
FRENCH MARKET CORPORATION
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

FRENCH MARKET CORPORATION
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

FRENCH MARKET CORPORATION

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-9
STATEMENT OF NET POSITION	10
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	11
STATEMENT OF CASH FLOWS	12
NOTES TO THE FINANCIAL STATEMENTS	13-28
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
SCHEDULE I – Schedule of Employer’s Pension Contributions For the Year Ended December 31, 2022	29
SCHEDULE II – Schedule of Employer’s Proportionate Share of Net Pension Liability – December 31, 2022	30
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	31
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
SCHEDULE III – Schedule of Compensation, Benefits, and Other Payments to the Agency Head for the Year Ended December 31, 2022	32

FRENCH MARKET CORPORATION

TABLE OF CONTENTS, CONTINUED

Page

INDEPENDENT AUDITOR’S 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

33-34

SCHEDULE OF FINDINGS AND RESPONSES

35

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
French Market Corporation
(A Proprietary Component Unit of the City of New Orleans)
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of French Market Corporation (the Market), a component unit of the City of New Orleans, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Market's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Market, as of December 31, 2022, and the respective changes in financial position and, where applicable, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Market, 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 opinions.

Emphasis of a Certain Matter

As described in Note 4 to the financial statements, the Market implemented Governmental Accounting Standards Board Statement No. 87 Leases, which required, among other things, that a lease receivable and deferred inflow of resources for certain lease agreements. The implementation of this statement represents a change in accounting principle having a significant effect on the Market's financial statements. Our opinions are not modified with respect to this matter.

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 the Market'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.

Auditor's 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 auditors' report that includes our opinions. 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 and *Government 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 the Market'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 the Market'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 management's discussion and analysis on pages 4-9 and Schedule I, Schedule II, and notes to required supplementary information on pages 29-31 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Market's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Agency Head (Schedule III) on page 32 is presented for purposes of additional analysis and is not a required part of the basic 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 financial statements. The 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 standard generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to the 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 28, 2023, on our consideration of the Market'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 Market'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 Market's internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
June 28, 2023

FRENCH MARKET CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2022

As the financial manager of the Market, we offer readers of the accompanying financial statements, this narrative overview and analysis of the financial activities of the Market for the year ended December 31, 2022. This discussion and analysis are designed to assist the reader in focusing on significant financial issues and activities.

We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Using This Annual Report

Our auditors' have provided assurance in their independent auditors' report located immediately preceding this Management's Discussion and Analysis. That opinion is unmodified with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Financial Highlights – 2022

- The Market's assets and deferred outflows exceeded its liabilities and deferred inflows by \$30,164,844. Of this amount, \$12,341,211 was unrestricted and \$17,823,633 represented the net investment in capital assets.
- The Market's net position increased by \$1,656,904 during the year ended December 31, 2022.
- Operating revenues increased from \$8,005,528 in 2021 to \$11,112,777 in 2022, as a result of the Market's near full recovery from COVID-19 pandemic, as public health restrictions impacted local business activity in 2021 when restrictions were mostly lifted, and business activity recovered to near pre-pandemic levels for all of 2022.
- The Market adopted GASB 87, Leases as of January 1, 2022, and recorded a lease receivable and deferred inflow on leases in the amount of \$17,896,934. The Market reported a lease receivable of \$16,256,068 and a deferred inflow of resources on these leases of \$16,000,990 as of December 31, 2022. Prior to the adoption of GASB 87, the Market did not report leases in its Statement of Financial Position.

Overview of the Financial Statements

The Market's basic financial statements comprise of a Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and the related notes to the financial statements. Since the Market 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 the Market's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Market's assets, deferred outflows of resources, liabilities, deferred inflow of resources, and net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Market is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial position.

FRENCH MARKET CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2022

Overview of the Financial Statements (continued)

The statement of revenues, expenses and changes in net position presents information showing how the Market's net position changed during the year. All changes in net position are reported as soon as the underlying event occurs, regardless of 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).

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

FRENCH MARKET CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2022

Financial Analysis -2022

The Statement of Net Position includes information on all the Market's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. The statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Market.

STATEMENT OF NET POSITION

	2022	2021	Increase (Decrease)
Current assets	\$ 17,418,549	\$ 16,066,898	\$ 1,351,651
Lease	14,957,193	-	14,957,193
Capital assets, net	17,823,633	17,343,650	479,983
Total assets	50,199,375	33,410,548	16,788,827
Deferred outflow of resources	889,068	1,034,334	(145,266)
Total assets and deferred outflow of resources	51,088,443	34,444,882	16,643,561
Current liabilities	1,385,833	1,432,232	(46,399)
Noncurrent liabilities	3,257,023	3,654,960	(397,937)
Total liabilities	4,642,856	5,087,192	(444,336)
Deferred inflow of resources	16,280,743	849,751	15,430,992
Total liabilities and deferred inflow of resources	20,923,599	5,936,943	14,986,656
Net position			
Net investment in capital assets	17,823,633	17,343,650	479,983
Unrestricted	12,341,211	11,164,290	1,176,921
Total net position	\$ 30,164,844	\$ 28,507,940	\$ 1,656,904

In 2022, net position increased by \$1,656,904 from 2021 to 2022. Current assets increased by \$52,776, comprised mostly of an increase in cash of \$1,093,153, which was offset by a decrease in the insurance receivable that was collected in 2022 of \$1,177,258. Lease increased by \$16,256,068 as GASB 87 was adopted in 2022. Capital assets increased by \$479,983 as additions of \$1,497,331, exceeded depreciation expense of \$1,017,349. Deferred inflows of resources increased by \$15,430,992 of which \$16,000,990 was a deferred inflow of resources on leases related to the implementation of GASB 87.

