

SINGLE AUDIT REPORT
LAKEFRONT MANAGEMENT AUTHORITY
FOR THE YEAR ENDED
JUNE 30, 2025



TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Compliance for Each Major Program, on Internal Control Over Compliance Required by the Uniform Guidance, and Schedule of Expenditures of Federal Awards	1 – 4
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7 – 9
Summary Schedule of Prior Year Findings and Questioned Costs	10
Management's Corrective Action Plan	11 – 12



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Commissioners
Lakefront Management Authority
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lakefront Management Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2025. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

To the Board of Commissioners
Lakefront Management Authority
New Orleans, Louisiana

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Commissioners
Lakefront Management Authority
New Orleans, Louisiana

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

To the Board of Commissioners
Lakefront Management Authority
New Orleans, Louisiana

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the combined financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, as of and for the year ended June 30, 2025, and the related notes to the combined financial statements, which collectively comprise the Authority's basic combined financial statements. We issued our report thereon dated October 16, 2025, which contained unmodified opinions on those combined financial statements. Our audit was performed for the purpose of forming opinions on the combined financial statements that collectively comprise the basic combined financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic combined financial statements or to the basic combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

December 1, 2025
New Orleans, Louisiana



Certified Public Accountants

LAKEFRONT MANAGEMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Assistance Listing Number	Grant Number	Federal Expenditures
U.S. Department of Homeland Security			
<i>Pass - Through Louisiana Governor's Office of Homeland Security and Emergency Preparedness</i>			
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	FEMA-DR-4611-LA	\$ 2,086,315
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	FEMA-DR-4577-LA	<u>66,398</u>
Total U.S. Department of Homeland Security			<u>2,152,713</u>
Federal Aviation Administration			
Airport Improvement Program	20.106	3-22-0038-039-2023	1,784,297
Airport Improvement Program	20.106	3-22-0038-043-2023	550,976
Airport Improvement Program	20.106	3-22-0038-40-2023	55,527
Airport Improvement Program	20.106	3-22-0038-44-2024	<u>64,516</u>
Total Federal Aviation Administration			<u>2,455,316</u>
Total expenditures of federal awards			<u>\$ 4,608,029</u>

LAKEFRONT MANAGEMENT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the Lakefront Management Authority (the Authority) under programs of the federal government for the year ended June 30, 2025. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Authority has met the qualifications for the respective grants.

Accrued and Deferred Reimbursement

Various reimbursement procedures are used for federal awards received by the Authority. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over cash reimbursements and expenditures will be reversed in the remaining grant period.

Pass-Through Entity Information

Pass-through entity identifying numbers are presented where available.

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended June 30, 2025.

(3) INDIRECT COST RATE

The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(4) DISASTER GRANTS – PUBLIC ASSISTANCE LISTING 97.036

The FEMA federal grant expenditures are reported on the SEFA when (a) FEMA has approved the project worksheet (PW) and (b) eligible expenditures have been incurred.

For the year ended June 30, 2025, FEMA approved \$2,152,713 of eligible expenditures which were incurred during the year ended June 30, 2024.

LAKEFRONT MANAGEMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Lakefront Management Authority.
2. No significant deficiencies but one material weakness in internal control relating to the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Lakefront Management Authority were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies but one material weakness relating to the audit of the major federal award programs is reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award programs for the Lakefront Management Authority expresses an unmodified opinion.
6. There was one audit finding required to be reported in accordance with 2 CFR section 200.516(a).
7. No management letter was issued for the year ended June 30, 2025.
8. The program tested as major program was:
AL Number

Disaster Grants – Public Assistance (Presidentially Declared) 97.036

9. The threshold for distinguishing Types A and B programs was \$750,000.
10. The Authority was not determined to be a low-risk auditee.

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Material Weakness

2025-001 Untimely Review of Journal Entries

Criteria: Accrual entries must be accurate and timely reviewed as part of the financial reporting process to ensure compliance with Generally Accepted Accounting Principles (GAAP). Timely review and approval of journal entries are essential to maintain the accuracy and reliability of financial statements and to prevent errors from affecting decision-making.

LAKEFRONT MANAGEMENT AUTHORITY (CONTINUED)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED)

Material Weakness (Continued)

Condition: During our audit, we noted the Authority did not perform documented reviews of journal entries before or after posting. We observed several errant entries that were posted without evidence of preparer-reviewer segregation or supervisory approval. Similar issues are commonly associated with environments where journal entries can be processed without appropriate approval and where general-ledger reconciliations that would detect invalid entries are not operating effectively.

Effect: The error resulted in misstated financial records for receivables and revenues, potentially affecting the accuracy of financial information reported in the financial statements.

Cause: The issue arose due to the lack of a timely and effective review process for journal entries, which allowed the error to go unnoticed due to lack of monitoring procedures to detect unusual entries.

