

FRENCH QUARTER MANAGEMENT DISTRICT

NEW ORLEANS, LOUISIANA

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED

DECEMBER 31, 2020



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the French Quarter Management District (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the Board of Commissioners and Management of the
French Quarter Management District
June 25, 2021

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the French Quarter Management District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 6 and page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis as required by Act 706 of the 2016 Louisiana Legislative Session and is not a required part of the basic financial statements.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Commissioners and Management of the
French Quarter Management District
June 25, 2021

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021, on our consideration of the French Quarter Management District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the French Quarter Management District'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 the French Quarter Management District's internal control over financial reporting and compliance.

June 25, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

This section of the French Quarter Management District's (the District) annual financial report presents management's analysis of the District's financial performance for the year ended December 31, 2020. This analysis should be read in conjunction with the audited financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position decreased by \$446,999.
- The program revenues of the District were \$381,061.
- The total expenditures/expenses and other financing uses of the District were \$828,060.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

The government-wide financial statements are presented on pages 7 and 8 of this report.

FUND FINANCIAL STATEMENTS

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

The District uses governmental funds and fiduciary funds as follows:

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements providing a distinctive view of the District's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. For the year ended December 31, 2020, there was no difference in the two perspectives.

The basic governmental fund financial statements are presented on pages 9 – 12 of this report.

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

The basic fiduciary fund financial statements are presented on pages 13 – 14 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 15 of this report.

The following presents condensed financial information of the District:

**SUMMARY OF NET POSITION
AS OF DECEMBER 31, 2020 AND 2019**

<u>ASSETS</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 321,359	\$ 826,752
 <u>LIABILITIES</u>		
Current liabilities	<u>37,912</u>	<u>96,306</u>
 <u>NET POSITION</u>		
Restricted for police detail	79,091	442,511
Unrestricted	<u>204,356</u>	<u>287,935</u>
Total net position	<u>\$ 283,447</u>	<u>\$ 730,446</u>

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

Total assets decreased by \$505,393 (61%) due to a decrease in receipts and receivables from the District's agreements with other governments as further described in Note 3 to the financial statements. Total liabilities decreased by \$58,394 (61%) due to decreases in payables for police details. Net position decreased by \$446,999 (61%) as a result of operations.

**SUMMARY OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Program revenues	\$ 381,061	\$ 1,356,360
Expenditures/expenses	<u>(828,060)</u>	<u>(1,183,879)</u>
Changes in net position	(446,999)	172,481
Beginning net position	<u>730,446</u>	<u>557,965</u>
Ending net position	<u>\$ 283,447</u>	<u>\$ 730,446</u>

The change in net position decreased by \$619,480 (359%) primarily due to decreased revenues from the District's agreement with other governments as further described in Note 3 to the financial statements.

BUDGET ANALYSIS

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

ECONOMIC FACTORS AND A LOOK AT NEXT YEAR

The District's primary funding source exited its Cooperative Endeavour Agreement (CEA) with the District during 2020, due to the effects of the COVID-19 pandemic. Despite uncertainty related to its future resources, the District remains committed to its purpose of protecting, preserving and maintaining the French Quarter. The District is currently seeking additional sources of funding and is optimistic that funding will be secured to allow it to further its work for the French Quarter.

CONTACTING THE DISTRICT'S MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS:

Cash and cash equivalents	\$ 305,624
Prepaid expenses	<u>15,735</u>
Total assets	<u>321,359</u>

LIABILITIES:

Accounts payable	33,050
Accrued liabilities	2,058
Due to custodial fund	<u>2,804</u>
Total liabilities	<u>37,912</u>

NET POSITION:

Restricted for police detail	79,091
Unrestricted	<u>204,356</u>
Total net position	<u>\$ 283,447</u>

