

FRENCH QUARTER MANAGEMENT DISTRICT

NEW ORLEANS, LOUISIANA

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED

DECEMBER 31, 2024



ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

CONTENTS

EXHIBIT PAGE

FINANCIAL SECTION

<u>INDEPENDENT AUDITORS' REPORT</u>		1 – 4
--	--	-------

REQUIRED SUPPLEMENTARY INFORMATION (PART I):

Management's Discussion and Analysis (Unaudited)		5 – 8
--	--	-------

BASIC FINANCIAL STATEMENTS:

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

Statement of Net Position	A	9
Statement of Activities.....	B	10

FUND FINANCIAL STATEMENTS (FFS)

Governmental Fund:

Balance Sheet	C	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	12
Statement of Revenues, Expenditures, and Changes in Fund Balance	E	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	F	14

Fiduciary Fund:

Statement of Fiduciary Net Position.....	G	15
Statement of Changes in Fiduciary Net Position	H	16

NOTES TO FINANCIAL STATEMENTS		17 – 26
--	--	---------

REQUIRED SUPPLEMENTARY INFORMATION (PART II):

SCHEDULE

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Governmental Fund.....	1	27
--	---	----

OTHER SUPPLEMENTARY INFORMATION:

Schedule of Compensation, Benefits, and Other Payments to Agency Head	2	28
---	---	----

OTHER REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*:

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		29 – 30
Schedule of Findings and Responses		31
Summary Schedule of Prior Year Findings.....		32



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the French Quarter Management District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the French Quarter Management District, as of December 31, 2024, 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, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



To the Board of Commissioners
French Quarter Management District
June 5, 2025

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

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

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

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



To the Board of Commissioners
French Quarter Management District
June 5, 2025

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Commissioners
French Quarter Management District
June 5, 2025

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the French Quarter Management District's internal control over financial reporting and compliance.

June 5, 2025
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024**

This section of the French Quarter Management District’s (the District) annual financial report presents management’s analysis of the District’s financial performance for the year ended December 31, 2024. This analysis should be read in conjunction with the audited financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s net position increased by \$2,969,305.
- The program revenues of the District were \$3,208,810, appropriation revenues were \$2,125,000, and general revenues were \$52,623.
- The total expenditures/expenses and other financing uses of the District were \$2,417,128.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

The District uses governmental funds and fiduciary funds as follows:

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

The following presents condensed financial information of the District:

SUMMARY OF NET POSITION
AS OF DECEMBER 31, 2024 AND 2023

	<u>ASSETS</u>	December 31, 2024	December 31, 2023
Current assets		\$ 3,733,129	\$ 768,621
	<u>LIABILITIES</u>		
Current liabilities		91,840	96,637
	<u>NET POSITION</u>		
Restricted for Upper Quarter Patrol		258,974	299,126
Unrestricted		3,382,315	372,858
Total net position		\$ 3,641,289	\$ 671,984

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024**

Total assets increased by \$2,964,508 (386%) due to an increase in receipts and receivables from the District's agreements with other governments as further described in Note 3 to the financial statements. Total liabilities decreased by \$4,797 (5%) primarily due to decrease in payables for supplemental police patrols. Net position increased by \$2,969,305 as a result of operations.

**SUMMARY OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
General government revenues	\$ 113,937	\$ 1,484,439
Public safety revenues	3,094,873	-
Appropriation revenues	2,125,000	-
General revenues	52,623	110
General government expenses	(376,109)	(241,655)
Public safety expenses	(1,852,870)	(1,006,316)
Recycling and beautification expenses	<u>(188,149)</u>	<u>-</u>
Changes in net position	2,969,305	236,578
Beginning net position	<u>671,984</u>	<u>435,406</u>
Ending net position	<u>\$ 3,641,289</u>	<u>\$ 671,984</u>

The change in net position was \$2,969,305 which was an increase of \$2,732,727 from the prior year change in net position of \$236,578 primarily due to new program revenues and appropriations received in 2024.

BUDGET ANALYSIS

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

ECONOMIC FACTORS AND A LOOK AT NEXT YEAR

In 2024, the District continued agreements which secured funding for some of its most important programs. The District expects to continue to be funded under these agreements. The District received a \$1.25 million appropriation from the state of Louisiana to pay for public safety and quality of life programming. With the funding, the District hopes to continue its mission of helping residential and business communities to work together to protect, preserve, and maintain the world famous French Quarter as a safe, clean, vibrant, and friendly neighborhood for residents, businesses, and visitors.

