

**ANNUAL FINANCIAL REPORT**  
**NEW ORLEANS MUNICIPAL YACHT**  
**HARBOR MANAGEMENT CORPORATION**  
**(A Proprietary Component Unit of the City of New Orleans)**  
**NEW ORLEANS, LOUISIANA**  
**AS OF AND FOR THE YEARS ENDED**  
**DECEMBER 31, 2019 AND 2018**



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
New Orleans Municipal Yacht Harbor Management Corporation  
(A Proprietary Component Unit of the City of New Orleans)  
New Orleans, Louisiana

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

We have audited the accompanying financial statements of the New Orleans Municipal Yacht Harbor Management Corporation (NOMYHMC), a proprietary component unit of the City of New Orleans, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the NOMYHMC'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 of 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.

New Orleans Municipal Yacht Harbor Management Corporation  
June 4, 2020

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Orleans Municipal Yacht Harbor Management Corporation as of December 31, 2019 and 2018, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note 12 to the financial statements, the 2018 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 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 an opinion on the financial statements that collectively comprise the New Orleans Municipal Yacht Harbor Management Corporation 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 2016 Louisiana Legislative Session and is not a required part of the basic financial statements.

New Orleans Municipal Yacht Harbor Management Corporation  
June 4, 2020

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 4, 2020, on our consideration of the New Orleans Municipal Yacht Harbor Management Corporation'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

New Orleans, Louisiana  
June 4, 2020

  
Certified Public Accountants

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

As the financial manager of the New Orleans Municipal Yacht Harbor Management Corporation (NOMYHMC), we offer the readers of the attached financial statements this narrative overview and analysis of the financial activities of NOMYHMC for the years ended December 31, 2019 and 2018. This discussion and analysis are designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in NOMYHMC's financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

**FINANCIAL HIGHLIGHTS**

NOMYHMC's total net position at December 31, 2019 increased by \$235,587 or 9% from the net position as measured on December 31, 2018. The factors contributing to this increase include additions to capital as a result of NOMYHMC becoming aware that interest expense associated with the February 8, 1982, NOMYHMC issued the United States Department of Commerce, National Oceanic and Atmospheric Administration ("NOAA"), Revenue Bonds, 1981 Series was not payable to NOAA as a result of the terms of the Forbearance Agreement. In previous years, NOMYHMC had been recording interest at a rate of 6% per annum. Accordingly, the 2019 financial statements reflect only the amount owed to NOAA of \$505,134 in principal and \$46,218 in interest owed as of the date the forbearance was granted. On February 1, 2019, NOMYHMC was granted possession of a Boathouse due to non-payment of rent. The Boathouse is included in the Capital assets of NOMYHMC at the insured cost of the boathouse, which approximates fair value. The accounts receivable associated with the boathouse had been written-off in previous years, thus the \$100,000 has been included as Gain on repossession of Boathouse on the 2019 Statement of Revenues and Expenses, and Changes in Net Position. Operating income for 2019 was \$128,129, an increase of 14% from December 31, 2018. The increase was mainly due to lease extensions and the 3% fee NOMYHMC receives on sales of boathouses by the respective renters, which is recorded in Other rental income on the statement of Revenue Expenditures, and Changes in Net Position.

Operating expenditures increased by approximately \$50,000 or 8%. The major contributors to the increase in expenses were due to consulting fees and increase in overtime incurred by employees as the Infrastructure leasehold improvement were made to NOMYHMC throughout 2019.

On September 10, 2019, as a result of information received from the City's Capital Projects Administration that there were approximately \$500,000 in additional NON-FEMA eligible expenses the Board of Directors of NOMYHMC adopted a resolution to fund \$500,000 in additional NON-FEMA eligible expense. As of the date of this report, NOMYHMC is awaiting final approval from the City to amend the CEA agreement.

Also, on March 10, 2020, as a result of assessing the potential need for an additional \$500,000 of NON-FEMA reimbursable expenses, the Board of Directors of NOMYHMC adopted an additional resolution to fund another \$500,000 for NON-FEMA eligible expenses. As of the date of this report, NOMYHMC is awaiting final approval from the City to amend the CEA agreement.

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

NOMYHMC's financial statements are comprised of the basic financial statements and the notes to the financial statements. Since NOMYHMC consists of a single enterprise fund, no fund level financial statements are shown.

