

**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, 2018 AND 2017**



**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, 2018 and 2017, 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  
May 4, 2019

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, 2018 and 2017, 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.

***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  
May 4, 2019

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2019, 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.

May 4, 2019  
New Orleans, Louisiana

A handwritten signature in black ink that reads "Erickson Krentel, LLP".

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, 2018 AND 2017**

As the financial manager of 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, 2018 and 2017. This discussion and analysis is 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, 2018 increased by \$61,330 or 2.4% from the net position as measured on December 31, 2017.

Operating revenues decreased by \$3,994, which was a difference of only 1%. The decrease occurred despite NOMYHMC recognizing grant revenues to begin building a boat launch in 2018. The grant revenues made up for lower lease extension fees and transfer fees in 2018 as compared to 2017.

Operating expenditures decreased by \$74,944, or 11%. The major contributors to the decrease in expenses were savings realized by renegotiating a security contract and not having as many legal and repairs and maintenance expenditures in 2018 as compared to 2017.

**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 of 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

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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.

**FINANCIAL HIGHLIGHTS**

NOMYHMC's assets exceeded liabilities by \$2,596,396 and \$2,535,066 as of December 31, 2018 and 2017, respectively; this represents an increase of \$61,330 during 2018. The unrestricted net position were \$1,915,015 and \$1,893,412 for the years ended December 31, 2018 and 2017, respectively.

Total assets increased by \$128,134 from 2017 to 2018. The net increase is mostly made up of increases in cash of \$67,923, receivables of \$20,387, and capital assets of \$39,727. Increases in capital assets and receivables were both due to grant revenue receivables from the building of the boat launch.

Total liabilities increased in 2018 by \$66,804 attributed mainly to increases in accounts payable of \$50,949 due to construction of the boat launch and accrued bond interest of \$48,300. Partially offsetting these increased liabilities were decreases in accrued payroll liabilities of \$24,777.

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 \$46,461 and \$6,734 as of December 31, 2018 and 2017, respectively. Capital assets include furniture, fixtures, equipment, and leasehold improvements. There was construction in progress of \$43,261 at year end related to the construction of the boat launch.

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

Debt consists of a revenue bond in the amount of \$853,395 including accrued interest, as of December 31, 2018. 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.

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

NOMYHMC expects to continue generating the majority its revenues through rental of slips and boathouses in 2019. The NOMYHMC will continue construction on the boat launch and expects to receive grant funding to assist in that project. Additionally, the NOMYHMC expects that the City of New Orleans will make substantial improvements to the harbor and the existing docks in 2019 which will enable the NOMYHMC to bring in significantly greater revenues. The NOMYHMC expects to be able to offer approximately 350 slips upon the completion of the first phase of the project at higher rates than its current slip leases. The NOMYHMC will further consider action on its debt upon completion of the project by the City of New Orleans and an analysis of the cash flow necessary for the continuing operation of the Harbor.