The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
<u>Governmental activities:</u>				
French Quarter Management District	\$ 828,060	\$ 28	\$ 381,033	\$ (446,999)
Total governmental activities	<u>\$ 828,060</u>	<u>\$ 28</u>	<u>\$ 381,033</u>	<u>\$ (446,999)</u>
			Change in net position	\$ (446,999)
			Net position - beginning	<u>730,446</u>
			Net position - ending	<u>\$ 283,447</u>

The accompanying notes are an integral part of this statement

**FRENCH QUARTER MANAGEMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2020**

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 305,624
Prepaid expenses	<u>15,735</u>
Total assets	<u><u>\$ 321,359</u></u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES:</u>	
Accounts payable	\$ 33,050
Accrued liabilities	2,058
Due to custodial fund	<u>2,804</u>
Total liabilities	<u>37,912</u>
<u>FUND BALANCE:</u>	
Nonspendable - prepaid	15,735
Restricted for police detail	79,091
Unassigned	<u>188,621</u>
Total fund balance	<u>283,447</u>
Total liabilities and fund balance	<u><u>\$ 321,359</u></u>

The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Fund balance - total governmental fund	\$	283,447
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
There are no differences.		-
Net position of governmental activities	\$	283,447

The accompanying notes are an integral part of this statement

**FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

REVENUES:

Contract revenues	\$ 300,000
Donations	81,033
Other income	<u>28</u>
 Total revenues	 <u>381,061</u>

EXPENDITURES:

Current for general government:

Salaries and benefits	100,706
Insurance	18,275
Professional services	33,013
Rental of office space	6,000
Office expenses	8,016
Other	<u>5,364</u>

Total current general government expenditures 171,374

Current for public safety:

Police patrols	539,282
Security dispatching and administration	54,414
Security assessment	5,400
App development, licensing, and maintenance	20,597
Gas, supplies, maintenance and repairs	<u>36,993</u>

Total current public safety expenditures 656,686

Total current expenditures 828,060

Net change in fund balance (446,999)

Fund balance - beginning 730,446

Fund balance - ending \$ 283,447

The accompanying notes are an integral part of this statement

**FRENCH QUARTER MANAGEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Net change in fund balance - total governmental fund	\$	(446,999)
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Amounts reported for governmental activities in the Statement of
Activities are different because:

There are no differences.		-
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Change in net position of governmental activities	\$	(446,999)
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The accompanying notes are an integral part of this statement

**FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2020**

ASSETS:

Due from general fund	\$	<u>2,804</u>
Total assets		<u>2,804</u>

NET POSITION:

Restricted for other organizations		<u>2,804</u>
Total net position	\$	<u><u>2,804</u></u>

The accompanying notes are an integral part of this statement

**FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2020**

ADDITIONS:

Donations	\$ <u>921</u>
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DEDUCTIONS:

Administration fees to FQMD	28
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Marketing expenses	6,351
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Taxes and licenses	1,500
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Website	<u>173</u>
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Total deductions	<u>8,052</u>
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Net change	(7,131)
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Fiduciary net position, beginning	<u>9,935</u>
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Fiduciary net position, ending	<u><u>\$ 2,804</u></u>
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The accompanying notes are an integral part of this statement

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Basis of Presentation

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

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

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

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

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

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

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

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

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

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

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (FFS)

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

Governmental Fund:

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

General Fund

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

Fiduciary Fund

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

Basis of Accounting

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

Accrual

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

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

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

Basis of Accounting (continued)

Modified Accrual

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

Revenues

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

Expenditures

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

Budgetary Accounting

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

Cash and Cash Equivalents

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

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

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

Cash and Cash Equivalents (continued)

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Equity Classification

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

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classification (continued)

- c. Unrestricted net position – net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

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

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

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

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

Accounting Estimates

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

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Date of Management's Review

Management has evaluated subsequent events through June 25, 2021, the date which the financial statements were available to be issued.

