

HARBOR CENTER DISTRICT
SLIDELL, LOUISIANA
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Commissioners of the
Harbor Center District
Slidell, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Harbor Center District, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Harbor Center District'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 Harbor Center District, as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Harbor Center District 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.

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.



To the Commissioners of the
Harbor Center District
June 21, 2024

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 Harbor Center District'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 auditor's 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 Harbor Center District'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 Harbor Center District's ability to continue as a going concern for a reasonable period of time.



To the Commissioners of the
Harbor Center District
June 21, 2024

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 5 through 9 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 Harbor Center District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for the purpose of additional analysis as required by Louisiana Revised Statute 24:513(A)(3) and is also 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 standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head, is fairly stated in all material respects in relation to the basic financial statements as a whole.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Commissioners of the
Harbor Center District
June 21, 2024

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2024, on our consideration of the Harbor Center District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Harbor Center District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Harbor Center District's internal control over financial reporting and compliance.

June 21, 2024
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

HARBOR CENTER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

This section of the Harbor Center District's (the District) annual financial report presents background information and management's analysis of the District's financial performance during the year that ended December 31, 2023. Please read it in conjunction with the financial statements in this report.

Financial Highlights

The assets of the District exceeded its liabilities by \$20,398,416. Net position decreased \$317,224 from December 31, 2022.

During the year, the District's total operating revenues, which consists primarily of hotel occupancy taxes, facility rental fees and state appropriations, increased by \$124,355 from December 31, 2022. Net non-operating revenues, which consist primarily of ad valorem taxes restricted for bond repayment and interest income, increased by \$141,223 from December 31, 2022.

The District had a decrease in operating expenses of \$150,202 from December 31, 2022.

The District reduced the principal balance of its general obligation bonds by \$220,000 during the year.

Required Financial Statements

The Basic Financial Statements of the District report information about the District using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities.

The Statement of Net Position includes all of the District's assets and liabilities. The difference between assets and liabilities is net position. It provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures improvements in the District's operations over the past year and can be used to determine whether the District has been able to recover all of its costs through ad valorem taxes, hotel occupancy taxes and other revenue sources.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash from operations, investing and financing activities, and to provide answers to such questions as where did cash come from, what was cash used for and what was the change in cash balance during the reporting period.

Financial Analysis of the District

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's activities. These two statements report the net position of the District and changes in them. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

HARBOR CENTER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Summary of Net Position

A summary of the District's Statement of Net Position is presented in Table 1 below:

TABLE 1
Condensed Statements of Net Position
(In thousands)

	December 31 2023	December 31 2022	Dollar Change	Percentage Change
Total Current Assets	\$ 4,111	\$ 5,307	\$ (1,196)	-22.54%
Capital Assets	16,246	15,540	706	4.54%
Other Assets, Including Restricted				
Ad Valorem Receivable and	186	176	10	5.68%
Cash and Cash Equivalents	<u>171</u>	<u>223</u>	<u>(52)</u>	<u>-23.32%</u>
Total Assets	<u>20,714</u>	<u>21,246</u>	<u>(532)</u>	<u>-2.50%</u>
Current Liabilities	89	83	6	7.23%
Long-Term Debt Outstanding and Other				
Liabilities Payable from Restricted				
Assets	<u>227</u>	<u>448</u>	<u>(221)</u>	<u>-49.33%</u>
Total Liabilities	316	531	(215)	-42.10%
Net Position				
Net Investment in Capital Assets	16,021	15,095	926	6.13%
Restricted	355	396	(41)	-10.35%
Unrestricted	<u>4,022</u>	<u>5,224</u>	<u>(1,202)</u>	<u>-23.01%</u>
Total Net Position	<u>20,398</u>	<u>20,715</u>	<u>(317)</u>	<u>-1.53%</u>
Total Liabilities and Net Position	<u>\$ 20,714</u>	<u>\$ 21,246</u>	<u>\$ (532)</u>	<u>-2.50%</u>

For the year ended December 31, 2023, net position decreased by \$317,224, to a total of \$20,398,416. The change in total net position results primarily from operating expenses exceeding operating revenues.