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

CONTACTING THE DISTRICT'S MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024

ASSETS:

Cash and cash equivalents	\$ 3,654,476
Contract receivables	31,840
Prepaid expenses	<u>46,813</u>
 Total assets	 <u>3,733,129</u>

LIABILITIES:

Accounts payable	49,763
Accrued liabilities	1,640
Due to custodial fund	<u>40,437</u>
 Total liabilities	 <u>91,840</u>

NET POSITION:

Restricted for Upper Quarter Patrol	258,974
Unrestricted	<u>3,382,315</u>
 Total net position	 <u><u>\$ 3,641,289</u></u>

The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<u>Governmental activities:</u>				
General government	\$ 376,109	\$ -	\$ 113,937	\$ (262,172)
Public safety	1,852,870	129,570	2,965,303	1,242,003
Recycling and beautification	<u>188,149</u>	<u>-</u>	<u>-</u>	<u>(188,149)</u>
Total governmental activities	<u>\$ 2,417,128</u>	<u>\$ 129,570</u>	<u>\$ 3,079,240</u>	<u>791,682</u>
General revenues:				
				2,125,000
				52,003
				<u>620</u>
			Total general revenues	<u>2,177,623</u>
			Change in net position	2,969,305
			Net position - beginning	<u>671,984</u>
			Net position - ending	<u>\$ 3,641,289</u>

The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2024

General Fund

ASSETS

Cash and cash equivalents	\$ 3,654,476
Contract receivables	31,840
Prepaid expenses	<u>46,813</u>
 Total assets	 <u><u>\$ 3,733,129</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts payable	\$ 49,763
Accrued liabilities	1,640
Due to custodial fund	<u>40,437</u>
 Total liabilities	 <u>91,840</u>

FUND BALANCE:

Nonspendable - prepaid expenses	46,813
Restricted for Upper Quarter Patrol	258,974
Unassigned	<u>3,335,502</u>
 Total fund balance	 <u>3,641,289</u>
 Total liabilities and fund balance	 <u><u>\$ 3,733,129</u></u>

The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024

Fund balance - total governmental fund	\$	3,641,289
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Amounts reported for governmental activities in the Statement of Net
Position are different because:

There were no differences.		<u>-</u>
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Net position of governmental activities	\$	<u>3,641,289</u>
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The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

REVENUES:

Contract revenues	\$ 5,204,240
Admin fees	129,570
Donations	620
Interest income	<u>52,003</u>

Total revenues	<u>5,386,433</u>
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EXPENDITURES:

Current for general government:

Salaries and benefits	184,516
Insurance	25,555
Professional services	104,391
Office expenses	39,360
Rental of office space	9,240
Other	<u>13,047</u>

Total current general government expenditures	<u>376,109</u>
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Current for public safety:

Police patrols	1,290,654
Security dispatching and administration	140,713
Gas, supplies, maintenance and repairs	4,814
Public awareness	15,033
Street repairs	<u>401,656</u>

Total current public safety expenditures	<u>1,852,870</u>
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Current for recycling and beautification:

Trash and recycling contracts	173,116
Public awareness	<u>15,033</u>

Total current recycling and beautification	<u>188,149</u>
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Total current expenditures	<u>2,417,128</u>
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Net change in fund balance	2,969,305
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Fund balance - beginning	<u>671,984</u>
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Fund balance - ending	<u><u>\$ 3,641,289</u></u>
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The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Net change in fund balance - total governmental fund	\$	2,969,305
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Amounts reported for governmental activities in the Statement of
Activities are different because:

There were no differences.		-
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Change in net position of governmental activities	\$	2,969,305
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The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2024

ASSETS:

Due from general fund	\$	<u>40,437</u>
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Total assets		<u>40,437</u>
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NET POSITION:

Restricted for other organizations		<u>40,437</u>
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Total net position	\$	<u><u>40,437</u></u>
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The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2024

ADDITIONS:

Donations	\$ 120
Membership fees	30,000
Reimbursements	<u>976</u>
 Total additions	 <u>31,096</u>

DEDUCTIONS:

Repairs and maintenance	1,150
Office supplies	1,863
Website expenses	157
Marketing expenses	<u>3,266</u>
 Total deductions	 <u>6,436</u>

Net change	24,660
 Fiduciary net position, beginning	 <u>15,777</u>
 Fiduciary net position, ending	 <u><u>\$ 40,437</u></u>

The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Basis of Presentation

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

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

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

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

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

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

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

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

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

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

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (FFS)

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

Governmental Fund:

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

General Fund

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

Fiduciary Fund

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

Basis of Accounting

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

Accrual

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

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Modified Accrual

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

Revenues

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

Expenditures

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

Budgetary Accounting

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

Cash and Cash Equivalents

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

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA**
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (continued)

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2024, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Equity Classification

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

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classification (continued)

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

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

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

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

Accounting Estimates

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

Date of Management's Review

Management has evaluated subsequent events through June 5, 2025, the date which the financial statements were available to be issued.