FRENCH MARKET CORPORATION**MANAGEMENT'S DISCUSSION AND ANALYSIS****DECEMBER 31, 2022****Financial Analysis -2022 (continued)****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	2022	2021	Increase (Decrease)
Operating revenues			
Rental income	\$ 7,369,085	\$ 5,721,122	\$ 1,647,963
Parking income	2,764,265	1,710,082	1,054,183
Other income	673,918	462,446	211,472
Total operating revenue	10,807,268	7,893,650	2,913,618
Operating expenses			
Salaries, wages, and benefits	2,604,631	2,940,570	(335,939)
Depreciation	1,017,349	1,069,185	(51,836)
Maintenance, repairs and equipment	1,075,482	1,118,293	(42,811)
Professional services	1,237,950	862,130	375,820
Advertising and promotion	621,008	337,659	283,349
Utilities and communication	445,670	404,021	41,649
Insurance	761,024	507,282	253,742
Other	1,398,650	786,448	612,202
Total operating expenses	9,161,764	8,025,588	1,136,176
Nonoperating income (loss)			
Interest	51,057	7,600	43,457
Impairment on capital assets	-	(1,621,527)	1,621,527
Insurance proceeds	60,343	1,388,888	(1,328,545)
Total nonoperating revenue (expense)	111,400	(225,039)	336,439
Change in income before transfers	1,756,904	(356,977)	2,113,881
Transfer out to City of New Orleans	(100,000)	(100,000)	-
Change in net position	1,656,904	(456,977)	2,113,881
Net position, beginning of year	28,507,940	28,964,917	(456,977)
Net position, end of year	<u>\$ 30,164,844</u>	<u>\$ 28,507,940</u>	<u>\$ 1,656,904</u>

FRENCH MARKET CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2022

Financial Analysis -2022 (continued)

The Statement of Revenues, Expenses, and Changes in Net Position provides an indication of the Market's financial health. For the year ended December 31, 2022, operating revenues increased by \$2,913,618, with increases of rental, parking, and other income of \$1,647,963, \$1,054,183, and \$211,472, respectively.

During 2022, operating expenses increased by \$1,136,176. Salaries, wages, and related benefits decreased by \$335,939, professional services increased by \$375,820, advertising increased by \$283,349, insurance increased by \$253,742 and other, which includes insurance repairs funded by Hurricane Ida insurance proceeds increased by \$577,235.

During 2022, non-operating income of \$11,400 exceeded the prior year loss of \$325,039 by \$336,439. The change is mostly related to Hurricane Ida insurance proceeds and related impairment of capital assets, both of which occurred in 2021 and did not occur in 2022.

The Statement of Cash Flows presents the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for capital additions. Cash increased by \$1,093,153. During 2022, the Market collected insurance proceeds, provided cash from noncapital financing activities of \$1,137,601. Operating activities provided \$1,401,826, while capital and related financing activities used \$1,497,331 in cash.

CONDENSED STATEMENT OF CASH FLOWS

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>
Cash flows from:			
Operating activities	\$ 1,401,826	\$ 1,537,142	\$ (135,316)
Noncapital financing activities	1,137,601	111,630	1,025,971
Capital and related financing activities	(1,497,331)	(530,291)	(967,040)
Investing activities	<u>51,057</u>	<u>7,600</u>	<u>43,457</u>
Net change in cash	1,093,153	1,126,081	(32,928)
Beginning of year cash	<u>13,999,694</u>	<u>12,873,613</u>	<u>1,126,081</u>
End of year cash	<u>\$ 15,092,847</u>	<u>\$ 13,999,694</u>	<u>\$ 1,093,153</u>

FRENCH MARKET CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2022

Capital Assets

The Market's investment in capital assets which is composed of land, building and improvements, furniture, fixtures and equipment amounts to \$17,823,633, net of accumulated depreciation of \$30,998,300 as of December 31, 2022, and 17,343,650, net of accumulated depreciation of \$29,980,952 as of December 31, 2021.

The Market's five-year capital budget includes major building repairs and renovations, vehicle purchases, equipment replacements, painting of buildings, and landscape improvements.

Debt Administration

As of December 31, 2022, the Market's long-term debt includes its noncurrent compensated absences of \$428,972 and net pension liability of \$2,828,051.

Economic Outlook

The Market adopts an annual operating budget and a five-year capital budget. The capital budget depicts various planned improvement projects while the continuing operating budget includes proposed expenses and the means of financing them. During 2022, the Market's cost of insurance increased significantly due to the overall increase in insurance in the New Orleans area. The Market's revenue during 2022 was better than budgeted due to the increase in actual advertising revenue, percentage and parking revenue received post COVID-19 and Hurricane Ida.

The Market experienced extensive damage from Hurricane Ida to three of its buildings, which includes Building E, Building C and the Upper Pontalba Building (UPB). The Building C roof replacement has been completed during the 2023 fiscal year. The UPB and Building E are still in construction in progress. Due to the damage to Building E, the Market's Administrative Offices were relocated to two vacant commercial spaces in the UPB.