**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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash and cash equivalents	\$ 3,490,791	\$ 3,422,868
Accounts receivable	25	4,632
Prepaid expenses	83,759	83,662
Third-party reimbursements receivable	<u>35,254</u>	<u>10,260</u>
Total current assets	<u>3,609,829</u>	<u>3,521,422</u>
<b><u>NONCURRENT ASSETS:</u></b>		
Capital assets, net of accumulated depreciation	46,461	6,734
Security deposits	<u>850</u>	<u>850</u>
Total noncurrent assets	<u>47,311</u>	<u>7,584</u>
Total assets	<u>3,657,140</u>	<u>3,529,006</u>
<b><u>CURRENT LIABILITIES:</u></b>		
Accounts payable	58,103	7,154
Accrued expenses	4,826	10,271
Accrued payroll liabilities	99,421	124,198
Unearned revenue	24,999	27,222
Rental deposits	20,000	20,000
Revenue bonds payable and accrued interest	<u>853,395</u>	<u>805,095</u>
Total current liabilities	<u>1,060,744</u>	<u>993,940</u>
<b><u>NET POSITION:</u></b>		
Restricted for revenue bond debt service	634,920	634,920
Net investment in capital assets	46,461	6,734
Unrestricted	<u>1,915,015</u>	<u>1,893,412</u>
Total net position	<u>\$ 2,596,396</u>	<u>\$ 2,535,066</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b><u>OPERATING REVENUES:</u></b>		
Rental income - boat houses	\$ 501,345	\$ 485,620
Rental income - slips	107,164	112,127
Other rental income	87,226	138,386
Grant revenue	34,710	-
Miscellaneous income	<u>6,796</u>	<u>5,102</u>
 Total operating revenues	 <u>737,241</u>	 <u>741,235</u>
<b><u>OPERATING EXPENSES:</u></b>		
General and administrative	569,395	643,280
Professional services	55,462	55,213
Supplies and materials	40	693
Depreciation	<u>2,714</u>	<u>3,369</u>
 Total operating expenses	 <u>627,611</u>	 <u>702,555</u>
 Operating income	 109,630	 38,680
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>		
Interest income	-	2,009
Interest expense	<u>(48,300)</u>	<u>(45,600)</u>
 Total non-operating revenues (expenses)	 <u>(48,300)</u>	 <u>(43,591)</u>
 Change in net position	 61,330	 (4,911)
Net position - beginning	<u>2,535,066</u>	<u>2,539,977</u>
Net position - ending	<u>\$ 2,596,396</u>	<u>\$ 2,535,066</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from (used by) operating activities:		
Cash received from tenants	\$ 739,625	\$ 728,539
Cash paid to employees for services	(314,797)	(293,135)
Cash paid to suppliers for goods and services	<u>(314,464)</u>	<u>(378,590)</u>
Net cash from operating activities	<u>110,364</u>	<u>56,814</u>
Cash flows from (used by) capital and related financial activities:		
Payments for capital acquisitions	<u>(42,441)</u>	<u>(601)</u>
Net cash (used by) capital and related financial activities	<u>(42,441)</u>	<u>(601)</u>
Cash flows from investing activities:		
Cash received for interest	<u>-</u>	<u>2,009</u>
Net cash from investing activities	<u>-</u>	<u>2,009</u>
Net increase in cash and cash equivalents	67,923	58,222
Cash and cash equivalents at beginning of year	<u>3,422,868</u>	<u>3,364,646</u>
Cash and cash equivalents at end of year	<u>\$3,490,791</u>	<u>\$3,422,868</u>
Reconciliation of change in operating income to net cash flows from operating activities:		
Change in operating income	\$ 109,630	\$ 38,680
Adjustments to reconcile change in operating income to net cash from (used by) by operating activities:		
Depreciation	2,714	3,369
(Increase) decrease in operating assets:		
Accounts receivable	4,607	(1,651)
Other receivables	(24,994)	-
Prepaid expenses	(97)	(1,429)
Increase (decrease) in operating liabilities:		
Accounts payable	50,949	3,996
Accrued expenses	(5,445)	(275)
Accrued payroll liabilities	(24,777)	25,169
Unearned revenue	(2,223)	3,955
Rental deposits	<u>-</u>	<u>(15,000)</u>
Net cash from operating activities	<u>\$ 110,364</u>	<u>\$ 56,814</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, 2018 AND 2017**

**(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. This 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  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2018 AND 2017**

**(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  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2018 AND 2017**

(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 \$52,952 and \$41,812 for the years ended December 31, 2018 and 2017, respectively.

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2018 AND 2017**

(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	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, 2018 and 2017 was \$87,768 and \$72,525, 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.

**Date of Management Review**

Management has evaluated subsequent events through May 4, 2019 the date which the financial statements were available to be issued.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2018 AND 2017**

**(2) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are included in the Statements of Net position as of December 31, 2018 and 2017 as follows:

	<u>2018</u>	<u>2017</u>
Non-interest-bearing demand deposits	<u>\$3,490,791</u>	<u>\$3,422,868</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, 2018 and 2017, NOMYHMC had \$3,490,790 and \$3,424,023, respectively, in deposits (collected bank balances). December 31, 2018 and 2017 bank balance, \$3,240,790 and \$3,174,023, 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, 2018 was as follows:

	<u>Balance at January 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 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
Construction in progress	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>

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION**  
**(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2018 AND 2017

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance at January 1, 2017	Additions	Deletions	Balance at December 31, 2017
Vehicles	\$ 18,169	\$ -	\$ -	\$ 18,169
Safety equipment	17,084	-	-	17,084
Leasehold improvements	6,720	-	-	6,720
Office furniture & fixtures	20,729	-	-	20,729
Construction in progress	3,420	600	-	4,020
Accumulated depreciation	<u>(56,620)</u>	<u>(3,368)</u>	<u>-</u>	<u>(59,988)</u>
Total capital assets, net	<u>\$ 9,502</u>	<u>\$ (2,768)</u>	<u>\$ -</u>	<u>\$ 6,734</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$2,714 and \$3,369, respectively.

