

**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, 2020 AND 2019**



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

## CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
<u>FINANCIAL SECTION</u>		
<u>INDEPENDENT AUDITORS' REPORT</u> .....		1 – 3
<u>REQUIRED SUPPLEMENTARY INFORMATION (PART 1)</u>		
Management's Discussion and Analysis (Unaudited) .....		4 – 7
<u>BASIC FINANCIAL STATEMENTS</u>		
Statements of Net Position.....	A	8
Statements of Revenues, Expenses and Changes in Net Position .....	B	9
Statements of Cash Flows.....	C	10
<u>NOTES TO FINANCIAL STATEMENTS</u> .....		11 – 20
<u>OTHER SUPPLEMENTARY INFORMATION</u>		
Schedule of Compensation, Benefits, and Other Payments to Agency Head .....	D	21
<u>OTHER REPORT REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i></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 <i>Government Auditing Standards</i> .....		22 – 23
Schedule of Findings and Responses .....		24
Summary Schedule of Prior Year Findings.....		25

## **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 (MYHMC), a proprietary component unit of the City of New Orleans, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the MYHMC'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.

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 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, 2020 and 2019, 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.



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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2021, on our consideration of the New Orleans Municipal Yacht Harbor Management Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

New Orleans, Louisiana  
June 16, 2021

*Ericksen Krentel, LLP*  
Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION (PART I)**

**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, 2020 AND 2019**

As the financial manager of the New Orleans Municipal Yacht Harbor Management Corporation (MYHMC), we offer the readers of the attached financial statements this narrative overview and analysis of the financial activities of MYHMC for the years ended December 31, 2020 and 2019. This discussion and analysis are designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in MYHMC's financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

MYHMC's financial statements are comprised of the basic financial statements and the notes to the financial statements. Since MYHMC 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 MYHMC's finances in a manner similar to a private-sector business.

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

The cash flows statements show how MYHMC'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.

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**FINANCIAL HIGHLIGHTS**

MYHMC's assets exceeded liabilities by \$3,391,511 and \$3,134,026 as of December 31, 2020 and 2019, respectively; this represents an increase of \$257,485 in 2020. The unrestricted net positions were \$2,687,626 and \$1,866,154 the years ended December 31, 2020 and 2019, respectively.

Total assets increased by approximately \$32,000 from 2020 to 2019. The net increase is mostly made up of increases in infrastructure leasehold improvements of \$300,000 and a reduction in cash and cash equivalents of approximately \$280,000.

Total liabilities decreased by approximately \$225,000 in 2020. During 2020, the MYHMC repaid its outstanding bond obligations in the principal amount of \$505,134 along with accrued interest of \$46,218. Additionally, as described in Note 11 to the financial statements, the MYHMC entered into a CEA with the City of New Orleans to provide the City with \$300,000 of reimbursements for non-FEMA eligible costs. This amount is recorded as due to the City of New Orleans at December 31, 2020.

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

MYHMC's total net position at December 31, 2020 increased by \$257,485 or 8% from the net position as measured on December 31, 2019. The increase in net position is primarily due to the completion of portions of projects to repair and replace boat slips damaged by Hurricanes Katrina and Isaac. Slip rental revenues increase from approximately \$100,000 in 2019 to nearly \$500,000 in 2020 due to the improvements to the harbor.

Operating expenditures increased by approximately \$168,000 or 25%. The major contributors to the increase in expenses were increased salaries, insurance costs and professional service costs in connection with the expanded offerings the MYHMC had in 2020.

Nonoperating revenues decreased by approximately \$105,000 due to a boathouse repossession that occurred in 2019 and no similar large nonoperating activities occurring in 2020.

**BUDGETARY HIGHLIGHTS**

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



**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital assets, net of depreciation were \$1,003,885 and \$716,520 as of December 31, 2020 and 2019, respectively. Capital assets consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Vehicles	\$ 18,169	\$ 18,169
Leasehold improvements	9,119	9,119
Office furniture & fixtures	20,729	20,729
Infrastructure leasehold improvements	917,621	614,121
Boathouse	<u>100,000</u>	<u>100,000</u>
Total cost	<u>\$ 1,065,638</u>	<u>\$ 762,138</u>

The renovations to the MYHMC as a result of the damage made by hurricanes Katrina and Isaac continue. The entity committed to fund \$300,000 in non-FEMA eligible expenditures related to the projects to renovate the MYHMC. This amount is recorded in infrastructure leasehold improvements and due to the City of New Orleans as of December 31, 2020 and is expected to be paid in 2021. This asset purchase accounted for the majority of capital additions for the year. Depreciation expense for the year ended December 31, 2020 was \$16,135. There was no depreciation expense for the year ended December 31, 2019.