Request for Information

This financial report is designed to provide a general overview of the Market's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Market's Executive Director at 1008 N. Peters Street, New Orleans, Louisiana 70116.

FRENCH MARKET CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2022

ASSETS AND DEFERRED OUTFLOW
OF RESOURCES

CURRENT ASSETS

Cash and cash equivalents	\$ 15,092,847
Tenants receivable	713,098
Lease receivable, current portion	1,298,875
Prepaid expenses and other assets	313,729
Total current assets	<u>17,418,549</u>

NON-CURRENT ASSETS

Lease receivable, non current portion	14,957,193
Capital assets, net	<u>17,823,633</u>

TOTAL ASSETS

50,199,375

DEFERRED OUTFLOW OF PENSION RESOURCES

889,068

TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES

\$ 51,088,443

LIABILITIES, DEFERRED INFLOW OF RESOURCES
AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 709,349
Rental deposits	290,726
Due to governmental agencies	172,658
Compensated absences	47,664
Unearned revenue	165,436
Total current liabilities	<u>1,385,833</u>

NON CURRENT LIABILITIES

Compensated absences	428,972
Net pension liability	2,828,051
Total noncurrent liabilities	<u>3,257,023</u>

Total liabilities

4,642,856

DEFERRED INFLOW OF RESOURCES

Deferred inflow of pension resources	279,753
Deferred inflow of leases	16,000,990
Total noncurrent liabilities	<u>16,280,743</u>

TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES

\$ 20,923,599

NET POSITION

Net investment in capital assets	\$ 17,823,633
Unrestricted	<u>12,341,211</u>

TOTAL NET POSITION

\$ 30,164,844

The accompanying notes are an integral part of this financial statement.

FRENCH MARKET CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

REVENUES

Rental income	\$ 7,369,085
Parking income	2,764,265
Other income	673,918
Total operating revenues	<u>10,807,268</u>

EXPENSES

Salaries, wages, and related benefits	2,604,631
Professional services	1,237,950
Maintenance and repairs	1,075,482
Insurance	761,024
Security	24,982
Telephone and utilities	445,670
Fees and taxes	474,461
Equipment expense	111,320
Advertising and promotion	621,008
Supplies and materials	60,071
Depreciation	1,017,349
Other	727,816
Total operating expenses	<u>9,161,764</u>

OPERATING INCOME

1,645,504

NONOPERATING REVENUE

Interest income	51,057
Impairment on capital assets	-
Insurance proceeds	60,343
Total nonoperating revenue	<u>111,400</u>

Income before transfer	1,756,904
------------------------	-----------

TRANSFERS

Transfer to City of New Orleans	(100,000)
---------------------------------	-----------

CHANGE IN NET POSITION

1,656,904

NET POSITION, BEGINNING OF THE YEAR

28,507,940

NET POSITION, END OF THE YEAR

\$ 30,164,844

The accompanying notes are an integral part of this financial statement.

FRENCH MARKET CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR THEN ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Received from tenants	\$ 9,783,608
Received from others	624,053
Paid to employees for services	(3,653,648)
Paid to suppliers for goods and services	(5,352,187)
Net cash provided by operating activities	<u>1,401,826</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfer out to the City of New Orleans	(100,000)
Insurance proceeds	1,237,601
Net cash provided by noncapital financing activities	<u>1,137,601</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments for capital additions	(1,497,331)
Net cash used in capital and related financing activities	<u>(1,497,331)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	51,057
Net cash provided by investing activities	<u>51,057</u>

Net change in cash and cash equivalents 1,093,153

Cash and cash equivalents, beginning of year 13,999,694

Cash and cash equivalents, end of year \$ 15,092,847

Reconciliation of net operating income to net cash provided by operating activities areas follows:

Operating income	\$ 1,645,504
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:	
Depreciation	1,017,349
Increase in tenants receivable	(87,016)
Increase in prepaid and other assets	(49,865)
Decrease in deferred outflow of resources	145,266
Increase in accounts payable	187,597
Increase in rental deposits	582
Decrease in due to governmental agencies	(232,314)
Decrease in unearned revenue	(8,230)
Increase in compensated absences	59,652
Decrease in pension liability	(451,623)
Decrease in deferred inflow of resources	(825,076)
Net cash provided by operating activities	<u>\$ 1,401,826</u>

The accompanying notes are an integral part of this financial statement.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. Summary of Significant Accounting Policies

Organization

The French Market Corporation (the Market), a Louisiana Public Benefit Corporation was organized on March 15, 1973, to provide for the operation and maintenance of the French Market Properties owned by the City of New Orleans. These properties include five buildings and the Farmers Market. The Market is owned by the City of New Orleans and administered by a Board of Directors consisting of twelve members appointed by the Mayor of the City of New Orleans.

Reporting Entity

The Market is presented as a component unit of the City of New Orleans. Component units are legally separate organizations for which elected officials of the primary government (City of New Orleans) are financially accountable. Component unit status is determined using the following criteria:

The City of New Orleans is financially accountable if it appoints a voting majority of the Market's governing body and is either:

1. Able to impose its will on the Market.
2. There is potential for the Market to provide specific financial benefits to or impose financial burdens on the City of New Orleans. The City of New Orleans may be financially accountable if the Market is fiscally dependent on the City of New Orleans.