**(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, 2018 and 2017 were \$43,731 and \$44,121, 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, 2018 and 2017 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, 2018 AND 2017**

**(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, 2018 for each of the next five years:

2019	\$ 556,000
2020	562,000
2021	562,000
2022	563,100
2023	<u>563,100</u>
	<u>\$ 2,806,200</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, 2018 AND 2017**

**(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, 2018 and 2017, NOMYHMC was not in compliance with requirements of the revenue bond covenants.

The NOAA bond obligation requires NOMYHMC to maintain a variety of escrow funds to support the loan, \$1,488,315 and \$1,440,015, including the revenue bond payable, at December 31, 2018 and 2017, respectively. The amount of cash reserved as of December 31, 2018 and 2017 for debt service was \$1,144,816 and \$1,140,054, respectively.

Interest accrued and expensed on these revenue bonds was \$48,300 and \$45,600 for the years ended December 31, 2018 and 2017, respectively.

**(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, 2018 are \$1 per year for the next 88 years.

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2018 AND 2017**

**(10) RELATED PARTY PAYABLES**

NOMYHMC owes the City of New Orleans \$11,653 and \$51,673 as of December 31, 2018 and 2017, 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 \$43,731 and \$44,121 for the years ended December 31, 2018 and 2017, respectively.

**(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.

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. NOMYHMC estimates its portion of the cost to be approximately \$42,600. As of December 31, 2018, NOMYHMC expended \$43,080 towards this project, of which, \$32,310 or 75% has been recorded as a third party reimbursements receivable. The renovation is expected to be completed during 2019.

**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, 2018

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, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated May 4, 2019.

**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.



New Orleans Municipal Yacht Harbor Management Corporation  
May 4, 2019

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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.

May 4, 2019  
New Orleans, Louisiana

A handwritten signature in black ink that reads "Erickson Krentel, LLP".

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, 2018

**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, 2018.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

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

**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, 2018

**FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings for the year ended December 31, 2017.

**MANAGEMENT LETTER**

There was no management letter issued for the year ended December 31, 2017.

NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
NEW ORLEANS, LOUISIANA  
LOUISIANA LEGISLATIVE AUDITOR  
STATEWIDE AGREED-UPON PROCEDURES  
FOR THE PERIOD  
JANUARY 1, 2018 THROUGH DECEMBER 31, 2018



**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 (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. 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 C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

May 4, 2019  
New Orleans, Louisiana

Certified Public Accountants

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
AGREED-UPON PROCEDURES  
JANUARY 1, 2018 – DECEMBER 31, 2018**

**Written Policies and Procedures**

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

NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

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

**Results:** The written policies and procedures entirely address the functions of budgeting, purchasing, disbursements, receipts, payroll/personnel, credit cards, travel and expense reimbursements, ethics, and debt service listed above. All elements of the contracting function are addressed except for the standard terms and conditions.

**Board or Finance Committee**

2. **Procedures:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

**Results:** The board of directors met a frequency that is in accordance with its by-laws. The board of directors meeting minutes reference budget to actual reports. Minutes referenced non-budgetary financial information.

NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

Bank Reconciliations

3. **Procedures:** Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Selected the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observed that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** Obtained a listing of bank accounts for the fiscal period and management's representation that the listing was complete. Bank reconciliations were prepared for every month. There was evidence of approval for the Chase operating and reserve account reconciliations. There were no outstanding items over 12 months as of the end of the fiscal period.

Collections

4. **Procedures:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).  
**Results:** Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing was complete.
5. **Procedures:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

**Results:** Obtained a listing of collections locations and management's representation that the listing was complete. We observed that the written policies and procedures manual properly addresses the segregation of duties in relation to the listed duties above.