HARBOR CENTER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Summary of Revenue, Expenses and Changes in Net Position

A summary of the District's Statement of Revenue, Expenses, and Changes in Net Position is presented in Table 2 below:

TABLE 2
Condensed Statements of Revenue, Expenses, and Changes in Net Position
(In thousands)

	<u>2023</u>	<u>2022</u>
Operating Revenue		
Hotel Occupancy Taxes	\$ 650	\$ 762
Other General Revenues	<u>746</u>	<u>510</u>
Total Operating Revenue	<u>1,396</u>	<u>1,272</u>
Operating Expenses:		
Depreciation	669	661
Salaries and Benefits	546	536
Insurance	234	179
Repairs & Maintenance	136	352
Utilities	138	161
Advertising	31	28
Legal & Other Professional Services	24	19
Event Expense	58	45
Communication	24	28
Accounting	30	33
Other Operating Expenses	<u>194</u>	<u>192</u>
Total Operating Expenses	<u>2,084</u>	<u>2,234</u>
Income (loss) from Operations	(688)	(962)
Non-operating Expenses	(17)	(22)
Non-operating Revenues	<u>387</u>	<u>251</u>
Total Non-Operating Revenues (net)	<u>370</u>	<u>229</u>
Change in Net Position	(318)	(733)
Net Position - Beginning of Year	<u>20,716</u>	<u>21,449</u>
Net Position - End of Year	<u>\$ 20,398</u>	<u>\$ 20,716</u>

HARBOR CENTER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Sources of Revenue

Operating Revenue

Operating revenues consist primarily of hotel occupancy taxes collected within Wards 8 and 9 of St. Tammany Parish, state appropriations and facility rental fees. Hotel occupancy taxes have served as the primary operating revenue for the District since its inception. These taxes are remitted to the St. Tammany Parish Sheriff's Office, who serves as tax collector for St. Tammany Parish. The Sheriff then remits the funds collected to the District. The facility was in service during the current fiscal year with the District recording facility rental fees in the amount of \$384,537.

Non-Operating Revenue

Non-operating revenues consist primarily of ad valorem taxes that are restricted for bond repayment. Ad valorem taxes are assessed on properties located within Wards 8 and 9 of St. Tammany Parish and normally levied in November and billed to the property owner in December. St. Tammany Parish Sheriff's Office collects and remits the ad valorem taxes for the District. Ad valorem tax is levied at 0.25 mills for bond repayment.

Operating and Financial Performance

The following summarizes the District's Statements of Revenue, Expenses and Changes in Net Position between December 31, 2022 and December 31, 2023:

Total operating revenues, derived from hotel occupancy taxes, ad valorem tax, facility rental fees and state appropriations, increased by \$124,355 from December 31, 2022. Non-operating revenues, which consist primarily of ad valorem taxes restricted for bond repayment and interest income, increased \$141,223 from December 31, 2022.

Total operating expenses decreased by \$150,202, or 6.72%, from December 31, 2022.

Non-Operating Revenues and Expenses

As discussed previously, non-operating revenues consist primarily of ad valorem taxes restricted for bond repayment. Other non-operating revenue consists of interest income, generated primarily from the District's investment of excess cash in interest-bearing accounts.

The District also recorded interest expense in the amount of \$17,103 for the year ended December 31, 2023.

HARBOR CENTER DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

TABLE 3
Capital Assets
(In thousands)

	2023	2022	Dollar Change	Percentage Change
Land	\$ 2,188	\$ 2,188	\$ -	0.00%
Land improvements	2,196	2,196	-	0.00%
Facility	19,098	19,098	-	0.00%
Facility equipment	1,376	1,078	298	27.64%
Furniture and fixtures	453	453	-	0.00%
Sign	950	950	-	0.00%
Construction in progress	1,328	250	1,078	431.20%
Accumulated depreciation	<u>(11,343)</u>	<u>(10,673)</u>	<u>(670)</u>	6.28%
Total Capital Assets	\$ <u>16,246</u>	\$ <u>15,540</u>	\$ <u>706</u>	

Total property, plant and equipment increased by \$706,011 due mainly to increased accumulated depreciation offset by current year additions. Depreciation expense has been recognized on capital assets in the amount of \$669,400 for the year ended December 31, 2023.

Long-Term Debt

At December 31, 2023, the District had \$225,000 of general obligations bonds outstanding. The District made principal payments in the amount of \$220,000 during the year. More detailed information about the District’s long-term debt is presented in the notes to basic financial statements.

Economic Factors and next year’s budget

Facility rentals will remain consistent and strong throughout 2024, increasing due to availability of the new meeting rooms. Hotel tax collections and St. Tammany Parish Fund revenue are expected to be within budgeted projections. While the District has decreased cash reserves due to funds invested in the expansion, the facility has completed all large maintenance projects. Therefore, no large, unbudgeted expenditures are expected. The District will closely monitor its financial position and budget, making any adjustments necessary to maintain a solid financial position throughout the year.