The City of New Orleans appoints a voting majority of the Market's governing body and there is potential for the Market to provide specific financial benefits to the City of New Orleans. This qualifies the Market as a component unit of the City of New Orleans. The accompanying financial statements present information only on the Market and do not present information on the City of New Orleans. There are no component units of the Market.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The term measurement focus is used to denote what is being measured and reported in the Market's financial statements. The Market is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the Market is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on the Market's financial statements. The Market uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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

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 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

For purposes of the statements of cash flows, the Market considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include amounts in non-interest-bearing demand deposits. Under state law, the Market may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States of America.

Tenants Receivable

Tenants receivable are carried at a net amount determined by the original billings for space rentals and related fees, less vacancy adjustments, less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. The Market does not charge interest on tenants receivable. Tenants receivable are written-off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written-off are recorded as a reduction of bad debt expense when received. The Market expects all tenants receivable as of December 31, 2022 to be fully collectible; therefore, no allowance for doubtful accounts was recorded as of December 31, 2022.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Market as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets are recorded at cost or the estimated acquisition value at the time of contribution to the Market. Major outlays for capital assets are capitalized as projects are constructed. Interest incurred (net of interest earned on invested proceeds during the construction phase) is reflected in the capitalized value of the capital assets constructed. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10-50 years
Furniture, fixtures, and equipment	5-10 years
Vehicles	5 years
Software	3 years

Contributed capital assets are valued at their estimated acquisition value at the date contributed. Capital assets are reviewed to evaluate prominent events or changes in circumstances to determine whether impairment of capital assets has occurred. The Market follows guidance in GASB 42, as applicable, to record the effects of capital asset impairments.

Deferred outflow of resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses) until that future time. See Note 4 for additional details.

Compensated absences

The Market's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick leave are recorded as expenses and liabilities as the benefits accrued to the employees. Employees are permitted to accumulate a limited amount of earned but unused vacation benefits which are to be paid to employees upon separation from the Market.

GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that are vested as severance pay.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. Summary of Significant Accounting Policies (continued)

Compensated absences (continued)

All full-time classified employees of the Market hired prior to January 1, 1979, are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978, can accrue a maximum of 45 days of annual leave and an unlimited number of sick leave.

Upon termination of employment, an employee is paid for accrued annual leave based upon 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 sick leave to additional years of service.

Rental deposits

Rental deposits represent one month of rent paid in advance of the lease agreement for the commercial and residential tenants.

Leases-lessor

A deferred inflow of resources represents an acquisition of net position that applies to a future period and will therefore will not be recognized as an inflow of resources (revenue) until that future time. See Note 4 for additional details.

Net Position

Net position classifications are defined as follows:

Net Investment in capital assets – This component of net position consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, 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 is 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 – This component of net position consists of constraints placed on net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. Summary of Significant Accounting Policies (continued)

Net Position (continued)

Unrestricted – 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” as described above.

When both restricted and unrestricted resources are available for use, the Market’s policy is to use restricted resources first, then unrestricted resources as they are needed.

Revenues and expenses

The Market distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Market’s ongoing operations. The principal operating revenues of the market are tenant rental revenue, advertising revenue, and parking revenue. Operating expenses include the costs of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Recent Pronouncements - Adopted

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. 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. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 87 to reporting periods beginning after June 15, 2021. The adoption of this standard was applied on the Market’s financial statements retrospectively, as of January 1, 2022.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest costs incurred before the end of a construction period. This Statement established accounting requirements for interest cost incurred before the end of a construction period. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 89 to reporting periods beginning after December 15, 2021. The implementation of this standard had no impact on the Market’s financial statements or notes to the financial statements.

The GASB issued Statement No. 92, *Omnibus 2020*. The objective of this statement is to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by focusing on practice issues that have been identified during the implementation of various GASB Statements. The implementation of this standard had no impact on the Market’s financial statements or notes to the financial statements.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. Summary of Significant Accounting Policies (continued)

Recent Pronouncements - Adopted (continued)

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective for periods beginning after June 15, 2021. The implementation of this standard had no impact on the Market's financial statements or notes to the financial statements.

The GASB issued Statement No. 98, *The Annual Financial Comprehensive Financial Report*. This statement establishes a new designation of the acronym for state and local government annual financial statements, the Annual Comprehensive Financial Report (ACFR). The implementation of this standard had no impact on the Market's financial statements or notes to the financial statements.

The GASB issued Statement No. 99, *Omnibus 2022*. The objective of this statement is to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by focusing on practice issues that have been identified during the implementation. Certain elements were effective upon issuance of this statement in April of 2022. The implementation of this standard does not have a significant impact on the Market's financial statements or notes to the financial statements.

Recent Pronouncements – Not Yet Adopted

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022. The Market is currently assessing the impact of this pronouncement on its basic financial statements.

2. Cash and Cash Equivalents

Under state law, the Market's deposits (or the resulting bank balances) must be insured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value 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.