**BASIC FINANCIAL STATEMENTS**

The basic financial statements are designed to provide readers with a broad overview of NOMYHMC's finances in a manner similar to a private-sector business.

The statements of net position present information on all NOMYHMC's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of NOMYHMC is improving or deteriorating. Net position increase when revenues exceed expenditures. Increases to assets without a corresponding increase to liabilities results in increased net position which indicates an improved financial position.

The statements of revenues, expenditures and changes in net position present information showing how NOMYHMC's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The cash flows statements show how NOMYHMC's changes in net position affect cash and cash equivalents, and breaks the analysis down to operating, investing, and financing activities. The statements capture both the current operating results and the accompanying changes in net position. The cash flows statements include only inflows and outflows of cash and cash equivalents.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**BUDGETARY HIGHLIGHTS**

NOMYHMC adopts an annual operating budget and an annual capital budget. The operating budget includes proposed expenditures and the means of financing them. NOMYHMC's operating budget remains in effect for the entire year.

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

**FINANCIAL HIGHLIGHTS**

NOMYHMC's assets exceeded liabilities by \$3,134,026 and \$2,898,439 as of December 31, 2019 and 2018, respectively; this represents an increase of \$232,587 in 2019. The unrestricted net position were \$1,866,154 and \$2,300,626 the years ended December 31, 2019 and 2018, respectively.

Total assets increased by \$186,967 from 2018 to 2019. The net increase is mostly made up of increases in Infrastructure leasehold improvements of \$716,520 and a reduction in Cash of \$415,660.

Total liabilities decreased by \$48,620 in 2019, which is mostly attributable to the timing in of payroll costs.

The largest part of NOMYHMC's net position are held in cash and cash equivalents as the assets operated by NOMYHMC are owned by the City of New Orleans and leased to NOMYHMC.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital assets, net of depreciation were \$716,520 and \$46,461 as of December 31, 2019 and 2018, respectively. Capital assets include furniture, fixtures, Infrastructure leasehold improvements, and the repossessed Boathouse. The renovations to the NOMYHMC as a result of the damage made by hurricanes Katrina and Isaac continue.

On September 10, 2019, as a result of information received from the City's Capital Projects Administration that there were approximately \$500,000 in additional NON-FEMA eligible expenses the Board of Directors of NOMYHMC adopted a resolution to fund \$500,000 an additional NON-FEMA eligible expense. As of the date of this report, NOMYHMC is awaiting final approval from the City to amend the CEA agreement.

Also, on March 10, 2020, as a result of assessing the potential need for an additional \$500,000 of NON-FEMA reimbursable expenses, the Board of Directors of NOMYHMC adopted an additional resolution to fund another \$500,000 for NON-FEMA eligible expenses. As of the date of this report, NOMYHMC is awaiting final approval from the City to amend the CEA agreement.

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

Debt consists of a revenue bond in the amount of \$551,352 including accrued interest, as of December 31, 2019. This bond was issued in 1982 for major harbor repairs and is held by the National Oceanic and Atmospheric Administration (NOAA). This bond is in deferment as conditions caused by Hurricane Katrina made such deferment available and a request may be filed with NOAA to forgive this debt in accordance with the terms of the bond.



**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
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MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

NOMYHMC expects to continue generating the majority of its revenues through rental of slips and boathouses in 2020. Additionally, NOMYHMC expects in collaboration with the City of New Orleans to continue to make substantial improvements to the harbor and the existing docks in 2020 which will enable the NOMYHMC to bring in significantly greater revenues. The east side of the Marina is operating at approximately 98% of normal capacity. Management and the Board of Director’s expect that once the West side is fully functional, which is projected to occur in the fourth quarter of 2020, occupancy will increase to levels close to full capacity. In addition, management and the Board of Directors plan to pay-off the NOAA bonds in 2020.

The impact on NOMYHC due to the outbreak of a novel strain of coronavirus (COVID-19), which originated in Wuhan, China and has since spread to other countries, including the U.S., cannot be fully ascertained at the present time. The potential impact may include a decline in rental income.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of NOMYHMC’s finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the New Orleans Municipal Yacht Harbor Management Corporation’s Executive Director at 401 North Roadway, New Orleans, Louisiana 70124.