Debt at December 31, 2019 consisted of a revenue bond in the amount of \$505,134. This bond was issued in 1982 for major harbor repairs and is held by the National Oceanic and Atmospheric Administration (NOAA). This bond was in deferment as conditions caused by Hurricane Katrina made such deferment available. During 2020, the MYHMC repaid this debt in full along with accrued interest of \$46,218.

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

MYHMC expects to continue generating the majority of its revenues through rental of slips and boathouses in 2021. For 2020 and through May 2021, the west side of the harbor has been billed at 60% of the full rates pursuant to board resolution because there has been no electricity to the docks, whereas the east side of the harbor has been billed at full rates. As more of the Harbor regains electrical services, the MYHMC expects to reach close to full capacity of the Harbor at full rates during 2021.

The impact on MYHMC's collections due to the outbreak of the COVID-19 have been negligible, but it has slowed down progress on the harbor projects, such as the electricity issues noted above. During 2021, the MYHMC expects continued capital expenditures on leasehold improvements.

The MYHMC's plans to use positive cash flows of the entity to fund reserve accounts for dredging, insurance losses, and replacements.

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of MYHMC'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.

## **BASIC FINANCIAL STATEMENTS**

**MUNICIPAL YACHT HARBOR MANAGEMENT CORPORATION**  
**(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash and cash equivalents	\$ 2,796,640	\$ 3,075,131
Accounts receivable, net of allowance	3,038	3,413
Prepaid expenses	<u>68,696</u>	<u>46,193</u>
Total current assets	<u>2,868,374</u>	<u>3,124,737</u>
<b><u>NONCURRENT ASSETS:</u></b>		
Capital assets, net of accumulated depreciation	1,003,885	716,520
Security deposits	<u>4,050</u>	<u>2,850</u>
Total noncurrent assets	<u>1,007,935</u>	<u>719,370</u>
Total assets	<u>3,876,309</u>	<u>3,844,107</u>
<b><u>CURRENT LIABILITIES:</u></b>		
Accounts payable	2,596	8,841
Accrued expenses	5,435	2,153
Due to City of New Orleans	300,000	-
Accrued payroll liabilities	157,527	130,235
Unearned revenue	4,240	2,500
Rental deposits	15,000	15,000
Current revenue bonds payable and accrued interest	<u>-</u>	<u>551,352</u>
Total current liabilities	<u>484,798</u>	<u>710,081</u>
<b><u>NET POSITION:</u></b>		
Restricted for revenue bond debt service	-	551,352
Net investment in capital assets	703,885	716,520
Unrestricted	<u>2,687,626</u>	<u>1,866,154</u>
Total net position	<u>\$ 3,391,511</u>	<u>\$ 3,134,026</u>

The accompanying notes are an integral part of this statement

**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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><u>OPERATING REVENUES:</u></b>		
Rental income - boat houses	\$ 504,067	\$ 503,759
Rental income - slips	480,819	97,906
Other rental income	115,720	146,876
Grant revenue	-	55,225
Miscellaneous income	<u>281</u>	<u>2,758</u>
 Total operating revenues	 <u>1,100,887</u>	 <u>806,524</u>
<b><u>OPERATING EXPENSES:</u></b>		
General and administrative	746,987	620,425
Professional services	74,964	57,791
Supplies and materials	8,282	179
Depreciation	<u>16,135</u>	<u>-</u>
 Total operating expenses	 <u>846,368</u>	 <u>678,395</u>
 Operating income	 254,519	 128,129
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>		
Interest income	2,966	7,458
Gain on repossession of boathouse	<u>-</u>	<u>100,000</u>
 Total non-operating revenues (expenses)	 <u>2,966</u>	 <u>107,458</u>
 Change in net position	 257,485	 235,587
Net position - beginning	<u>3,134,026</u>	<u>2,898,439</u>
Net position - ending	<u><u>\$ 3,391,511</u></u>	<u><u>\$ 3,134,026</u></u>