Custodial credit risk is the risk that in the event of a bank failure, the Market's deposits may not be returned to it under state law. As of December 31, 2022, the Market's deposits had a carrying amount of \$15,092,847 and a bank balance of \$15,637,376, of which \$250,000 was covered by federal depository insurance and \$15,387,376 was covered by collateral held in the name of the pledging fiscal agent bank in a holding or custodial bank.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

3. Capital Assets

The capital assets of the Market as of December 31, 2022, consist of the following:

	January 1, 2022	Additions	Reductions	December 31, 2022
Land	\$ 151,917	\$ -	\$ -	\$ 151,917
Construction in progress	560,031	1,046,815	-	1,606,846
Buildings and improvements	44,218,933	287,684	-	44,506,617
Furniture, fixtures and equipment	2,210,041	137,567	-	2,347,608
Automobiles	48,098	25,266	-	73,364
Software	135,581	-	-	135,581
Total	47,324,601	1,497,332	-	48,821,933
Accumulated depreciation	(29,980,951)	(1,017,349)	-	(30,998,300)
Capital assets, net	<u>\$ 17,343,650</u>	<u>\$ 479,983</u>	<u>\$ -</u>	<u>\$ 17,823,633</u>

As of December 31, 2022, the construction in progress of \$1,606,846, consists primarily of improvements to the Riverside parking lot and architectural and engineering costs for improvements to the Upper Pontalba building, respectively.

4. Leases

The Market implemented GASB Statement 87, Leases as of January 1, 2022, and reports a lease receivable on leases that convey use of the Market's properties for more than one year. Residential leases, parking, flea market open space and special event rentals are generally for a term of one year or less and the Market is paid overage rent if the percentage of sales exceeds the base rent and do not qualify for recognition under GASB 87, Leases. The Market recorded a lease receivable and a deferred inflow of leases in the amount of \$17,866,934 during the year ended December 31, 2022. Included in the receivable are leases with terms of more than one year on 47 Market properties located in the Upper Pontalba, Colonnade, Edison Park, Farmer's Market and Oscar Dunn Park. The inflows of resources are recognized ratably over the lease using the net present value as of the inception of the leases at a 4.5% discount rate. For the year ended December 31, 2022, the Market reported inflows of resources under the new accounting standard included in rental income totaling \$2,537,603, comprised of amortization of deferred inflow of resources from leases and interest earned on the lease receivable of \$1,891,076 and \$646,527, respectively. The Market reported a lease receivable and a deferred inflow of resources on these leases in the amount of \$16,256,068 and 16,000,990 as of December 31, 2022, respectively.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

4. Leases (continued)

The remaining principal and interest on the Market's lease receivable are presented in the following table:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2023	\$ 1,298,875	\$ 602,630	\$ 1,901,505
2024	1,535,297	641,370	2,176,667
2025	1,509,607	572,528	2,082,135
2026	1,464,714	505,987	1,970,701
2027	1,404,561	440,152	1,844,713
2028 - 2032	4,015,458	1,494,652	5,510,110
2033 - 2037	1,566,569	948,667	2,515,236
2038 - 2042	1,147,882	629,559	1,777,441
2043 - 2047	885,842	426,178	1,312,020
2048 - 2052	1,108,893	203,127	1,312,020
2053 - 2054	318,370	9,635	328,005
	<u>\$ 16,256,068</u>	<u>\$ 6,474,485</u>	<u>\$ 22,730,553</u>

The Market recognizes reported revenues under GASB 87 totaling \$2,537,600 reported in rental income. Contingency rent and rent earned on leases with terms of one year or less totaled \$2,502,202 and \$2,329,823, respectively.

5. Pension Plan

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees Retirement System of the City of New Orleans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description

Employees of the Market are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Employees Retirement System of the City of New Orleans (the Plan) established under the laws of the State of Louisiana. The Plan issues a publicly available financial report that can be obtained at www.nola.gov/nomers.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

5. Pension Plan (continued)

Benefits Provided

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.

Benefits Provided – Regular Benefits

Employees with thirty (30) years of service, or who attain age 60 within (10) years of service, or age 65, irrespective of length of service, are entitled to a retirement allowance. The retirement allowance consists 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% 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 thirty-six (36) successive months (forty-eight (48) months effective January 1, 2014 and sixty (60) months effective January 1, 2015) of service as a member, minus \$1,200. Effective June 1, 2002, \$1,200 is removed. After April 29, 1979, earned compensation based on pay for regular required work and excludes State supplemental pay.

Benefits Provided – 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, the minimum annual retirement allowance will be \$300 per year.

Contributions

Contribution requirements of active employees are governed by the Retirement Ordinance of the City 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 2021 fiscal year, employees participating in the Retirement System are required to contribute 6% of their salary and the employer is required to contribute 17.18%. 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 Market are established and may be amended by the Retirement System's board of trustees. The Market's contributions to the Retirement System, which were equal to the required contribution, were \$329,238, \$278,605, and \$404,785, respectively for the years ended December 31, 2022, 2021, and 2020. However, the Market does not guarantee any of the benefits granted by the plan.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

5. Pension Plan (continued)

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

As of December 31, 2022, the Market reported a liability of \$2,828,051 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 January 1, 2022. The Market's proportion of the Net Pension Liability was based on a projection of the Market's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2022, the Market's proportion was 1.072067%.

For the years ended December 31, 2022, the Market recognized pension expense of (\$547,117), as adjusted for the Market's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$200,175.