**NEW ORLEANS MUNICIPAL YACHT HARBOR MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)**

**STATEMENTS OF NET POSITION  
AS OF DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	2018 (Restated Note 12)
<b><u>CURRENT ASSETS:</u></b>		
Cash and cash equivalents	\$ 3,075,131	\$ 3,490,791
Accounts receivable, net of allowance	3,413	25
Prepaid expenses	46,193	83,759
Third-party reimbursements receivable	<u>-</u>	<u>35,254</u>
Total current assets	<u>3,124,737</u>	<u>3,609,829</u>
<b><u>NONCURRENT ASSETS:</u></b>		
Capital assets, net of accumulated depreciation	716,520	46,461
Security deposits	<u>2,850</u>	<u>850</u>
Total noncurrent assets	<u>719,370</u>	<u>47,311</u>
Total assets	<u>3,844,107</u>	<u>3,657,140</u>
<b><u>CURRENT LIABILITIES:</u></b>		
Accounts payable	8,841	58,103
Accrued expenses	2,153	4,826
Accrued payroll liabilities	130,235	99,421
Unearned revenue	2,500	24,999
Rental deposits	15,000	20,000
Current revenue bonds payable and accrued interest, 2018 as restated	<u>551,352</u>	<u>551,352</u>
Total current liabilities	<u>710,081</u>	<u>758,701</u>
<b><u>NET POSITION:</u></b>		
Restricted for revenue bond debt service, 2018 as restated	551,352	551,352
Net investment in capital assets	716,520	46,461
Unrestricted, 2018 as restated	<u>1,866,154</u>	<u>2,300,626</u>
Total net position	<u>\$ 3,134,026</u>	<u>\$ 2,898,439</u>

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

**NEW ORLEANS MUNICIPAL YACHT HARBOR MANAGEMENT CORPORATION**  
**(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)**  
**STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN NET POSITION**  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u> (Restated Note 12)
<b><u>OPERATING REVENUES:</u></b>		
Rental income - boat houses	\$ 503,759	\$ 501,345
Rental income - slips	97,906	107,164
Other rental income	146,876	87,226
Grant revenue	55,225	34,710
Miscellaneous income	<u>2,758</u>	<u>6,796</u>
 Total operating revenues	 <u>806,524</u>	 <u>737,241</u>
<b><u>OPERATING EXPENSES:</u></b>		
General and administrative	620,425	569,395
Professional services	57,791	55,462
Supplies and materials	179	40
Depreciation	<u>-</u>	<u>2,714</u>
 Total operating expenses	 <u>678,395</u>	 <u>627,611</u>
 Operating income	 128,129	 109,630
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>		
Interest income	7,458	-
Interest expense, 2018 as restated	-	-
Gain of repossession of boathouse	<u>100,000</u>	<u>-</u>
 Total non-operating revenues (expenses)	 <u>107,458</u>	 <u>-</u>
 Change in net position, 2018 as restated	 235,587	 109,630
Net position - beginning, 2018 as restated	<u>2,898,439</u>	<u>2,788,809</u>
Net position - ending, 2018 as restated	<u>\$ 3,134,026</u>	<u>\$ 2,898,439</u>

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

**NEW ORLEANS MUNICIPAL YACHT HARBOR MANAGEMENT CORPORATION**  
**(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)**  
**STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u> (Restated Note 12)
Cash flows from (used by) operating activities:		
Cash received from tenants	\$ 775,637	\$ 739,625
Cash paid to employees for services	(273,702)	(314,797)
Cash paid to suppliers for goods and services	<u>(354,994)</u>	<u>(314,464)</u>
Net cash from operating activities	<u>146,941</u>	<u>110,364</u>
Cash flows from (used by) capital and related financial activities:		
Payments for capital acquisitions	<u>(570,059)</u>	<u>(42,441)</u>
Net cash (used by) capital and related financial activities	<u>(570,059)</u>	<u>(42,441)</u>
Cash flows from investing activities:		
Cash received for interest	<u>7,458</u>	<u>-</u>
Net cash from investing activities	<u>7,458</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(415,660)	67,923
Cash and cash equivalents at beginning of year	<u>3,490,791</u>	<u>3,422,868</u>
Cash and cash equivalents at end of year	<u>\$ 3,075,131</u>	<u>\$ 3,490,791</u>
Reconciliation of change in operating income to net cash flows from operating activities:		
Change in operating income	\$ 128,129	\$ 109,630
Adjustments to reconcile change in operating income to net cash from (used by) by operating activities:		
Depreciation	-	2,714
(Increase) decrease in operating assets:		
Accounts receivable	(3,388)	4,607
Other receivables	35,254	(24,994)
Prepaid expenses	37,566	(97)
Security deposits	(2,000)	-
Increase (decrease) in operating liabilities:		
Accounts payable	(49,262)	50,949
Accrued expenses	(2,673)	(5,445)
Accrued payroll liabilities	30,814	(24,777)
Unearned revenue	(22,499)	(2,223)
Rental deposits	<u>(5,000)</u>	<u>-</u>
Net cash from operating activities	<u>\$ 146,941</u>	<u>\$ 110,364</u>
Non-cash investing and financing activities:		
1) Correction of accrued interest - see footnote 12	\$ 302,043	
2) Repossession of boathouse - see footnote 3	100,000	
3) Disposal of fully depreciated safety equipment - see footnote 3	<u>17,084</u>	
	<u>\$ 419,127</u>	