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

**Results:** The New Orleans Municipal Yacht Harbor maintains insurance policies that cover employee theft.

7. **Procedures:** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

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

**Results:** We randomly selected two deposit dates for both of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. We obtained supporting documentation for all of the deposits and observed that the documentation addresses the requirements above.

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

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

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

9. **Procedures:** For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

**Results:** Obtained a listing of employees involved with non-payroll purchasing and payment functions from management and management's representation that the listing was complete. We noted all purchases are initiated by either a purchase order or check request. The Office Manager is responsible for submitting a check request form for the Executive Director to approve and sign. The Office Manager then mails the checks after the Executive Director's approval.

NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

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

**Results:** All disbursement documentation tested matched related original invoice/billing statements and included a date/signature representing evidence of segregation of duties.

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

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

**Results:** Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) and management's representation that the listing was complete.

12. **Procedures:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.])
  - Observe that finance charges and late fees were not assessed on the selected statements.

**Results:** The monthly statements were approved in writing. There were no finance charges and/or late fees assessed on the selected statements.

13. **Procedures:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing)

NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

- a) For each transaction, observe that it is supported by:
- (1) An original itemized receipt that identifies precisely what was purchased.
  - (2) Written documentation of the business/public purpose.
  - (3) Documentation of the individuals participating in meals (for meal charges only).

**Results:** Supporting documentation was provided for all card purchases. All supporting documentation included the business/public purpose of the purchase. There were no charges on the cards tested for meals.

**Travel and Expense Reimbursement**

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

**Results:** Obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period and management's representation that the listing was complete. All 5 reimbursements selected included all of the required documentation by written policy except for a copy of the Map Quest or Google Maps trip information for mileage reimbursements.

NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

Contracts

15. **Procedures:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** Obtained a listing of all contracts in effect during the fiscal period and management's representation that the listing was complete. Selected all contracts and found they met all the requirements listed. No exceptions noted.

Payroll and Personnel

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

**Results:** Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing was complete. All paid salaries agree with the authorized salaries in the personnel files.

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AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

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

**Results:** Observed that all selected employees/officials documented their daily attendance and leave. Observed that the supervisor approved attendance and leave for all employees selected. Observed that leave accrued or taken during the pay period was reflected in the entity's cumulative leave records.

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

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

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

**Results:** No exceptions were noted.

NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

Ethics

20. **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. However, we did note that the documentation didn't include a signature verification that he or she had read the entity's ethics policy during the fiscal period.

Debt Service

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

**Results:** Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing was complete. There were no bonds/notes issued during the fiscal period.

22. **Procedures:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

**Results:** Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing was complete. We observed debt covenants and obtained supporting documentation for the reserve balance and payments. No exceptions were noted.

NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

Other

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

**Results:** No misappropriations of public funds or assets noted.

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

**Results:** Notice is posted on the website and premises of the Entity.

NEW ORLEANS MUNICIPAL YACHT HARBOR MANAGEMENT CORPORATION  
CORRECTIVE ACTION PLAN – AGREED-UPON PROCEDURES  
JANUARY 1, 2018 – DECEMBER 31, 2018

May 4, 2019

Louisiana Legislative Auditor

The New Orleans Municipal Yacht Harbor Management Corporation respectfully submits the following corrective action plan for items identified pursuant to the Statewide Agreed-Upon Procedures Engagement prescribed by the Louisiana Legislative Auditor.

Name and address of independent public accounting firm:

Ericksen Krentel LLP  
4227 Canal Street  
New Orleans, LA 70119

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

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

*Written Policies and Procedures*

**Exceptions:** The standard terms and conditions were not identified in the contracting section of the written policies and procedures manual.

*Travel and Travel-Related Expense Reimbursement*

**Exceptions:** Documentation retained for employee reimbursements doesn't include MapQuest or Google Maps trip information for mileage verification which is a requirement in the written policies and procedures manual.

*Ethics*

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

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

If there are any questions regarding this plan, please contact Taylor J. Casey, Executive Director, at (504) 283-9676.

Sincerely,

Signature



Title

EXECUTIVE DIRECTOR