As of December 31, 2022, the Market reported deferred outflow of resources and deferred inflow of resources related to pensions from the following sources:

	2022	
	Deferred outflow of resources	Deferred inflow of resources
Differences between expected and actual experience	\$ 209,943	\$ -
Net difference between projected and actual earnings on pension plan investments	349,887	(68,251)
Changes in assumptions	-	(11,327)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(200,175)
Employer contributions subsequent to measurement date	329,238	-
	<u>\$ 889,068</u>	<u>\$ (279,753)</u>

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

5. Pension Plan (continued)

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

The Market contributions subsequent to the measurement date in the amount of \$329,238 were reported as deferred outflow of resources will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2022. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 4,765
2024	193,114
2025	82,198
Total	<u>\$ 280,077</u>

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

5. Pension Plan (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2022, are as follows:

Valuation Date	January 1, 2022 (2022)
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Adjusted Market Value using seven year smoothing
Investment Rate of Return	7.25% per annum
Mortality	Non-disabled Pre-Retirement members - Mortality rates based on the PubG-2010 Employee Mortality Tables, amount-weighted, projected generationally with Scale MP-2018 Non-disabled Post-Retirement members - Mortality rates based on the PubG-2010 General Healthy Retiree Tables, amount-weighted, projected generationally with Scale MP-2018 Disabled members - Mortality rates based on the PubNS -2010 Non-Safety Disabled Retiree Tables, amount-weighted, projected generationally with Scale MP-2018
Turnover	Table developed from the 2011-2016 Actuarial Experience Study
Salary Increases	5.0% compounded annually

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

5. Pension Plan (continued)

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 real 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, 2022, as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Rate of Return
Cash Equivalents	2.0%	-0.10%	0.00%
Equity	42.5%	6.40%	2.72%
International equity	14.0%	7.41%	1.04%
Fixed income	22.0%	0.60%	0.13%
Real estate	5.0%	3.90%	0.20%
Private investments	5.0%	10.40%	0.52%
Alternative investments	9.5%	2.75%	0.26%
Total	<u>100.0%</u>		<u>4.87%</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.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

5. Pension Plan (continued)

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:

	<u>1.0% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1.0% Increase (8.25%)</u>
Employer's proportionate share of the net pension liability	\$ 3,766,918	\$ 2,828,051	\$ 2,044,812

Included in due to governmental agencies were contributions payable to the pension plan in the amount of \$6,228 as of December 31, 2022.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees Retirement System of the City of New Orleans 2022 Comprehensive Annual Financial Report at www.nola.gov/nomers.

6. Unrestricted Net Position

Unrestricted board designated net position consisted of the following as of December 31, 2022:

Revenue reserves	\$ 4,773,127
On-going and future capital projects	4,867,782
Insurance reserves	2,621,534
Maintenance reserves	78,768
Total	<u>\$ 12,341,211</u>

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

7. Related Party Transactions

The lease and franchise agreement between the Market and the City, which ends on December 31, 2050, requires an annual lease payment equal to the greater of \$100,000 or 20% of the net adjusted revenues of certain properties. As of December 31, 2022, included in due to governmental agencies is \$100,000 for the lease agreement.

The City of New Orleans prepares and processes the payroll of the Market through the City of New Orleans payroll process. The Market reimburses the payroll expense monthly. As of December 31, 2022, included in due to governmental agencies is \$72,658 for reimbursement of payroll expenses, respectively.

Due to City for lease of French Market properties	\$ 100,000
Due to City for reimbursement of payroll costs	72,658
Total	<u><u>\$172,658</u></u>

8. Risk Management

The Market is exposed to various risks of loss to torts; theft of; damage to and destruction of assets for which the Market 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.

9. COVID-19 Impact

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. On March 11, 2020, the Mayor of New Orleans declared a State of Emergency due to COVID-19. Subsequently, the Governor of Louisiana and the Mayor of New Orleans through a series of proclamations and orders limited gatherings of various types and placed restrictions on commercial business activities, which ultimately culminated in the issuance of a "Stay at Home Mandate" for Orleans Parish by the Mayor on March 20, 2020, and by the Governor on March 22, 2020. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have adversely impacted the economies and financial markets in the local area and around the world.

As a result of the financial hardship created by the COVID-19 emergency, the Market received requests for rent relief from commercial and residential tenants. On June 2, 2020, the Market approved a Commercial Rent Relief Program which provided for full rent abatement for the three-month period of April, May, and June 2020 for eligible commercial tenants. The Commercial Rent Relief Program consisted of uniform rent relief terms, tenant eligibility requirements, and required each tenant requesting relief to enter into a Commercial Tenant Rent Relief Agreement.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

9. COVID-19 Impact (continued)

On June 2, 2020, the Market adopted the Residential Tenant Repayment Program which provided for waiver of late fees through June 30, 2020 and an installment plan for payment of past due rent in full by December 31, 2020. Residential rent shall be due for July 2020 moving forward as provided in each residential lease.

On October 7, 2020, the Markets Board of Directors granted additional rent relief beginning retroactively on July 1, 2020 through January 31, 2021 granting a 75% commercial tenant base rent. The Board extended the requirement that tenants are open a minimum of four days per week to be eligible for this relief.