Contacting the District’s Financial Manager

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Kathy Lowrey, General Manager, 985-781-3650.

BASIC FINANCIAL STATEMENTS

HARBOR CENTER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

<u>CURRENT ASSETS:</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,960,422	\$ 5,160,022
Hotel occupancy tax receivable	51,993	55,482
Other receivables	7,549	11,501
Prepaid expenses	<u>91,318</u>	<u>80,261</u>
Total current assets	<u>4,111,282</u>	<u>5,307,266</u>
 <u>NONCURRENT ASSETS:</u>		
<u>RESTRICTED ASSETS:</u>		
Cash and cash equivalents	171,236	223,258
Ad valorem tax receivable	<u>185,722</u>	<u>176,393</u>
Total restricted assets	<u>356,958</u>	<u>399,651</u>
 <u>CAPITAL ASSETS:</u>		
Land	2,188,430	2,188,430
Land improvements	2,195,790	2,195,790
Facility	19,097,848	19,097,848
Facility equipment	1,375,778	1,078,265
Furniture and fixtures	453,381	453,381
Sign	950,248	950,248
Construction in progress	1,327,306	249,408
Accumulated depreciation	<u>(11,343,002)</u>	<u>(10,673,602)</u>
Total capital assets, net	<u>16,245,779</u>	<u>15,539,768</u>
Total noncurrent assets	<u>16,602,737</u>	<u>15,939,419</u>
Total assets	<u>20,714,019</u>	<u>21,246,685</u>

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

HARBOR CENTER DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:	<u>2023</u>	<u>2022</u>
Accounts payable and accruals	25,971	21,591
Accrued payroll liabilities	13,865	12,680
Facility deposits	<u>49,147</u>	<u>48,570</u>
Total current liabilities	<u>88,983</u>	<u>82,841</u>
 <u>NONCURRENT LIABILITIES:</u>		
<u>PAYABLE FROM RESTRICTED ASSETS:</u>		
Accrued interest payable	1,620	3,204
Current portion of general obligations bonds payable	<u>225,000</u>	<u>220,000</u>
Total liabilities payable from restricted assets	<u>226,620</u>	<u>223,204</u>
 <u>LONG-TERM LIABILITIES:</u>		
General obligation bonds payable (less current portion)	<u>-</u>	<u>225,000</u>
Total liabilities	<u>315,603</u>	<u>531,045</u>
 <u>NET POSITION:</u>		
Net investment in capital assets	16,020,779	15,094,768
Restricted:		
Restricted for re-payment of bond issue and future construction costs	355,338	396,447
Unrestricted	<u>4,022,299</u>	<u>5,224,425</u>
Total net position	<u>\$ 20,398,416</u>	<u>\$ 20,715,640</u>

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

HARBOR CENTER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

<u>OPERATING REVENUES:</u>	2023	2022
Hotel occupancy taxes	\$ 650,312	\$ 762,013
State appropriations	336,094	167,355
Facilities rental	384,537	315,478
Other income	25,811	27,553
Total operating revenues	<u>1,396,754</u>	<u>1,272,399</u>
<u>OPERATING EXPENSES:</u>		
Depreciation	669,400	661,381
Salaries and wages	545,658	535,998
Insurance	233,805	178,603
Repairs and maintenance	135,588	352,203
Utilities	138,088	161,292
Employee insurance	96,008	94,902
Advertising	30,934	28,310
Communication	23,769	27,917
Payroll taxes	43,155	42,550
Event expense	57,755	45,386
Legal and other professional services	24,280	19,330
Accounting	30,248	32,915
Office supplies	14,185	17,443
Retirement	11,937	10,887
Auto	6,300	6,300
Contract labor	13,529	11,899
Dues and subscriptions	3,711	3,016
Bank service fees	4,224	1,668
Travel	1,299	1,609
Miscellaneous	219	685
Total operating expenses	<u>2,084,092</u>	<u>2,234,294</u>
Operating loss	<u>(687,338)</u>	<u>(961,895)</u>

