

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

- *Net investment in capital assets* - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowing attributable to those assets.
- *Restricted net position* - Consists of net assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - All other assets that do not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted net positions are available for use, generally it is NOTCF’s policy to use restricted resources first.

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- *Nonspendable* - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
- *Restricted* - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by NOTCF through formal action of the highest level of decision-making authority. Any changes or removal of specific purpose requires majority action by the governing board.
- *Assigned* - Includes fund balance amounts that are constrained by NOTCF’s intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* - Includes the residual balance of the General Fund that has not been assigned to other funds that has not been restricted, committed, or assigned to specific purposes.

When both restricted and unrestricted sources (the total of committed, assigned, and unassigned fund balance) are available for use, generally it is NOTCF’s policy to use restricted resources first. Further, when the components of unrestricted fund balance can be used for the same purpose,

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Note 3 - Cash and Cash Equivalents:

Cash and Cash Equivalents

NOTCF had cash in demand deposit accounts totaling \$6,069,469 (book balances) at December 31, 2022.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. NOTCF maintains a noninterest-bearing and interest-bearing accounts at a local bank. At December 31, 2022, NOTCF deposits were fully secured from risk.

Custodial credit risk is the risk that, in event of a failure of financial institution or counterparty, NOTCF would not be able to recover its deposits, investments, or collateral securities that are in the possession of an outside party. NOTCF's deposits are not subject to custodial credit risk.

Note 4 - Source of Revenue of New Orleans Tourism and Cultural Fund:

The recurring major sources of revenue are hotel occupancy privilege tax, hotel tax, casino funding and other revenue as discussed below:

Hotel Occupancy Privilege Tax - The Hotel Occupancy Privilege Tax (effective November 1, 1990) is levied upon persons for the privilege of occupying hotel rooms within Orleans Parish in the amount of fifty cents (\$0.50) per occupied hotel room per night for hotels containing from three (3) to two hundred and ninety-nine (299) rooms and one dollar (\$1.00) per occupied hotel room per night for hotels containing three hundred (300) or more rooms.

Every hotel operator subject to this tax shall make reports on the previous month's business on or before the twentieth day of the following month to the City of New Orleans.

The imposition and collection of the Hotel Occupancy Privilege Tax shall be repealed and discontinued upon the occurrence of any of the following:

- The disposition or liquidation of NOTCF; or
- The specific decertification of NOTCF as a nonprofit economic development corporation by the New Orleans City Council.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

For the year ended December 31, 2022, NOTCF earned \$4,981,292 (net of collection fees) from the Hotel Occupancy Privilege Tax.

Casino City Lease Agreement - According to the lease agreement among the City of New Orleans (the City), the Rivergate Development Corporation and the Jazz Casino Company (the Casino), the Casino is required to make an annual contribution of \$1,000,000 to the destination marketing program of the City for the joint benefit of the City and the Casino in order to promote the City and the Casino as destinations. The City has utilized NOTCF to conduct the destination marketing program on behalf of the City.

Note 5 - Related Party Transactions:

There were no related party transactions at December 31, 2022.

Note 6 - Long-Term Debt:

A summary of the changes in long-term debt is as follows:

<u>Description</u>	<u>January 1,</u> <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31,</u> <u>2022</u>
Compensated absences	\$ <u>13,798</u>	\$ <u>10,903</u>	\$ <u>-0-</u>	\$ <u>24,701</u>

Note 7 - Risk Management:

NOTCF is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets for which NOTCF carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Note 8 - Board of Directors Compensation:

The Board of Directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 2022.

Note 9 - Contingency:

As provided by an agreement for services and a cooperative endeavor agreement between Regional Transit Authority (RTA) and NOTMC (NOTCF's predecessor), RTA would remit to NOTMC a portion of the general sales and use tax applied to hotels in Orleans Parish. According to the CEA, NOTMC would remit 50% of those receipts to the Convention Center.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

By a letter dated February 12, 2019, the Regional Transit Authority (the "RTA") advised NOTCF that the RTA (1) believed the Agreement for Services and Cooperative Economic Endeavor by and between the Regional Transit Authority and the NOTMC was unconstitutional, (2) would cease any further payments to the Company pursuant to the Agreement and (3) requested a refund of prior payments. Shortly after NOTMC received the letter from the RTA, third and fourth quarter 2018 payments were issued to NOTMC by RTA. The amounts remitted reflected only the portion due to NOTMC.