Recommendation: We recommend that the Authority implement procedures to ensure all journal entries are reviewed and approved promptly. This should include establishing a policy requiring supervisory review and approval of all journal entries before posting, conducting periodic audits of journal entries to identify and correct errors early, and training staff on the importance of accurate and timely financial reporting.

Views of Responsible Officials: Management agrees with the finding and will implement a review and approval process to ensure that all journal entries are accurate and reviewed timely. See Management's Corrective Action Plan for further details.

C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

Material Weakness

2025-002 Improper SEFA Preparation

Criteria: According to 2 CFR 200.502, the determination of when a federal award is expended must be based on when the activity related to the federal award occurs. Generally, the activity related to the federal award pertains to events that require the non-federal entity to comply with federal statutes, regulations, and the terms and conditions of Federal awards, such as expenditure/expense transactions associated with grants. For FEMA grants, non-federal entities must record expenditures on the SEFA when (1) FEMA has approved the nonfederal entity's project, and (2) the non-federal entity has incurred the eligible expenditures. FEMA's approval of a subaward is indicated when FEMA obligates the federal share of the eligible project cost to the recipient Federal awards expended in years subsequent to the fiscal year in which the project is approved are to be recorded on the non-federal entity's SEFA in those subsequent years.

Condition: The Authority's expenditures relating to FEMA awards obligated during the current fiscal year did not include expenditures incurred during previous fiscal years.

Effect: The Authority's expenditures were understated which could have impaired proper major program determination for testing and caused a misstatement of the SEFA.

LAKEFRONT MANAGEMENT AUTHORITY (CONTINUED)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS (CONTINUED)

Material Weakness (Continued)

Cause: The Authority experienced turnover in its grants administrator position, which led to a loss of institutional knowledge and reduced continuity in its grant management processes. As a result, the Authority faced increased difficulty complying with the unique reporting requirements applicable to FEMA awards.

Recommendation: We recommend that the Authority enhance its grants administration processes by establishing formal, written procedures that address the unique reporting requirements of FEMA awards. The Authority should ensure that staff responsible for grant management receive sufficient training and that cross-training is in place to mitigate the effects of future turnover. These steps will help preserve institutional knowledge, promote consistent application of required procedures, and improve compliance with FEMA reporting standards.

Views of Responsible Officials: Management agrees with the finding and will implement controls to ensure all awards are included, as well as correct going forward. See Management's Corrective Action Plan for further details.

LAKEFRONT MANAGEMENT AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Material Weakness

2024-001 Untimely Review of Journal Entries

Condition: The Authority recorded an incorrect accrual entry that went undetected for two months after the entry was posted. This delay in identifying the error highlights weaknesses in the review and approval process for journal entries.

The finding has not been resolved and is repeated as finding 2025-001 for the year ended June 30, 2025.

SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

There were no findings related to major federal award programs for the year ended June 30, 2024.

SECTION III - MANAGEMENT LETTER

There was no management letter for the year ended June 30, 2024.

Lakefront Management Authority

6001 Stars and Stripes Blvd., Suite 219
New Orleans, LA 70126
504-355-5990



December 1, 2025

Department of Homeland Security and
Louisiana Legislative Auditor

Lakefront Management Authority respectfully submits the following corrective action plan for the year ended June 30, 2025.

Name and address of independent public accounting firm:

Erickson Krentel L.L.P.
4227 Canal Street
New Orleans, LA 70119

Audit Period: July 1, 2024 – June 30, 2025

The findings from the June 30, 2025 schedule of findings and questioned costs (schedule) is discussed below. The findings are numbered consistently with the number assigned in the schedule.

SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Material Weakness

Finding 2025-001 Untimely Review of Journal Entries

Recommendation: We recommend that the Authority implement procedures to ensure all journal entries are reviewed and approved promptly. This should include establishing a policy requiring supervisory review and approval of all journal entries before posting, conducting periodic audits of journal entries to identify and correct errors early, and training staff on the importance of accurate and timely financial reporting.

Views of Responsible Officials: The Authority will consider implementing the recommendation. The Authority is actively working on rectifying the finding.

SECTION III - FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

Material Weakness

Finding 2025-002 Improper SEFA Preparation

Recommendation: We recommend that the Authority enhance its grants administration processes by establishing formal, written procedures that address the unique reporting requirements of FEMA awards. The Authority should ensure

Lakefront Management Authority

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504-355-5990



that staff responsible for grant management receive sufficient training and that cross-training is in place to mitigate the effects of future turnover.

These steps will help preserve institutional knowledge, promote consistent application of required procedures, and improve compliance with FEMA reporting standards. Incorporate a year-end checklist and timeline to ensure completeness and accuracy.

Views of Responsible Officials: The Authority will consider implementing the recommendation. The Authority is actively working on rectifying the finding.

If there are any questions regarding this plan, please contact Louis Capo, Executive Director, 6001 Stars & Stripes Blvd., New Orleans, LA 70126.

Sincerely,

Signature:



Title: Executive Director