

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION
(A Proprietary Component Unit of the City of New Orleans)**

**FINANCIAL AND COMPLIANCE AUDIT TOGETHER
WITH INDEPENDENT AUDITORS' REPORT**

For the Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the business-type activities of **New Orleans Yacht Harbor Management Corporation** ("MYHMC"), a proprietary component unit of the City of New Orleans, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise MYHMC's basic financial statements as listed in the foregoing table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MYHMC as of December 31, 2023 and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MYHMC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MYHMC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the managements' discussion and analysis on pages 4 to 9 and the required pension information on pages 25 and 26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MYHMC's basic financial statements. The accompanying schedule of Compensation, Benefits and Other Payments to the Agency Head is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 30, 2024, on our consideration of MYHMC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MYHMC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MYHMC's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

New Orleans, Louisiana
May 30, 2024

NEW ORLEANS MUNICIPAL YACHT HARBOR CORPORATION
(A Proprietary Component Unit of the City of New Orleans)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

As the financial manager of the New Orleans Municipal Yacht Harbor Management Corporation (MYHMC) (A Proprietary Component Unit of the City of New Orleans), we offer the readers of the attached financial statements this narrative overview and analysis of the financial activities of MYHMC for the year ended December 31, 2023. This discussion and analysis are designed to assist the reader in focusing on the significant financial issues and activities and to identify and significant change in MYHMC's financial position. We encourage readers to consider the information presented here in conjunction with the financial statement 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's 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 statement 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's is improving or deteriorating. Net position increases 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, expenses 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 expenses 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 affects 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.

NEW ORLEANS MUNICIPAL YACHT HARBOR CORPORATION
(A Proprietary Component Unit of the City of New Orleans)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

NOTES TO THE FINANCIAL STATEMENTS

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

FINANCIAL HIGHLIGHTS

- MYHMC's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,367,967 as of December 31, 2023; an increase of \$367,129 in 2023. The unrestricted net position was \$3,014,303 at December 31, 2023.
- Total assets and deferred outflows increased by \$582,296 from 2022 to 2023. The increase is primarily due to deferred outflows of \$256,865 and an increase in cash and cash equivalents of \$269,050.
- The largest part of MYHMC's net position is held in cash and cash equivalents as the assets operated by MYHMC's are owned by the City of New Orleans and leased to MYHMC.
- Slip rental rates increased in 2023, therefore, slip revenue increased from approximately \$1,039,000 in 2022 to \$1,290,200 in 2023.
- Interest revenue increased in 2023 by \$77,575 due to a change in the type of securities used to collateralize MYHMC's bank accounts. MYHMC was able to earn a higher interest rate on its Chase bank accounts.
- Operating expenses increased by approximately \$742,000 or 55%. The major contributors to the increase in expenses were salaries and related fringe benefits of \$186,000, insurance costs of \$89,000, professional services of \$224,000, and pension expense of \$83,000.

NEW ORLEANS MUNICIPAL YACHT HARBOR CORPORATION
(A Proprietary Component Unit of the City of New Orleans)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

FINANCIAL DATA

Summary of Net Position

	2023	2022	Increase (Decrease)
Assets and Deferred Outflows of Resources			
Current assets	\$ 3,607,007	\$ 3,337,957	\$ 269,050
Noncurrent assets	13,541,884	13,485,503	56,381
Deferred outflows of resources	422,992	166,127	256,865
Total assets and deferred outflows of resources	17,571,883	16,989,587	582,296
Liabilities and Deferred Inflows of Resources			
Current liabilities	148,759	107,090	41,669
Noncurrent liabilities	1,035,145	526,794	508,351
Deferred inflows of resources	12,020,012	12,354,865	(334,853)
Total liabilities and deferred inflows of resources	13,203,916	12,988,749	215,167
Net Position			
Investment in capital assets	1,353,664	1,239,030	114,634
Unrestricted	3,014,303	2,761,808	252,495
Total net position	\$ 4,367,967	\$ 4,000,838	\$ 367,129

NEW ORLEANS MUNICIPAL YACHT HARBOR CORPORATION
(A Proprietary Component Unit of the City of New Orleans)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