While it is unknown how long these conditions will last and what the complete financial effect will be to the French Market Corporation, the Market experienced declining lease revenue and parking revenue during the year ended December 31, 2020. From January 1, 2021, through May 31, 2021, the Market opened on a limited basis in accordance with federal, state and the City of New Orleans COVID-19 requirements. On June 1, 2021, the Market resumed normal operating hours for seven days a week. The Market was open during normal operating hours all the 2022 year.

10. Parking Agreement

Effective February 1, 2020, the Market outsourced the parking operations through a management and operating agreement with a third party. The management and operating agreement is for an initial term of one year with up to four additional consecutive one-year extensions at the Market's sole option. The agreement includes a fixed fee payable to the Market of \$170,917 monthly and an additional annual payment based on meeting or exceeding agreed upon gross revenue amounts. The third party was delinquent on payments to the Market for the period from April 2020 through December 31, 2020. The Market reached agreement with the third party in March 2021. The Market has a receivable in the amount of \$191,342 as of December 31, 2022.

11. Hurricane Ida Impact

On August 29, 2021, Hurricane Ida struck the Louisiana gulf coast causing considerable damage to the Greater New Orleans area and the temporary relocation of some of the population of Orleans Parish and the surrounding areas. The Market experienced damage from Hurricane Ida to three of its buildings (Building E, Building C, and the Upper Pontalba Building (UPB)). Due to the damage of Building E the administrative office relocated to two vacant commercial spaces at the UPB. Due to the power outages sustained during Hurricane Ida, the Market remained closed for approximately three weeks. The Market also experienced a loss of percentage and advertising rent due to the closures.

REQUIRED SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contribution in Relation to Contractually Required Contribution</u>	<u>Employers Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2022	\$ 262,124	\$ 329,238	\$ 1,525,966	21.576%
2021	\$ 275,202	\$ 278,605	\$ 1,558,684	17.874%
2020	\$ 313,123	\$ 404,785	\$ 2,045,542	19.789%
2019	\$ 418,792	\$ 404,785	\$ 1,876,188	21.575%
2018	\$ 487,207	\$ 442,237	\$ 1,907,005	23.190%
2017	\$ 400,282	\$ 400,282	\$ 1,721,495	23.252%
2016	\$ 424,950	\$ 424,950	\$ 1,887,647	22.512%
2015	\$ 376,012	\$ 401,501	\$ 1,665,393	24.108%

Note: Employer's covered employee payroll amount represents the amount from the 2022 year.

Note: GASB 68 requires this schedule to show information for 10 years. The Market implemented GASB 68 during the 2015 fiscal year. Therefore, additional years will be displayed as they become available.

See independent auditors' report on required supplementary information.

FRENCH MARKET CORPORATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Fiscal Year</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability	1.072067%	1.147950%	1.367907%	1.459727%	1.739063%	1.739063%	1.707800%	1.780780%
Employer's Proportionate Share of the Net Pension Liability	\$ 2,828,051	\$ 3,279,674	\$ 4,160,820	\$ 4,271,384	\$ 4,137,911	\$ 4,442,786	\$ 3,981,606	\$ 3,017,097
Employees Covered-Employee Payroll	\$ 1,525,966	\$ 1,558,684	\$ 2,045,542	\$ 1,876,188	\$ 2,008,696	\$ 1,721,495	\$ 1,887,647	\$ 1,665,393
Employer's Proportionate Share of the Net Pension Liability as a percentage of its Covered Employee Payroll	185.33%	210.41%	203.41%	227.66%	206.00%	258.08%	210.93%	181.16%
Plan Fiduciary Net Position as a Percentage of total Pension Liability	65.91%	61.72%	57.94%	55.55%	62.22%	58.06%	60.26%	68.26%

Note: GASB 68 requires this schedule to show information for 10 years. The Market implemented GASB 68 during the 2015 fiscal year. Therefore, additional years will be displayed as they become available.

See independent auditors' report on required supplementary information.

FRENCH MARKET CORPORATION

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022

Changes in Benefit Terms

There were no changes of benefits terms for the year ended December 31, 2022.

Changes in Assumptions

There were no changes of benefits assumptions for the year ended December 31, 2022.

OTHER SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2022

Agency Head Name: Leslie Alley, Executive Director

Salary	\$ 157,436
Benefits - Health Insurance	8,991
Benefits - Retirement	26,288
Deferred Compensation	-
Workers Compensation	300
Benefits - Life Insurance	88
Benefits - Long Term Disability	-
Benefits - FICA & Medicare	11,309
Car Allowance	-
Vehicle Provided by the Agency	-
Cell Phone	612
Dues	-
Vehicle Rental	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Unvouchered Expenses	-
Meetings and Conventions	-
Other	-
	<hr/>
	<u>\$ 205,024</u>

See accompanying 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**

The Board of Directors
French Market Corporation
(A Proprietary Component Unit of the City of New Orleans)
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the French Market Corporation (the Market) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Market's basic financial statements, and have issued our report thereon dated June 28 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Market'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 the Market's internal control. Accordingly, we do not express an opinion on the effectiveness of the Market'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 and therefore material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Market'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.