(2) CASH

At December 31, 2020, the District had cash (book balances) totaling \$305,624. The District is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. The District may also invest in U.S. Treasury securities and other evidence of indebtedness issued or guaranteed by federal agencies and time certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent.

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

At December 31, 2020, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	Bank Balances Category			
	1	2	3	Bank Balance
Cash	\$ 250,000	\$ 55,624	\$ -	\$ 305,624

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(3) CONTRACT WITH NEW ORLEANS AND COMPANY AND CITY OF NEW ORLEANS

On July 20, 2017, the District agreed to a CEA with the City of New Orleans and New Orleans & Company (formerly known as the Convention and Visitors Bureau) that was to expire on December 31, 2020. Under the terms of the agreement New Orleans & Company agreed to remit \$100,000 per month to the District for the purpose of administration and management of New Orleans Police Department details, including but not limited to maintenance of Supplemental Police Program vehicles, monitoring the Supplemental Police Patrol Program (SPPP), and monitoring the French Quarter Task Force App. The District is allowed to retain 3% from this remittance or \$3,000 per month. New Orleans & Company or the District have the right to terminate the agreement by giving 7 days written notice to the other party.

Funding for the CEA ended in March 2020 due to the impact of COVID-19 as described in Note 9.

For the year ended December 31, 2020, the District received \$300,000 from its CEA with the City of New Orleans and New Orleans & Company.

In January 2021, the CEA with the City of New Orleans to monitor the SPPP was extended through June 30, 2021 or until funds for the SPPP were expended.

(4) CONTRACT WITH FRENCH QUARTER MUSEUM ASSOCIATION

On June 28, 2019, the District agreed to a CEA with the French Quarter Museum Association (FQMA), that was set to expire on December 31, 2020, and was extended to June 30, 2021. Under the terms of the agreement, the District serves as the fiscal agent of FQMA by maintaining an FDIC insured checking account that shall be restricted for FQMA use only using FQMA Members' dues and restricted donations as deposits. The District's duties include general bookkeeping, maintaining the checking account, approving an appropriate budget for FQMA, and approving an appropriate advertising campaign for FQMA. The District is allowed to retain 3% from all deposits as a service fee and reimburse itself a maximum of \$1,000 for direct costs incurred by the District on behalf of FQMA. FQMA or the District has the right to terminate the agreement immediately for cause.

For the year ended December 31, 2020, the District received \$28 from its CEA with the French Quarter Museum Association.

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(5) DONATED FACILITIES

The District entered into a month-to-month agreement to lease office space at no cost from a former Board member. The District has determined that the fair market rental value of this space would otherwise be \$500 per month. For the year ended December 31, 2020 the District recognized contribution revenue and office rental expense of \$6,000 in accordance with this agreement.

(6) OPERATING LEASES

On May 18, 2018, the District entered into a 36-month lease agreement for a copy machine. The lease requires monthly payments of \$165 per month, plus applicable expendables based on use of the copier. The District is solely responsible for payments under the terms of the lease, but the District routinely splits the cost with another party. Lease expense under this agreement for the year ended December 31, 2020 was \$1,985.

Minimum required rental payments under this agreement at December 31, 2020 are as follows:

2021	\$ <u> 910</u>
Total	\$ <u> 910</u>

(7) CONCENTRATIONS OF CREDIT RISK

Substantially all revenue for the year ended December 31, 2020 was received from New Orleans & Company. As discussed in Note 4, the District's CEA with New Orleans & Company ceased in 2020. The continued operations of the District are dependent on obtaining new funding or renegotiating with New Orleans and Company.

(8) RISK MANAGEMENT

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

(9) RISKS AND UNCERTAINTIES

In December 2019, there was an outbreak of a novel strain of coronavirus (COVID-19) and on March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. As such, multiple jurisdictions in the U.S. have declared a state of emergency including the state of Louisiana. It is anticipated that these impacts will continue for some time.