Result of Operations

	2023	2022	Increase (Decrease)
OPERATING REVENUES:			
Rental income - boathouses	\$ 709,877	\$ 542,474	\$ 167,403
Rental income - slips	1,290,230	1,038,714	251,516
Other rental income	353,259	211,092	142,167
Miscellaneous income	3,674	2,213	1,461
 Total operating revenues	 2,357,040	 1,794,493	 562,547
 OPERATING EXPENSES:			
General and administrative	796,489	472,522	323,967
Professional services	472,294	295,158	177,136
Insurance expense	389,147	300,466	88,681
Utilities	223,012	202,773	20,239
Other	196,394	64,451	131,943
 Total operating expenses	 2,077,336	 1,335,370	 741,966
 Operating income	 279,704	 459,123	 (179,419)
 NON-OPERATING REVENUES:			
Interest income	87,425	9,850	77,575
 Total non-operating revenues	 87,425	 9,850	 77,575
 Change in net position	 367,129	 468,973	 (101,844)
 Net position - beginning of year as previously reported	4,000,838	3,878,573	122,265
 Prior period adjustment	 -	 (346,708)	 346,708
 Net position - beginning of year as restated	 4,000,838	 3,531,865	 468,973
 Net position - ended	 \$ 4,367,967	 \$ 4,000,838	 \$ 367,129

NEW ORLEANS MUNICIPAL YACHT HARBOR CORPORATION
(A Proprietary Component Unit of the City of New Orleans)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets, net of depreciation was \$1,353,664 as of December 31, 2023. Capital assets consist of the following at December 31, 2023:

Vehicles	\$	69,655
Leasehold improvements		41,073
Office furniture & fixtures		161,137
Land improvements		34,548
Infrastructure leasehold		
Improvements		1,095,626
Boathouse		131,359
Accumulated depreciation		<u>(179,734)</u>
Total capital assets, net	\$	<u><u>1,353,664</u></u>

Capital expenditures in 2023 included \$51,486 for vehicles for security and maintenance operations. Leasehold and land improvements of \$49,138 included equipment for the Marina wi-fi system permanent trash receptacles, and other park improvements. Office furniture and fixtures included an expansion of the facility video surveillance equipment totaling \$40,113. Boathouse improvements were \$31,359 for a replacement roof. Depreciation expense was \$57,462 for the year ended December 31, 2023.

ECONOMIC FACTORS AND A LOOK AT NEXT YEAR

MYHMC expects to continue generating most of its revenues through rental of slips and boathouse in 2024. Boat slip occupancy should be steady in the mid 90% range due to standard slip turnover.

The recreational marine industry is robust and being the only floating dock facility in the New Orleans area, demand for both permanent and transient dockage should continue to be strong.

During 2024 MYHMC expects continued capital expenditures for enhancements of the areas under MYHMC management including West End Park, the Boat Launch, the Point, and the Marina.

NEW ORLEANS MUNICIPAL YACHT HARBOR CORPORATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

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

CONTACTING THE MUNICIPAL YACHT HARBOR MANAGEMENT

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

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION**
(A Proprietary Component Unit of the City of New Orleans)
STATEMENT OF NET POSITION
December 31, 2023

Current Assets:	
Cash and cash equivalents	\$ 3,373,173
Leases receivable	53,276
Accounts receivable, net of allowance	3,416
Prepaid expenses	<u>172,165</u>
Total current assets	<u>3,602,030</u>
Noncurrent Assets	
Leases receivable	12,188,697
Capital assets, net of accumulated depreciation	1,353,664
Security deposits	<u>4,500</u>
Total noncurrent assets	<u>13,546,861</u>
Total assets	<u>17,148,891</u>
Deferred Outflows of Resources:	
Pension resources	<u>422,992</u>
Total deferred outflows of resources	<u>422,992</u>
Total assets and deferred outflows of resources	<u>17,571,883</u>
Current Liabilities:	
Accounts payable	61,028
Accrued expenses	16,428
Accrued payroll liabilities	17,157
Unearned revenue	44,146
Rental deposits	<u>10,000</u>
Total current liabilities	<u>148,759</u>
Noncurrent Liabilities:	
Compensated absences	147,265
Net pension liability	<u>887,880</u>
Total noncurrent liabilities	<u>1,035,145</u>
Total liabilities	<u>1,183,904</u>
Deferred Inflows of Resources:	
Pension resources	12,084
Lease resources	<u>12,007,928</u>
Total deferred inflows of resources	<u>12,020,012</u>
Total liabilities and deferred inflows of resources	<u>13,203,916</u>
Net Position:	
Net investment in capital assets	1,353,664
Unrestricted	<u>3,014,303</u>
Total net position	<u>\$ 4,367,967</u>