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

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

The New Orleans Municipal Yacht Harbor Management Corporation (NOMYHMC) was formed in 1972 by the City of New Orleans to operate the Municipal Yacht Harbor in the manner comparable to that of a private business enterprise; to provide a safe and secure environment for recreational boating; to ensure that the cost associated with providing services to the general public are financed or recovered through user fees and charges; and to place an emphasis on generating a sufficient amount of net operating revenues to be used for maintenance and capital improvement projects. The City has financial accountability because it appoints a voting majority of the Board and can impose its will on the organization. NOMYHMC is a non-profit corporation owned by the Mayor of the City of New Orleans and administered by a Board of Directors consisting of 11 members, 9 of which are appointed by the Mayor, subject to City Council approval, and are voting members. The other two members are from the City Council and are non-voting members.

**Reporting Entity**

As governing authority of Orleans Parish, for reporting purposes, the City of New Orleans (City) is the financial reporting entity. The financial reporting entity consists of the primary government (the City of New Orleans), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, established criteria for determining which component units should be considered part of the City of New Orleans for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. These criteria includes:

- (1) Appointing a voting majority of an organization's governing body, and
  - (a) the ability of the primary government to impose its will on that organization and/or;
  - (b) the potential to provide specific financial benefits to or impose specific financial burdens on that organization.
- (2) Organizations for which the reporting entity does not appoint a voting majority but are fiscally dependent on the reporting entity.
- (3) Organizations for which the reporting entity's financial statements would be misleading if data of the organization was not included.

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

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

**Reporting Entity (Continued)**

Based on the above criteria, NOMYHMC is considered to be a component unit of the City of New Orleans, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by NOMYHMC 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.

**Basis of Presentation**

NOMYHMC follows the provisions of Governmental Accounting Standards Board Statement No. 34, “Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments.” Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of revenues, expenditures and changes in net position, and a statement of cash flows. It requires the classification of net position into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net of related debt* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted net position* – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – This component of net position consists of net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

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

**Basis of Accounting**

The term basis of accounting is used to determine when a transaction or event is recognized on NOMYHMC's statement of revenues, expenses, and changes in net position. NOMYHMC used the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

**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.

**Cash**

NOMYHMC 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. NOMYHMC 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.

**Restricted Assets**

NOMYHMC, because of certain bond covenants, is required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt.

**Accounts Receivable**

It is the practice of management to provide an allowance for any account in which management's opinion may not be collected based upon a review of the current status of existing receivables. Accounts receivable are shown net of an allowance for uncollectible accounts of \$1,337 and \$52,952 for the years ended December 31, 2019 and 2018, respectively.

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

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

**Capital Assets**

Capital assets are carried at cost, if purchased or at fair market value at the date of the gift, if donated. Depreciation of capital assets is provided over the estimated useful lives of the assets using the straight-line method. Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When capital assets are retired, sold, or otherwise disposed of, the assets carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The estimated useful lives of depreciable assets are:

	<u>Useful Lives</u>
Leasehold improvements	2 years
Vehicle	5 years
Safety equipment	7 years
Furniture and fixtures	7 years
Infrastructure leasehold improvements	20-40 years

**Annual and Sick Leave**

Employees may accrue a maximum of 45 days of annual leave and an unlimited number of days of sick leave. Upon termination of employment, an employee is paid for accrued annual leave based upon his or her current hourly rate of pay and for accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting accrued leave to additional days of service. Accrued leave as of December 31, 2019 and 2018 was \$103,688 and \$87,768, respectively.