In a letter dated August 9, 2019, the Convention Center requested payment from NOTCF of one-half of the RTA Hotel Tax payment received by NOTMC from the RTA with respect to the third and fourth quarter of 2018.

In April 2022, NOTCF advised the Convention Center and RTA, in writing, that NOTCF will continue to hold the RTA Payment in its operating account and will not spend the RTA Payment until the Convention Center and the RTA deliver joint written instructions to the NOTCF as to the disposition of the RTA Payment. NOTCF has assigned a portion of its fund balance as of December 31, 2022 to this matter totaling \$931,684 (see NOTE 10).

Note 10 - Assigned Fund Balance:

At December 31, 2022, assigned fund balance consisted of the following:

Administrative costs	\$ 320,000
Reserve for RTA/Convention Center matter (See NOTE 9)	931,684
Emergency cultural economy support	<u>500,000</u>
Total	<u>\$1,751,684</u>

Note 11 - Subsequent Events:

NOTCF is required to evaluate events or transactions that may occur after the statement of net position date for potential recognition or disclosure in the financial statements. NOTCF performed such an evaluation through June 1, 2023, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of net position date requiring disclosure.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Occupancy privilege tax (net of collection fees)	\$ 3,000,000	\$ 4,000,000	\$ 4,981,292	\$ 981,292
Casino City lease	-	1,000,000	1,000,000	-
NOTCF event	-	-	25,000	25,000
Investment earnings	<u>29,000</u>	<u>10,000</u>	<u>13,418</u>	<u>3,418</u>
Total revenues	<u>3,029,000</u>	<u>5,010,000</u>	<u>6,019,710</u>	<u>1,009,710</u>
EXPENDITURES				
New Orleans Film and Video Commission support	100,000	100,000	100,000	-
New Orleans Music and Entertainment				
Commission support	100,000	100,000	100,000	-
Mayor's Office of Tourism	100,000	100,000	100,000	-
Major event support	591,453	591,453	682,339	(90,886)
Cultural economy support	2,948,727	5,477,726	4,880,548	597,178
Marketing expenditures	-	500,000	387,399	112,601
Administrative	<u>330,561</u>	<u>363,862</u>	<u>332,335</u>	<u>31,527</u>
Total expenditures	<u>4,170,741</u>	<u>7,233,041</u>	<u>6,582,621</u>	<u>650,420</u>
Net change in fund balance	(1,141,741)	(2,223,041)	(562,911)	1,660,130
Fund balance, beginning of year	<u>8,506,563</u>	<u>8,506,563</u>	<u>8,506,563</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,364,822</u>	<u>\$ 6,283,522</u>	<u>\$ 7,943,652</u>	<u>\$ 1,660,130</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS TOURISM AND CULTURAL FUND
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO THE PRESIDENT & CHIEF EXECUTIVE OFFICER
For the Year Ended December 31, 2022

President & Chief Executive Officer Name: Ms. Lisa Alexis

<u>Purpose</u>	<u>Amount</u>
Salary	\$-0-
Board approved incentive bonus	-0-
Benefits – insurance	-0-
Benefits – retirement	-0-
Benefits – worker’s comp	-0-
Benefits – life insurance	-0-
Benefits – Medicare	-0-
Benefits – Social Security	-0-
Benefits – unemployment comp	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

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

To the Board of Directors of the
New Orleans Tourism and Cultural Fund
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of New Orleans Tourism and Cultural Fund (NOTCF), a component unit of the City of New Orleans, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise NOTCF's basic financial statements, and have issued our report thereon dated June 1, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NOTCF'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NOTCF's internal control. Accordingly, we do not express an opinion on the effectiveness of NOTCF'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NOTCF'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*.