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

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION**
(A Proprietary Component Unit of the City of New Orleans)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended December 31, 2023

OPERATING REVENUES:	
Rental income - boathouses	\$ 709,877
Rental income - slips	1,290,230
Other rental income	353,259
Miscellaneous income	<u>3,674</u>
Total operating revenues	<u>2,357,040</u>
OPERATING EXPENSES:	
General and administrative	796,489
Professional services	472,294
Insurance expense	389,147
Utilities	223,012
Other	<u>196,394</u>
Total operating expenses	<u>2,077,336</u>
Operating income	<u>279,704</u>
NON-OPERATING REVENUES:	
Interest income	<u>87,425</u>
Total non-operating revenues	<u>87,425</u>
Change in net position	367,129
Net position - beginning of year	<u>4,000,838</u>
Net position - end of year	<u>\$ 4,367,967</u>

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

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION**
(A Proprietary Component Unit of the City of New Orleans)
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

Cash flows from operating activities:	
Cash received from tenants	\$ 2,067,573
Cash received from others	356,933
Cash paid to employees for services	(732,856)
Cash paid to suppliers for goods and services	<u>(1,379,630)</u>
Net cash provided by operating activities	<u>312,020</u>
Cash flows from capital and related financial activities:	
Payments for capital acquisitions	<u>(172,096)</u>
Net cash used in capital and related financial activities	<u>(172,096)</u>
Cash flows from investing activities:	
Interest received	<u>87,425</u>
Net cash provided by investing activities	<u>87,425</u>
Net increase in cash and cash equivalents	227,349
Cash and cash equivalents at beginning of year	<u>3,145,824</u>
Cash and cash equivalents at end of year	<u>\$ 3,373,173</u>
Reconciliation of operating income to net cash flows provided by operating activities:	
Operating income	\$ 279,704
Adjustments to reconcile change in operating income to net cash from provided by operating activities:	
Depreciation	57,462
Change in assets and liabilities:	
(Increase) decrease in operating assets:	
Accounts receivable	(6,222)
Leases receivable	58,253
Deferred outflows of resources	(256,865)
Prepaid expenses	(35,479)
Increase (decrease) in operating liabilities:	
Accounts payable	17,453
Accrued expenses	1,715
Accrued payroll liabilities	7,066
Compensated absences	30,356
Net pension liability	477,995
Deferred inflows of resources	(334,853)
Unearned revenue	<u>15,435</u>
Net cash provided by operating activities	<u>\$ 312,020</u>

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

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION
(A Proprietary Component Unit of the City of New Orleans)**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023**

Note 1 – Summary of Significant Accounting Policies

Background

The New Orleans Municipal Yacht Harbor Management Corporation (MYHMC) was formed in 1972 by the City of New Orleans (“the City”) 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.

General Data

As governing authority of Orleans Parish, for reporting purposes, the 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 include:

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.

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION
(A Proprietary Component Unit of the City of New Orleans)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2023**

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.

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.

Basic 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, expenses 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 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 THE FINANCIAL STATEMENTS (Continued)
December 31, 2023**

Measurement Focus, Basic of Accounting and Financial Statement Presentation

The term measurement focus is used to denote what is being measured and reported in MYHMC's financial statements. MYHMC is accounted for on the flow of economic resources measurement focus. 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.

MYHMC is presented similar to enterprise funds which are used to account for operations that are operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, cost incurred, and net income is necessary for management accountability.

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.