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

HARBOR CENTER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

<u>NON-OPERATING REVENUES (EXPENSES):</u>	<u>2023</u>	<u>2022</u>
Ad valorem taxes	197,336	166,204
Interest income	190,488	84,799
Interest expense	(17,103)	(21,855)
Bond issuance expense	<u>(607)</u>	<u>(257)</u>
Total non-operating revenues (expenses)	<u>370,114</u>	<u>228,891</u>
 Change in net position	 (317,224)	 (733,004)
Net position, beginning of year	<u>20,715,640</u>	<u>21,448,644</u>
Net position, end of year	<u>\$ 20,398,416</u>	<u>\$ 20,715,640</u>

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

HARBOR CENTER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2023</u>	<u>2022</u>
Cash received from hotel occupancy taxes	\$ 653,801	\$ 789,891
Cash received from customers	389,066	338,996
Cash received from state revenue sharing and appropriations	336,094	167,355
Cash received from other operating receipts	25,811	27,553
Cash paid for salaries and related benefits	(701,873)	(697,709)
Cash paid for operating expenses	<u>(716,074)</u>	<u>(865,545)</u>
Net Cash (Used) by Operating Activities	<u>(13,175)</u>	<u>(239,459)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash received from ad valorem taxes	188,007	191,609
Cash received from interest	190,488	84,799
Principal payments on bonds payable	(220,000)	(220,000)
Payments for bond interest costs	(21,531)	(38,315)
Purchases of capital assets	<u>(1,375,411)</u>	<u>(142,185)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,238,447)</u>	<u>(124,092)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,251,622)	(363,551)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>5,383,280</u>	<u>5,746,831</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 4,131,658</u></u>	<u><u>\$ 5,383,280</u></u>

HARBOR CENTER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

	<u>2023</u>	<u>2022</u>
Operating loss	\$ (687,338)	\$ (961,895)
Adjustments to reconcile operating loss to net cash (used) by operating activities		
Depreciation expense	669,400	661,381
Decrease (increase) in hotel occupancy tax receivable	3,489	27,878
Decrease (increase) in other receivables	3,952	(784)
Decrease (increase) in prepaid expenses	(8,820)	13,097
(Decrease) increase in accounts payable	4,380	3,634
(Decrease) increase in accrued liabilities	1,185	(7,072)
(Decrease) increase in facility deposits	<u>577</u>	<u>24,302</u>
Net Cash (Used) by Operating Activities	<u>\$ (13,175)</u>	<u>\$ (239,459)</u>

**RECONCILIATION OF TOTAL CASH AND CASH
EQUIVALENTS**

Cash and cash equivalents	\$ 3,960,422	\$ 5,160,022
Restricted cash and cash equivalents	<u>171,236</u>	<u>223,258</u>
Total Cash and Cash Equivalents	<u>\$ 4,131,658</u>	<u>\$ 5,383,280</u>

HARBOR CENTER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”. The implementation of this statement has created additional statements, schedules, reports, and note disclosures as follows:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the overall financial position and results of operations.
- Financial statements are prepared using the full accrual accounting method for all activities.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The Harbor Center District (the District) implemented this Statement as of July 1, 2003. The District’s significant accounting policies are explained in the following note disclosure.

Basis Of Presentation

The financial statements of the District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis Of Accounting

The District utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Revenues are recorded when they are earned, and expenses are recorded at the time liabilities are incurred. Substantially all revenues and expenses are subject to accrual.

Reporting Entity

The District was created by Act 685 of the 1986 Regular Session of the Louisiana Legislature. However, the District did not become active until December 1997. As such, the date of December 1, 1997 has been utilized as the inception date.

The District consists of the entire area within Wards 8 and 9 of St. Tammany Parish, and is generally authorized to acquire, construct, develop, maintain and operate an Events Center and the programs and events undertaken therein.

The control and management of the affairs of the District are vested in a Board of Commissioners (the Board). The Board consists of 14 members, all of whom must be qualified voters of Wards 8 and 9 of St. Tammany Parish, except for the executive director of the St. Tammany Parish Tourist Commission. The Board is appointed by the following entities and individuals:

HARBOR CENTER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

<u>Entity/Individual</u>	<u>Number of Appointments</u>
Mayor of the City of Slidell	1
City Council of the City of Slidell	3
Board of Aldermen of the Town of Pearl River	1
St. Tammany Parish Council	2
St. Tammany Chamber of Commerce.	1
State Representative for District 90	1
State Representative for District 76	1
State Representative for District 74	1
East St. Tammany Business Alliance	1
St. Tammany Parish Tourist and Convention Commission	1
State Senator for District 1	1

No elected public official is eligible for appointment to the Board, and members of the Board serve without compensation.