The District's CEA as described in Note 3 ended in March 2020 due to the impact of COVID-19. The District is currently seeking additional sources of funding. The full future effects of these issues are unknown.

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(9) RISKS AND UNCERTAINTIES (CONTINUED)

As indicated in the accompanying financial statements, the District showed a decrease in net position of \$446,999 during the year ended December 31, 2020. That factor, along with the uncertainties related to funding, create an uncertainty about the District's ability to continue as a going concern. Management of the District has evaluated this condition and determined that a new CEA with the City of New Orleans and the French Quarter Economic Development District to fund and provide police patrols would alleviate this uncertainty. Program and administrative expenses have been reduced as management continues negotiation of a new CEA that provides for long-term funding.

(10) NEW ACCOUNTING PRONOUNCEMENTS

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

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

(11) SUBSEQUENT EVENTS

In January 2021, the District entered into a CEA with the City of New Orleans to continue administering the supplemental police program. The CEA continued in existence until the remaining funds collected for the French Quarter Task Force were expended.

FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(11) SUBSEQUENT EVENTS (CONTINUED)

On Saturday April 24, 2021, voters in the Parish of Orleans approved a sales tax levy increase of .245% within the boundaries of the French Quarter Economic Development District. The purpose of the tax increase would be to fund supplemental police patrols and homeless assistance services. These services would be administered by the District. The performance of these services are subject to the District entering into a CEA with the City of New Orleans or State of Louisiana.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES:				
Contract revenues	\$ 1,200,000	\$ 300,000	\$ 300,000	\$ -
Contributions	150,000	75,000	81,033	6,033
Other income	480	480	28	(452)
Total revenues	1,350,480	375,480	381,061	5,581
EXPENDITURES:				
Current for general government:				
Salaries and benefits	99,351	99,106	100,706	1,600
Insurance	20,703	18,223	18,275	52
Professional services	35,350	34,500	33,013	(1,487)
Rental of office space	-	-	6,000	6,000
Office expenses	7,722	7,154	8,016	862
Other	8,703	7,354	5,364	(1,990)
Total current general government expenditure	171,829	166,337	171,374	5,037
Current for public safety:				
Police patrols	858,000	539,634	539,282	(352)
Security dispatching and administration	207,500	72,552	54,414	(18,138)
Security assessment	-	5,375	5,400	25
App development, licensing, and maintenance	36,000	17,214	20,597	3,383
Gas, supplies, maintenance and repairs	87,600	35,269	36,993	1,724
Total current public safety expenditures	1,189,100	670,044	656,686	(13,358)
Total current expenditures	1,360,929	836,381	828,060	(8,321)
Net change in fund balance	(10,449)	(460,901)	(446,999)	13,902
Fund balance - beginning	730,446	730,446	730,446	-
Fund balance - ending	<u>\$ 719,997</u>	<u>\$ 269,545</u>	<u>\$ 283,447</u>	<u>\$ 13,902</u>

See Independent Auditors' Report

OTHER SUPPLEMENTARY INFORMATION

FRENCH QUARTER MANAGEMENT DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2020

		Karley Frankic Executive Director
Salary	\$	90,527
Benefits - insurance (health and dental)		<u>2,473</u>
 Total compensation, benefits, and other payments	 \$	 <u>93,000</u>

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the French Quarter Management District (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control over Financial Reporting

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

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

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



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To Board of Commissioners and Management of the
French Quarter Management District
June 25, 2021

Compliance and Other Matters

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

Purpose of this Report

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

June 25, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

**FRENCH QUARTER MANAGEMENT DISTRICT
NEW ORLEANS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

SECTION I SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the French Quarter Management District (the District).
2. No material weaknesses in internal control relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the French Quarter Management District were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was issued for the year ended December 31, 2020.