**Income Taxes**

NOMYHMC is owned by the Mayor of the City of New Orleans, and as such, no federal or state income taxes are assessed.



**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**(2) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are included in the Statements of Net position as of December 31, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Non-interest-bearing demand deposits	<u>\$3,075,131</u>	<u>\$3,490,791</u>

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 values of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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.

As of December 31, 2019 and 2018, NOMYHMC had \$3,075,131 and \$3,490,791, respectively, in deposits (collected bank balances). December 31, 2019 and 2018 bank balance, \$3,164,929 and \$3,240,790, respectively, were covered by collateral held by the pledging banks' trust department or agent in NOMYHMC's name and \$250,000 was covered under federal depository insurance, in each year.

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

**(3) CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Balance at January 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2019</u>
Vehicles	\$ 18,169	\$ -	\$ -	\$ 18,169
Safety equipment	17,084	-	(17,084)	-
Leasehold improvements	6,720	2,399	-	9,119
Office furniture & fixtures	20,729	-	-	20,729
Infrastructure leasehold				
Improvements-not in service	46,461	567,660	-	614,121
Boathouse repossessed	-	100,000	-	100,000
Accumulated depreciation	<u>(62,702)</u>	<u>-</u>	<u>17,084</u>	<u>(45,618)</u>
 Total capital assets, net	 <u>\$ 46,461</u>	 <u>\$ 670,059</u>	 <u>\$ -</u>	 <u>\$ 716,520</u>

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**(3) CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance at January 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance at December 31, <u>2018</u>
Vehicles	\$ 18,169	\$ -	\$ -	\$ 18,169
Safety equipment	17,084	-	-	17,084
Leasehold improvements	6,720	-	-	6,720
Office furniture & fixtures	20,729	-	-	20,729
Infrastructure leasehold				
Improvements-not in service	4,020	42,441	-	46,461
Accumulated depreciation	<u>(59,988)</u>	<u>(2,714)</u>	<u>-</u>	<u>(62,702)</u>
Total capital assets, net	<u>\$ 6,734</u>	<u>\$ 39,727</u>	<u>\$ -</u>	<u>\$ 46,461</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$- and \$2,714, respectively. On February 1, 2019, NOMYHMC was granted possession of a Boathouse due to non-payment of rent. The Boathouse is included in the Capital assets of NOMYHMC at the insured cost of the boathouse, which approximates fair value.

**(4) RISK MANAGEMENT**

NOMYHMC is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets for which NOMYHMC 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. Management believes NOMYHMC has adequate insurance coverage.

**(5) PENSION PLAN**

The City of New Orleans annually charges NOMYHMC for pension costs incurred by its retirement system. Pension costs for the year ended December 31, 2019 and 2018 were \$45,137 and \$43,731, respectively. Employees of NOMYHMC are allowed to participate in the City of New Orleans Employees' Retirement System (the System) and NOMYHMC is allocated a percentage of the costs annually by the City.

The System does not make separate measurements of assets and pension liabilities for individual entities such as NOMYHMC and the actuarial/financial information as of December 31, 2019 and 2018 for the System was not available at the date of the report issuance. The City of New Orleans and NOMYHMC do not guarantee the benefits granted by the retirement system. Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's comprehensive annual financial report.

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**(5) PENSION PLAN (CONTINUED)**

The report may be obtained via contact with City of New Orleans Employee's Retirement System, 1300 Perdido Street, Room IE12, New Orleans, LA 70112. Telephone: (504) 658-1850; Fax: (504) 658-1602.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27. GASB 68 requires governments providing defined benefit plans to report the net pension liability in their statement of net position. This net pension liability is the difference between the present value of the pension liability and the fair value of pension assets, set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Due to the lack of separate measurements as described above, beginning January 1, 2016, GASB 68 has no effect on NOMYHMC's financial statements.

**(6) OTHER POST-EMPLOYMENT BENEFITS**

Other post-employment benefits are incurred and paid by the City of New Orleans; therefore, NOMYHMC does not accrue a liability related to those benefits.

**(7) MINIMUM FUTURE RENTALS**

NOMYHMC has entered into rental agreements which require the tenants to pay the Corporation monthly rental payments. These operating leases expire in various years through the year 2077. The rental income on the boathouse leases will increase periodically based on the Consumer Price Index, which is unknown at this time, and therefore not included in the minimum future rental income.