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION
(A Proprietary Component Unit of the City of New Orleans)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2023**

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 \$4,977 as of December 31, 2023.

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	20-40 years
Vehicle	5 years
Furniture and fixtures	7 years
Infrastructure leasehold improvements	20-40 years

Leases

In the 2022 fiscal year, MYHMC implemented GASB Statement No. 87, *Leases*. MYHMC leases boat slips, boathouse property and commercial property to meet operational needs. For short-term leases with a maximum possible term of 12 months or less at commencement, MYHMC recognizes periodic revenue based on the provisions of the lease agreement. For agreements subject to GASB 87 where MYHMC is the lessor, MYHMC recognizes a lease receivable and deferred inflows of resources, based on the present value of the future lease payments expected to be received over the term of the lease.

Lease receivables are reduced by the principal portion of lease payments received, and deferred inflows of resources are amortized on a straight-line basis and recognized as revenue over the lease term. Lease payments included in the measurement of the lease receivable are comprised of fixed and fixed in-substance payments. The deferred inflows of resources are measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the commencement of the lease term. If amendments or other certain circumstances occur that are expected to significantly affect the amount of a lease, the present value is remeasured and corresponding adjustments made.

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION
(A Proprietary Component Unit of the City of New Orleans)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2023**

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, 2023, \$147,265.

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 May 30, 2024, the date which the financial statements were available to be issued.

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents are included in the statement of net position in the amount of \$3,373,173 as of December 31, 2023.

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, 2023, MYHMC had \$3,446,749 in deposits (collected bank balances). December 31, 2023 bank balance of \$3,446,749 was 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.

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION
(A Proprietary Component Unit of the City of New Orleans)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2023**

Note 3 – Prepaid Expenses

Prepaid expenses as of December 31, 2023 consist of insurance expenses relating to property, marine and general liability, excess liability, directors' and officers' liability and automobile liability.

Note 4 – Capital Assets

Capital asset activity as of December 31, 2023 was as follows:

	Balance <u>1/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2023</u>
Vehicles	\$ 18,169	\$ 51,486	\$ -	\$ 69,655
Leasehold improvements	26,483	14,590	-	41,073
Office furniture & fixtures	121,024	40,113	-	161,137
Land improvements	-	34,548	-	34,548
Infrastructure leasehold Improvements	1,095,626	-	-	1,095,626
Boathouse	100,000	31,359	-	131,359
Accumulated depreciation	<u>(122,272)</u>	<u>(57,462)</u>	<u>-</u>	<u>(179,734)</u>
Total capital assets, net	<u>\$ 1,239,030</u>	<u>\$ 114,634</u>	<u>\$ -</u>	<u>\$ 1,353,664</u>

Depreciation expense for the year ended December 31, 2023 was \$57,462. 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.

Note 5 – 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 and the amount of the loss can be reasonably estimated. MYHMC has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years. Management believes MYHMC has adequate insurance coverage.

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION
(A Proprietary Component Unit of the City of New Orleans)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2023**

Note 6 – Pension Plan

Plan Description:

The employees' retirement system of the City of New Orleans (the Plan) is a defined benefit pension plan established under the laws of the State of Louisiana. The City charter provided that the retirement ordinance (Chapter 114 of the code) continues to govern and control the retirement system under the management of the Board of Trustees.

Also, for changes in the retirement system by council action, subject to limitations for the purpose of providing retirement allowances, death, and disability benefits to all officers and employees of the parish, except those officers and employees who are already or may hereafter be included in the benefits of any other pension or retirement system of the city, the state, or any political subdivision of the state.

Regular Benefits

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Employees with thirty (30) years of service, or who attain age 60 with ten (10) years of services, or age 65, irrespective of length of service, are entitled to a retirement allowance. The retirement allowance of an annuity, which is the actuarial equivalent of the employee's accumulation contribution, plus an annual pension, which together with the annuity, provides a total retirement allowance equal to 2.5% to 4% of average compensation times the number of years of service. The maximum pension may not exceed 100% of average compensation. Pension amounts are reduced for service retirement prior to age 62. Average compensation is defined as average annual earned compensation for the highest sixty (60) successive months of service, less \$1,200. Mandatory retirement is 70.