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



**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, 2020 AND 2019**

	2020	2019
Cash flows from (used by) operating activities:		
Cash received from tenants	\$ 1,103,002	\$ 775,637
Cash paid to employees for services	(329,771)	(273,702)
Cash paid to suppliers for goods and services	(499,836)	(354,994)
Net cash from operating activities	273,395	146,941
Cash flows from (used by) capital and related financial activities:		
Payments for capital acquisitions	(3,500)	(570,059)
Net cash (used by) capital and related financial activities	(3,500)	(570,059)
Cash flows from investing activities:		
Cash received for interest	2,966	7,458
Net cash from investing activities	2,966	7,458
Cash flows from financing activities:		
Cash paid for principal	(505,134)	-
Cash paid for interest	(46,218)	-
Net cash from investing activities	(551,352)	-
Net (decrease) increase in cash and cash equivalents	(278,491)	(415,660)
Cash and cash equivalents at beginning of year	3,075,131	3,490,791
Cash and cash equivalents at end of year	\$ 2,796,640	\$ 3,075,131
Reconciliation of change in operating income to net cash flows from operating activities:		
Change in operating income	\$ 254,519	\$ 128,129
Adjustments to reconcile change in operating income to net cash from (used by) by operating activities:		
Depreciation	16,135	-
(Increase) decrease in operating assets:		
Accounts receivable	375	(3,388)
Other receivables	-	35,254
Prepaid expenses	(22,503)	37,566
Security deposits	-	(2,000)
Increase (decrease) in operating liabilities:		
Accounts payable	(6,245)	(49,262)
Accrued expenses	3,282	(2,673)
Accrued payroll liabilities	27,292	30,814
Unearned revenue	1,740	(22,499)
Rental deposits	(1,200)	(5,000)
Net cash from operating activities	\$ 273,395	\$ 146,941
Non-cash investing and financing activities:		
1) Correction of accrued interest - see footnote 12	\$ -	\$ 302,043
2) Repossession of boathouse - see footnote 3	-	100,000
3) Disposal of fully depreciated safety equipment - see footnote 3	-	17,084
4) Recognition of due to City in exchange for leasehold improvements	300,000	-
	\$ 300,000	\$ 419,127

**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, 2020 AND 2019**

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

The New Orleans Municipal Yacht Harbor Management Corporation (MYHMC) 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. MYHMC is a non-profit corporation owned by the Mayor of the City of New Orleans and administered by a Board of Directors consisting of 11 members, 9 of which are appointed by the Mayor, subject to City Council approval, and are voting members. The other two members are from the City Council and are non-voting members.

**Reporting Entity**

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

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

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

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

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

**Reporting Entity (Continued)**

Based on the above criteria, MYHMC 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 MYHMC 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**

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

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

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

**(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 MYHMC's statement of revenues, expenses, and changes in net position. MYHMC 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 and Cash Equivalents**

MYHMC 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. MYHMC 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.

The MYHMC'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.

**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 \$5,792 and \$1,337 for the years ended December 31, 2020 and 2019, respectively.

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

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

**Capital Assets**

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

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

**Annual and Sick Leave**

Employees may accrue a maximum of 45 days of annual leave and an unlimited number of days of sick leave. Upon termination of employment, an employee is paid for accrued annual leave based upon his or her current hourly rate of pay and for accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting accrued leave to additional days of service. Accrued leave as of December 31, 2020 and 2019 was \$126,088 and \$103,688, respectively.

**Income Taxes**

MYHMC 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's Review**

Management has evaluated subsequent events through June 16, 2021, the date which the financial statements were available to be issued.



**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION**  
**(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020 AND 2019**

**(2) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are included in the Statements of Net position as of December 31, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Non-interest-bearing demand deposits	<u>\$2,796,640</u>	<u>\$3,075,131</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.

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

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, 2020 and 2019, MYHMC had \$2,846,485 and \$3,075,131, respectively, in deposits (collected bank balances). December 31, 2020 and 2019 bank balance, \$2,596,458 and \$3,164,929, respectively, were covered by collateral held by the pledging banks' trust department or agent in MYHMC's name and \$250,000 was covered under federal depository insurance, in each year.