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(2) CASH

At December 31, 2024, the District had cash (book balances) totaling \$3,654,476. The District is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. The District may also invest in U.S. Treasury securities and other evidence of indebtedness issued or guaranteed by federal agencies and time certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent.

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

At December 31, 2024, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	<u>Bank Balances Category</u>			<u>Bank</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Cash	<u>\$ 250,000</u>	<u>\$ 3,404,476</u>	<u>\$ -</u>	<u>\$ 3,654,476</u>

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

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

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

The District was appointed as the administrator for the FQEDD Trust Fund and is responsible for its fiscal and operational oversight. On October 1, 2021, the City of New Orleans and the District entered into a cooperative endeavor agreement which unless canceled by the option of either party operates through June 30, 2026. For its services, the District receives an administrative fee not to exceed 7% of the monthly collections remitted to the FQEDD Trust Fund, up to \$150,000. During the year ended December 31, 2024, the District submitted invoices for reimbursement totaling \$114,267 under the agreement.

In December 2023, the District entered into a memorandum of understanding with New Orleans & Company. Under the memorandum, New Orleans & Company would provide \$150,000 for the year ended December 31, 2024 in two payments of \$75,000. The payments are contingent on the collection of hotel motel taxes pursuant to Louisiana Revised Statute 21:201 through 21:208. The District is obligated to use the funding for the salary and employee benefits of staff, paying taxes and fees, purchasing or renting resources for staff, or paying insurance for staff and the District's office. The District recognized \$150,000 of revenues under this agreement during 2024. The District has since signed a similar agreement which will provide \$150,000 of revenues in the year ended December 31, 2025.

On February 1, 2022, the District entered into a cooperative endeavor agreement with New Orleans & Company to administer the Upper French Quarter Patrol which provides supplemental police patrols to a section of the French Quarter. Under the terms of the agreement, the District is to receive a maximum of \$100,000 per month, and the District retains a 10% administrative fee. The payments are contingent on the collection of hotel motel taxes pursuant to Louisiana Revised Statute 21:201 through 21:208. The original agreement term has since been extended four times, with a current ending date of December 31, 2025. During the year ended December 31, 2024, the District received \$1,200,000 under the terms of the agreement, of which \$990,000 was used or held for police patrols and \$120,000 was used for administration of the program.

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(4) STATE APPROPRIATIONS

On June 29, 2023, the Governor of Louisiana signed House Bill 1 into law as Act 447, which provides for the ordinary operating expenses of the state government for Fiscal Year 2023-2024. Under the budget, the District was appropriated and received \$1,500,000 from the general fund of the State of Louisiana as a direct aid for various endeavors during December 31, 2024.

On June 19, 2024, House Bill 1 of the Louisiana Legislature was signed into law as Act 4 of the legislative session. The District was appropriated \$1,250,000 from the state of Louisiana's general fund for the fiscal year 2024-2025. The District received the first payment of \$625,000 from the state appropriations on December 23, 2024.

(5) CONTRACT WITH FRENCH QUARTER MUSEUM ASSOCIATION

On June 28, 2019, the District agreed to a CEA with the French Quarter Museum Association (FQMA), that was set to expire on December 31, 2020, and was extended several times. The agreement currently is in operation until December 31, 2024. Under the terms of the agreement, the District serves as the fiscal agent of FQMA by maintaining an FDIC insured checking account that shall be restricted for FQMA use only using FQMA Members' dues and restricted donations as deposits. The District's duties include general bookkeeping, maintaining the checking account, approving an appropriate budget for FQMA, and approving an appropriate advertising campaign for FQMA.

The District is allowed to retain 3% from all deposits as a service fee and reimburse itself a maximum of \$1,000 for direct costs incurred by the District on behalf of FQMA. FQMA or the District has the right to terminate the agreement immediately for cause.

(6) CONCENTRATIONS OF CREDIT RISK

All of the District's receivables as of December 31, 2024 are due from the City of New Orleans.

In 2024, the District received 55% of its funding from its agreements with the City of New Orleans and New Orleans & Company as described in Note 3 and 39% of its funding from the State Appropriations as described in note 4.

(7) RISK MANAGEMENT

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

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(8) SHORT-TERM LEASE

The District entered into a lease agreement commencing on January 1, 2024 and ending on December 31, 2024. The lease agreement called for payments of \$840 per month. During 2024, the District paid \$9,240 in connection with this agreement, which is reported as rental of office space on the statement of revenues, expenditures, and changes in fund balance – governmental fund.