SECTION II FINANCIAL STATEMENT FINDINGS

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

**FRENCH QUARTER MANAGEMENT DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

SECTION I – FINANCIAL STATEMENTS FINDINGS

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

SECTION II – MANAGEMENT LETTER ITEMS

2019-001 Develop a Disaster Recovery Plan

The District does not have written policies and procedures over disaster recovery/business continuity. A well-thought out and documented disaster recovery plan would help the District's personnel act quickly and appropriately at a time when the stress and disruption of a disaster might adversely affect their memory, emotions, and judgment. It would also help others take charge in place of the sole employee who might be lost, injured, or otherwise unavailable at the time of the crisis. Also, as part of developing a disaster recovery plan, arrangements could be made for protection of files and for use of backup space, equipment and furniture, or services should a disaster occur. In addition, while developing the plan, management personnel could take the opportunity to reassess the adequacy of its property and business interruption insurance and to learn about some of the financial assistance that might be available to the District after a disaster so that such assistance could be requested as quickly as possible. A disaster recovery plan promotes the protecting of accounting records and other related files in case of a disaster.

This item has not been resolved for the year ended December 31, 2020 and is repeated as a management letter item.



June 25, 2021

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

In planning and performing our audit of the financial statements of French Quarter Management District (the District) as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion of the effectiveness of the District's internal control.

However, during our audit we became aware of a certain matter that is an opportunity for strengthening internal controls and operating efficiency. This letter summarizes our comment and suggestions regarding that matter. This letter does not affect our report dated June 25, 2021, on the financial statements of French Quarter Management District.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

2020-001 Develop a Disaster Recovery Plan

In performing our review of written policies and procedures, we learned that the District does not have written policies and procedures over disaster recovery/business continuity. A well-thought out and documented disaster recovery plan would help the District's personnel act quickly and appropriately at a time when the stress and disruption of a disaster might adversely affect their memory, emotions, and judgment. It would also help others take charge in place of the sole employee who might be lost, injured, or otherwise unavailable at the time of the crisis. Also, as part of developing a disaster recovery plan, arrangements could be made for protection of files and for use of backup space, equipment and furniture, or services should a disaster occur. In addition, while developing the plan, management personnel could take the opportunity to reassess the adequacy of its property and business interruption insurance and to learn about some of the financial assistance that might be available to the District after a disaster so that such assistance could be requested as quickly as possible. Thus, we believe that disaster recovery planning is a matter of governance about which the Board of Commissioners should have concern. We therefore recommend that the Board of Commissioners consider establishing a disaster recovery plan for protecting accounting records and other related files in case of a disaster.



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To Board of Commissioners and Management of the
French Quarter Management District
June 25, 2021
Page 2

This information is intended solely for the use of the Board of Commissioners and management of French Quarter Management District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Ericksen Krentel, LLP

Certified Public Accountants

French Quarter MANAGEMENT DISTRICT

400 North Peters Street, Suite 206
New Orleans, Louisiana 70130
504-323-5801
www.fqmd.org

29 June 2021

Louisiana Legislative Auditor

French Quarter Management District respectfully submits the following corrective action plan for the year ended December 31, 2020.

Name and address of independent public accounting firm:

Ericksen Krentel LLP
4227 Canal Street
New Orleans, LA 70119

Audit Period: January 1, 2020 – December 31, 2020

The comment from the December 31, 2020 management letter is discussed below. The comment is numbered consistently with the number assigned in the management letter.

Section III Management Letter Comments

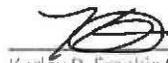
2020-001 Develop a Disaster Recovery Plan

Recommendation: We recommend that the Board of Commissioners consider establishing a disaster recovery plan for protecting accounting records and other related files in case of a disaster.

Response: The District agrees with the recommendation and will develop and implement a disaster recovery plan.

If there are any questions regarding this plan, please contact Karley D. Frankic, Executive Director, at (504) 323-5801.

Sincerely,



Karley D. Frankic (Jun 30, 2021 17:49 CDT)

Karley D. Frankic
Executive Director