**(3) CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance at January 1, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance at December 31, <u>2020</u>
Vehicles	\$ 18,169	\$ -	\$ -	\$ 18,169
Leasehold improvements	9,119	-	-	9,119
Office furniture & fixtures	20,729	-	-	20,729
Infrastructure leasehold improvements	614,121	303,500	-	917,621
Boathouse	100,000	-	-	100,000
Accumulated depreciation	<u>(45,618)</u>	<u>(16,135)</u>	<u>-</u>	<u>(61,753)</u>
Total capital assets, net	<u>\$ 716,520</u>	<u>\$ 287,365</u>	<u>\$ -</u>	<u>\$ 1,003,885</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, 2020 AND 2019**

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

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

	Balance at January 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance at December 31, <u>2019</u>
Vehicles	\$ 18,169	\$ -	\$ -	\$ 18,169
Safety equipment	17,084	-	(17,084)	-
Leasehold improvements	6,720	2,399	-	9,119
Office furniture & fixtures	20,729	-	-	20,729
Infrastructure leasehold improvements	46,461	567,660	-	614,121
Boathouse repossessed	-	100,000	-	100,000
Accumulated depreciation	<u>(62,702)</u>	<u>-</u>	<u>17,084</u>	<u>(45,618)</u>
Total capital assets, net	<u>\$ 46,461</u>	<u>\$ 670,059</u>	<u>\$ -</u>	<u>\$ 716,520</u>

Depreciation expense for the year ended December 31, 2020 was \$16,135. There was no depreciation expense during the year ended December 31, 2019. On February 1, 2019, MYHMC was granted possession of a Boathouse due to non-payment of rent. The Boathouse is included in the Capital assets of MYHMC at the insured cost of the boathouse, which approximates fair value.

At December 31, 2020 and 2019, infrastructure leasehold improvements of \$420,214 and \$614,121, respectively, were not yet placed in service.

**(4) RISK MANAGEMENT**

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

**(5) PENSION PLAN**

The City of New Orleans annually charges MYHMC for pension costs incurred by its retirement system. Pension costs for the year ended December 31, 2020 and 2019 were \$47,731 and \$45,137, respectively. Employees of MYHMC are allowed to participate in the City of New Orleans Employees' Retirement System (the System) and MYHMC is allocated a percentage of the costs annually by the City.

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

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

The System does not make separate measurements of assets and pension liabilities for individual entities such as MYHMC and the actuarial/financial information as of December 31, 2020 and 2019 for the System was not available at the date of the report issuance. The City of New Orleans and MYHMC 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.

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 not been adopted on MYHMC's financial statements.

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

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

**(7) MINIMUM FUTURE RENTALS**

MYHMC 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, 2020 for each of the next five years:

2021	\$	560,300
2022		561,400
2023		561,400
2024		562,900
2025		<u>566,200</u>
	\$	<u>2,812,200</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, 2020 AND 2019**

**(8) REVENUE BOND PAYABLE**

On February 8, 1982, MYHMC issued the United States Department of Commerce, National Oceanic and Atmospheric Administration (“NOAA”), Revenue Bonds, 1981 Series, of MYHMC 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.

MYHMC defaulted on the bonds in 2009 and was granted forbearance on the remaining principal and interest payments in early 2010. At December 31, 2019, MYHMC was not in compliance with requirements of the revenue bond covenants and MYHMC recorded the principal and interest due to NOAA in temporarily restricted assets.

During 2020, MYHMC received final resolution of the Federal Emergency Management Agency (“FEMA”) claim and repaid its debt to the NOAA in full. Repayments amounted to \$505,134 in principal and \$46,218 in interest.

**(9) OPERATING LEASE**

MYHMC 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, 2020 are \$1 per year for the next 85 years.

**(10) RELATED PARTY PAYABLES**

MYHMC owes the City of New Orleans \$31,439 and \$26,547 as of December 31, 2020 and 2019, respectively for payroll liabilities. The balances are included in accrued payroll liabilities on the statements of net position. MYHMC also reimburses the City of New Orleans for their portion of the defined benefit pension plan, which totaled \$47,731 and \$45,137 for the years ended December 31, 2020 and 2019, respectively.