Minimum future rental to be received under the various operating leases as of December 31, 2019 for each of the next five years:

2020	\$ 562,000
2021	562,000
2022	563,100
2023	563,100
2024	<u>563,100</u>
	<u>\$ 2,813,300</u>

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**(8) REVENUE BOND PAYABLE**

On February 8, 1982, NOMYHMC issued the United States Department of Commerce, National Oceanic and Atmospheric Administration (“NOAA”), Revenue Bonds, 1981 Series, of NOMYHMC in the amount of \$3,580,134, bearing interest at a rate of 6% per annum and maturing over a period of thirty (30) years. The bond was issued to construct and acquire extensions, renovations and improvements to the New Orleans Municipal Yacht Harbor, in the City of New Orleans, all to the benefit of the citizens of the City. Principal and interest on the bonds are payable semi-annually on January 25 and July 25.

NOMYHMC defaulted on the bonds in 2009 and was granted forbearance on the remaining principal and interest payments in early 2010. NOMYHMC is currently waiting on the final resolution of the Federal Emergency Management Agency (“FEMA”) claim to apply to NOAA for repayment assistance of the debt. At December 31, 2019 and 2018, NOMYHMC was not in compliance with requirements of the revenue bond covenants.

As a result of the Debt Forbearance Agreement, interest accrued and expensed on these revenue bonds was \$0 and \$45,600 for the years ended December 31, 2019 and 2018, respectively.

As of December 31, 2019, NOMYHMC has recorded the principal and interest due to NOAA in temporarily restricted assets.

**(9) OPERATING LEASE**

NOMYHMC leases certain immovable property on the shores of Lake Pontchartrain in the Seventh District of the City of New Orleans, together with all of the buildings, improvements and component parts thereof and all rights, ways, privileges, servitudes, prescriptive rights and advantages. The lease expires in 2105. Minimum future rental payments under this lease as of December 31, 2019 are \$1 per year for the next 88 years. During 2019, NOMYHMC made Infrastructure leasehold improvement payments to the City of New Orleans in the amount of \$512,435, which are reflected in Capital assets as disclosed in footnote 3.

**(10) RELATED PARTY PAYABLES**

NOMYHMC owes the City of New Orleans \$26,547 and \$11,653 as of December 31, 2019 and 2018, respectively for payroll liabilities. The balances are included in accrued payroll liabilities on the statements of net position. NOMYHMC also reimburses the City of New Orleans for their portion of the defined benefit pension plan, which totaled \$45,137 and \$43,731 for the years ended December 31, 2019 and 2018, respectively.

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**(11) COMMITMENTS AND CONTINGENCIES**

NOMYHMC is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of NOMYHMC.

On August 16, 2013, NOMYHMC entered into a Cooperative Endeavor Agreement (“CEA”) with the City of New Orleans to reimburse the City 25% for any non-FEMA funded repair costs to the public facilities and infrastructure damage caused by Hurricane Isaac. Management estimates the reimbursement will exceed \$300,000. On May 24, 2019, NOMYHMC made a reimbursement payment to the City in the amount of \$317,407 to cover its portion of these costs.

During 2015, NOMYHMC entered into a CEA with the Department of Wildlife and Fisheries (“DWF”) to receive grant money through the Federal Aid in Sport Fish Restoration Act to be used to renovate the boat launch at West End. Total project cost is estimated to be approximately \$170,400, of which the State will reimburse NOMYHMC up to 75% of the allowable costs or a maximum of approximately \$127,800. NOMYHMC is required to provide a 25% match. As of December 31, 2019, NOMYHMC is eligible for an additional \$18,767 for qualified expenditures under this grant.

On November 7, 2018, NOMYHMC and the City of New Orleans (the City) entered into a Cooperative Endeavor Agreement (CEA), whereby NOMYHMC agreed to reimburse the City for the insurance cost-share for NOMYHMC properly damaged by Hurricane Katrina in the amount of \$180,000. During 2019, NOMYHMC made a payment to the City to cover these costs, which consisted of \$148,148 in cash and used a professional fees prepayment of \$31,852 made to the City in 2011 as a credit to settle this obligation.

On September 10, 2019, as a result of information received from the City’s Capital Projects Administration that there were approximately \$500,000 in additional NON-FEMA eligible expenses the Board of Directors of NOMYHMC adopted a resolution to fund \$500,000 of additional NON-FEMA eligible expense. As of the date of this report, NOMYHMC is awaiting final approval from the City to amend the CEA agreement.