(9) CONSTRUCTION COMMITMENTS

On November 8, 2024, the District entered into a contract agreement totaling \$1,180,247 for the repair of certain French Quarter streetlights. As of December 31, 2024, the District had a remaining balance of \$1,020,429 on the contract.

(10) SUBSEQUENT EVENTS

As of January 1, 2025, the District entered into a lease amendment to extend the term of the lease in Note 8 to December 31, 2025. The lease amendment includes an increase bringing the rent to \$1,600 per month due to the addition of Office #8 to the lease.

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
<u>REVENUES:</u>				
Contract revenues	\$ 2,850,000	\$ 4,600,000	\$ 5,204,240	\$ 604,240
Admin fees	270,000	244,660	129,570	(115,090)
Contributions	-	-	620	620
Other income	500	35,320	52,003	16,683
Total revenues	3,120,500	4,879,980	5,386,433	506,453
<u>EXPENDITURES:</u>				
Current for general government:				
Admin fees	120,000	120,000	-	120,000
Salaries and benefits	183,053	181,890	184,516	(2,626)
Insurance	29,813	23,050	25,555	(2,505)
Professional services	63,100	101,950	104,391	(2,441)
Office expenses	11,882	33,160	39,360	(6,200)
Rental of office space	10,080	10,080	9,240	840
Other	11,015	-	13,047	(13,047)
Total current general government expenditures	428,943	470,130	376,109	94,021
Current for public safety:				
Police patrols	1,060,730	1,325,062	1,290,654	34,408
Security dispatching and administration	-	165,000	140,713	24,287
Gas, supplies, maintenance and repairs	-	-	4,814	(4,814)
Public awareness	-	10,200	15,033	(4,833)
Street repairs	-	230,157	401,656	(171,499)
Total current public safety expenditures	1,060,730	1,730,419	1,852,870	(122,451)
Current for recycling and beautification:				
Trash and recycling contracts	1,473,100	197,027	173,116	23,911
Recycling	-	11,767	15,033	(3,266)
Total current public safety expenditures	1,473,100	208,794	188,149	20,645
Total current expenditures	2,962,773	2,409,343	2,417,128	(7,785)
Net change in fund balance	157,727	2,470,637	2,969,305	498,668
Fund balance - beginning	671,984	671,984	671,984	-
Fund balance - ending	\$ 829,711	\$ 3,142,621	\$ 3,641,289	\$ 498,668

See Independent Auditors' Report

FRENCH QUARTER MANAGEMENT DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Karley Frankic Executive Director</u>	<u>Michelle Courseault Executive Director</u>
Time served	1/1/2024 through 9/13/2024	10/10/2024 through 12/31/2024
Salary	\$ 79,358	\$ 25,056
Benefits - insurance and HSA	<u>4,549</u>	<u>1,124</u>
Total compensation, benefits, and other payments	<u>\$ 83,907</u>	<u>\$ 26,180</u>

REQUIRED SUPPLEMENTARY INFORMATION (PART II)



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the French Quarter Management District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 5, 2025.

Report on Internal Control over Financial Reporting

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

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

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



To Board of Commissioners and Management of the
French Quarter Management District
June 5, 2025

Report on Compliance and Other Matters

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

Purpose of This Report

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

June 5, 2025
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the French Quarter Management District (the District).
2. No material weaknesses in internal control relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the French Quarter Management District were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No management letter was issued for the year ended December 31, 2024.

SECTION II FINANCIAL STATEMENT FINDINGS

There were no findings for the year ended December 31, 2024.

**FRENCH QUARTER MANAGEMENT DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024**

SECTION I – FINANCIAL STATEMENTS FINDINGS

There were no findings for the year ended December 31, 2023.

SECTION II – MANAGEMENT LETTER ITEMS

There were no management letter items for the year ended December 31, 2023.

FRENCH QUARTER MANAGEMENT DISTRICT

NEW ORLEANS, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED

DECEMBER 31, 2024



ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
French Quarter Management District

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, 2024. French Quarter Management District's management is responsible for those C/C areas identified in the SAUPs.

French Quarter Management District 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, 2024. 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.

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

We were engaged by French Quarter Management District 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 French Quarter Management District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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.

June 5, 2025
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

**FRENCH QUARTER MANAGEMENT DISTRICT
AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2024**

ETHICS

1. **Procedures:** Obtain a listing of employees and officials employed during the fiscal period and management’s representation that the listing is complete and randomly select 5 employees /officials (test all if less than 5). Obtain ethics documentation from management, and:
 - a) Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
 - b) Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.
 - c) Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions were noted as a result of applying the procedures.