**(11) COOPERATIVE ENDEAVOR AGREEMENTS**

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

**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

**(11) COOPERATIVE ENDEAVOR AGREEMENTS (CONTINUED)**

During 2015, MYHMC 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 MYHMC up to 75% of the allowable costs or a maximum of approximately \$127,800. MYHMC is required to provide a 25% match. As of December 31, 2020, MYHMC is eligible for an additional \$18,767 for qualified expenditures under this grant.

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

In March of 2020, as a result of assessing the potential need for an additional \$500,000 of non-FEMA reimbursable expenses, the Board of Directors of MYHMC adopted an additional resolution to fund another \$500,000 for NON-FEMA eligible expenses. In May of 2021, the Board of Directors adopted a resolution changing this amount to \$300,000 for non-FEMA eligible expenditures. This amount is recorded as leasehold improvements on the Statement of Net Position. The CEA has a contractual period of three years. The Mayor of the City of New Orleans has been authorized through Ordinance to enter into the contract. As of the date of this report, MYHMC awaits final approval from the Mayor.

**(12) RISKS AND UNCERTAINTIES**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. The MYHMC was primarily effected by slower than expected progress on harbor projects, which hampered the ability of the MYHMC to charge full rates for its slips. Future effects of the pandemic are uncertain.

As noted in Note 11, the MYHMC has entered into a CEA to reimburse the City of New Orleans for non-FEMA eligible expenses under the projects related to its leasehold. The eligibility of FEMA expenditures is subject to future audits, which could result in further reimbursements to the city for disallowed costs. The likelihood of an unfavorable outcome for any eventual audits cannot be reasonably estimated at this time and future payments would require a revision to the CEA discussed in Note 11.



**NEW ORLEANS MUNICIPAL YACHT HARBOR  
MANAGEMENT CORPORATION  
(A PROPRIETARY COMPONENT UNIT OF THE CITY OF NEW ORLEANS)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

**(13) NEW ACCOUNTING PRONOUNCEMENTS**

The GASB has issued Statement No. 87, *“Leases.”* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, as extended by GASB Statement No. 95, *“Postponement of Effective Dates of Certain Authoritative Guidance.”* The MYHMC plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 95, *“Postponement of the Effective Dates of Certain Authoritative Guidance.”* The primary objective of this Statement is to provide temporary relief from certain newer accounting and financial reporting requirements to governments due to the COVID-19 pandemic. The effective date of certain Statements and Implementation Guides—through GASB Statement No. 93, Replacement of Interbank Offered Rates, and Implementation Guide No. 2019-03, Leases—that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, and later are deferred by either one year or eighteen months.

## **OTHER SUPPLEMENTARY INFORMATION**

**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, 2020**

Agency Head Name: Taylor J. Casey, Executive Director

Salary	\$ 104,124
Benefits - Insurance	8,750
Benefits - Retirement	<u>23,240</u>
Total	<u>\$ 136,114</u>

**OTHER REPORT REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS***



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

To 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, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated .

**Internal Control over Financial Reporting**

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

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

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



**ERICKSEN KRENTEL** LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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

### **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 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 16, 2021  
New Orleans, Louisiana

*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, 2020**

**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, 2020.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings for the year ended December 31, 2020.

**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, 2020**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

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

**MANAGEMENT LETTER**

There was no management letter issued for the year ended December 31, 2019.



June 16, 2021

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 the financial statements of the proprietary activities of the New Orleans Municipal Yacht Harbor Management Corporation (the Corporation), a proprietary component unit of the City of New Orleans for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Louisiana Governmental Audit Guide*, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 19, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Corporation's financial statements were:

Management's estimate of the depreciation expense is based on historical information regarding asset life and usefulness. We evaluated the key factors and assumptions used to calculate this expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of compensated absences liability is based on estimates of the value of reported amounts and assumptions, such as future employment, about the probability of occurrence of events in the future. We evaluated the key factors and assumptions used to calculate this expense in determining that it is reasonable in relation to the financial statements taken as a whole.



**ERICKSEN KRENTEL** LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

New Orleans Municipal Yacht Harbor Management Corporation

June 16, 2021

Page 2

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statement taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 16, 2021.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.





**ERICKSEN KRENTEL** LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

New Orleans Municipal Yacht Harbor Management Corporation

June 16, 2021

Page 3

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Compensation, Benefits and Other Payments to Agency Head, which accompanies the financial statements, but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the management of the Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Erickson Krentel, LLP*  
Certified Public Accountants