Disability Benefits

Disability benefits are awarded to active members with 10 or more years of creditable service if a physician nominated by the board certifies that the member is totally incapacitated and that such incapacitation is likely to be permanent. The member receives an annuity, which is the actuarial equivalent to the employee's accumulated contribution, plus an annual pension, which, together with the annuity shall be 75% of the service allowance that would have been payable upon service retirement at age 65, had the member continued in service to the age of 65. Such allowance is to be computed on the average compensation, plus the sum of \$1,200 provided, however, that the minimum annual retirement allowance will be \$300 per year.

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION
(A Proprietary Component Unit of the City of New Orleans)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2023**

Contributions

Contribution requirements of active employees are governed by the Retirement Ordinance of the City's Charter of New Orleans. Employee and employer contributions are deducted from a member's salary and remitted to the Plan by participating employers. For the 2023 fiscal year, employees participating in the Retirement System are required to contribute 6% of their salary and the employer is required to contribute 17.32%. Employer contributions to the Retirement System are based upon the amount necessary to fund normal cost and amortization of past service costs over a period of thirty years.

The contribution requirements of Retirement System members of the City's plan established and may be amended by the Retirement System's board of trustees. MYHMC's contributions to the Retirement System, which were equal to the required contribution, for the year ended December 31, 2023 were \$71,768. However, MYHMC does not guarantee any of the benefits granted by the plan.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to Pensions

At December 31, 2023, the Employer reported a liability of \$887,880 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. MYHMC's proportion of the Net Pension Liability was based on a projection of MYHMC's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2022, MYHMC's proportion was .239546%, which was an increase of .084166% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, MYHMC recognized pension expense of \$157,698 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$61,070.

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION
(A Proprietary Component Unit of the City of New Orleans)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2023**

At December 31, 2023, MYHMC reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Differences between expected and actual experience	\$ 52,455	\$ -
Changes of assumptions	-	(2,531)
Net difference between projected and actual earnings on pension plan investments	106,007	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	192,762	(9,553)
Employer contributions subsequent to the measurement date	<u>71,768</u>	<u>-</u>
Total	<u>\$ 422,992</u>	<u>\$ (12,084)</u>

The \$71,768 reported as deferred outflows of resources related to pensions resulting from the MYHMC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending
December 31:

2024	\$ 98,757
2025	96,115
2026	94,409
2025	49,859

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION
(A Proprietary Component Unit of the City of New Orleans)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2023**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2023 are as follows:

Valuation date	December 31, 2022
Actuarial cost method	Entry age actuarial cost method
Asset valuation method	Actual market value performance over a seven-year ending on valuation date.
Actuarial assumptions:	
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Mortality	Non-disabled members - mortality rates based on PubG-2010 tables Disabled members - mortality rates based on the PubNS-2010 tables. Project the mortality improvement for all participants with the scale MP-2018 to MP-2020
Turnover	Recent experience
Salary increases	Age-based annual rates ranging from 10% to 3.2%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2023 are summarized in the following table:

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION**
(A Proprietary Component Unit of the City of New Orleans)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2023

Asset class	Target Allocation	Long-Term Expected Real Rate of Return
Cash equivalents	2.0%	0.71%
Domestic equity securities	42.5%	6.91%
International equity securities	14.0%	7.75%
Fixed income	22.0%	1.80%
Real estate	5.0%	3.61%
Hedge funds and GTAA	9.5%	3.21%
Private investments	5.0%	9.96%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.25%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
Employer's proportionate share of the net pension liability	\$ 1,101,427	\$ 887,879	\$ 709,673

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION
(A Proprietary Component Unit of the City of New Orleans)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2023**

Note 7 – 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.

Note 8 – Leases Receivable

Boat slips, boathouse property and commercial property located at West End are leased to outside parties. The terms of the various lease agreements range from one to 77 years. MYHMC recognized \$798,764 in aggregate lease revenue during the 2023 fiscal year. As of December 31, 2023, MYHMC's aggregate lease receivable balance for lease payments is \$12,241,973. MYHMC has a deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term. As of December 31, 2023, the balance of the deferred inflows of resources is \$12,007,928.