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.

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

Bruno & Tervalon, LLP

BRUNO & TERVALON LLP

New Orleans, Louisiana

June 1, 2023

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
SCHEDULE OF FINDINGS
For the Year Ended December 31, 2022

Section I – SUMMARY AUDITORS’ RESULTS

- A. Type of report issued on the financial statements: **Unmodified.**
- B. Did the audit disclose any material weaknesses in internal control over financial reporting? **No.**
- C. Did the audit disclose any significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses? **None Reported.**
- D. Did the audit disclose any non-compliance which is material to the financial statements? **No.**
- E. Did the audit disclose any material weaknesses in internal control over major federal programs? **Not Applicable.**
- F. Did the audit disclose any significant deficiencies in internal control over major programs that are not considered to be material weaknesses? **Not Applicable.**
- G. Type of report issued on compliance for major programs: **Not Applicable.**
- H. Did the audit disclose any audit findings required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? **Not Applicable.**
- I. Was a management letter issued? **No.**
- J. Identification of Major Programs: **Not Applicable.**
- K. Dollar threshold used to distinguish between Type A and Type B programs: **Not Applicable.**
- L. Auditee qualified as a “low-risk” auditee: **Not Applicable.**

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
SCHEDULE OF FINDINGS, CONTINUED
For the Year Ended December 31, 2022

Section II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

No matters were reported.

Section III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Not applicable.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2022

Section I - Internal Control and Compliance Material to the Financial Statements

No matters were reported.

Section II - Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III - Management Letter

No comments were reported.

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

To the Board of Directors of **New Orleans Tourism and Cultural Fund**
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2022. **New Orleans Tourism and Cultural Fund's (NOTCF)** management is responsible for those C/C areas identified in the SAUPs.

NOTCF has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the year ended December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether 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.
No exceptions were noted.
 - 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.
No exceptions were noted.
 - c) ***Disbursements***, including processing, reviewing, and approving.
No exceptions were noted.
 - 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).
No exceptions were noted.
 - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
No exceptions were noted.
 - 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.
No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

- 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).

No exceptions were noted.

- h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions were noted.

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions were noted.

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

No exceptions were noted.

- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions were noted.

- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions were noted.

b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions were noted.

c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions were noted.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions were noted.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were noted.

Collections (excluding electronic funds transfers)

4. 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).

5. 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 responsible for cash collections do not share cash drawers/registers.

No exceptions were noted.

- 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.

No exceptions were noted.

- 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.

No exceptions were noted.

- 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/official verifies the reconciliation.

No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions were noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 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 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

No exceptions were noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were noted.

- d) Observe 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 and the cash is stored securely in a locked safe or drawer).

No exceptions were noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were noted.

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

8. 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).

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

9. For each location selected under #8 above, 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.

No exceptions were noted.

b) At least two employees are involved in processing and approving payments to vendors.

No exceptions were noted.

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.

No exceptions were noted.

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.

No exceptions were noted.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

10. For each location selected under #8 above, 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 whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions were noted.

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

No exceptions were noted.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions were noted.

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

No exceptions were noted.

13. Using the monthly statements or combined statements selected under #11 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were noted.

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Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. 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, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions were noted.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions were noted.

- c) Observe 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).

No exceptions were noted.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions were noted.

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- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

No exceptions were noted.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

No exceptions were noted.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were noted.

Payroll and Personnel

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

No exceptions were noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #15 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions were noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions were noted.

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- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions were noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions were noted.

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

No exceptions were noted.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #15 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions were noted.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were noted.

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Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

No exceptions were noted.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions were noted.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No exceptions were noted.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

No exceptions were noted.

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- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

No exceptions were noted.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

No exceptions were noted.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #15 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions were noted.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions were noted.

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28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

No exceptions were noted for procedures 28 a) to e).

We were engaged by **NOTCF** to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of **NOTCF** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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This report is intended 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.

Bruno & Tervalon, LLP

BRUNO & TERVALON LLP

New Orleans, Louisiana

May 30, 2023