Richard CPAS

Metairie, Louisiana
June 28, 2023

FRENCH MARKET CORPORATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

1. Summary of Independent Auditors' Results

Financial Statements

(a) The type of report issued on the basic financial statements: **Unmodified**

(b) Internal control over financial reporting:

Material weakness(es) identified: **None reported**

Significant deficiency(ies) identified: **None reported**

(c) Noncompliance which is material to the basic financial statements: **None reported**

2. Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards*

None reported

FRENCH MARKET CORPORATION
NEW ORLEANS, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2022



FRENCH MARKET CORPORATION
NEW ORLEANS, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2022

FRENCH MARKET CORPORATION

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Accountant's Report on Applying Agreed-Upon Procedures</u>	1
<u>Schedule A: Agreed-Upon Procedures Performed and Associated Results</u>	2-15



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of French Market Corporation and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in the attached Schedule A 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, 2022, through December 31, 2022. French Market Corporation's (the Market) management is responsible for those C/C areas identified in the SAUPs.

The Market 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, 2022, through December 31, 2022. 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 we performed, and the associated results are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the Market 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 the Market 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.

Richard CPAS

Metairie, Louisiana
June 28, 2023

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

PROCEDURES (SCHEDULE A)

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*No exception noted*” or for step 25 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

1) *Written Policies and Procedures*

- A. 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:

i. Budgeting, including preparing, adopting, monitoring, and amending the budget.

No exceptions were found as a result of this procedure.

ii. 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.

No exceptions were found as a result of this procedure.

iii. Disbursements, including processing, reviewing, and approving.

No exceptions were found as a result of this procedure.

iv. 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).

No exceptions were found as a result of this procedure.

v. 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(s) rate of pay or approval and maintenance of pay rate schedules.

No exceptions were found as a result of this procedure.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

vi. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

viii. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exceptions were found as a result of this procedure.

ix. 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.

No exceptions were found as a result of this procedure.

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

Not applicable – The Market does not have debt.

xi. 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.

No exceptions were found as a result of this procedure.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- xii. 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.

No exceptions were found as a result of this procedure.

2) Board or Finance Committee

- A. 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:

- i.* 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.

No exceptions were found as a result of this procedure.

- ii.* 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, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit 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.*

No exceptions were found as a result of this procedure.

- iii.* 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.

No exceptions were found as a result of this procedure.

- iv.* 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.

No exceptions were found as a result of this procedure.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

3) *Bank Reconciliations*

A. 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:

i. 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);

No exceptions were found as a result of this procedure.

ii. Bank reconciliations include written evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);

No exceptions were found as a result of this procedure.

iii. 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.

No exceptions were found as a result of this procedure.

4) *Collections (excluding electronic funds transfers)*

A. 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).

No exceptions were found as a result of this procedure.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

i. Employees responsible for cash collections do not share cash drawers/registers.

No exceptions were found as a result of this procedure.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- ii.* 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 were found as a result of this procedure.

- iii.* Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

- i.* Observe that receipts are sequentially pre-numbered.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- iv.* Observe 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).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

- A.** 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).

No exceptions were found as a result of this procedure.

- B.** For each location selected under #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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- i.* At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions were found as a result of this procedure.

- ii.* At least two employees are involved in processing and approving payments to vendors.

No exceptions were found as a result of this procedure.

- iii.* 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.

No exceptions were found as a result of this procedure.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- iv.* 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.

No exceptions were found as a result of this procedure.

- v.* 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.

No exceptions were found as a result of this procedure.

- C. For each location selected under #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:

- i.* Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- D. 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.

No exceptions were found as a result of this procedure.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

No exceptions were found as a result of this procedure.

- B. 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:

i. 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were found as a result of this procedure.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

i. If reimbursed using a per diem, observe 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 were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

iii. Observe 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 were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

i. 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.

No exceptions were found as a result of this procedure.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

No exceptions were found as a result of this procedure.

- iii.* If the contract was amended (e.g., change order), observe 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, was approval documented).

No exceptions were found as a result of this procedure.

- iv.* 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 the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of this procedure.

9) Payroll and Personnel

- A. 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.

No exceptions were found as a result of this procedure.

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

- i.* Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). [Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.]

No exceptions were found as a result of this procedure.

- ii.* Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions were found as a result of this procedure.

- iii.* Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions were found as a result of this procedure.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- iv.* Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions were found as a result of this procedure.

- C. 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions were found as a result of this procedure.

- D. 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.

No exceptions were found as a result of this procedure.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:

- i.* Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

11) *Debt Service*

- A. 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 State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable – The Market did not issue any debt in 2022.

- B. 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).

Not applicable – The Market has no bonds/notes outstanding at December 31, 2022.

12) *Fraud Notice*

- A. 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.

No exceptions were found as a result of this procedure.

- B. Observe 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.

No exceptions were found as a result of this procedure.

13) *Information Technology Disaster Recovery/Business Continuity*

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, 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 results with management.

- iii. 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 results with management.

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

We performed the procedure and discussed the results with management.

14) *Prevention of Sexual Harassment*

- A. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe 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.

No exceptions were found as a result of this procedure.

- B. Observe 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).

No exceptions were found as a result of this procedure.

- C. 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 it includes the applicable requirements of R.S. 42:344:

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

No exceptions were found as a result of this procedure.

- ii.* Number of sexual harassment complaints received by the agency;

No exceptions were found as a result of this procedure.

- iii.* Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions were found as a result of this procedure.

- iv.* Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action;

No exceptions were found as a result of this procedure.

- v.* Amount of time it took to resolve each complaint.

No exceptions were found as a result of this procedure.