Note 9 – Related Party Payables

MYHMC owes the City of New Orleans \$20,157 as of December 31, 2023 for payroll liabilities, including accrued leave. The balance is included in accrued payroll liabilities on the statement of net position. MYHJMC also reimburses the City of New Orleans for their portion of the defined benefit pension plan, which totaled \$71,768 for the year ended December 31, 2023.

SCHEDULE I

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION**
(A Proprietary Component Unit of the City of New Orleans)
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
For the Year Ended December 31, 2023

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered- Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2022	\$ 48,742	\$ 48,742	\$ -	\$ 270,789	18.00%
2023	71,768	71,768	-	354,882	20.22%

NOTE: Employer's covered employee payroll amount represents the amount from the 2023 fiscal year.

NOTE: GASB 68 requires this schedule to show information for 10 years. **MYHMC** has implemented GASB 68 on its 2022 fiscal year. Therefore, additional years will be displayed as they become available.

See Independent Auditors' Report on Required Supplementary Information.

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION**
(A Proprietary Component Unit of the City of New Orleans)
SCHEDULE OF EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
December 31, 2023

	2022	2023
Employer's Proportion of the Net Pension Liability	0.155380%	0.239546%
Employer's Proportionate Share of the Net Pension Liability	\$ 409,884	\$ 887,880
Employer's Covered-Employee Payroll	\$ 270,789	\$ 354,882
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	151.37%	250.19%
Plan Fiduciary Net Position as a Percentage of total Pension Liability	65.91%	53.25%

NOTE: The amounts presented have a measurement date of the previous fiscal year end.

NOTE: GASB 68 requires this schedule to show information for 10 years. MYHMC has implemented GASB 68 on its 2022 fiscal year. Therefore, additional years will be displayed as they become available.

See Independent Auditors' Report on Required Supplementary Information.

**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 Decedmber 31, 2023

Agency Head Name: Bryan Whited, Executive Director

Item	Amount
Salary	\$ 108,236
Benefits - Insurance	9,000
Benefits - Retirement	18,595
	\$ 135,831

See Independent Auditors' Report

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

To the Board of Directors of
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 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 business-type activities of New Orleans Yacht Harbor Management Corporation ("MYHMC"), a proprietary component unit of the City of New Orleans, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise MYHMC's basic financial statements, and have issued our report thereon dated May 30, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Bruno & Tervalon LLP

New Orleans, Louisiana
May 30, 2024

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION
(A Proprietary Component Unit of the City of New Orleans)
SCHEDULE OF FINDINGS
For the Year Ended December 31, 2023**

Section I – SUMMARY AUDITORS' RESULTS

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

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION
(A Proprietary Component Unit of the City of New Orleans)
SCHEDULE OF FINDINGS, CONTINUED
For the Year Ended December 31, 2023**

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

No matters were reported.

**Section III - FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS**

Not applicable.

**NEW ORLEANS MUNICIPAL YACHT HARBOR
MANAGEMENT CORPORATION
(A Proprietary Component Unit of the City of New Orleans)
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2023**

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

No matters were reported.

Section II - Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III - Management Letter

No comments were reported.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of New Orleans Municipal Yacht Harbor Management Corporation and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. New Orleans Municipal Yacht Harbor Management Corporation management is responsible for those C/C areas identified in the SAUPs.

New Orleans Municipal Yacht Harbor Management Corporation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

a. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

We performed the above procedures and noted no exceptions.

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.

We performed the above procedures and noted no exceptions.

c. ***Disbursements***, including processing, reviewing, and approving.

We performed the above procedures and noted no exceptions.

- 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).

We performed the above procedures and noted no exceptions.

- e. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

We performed the above procedures and noted no exceptions.

- 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.

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

- h. **Credit Cards (and debit cards, fuel cards, purchase 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).

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

Not applicable.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

2) Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

We performed the above procedures and noted no exceptions.

- b. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-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.

We performed the above procedures and noted no exceptions.