On March 10, 2020, as a result of assessing the potential need for an additional \$500,000 of NON-FEMA reimbursable expenses, the Board of Directors of NOMYHMC adopted an additional resolution to fund another \$500,000 for NON-FEMA eligible expenses. As of the date of this report, NOMYHMC is awaiting final approval from the City to amend the CEA agreement.

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**(12) RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS**

In September 2019, NOMYHMC was notified that interest expense associated with the bonds discussed in footnote 8 was not payable to NOAA, as a result of the terms of a Forbearance Agreement. In previous years, NOMYHMC had been recording interest at a rate of 6% per annum out of an abundance of caution and due to the lack of guidance from NOAA. Accordingly, the restated 2018 financial statements reflect only the amount owed to NOAA of \$505,134 in principal and \$46,218 in accrued interest owed as of the date the forbearance was granted. The restatements consisted of a reduction to current revenue bonds payable and accrued interest in the combined amount of \$302,000. Also, the restriction for bonds payable was adjusted by \$83,568 to align the restriction to the amount owed to NOAA. Unrestricted net assets were increased by these balances and interest expense of \$48,300 recorded on the 2018 financial statements was adjusted to a zero balance.

**(13) SUBSEQUENT EVENTS**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. The impact on NOMYHC cannot be fully ascertained at the present time. The potential impact may include a decline in rental income.

Management has evaluated subsequent events through June 4, 2020, the date which the financial statements were available to be issued.

**NEW ORLEANS MUNICIPAL YACHT HARBOR MANAGEMENT CORPORATION**  
**(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)**  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2019

Agency Head Name: Taylor J. Casey, Executive Director

Salary	\$ 102,546
Benefits - Insurance	9,000
Benefits - Retirement	<u>23,844</u>
Total	<u>\$ 135,390</u>

**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  
New Orleans Municipal Yacht Harbor Management Corporation  
(A Proprietary Component Unit of the City of New Orleans)  
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 New Orleans Municipal Yacht Harbor Management Corporation (the Corporation) (a proprietary component unit of the City of New Orleans), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated .

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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.



New Orleans Municipal Yacht Harbor Management Corporation  
June 4, 2020

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation’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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 4, 2020  
New Orleans, Louisiana



Certified Public Accountants

**NEW ORLEANS MUNICIPAL YACHT HARBOR MANAGEMENT CORPORATION**  
**(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

**A. SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the New Orleans Municipal Yacht Harbor Management Corporation.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the NOMYHC 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, 2019.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings for the year ended December 31, 2019.

**NEW ORLEANS MUNICIPAL YACHT HARBOR MANAGEMENT CORPORATION**  
**(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)**  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings for the year ended December 31, 2018.

**MANAGEMENT LETTER**

There was no management letter issued for the year ended December 31, 2018.

**NEW ORLEANS MUNICIPAL YACHT HARBOR**  
**MANAGEMENT CORPORATION**  
**NEW ORLEANS, LOUISIANA**  
**LOUISIANA LEGISLATIVE AUDITOR**  
**STATEWIDE AGREED-UPON PROCEDURES**  
**FOR THE PERIOD**  
**JANUARY 1, 2019 THROUGH DECEMBER 31, 2019**



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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

To the Board of Directors of  
New Orleans Municipal Yacht Harbor Management Corporation

We have performed the procedures enumerated below, which were agreed to by New Orleans Municipal Yacht Harbor Management Corporation and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. New Orleans Municipal Yacht Harbor Management Corporation'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 control and compliance 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 control and compliance 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 4, 2020  
New Orleans, Louisiana



Certified Public Accountants

NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
AGREED-UPON PROCEDURES  
JANUARY 1, 2019 – DECEMBER 31, 2019

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.

NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2019 – DECEMBER 31, 2019

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

**Results:** The written policies and procedures entirely address the functions of budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, travel and expense reimbursements, ethics, and debt service and disaster recovery/business continuity listed above.

**Travel and Expense Reimbursement**

- 2. **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.
  - 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.

NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2019 – DECEMBER 31, 2019

**Ethics**

3. **Procedures:** Using the 5 randomly selected employees/officials from procedure #16 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.
  - 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 each employee/official completed one hour of ethics training during the fiscal period and included a signature verification that he or she had read the entity's ethics policy during the fiscal period.