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

Not applicable, New Orleans Municipal Yacht Harbor Management Corporation general fund did not have a negative ending unassigned fund balance in prior year audit report.

- d. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

The Entity's 2022 audit was accepted by the LLA on November 1, 2023. No exceptions noted.

3) Bank Reconciliations

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

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

List of bank accounts and management's representations were obtained. Per review of the bank statements and bank reconciliations, we noted that they both had evidence of being reconciled within 2 months of the statement's closing date. No exceptions noted.

- b. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

All reconciliations observed included proper evidence of management approval. No exceptions noted.

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

We performed the above procedures and noted no reconciling items that have been outstanding for more than 12 months from year-end.

4) Collections (excluding electronic funds transfers)

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

- a. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions noted.

- b. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

No exceptions noted.

- c. Each employee responsible for collecting cash is not also 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; and

- d. *No exceptions noted.*

- c. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

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

B&T noted an insurance policy through Axis Surplus Insurance Company for Liability and Crime coverages. This policy was in effect during the fiscal year. No claims were submitted during the 2023 fiscal year.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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.

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

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

We performed the above procedures and noted no exceptions.

9. For each location selected under procedure #5A 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, then 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 or making the purchase;

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

- 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;

We performed the above procedures and noted no exceptions.

- 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; and

We performed the above procedures and noted no exceptions.

- e. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

We performed the above procedures and noted no exceptions.

10. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - a. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

- b. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

We performed the above procedures and noted no exceptions.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

Not applicable. No credit cards were issued to NOMYHC in 2023. No exceptions noted.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - a. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and

approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Not applicable. No credit cards were issued to NOMYHC in 2023. No exceptions noted.

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

Not applicable. No credit cards were issued to NOMYHC in 2023. No exceptions noted.

- 14. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). 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, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No credit cards were in use during the year ended December 2023. No exception noted.

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

- 15. 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 and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - a. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exceptions noted.

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

No exceptions noted.

- 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 Policies and Procedures procedure #1A(vii); and

No exceptions noted.

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

No exceptions noted.

8) Contracts

16. 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. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

- 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.

We performed the above procedures and noted no exceptions.

9) Payroll and Personnel

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

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

a. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

10) Ethics

21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

We performed the above procedures and noted no exceptions.

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

Per inquiry of management, no changes were made to the ethics policy during the fiscal period. No exceptions noted.

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

The Entity has appointed the Director of Human Resources, Arianne Robinson, as the Ethics Designee. No exceptions noted.

11) Debt Service

23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

We performed the above procedures and noted no exceptions.

24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note,

inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

We performed the above procedures and noted no exceptions.

12) Fraud Notice

25. 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 as required by R.S. 24:523.

We performed the above procedures and noted no exceptions.

26. 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.

We performed the above procedures and noted no exceptions.

13) Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the result with management.

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

We performed the procedure and discussed the result with management.

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

We performed the procedure and discussed the result with management.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the result with management.

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

1. Hired before June 9, 2020 - completed the training; and
2. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the result with management.

14) Prevention of Sexual Harassment

30. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

We performed the procedure and discussed the result with management.

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

The entity has their sexual harassment policy posted on the premises. No exceptions noted.

32. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

We performed the procedure and discussed the results with management

- a. Number and percentage of public servants in the agency who have completed the training requirements;

100% of the organization completed the sexual harassment training. No exceptions noted

- b. Number of sexual harassment complaints received by the agency;
None.

- c. Number of complaints which resulted in a finding that sexual harassment occurred;
None.

- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
None.

- e. Amount of time it took to resolve each complaint.
None.

We were engaged by New Orleans Municipal Yacht Harbor Management Corporation to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of New Orleans Municipal Yacht Harbor Management Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Bruno & Tervalon LLP

New Orleans, Louisiana

May 30, 2024

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the business-type activities of **New Orleans Yacht Harbor Management Corporation ("MYHMC")**, a proprietary component unit of the City of New Orleans, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise **MYHMC's** basic financial statements as listed in the foregoing table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **MYHMC** as of December 31, 2023 and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **MYHMC** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **MYHMC's** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the managements' discussion and analysis on pages 4 to 9 and the required pension information on pages 25 and 26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **MYHMC's** basic financial statements. The accompanying schedule of Compensation, Benefits and Other Payments to the Agency Head is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 30, 2024, on our consideration of **MYHMC's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **MYHMC's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **MYHMC's** internal control over financial reporting and compliance.

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

To the Board of Directors of
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 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 business-type activities of New Orleans Yacht Harbor Management Corporation ("MYHMC"), a proprietary component unit of the City of New Orleans, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise MYHMC's basic financial statements, and have issued our report thereon dated May 30, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Governing Board of New Orleans Municipal Yacht Harbor Management Corporation and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. New Orleans Municipal Yacht Harbor Management Corporation management is responsible for those C/C areas identified in the SAUPs.

New Orleans Municipal Yacht Harbor Management Corporation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- a. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

We performed the above procedures and noted no exceptions.

- 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.

We performed the above procedures and noted no exceptions.

- c. **Disbursements**, including processing, reviewing, and approving.

We performed the above procedures and noted no exceptions.

- 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).

We performed the above procedures and noted no exceptions.

- e. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

We performed the above procedures and noted no exceptions.

- 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.

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

- h. **Credit Cards (and debit cards, fuel cards, purchase 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).

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

2) Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

We performed the above procedures and noted no exceptions.

- b. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons

on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-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.

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

- d. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

We performed the above procedures and noted no exceptions.

3) Bank Reconciliations

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

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

We performed the above procedures and noted no exceptions.

- b. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

4) Collections (excluding electronic funds transfers)

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

- a. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions noted.

- b. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

No exceptions noted.

- c. Each employee responsible for collecting cash is not also 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; and

- d. *No exceptions noted.*

- c. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

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

We performed the above procedures and noted no exceptions.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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.

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

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

We performed the above procedures and noted no exceptions.

9. For each location selected under procedure #5A 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, then 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 or making the purchase;

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

- 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;

We performed the above procedures and noted no exceptions.

- 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; and

We performed the above procedures and noted no exceptions.

- e. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

We performed the above procedures and noted no exceptions.

10. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - a. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

- b. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

We performed the above procedures and noted no exceptions.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

Not applicable. No credit cards were issued to NOMYHC in 2023.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - a. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and

approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Not applicable. No credit cards were issued to NOMYHC in 2023.

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

Not applicable. No credit cards were issued to NOMYHC in 2023.

14. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). 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, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No credit cards were in use during the year ended December 2023. No exception noted.

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

15. 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 and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - a. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exceptions noted.

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

No exceptions noted.

- 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 Policies and Procedures procedure #1A(vii); and

No exceptions noted.

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

No exceptions noted.

8) Contracts

16. 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. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

- 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.

We performed the above procedures and noted no exceptions.

9) Payroll and Personnel

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

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

a. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

10) Ethics

21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

We performed the above procedures and noted no exceptions.

11) Debt Service

23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

We performed the above procedures and noted no exceptions.

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

covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

We performed the above procedures and noted no exceptions.

12) Fraud Notice

25. 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 as required by R.S. 24:523.

We performed the above procedures and noted no exceptions.

26. 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.

We performed the above procedures and noted no exceptions.

13) Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the result with management.

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

We performed the procedure and discussed the result with management.

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

We performed the procedure and discussed the result with management.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the result with management.

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

1. Hired before June 9, 2020 - completed the training; and
2. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the result with management.

14) Prevention of Sexual Harassment

30. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

32. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

We performed the procedure and discussed the results with management

- a. Number and percentage of public servants in the agency who have completed the training requirements;

100% of the organization completed the sexual harassment training. No exceptions noted

- b. Number of sexual harassment complaints received by the agency;
None.

- c. Number of complaints which resulted in a finding that sexual harassment occurred;
None.

- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
None.

- e. Amount of time it took to resolve each complaint.
None.

We were engaged by New Orleans Municipal Yacht Harbor Management Corporation to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of New Orleans Municipal Yacht Harbor Management Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Bruno & Tewalim LLP

New Orleans, Louisiana

May 30, 2024