Cash And Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Bond Issuance Costs

The Harbor Center District has implemented GASB 65, *Items Previously Reported as Assets and Liabilities*, which states that debt issuance costs should be recognized as an expense in the period incurred. As of December 31, 2015, the Harbor Center District reports bond issuance costs as a non-operating expense in the Statement of Revenues, Expenses, and Changes in Fund Net Position.

Capital Assets

Property, plant, and equipment are recorded at cost or, if contributed property, at their fair market value at the time of the contribution. The District's policy is to capitalize assets purchased in the amount \$1,000 or more. These assets are depreciated over their useful lives, which are three to ten years for furniture, fixtures and facility equipment, twenty years for the sign, twenty-five years for land improvements and forty years for the facility building.

HARBOR CENTER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Ad Valorem Taxes

Ad Valorem taxes are normally levied in November and billed in December. These taxes are due in January of the following year. The St. Tammany Parish Sheriff's Department bills and collects the Ad Valorem taxes for the District.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Position

Net position is comprised of the various net earnings from operations, non-operating revenues, expenses, and contributions of capital. Net position is classified in the following three components:

Net investment in capital assets – Consists of all capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of external constraints placed on net position used by creditors, grantors, contributors, or laws or regulations of the government or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Consists of all other assets that are not included in the other categories previously mentioned.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Restricted Assets

Restricted assets, as presented in the financial statements, represent an accumulation of funds from bond proceeds, ad-valorem taxes received and investment earnings that is restricted for re-payment of the bond issue or future construction costs.

Operating Revenues

The District identifies operating revenues primarily as those revenues received from ad valorem taxes restricted for operations, hotel occupancy taxes and facilities rentals. These revenues are available to pay the general operating expenses of the District.

HARBOR CENTER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Operating Revenues

The District identifies non-operating revenues primarily as those revenues received from ad valorem taxes restricted for bond repayment and interest income. These revenues are not derived from the District's core operating activities or available to pay general operating expenses.

New Accounting Pronouncements Adopted

The GASB issued statement No. 96, "*Subscription-Based Information Technology Arrangements*". Under this Statement, a government generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, – which is when the subscription asset is placed into service. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The adoption of this standard did not have a material impact on the District's financial statements.

Date of Management's Review

Subsequent events have been evaluated through June 21, 2024, which is the date the financial statements were available to be issued.

(2) CASH AND CASH EQUIVALENTS

At December 31, 2023 and 2022, the District has cash (book balances) as follows:

	<u>2023</u>	<u>2022</u>
Interest-bearing demand deposits	<u>\$ 4,131,658</u>	<u>\$ 5,383,280</u>

At December 31, 2023, the cash bank balance with a local financial institution totaled \$4,157,014. \$250,000 of this balance is insured by the Federal Deposit Insurance Corporation and the remaining balance is collateralized by securities held by the District's agent in the District's name. At December 31, 2022, the cash bank balance with a local financial institution totaled \$5,431,039. \$250,000 of this balance is insured by the Federal Deposit Insurance Corporation and the remaining balance is collateralized by securities held by the District's agent in the District's name. The District has no formal policy regarding custodial credit risk.

(3) BONDS PAYABLE

On December 21, 2012 the District issued \$2,135,000 of General Obligation Refunding Bonds, Series 2012, due between March 1, 2015 and March 1, 2024. The proceeds of the bonds are being used to refund the outstanding Series 2004 General Obligation Bonds for bonds maturing March 1, 2014 and thereafter and paying the costs of issuance of the 2012 bonds. Interest at 2.16%, is payable semi-annually on March 1 and September 1 of each year through 2024.

HARBOR CENTER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

(3) BONDS PAYABLE (CONTINUED)

In May of 2022, the board levied 0.25 mills for the 2023 calendar year for bonds. In June of 2021, the board levied 0.33 mills for the 2022 calendar year for bonds.

In accordance with the Bond Agreements, the District has established a restricted cash account into which the District deposits the proceeds from the collections of the Ad Valorem tax. Funds are transferred from the restricted cash account to the paying agent for the payment of principal and interest. In accordance with the Revised Statutes of the State of Louisiana, aggregate debt payable solely from ad valorem taxes shall not exceed 10% of the total assessed valuation of taxable property. At December 31, 2023 and 2022, the District was in compliance with these statutes.

A summary of the changes in bonds payable follows:

<u>December 31, 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>December 31, 2023</u>	<u>Amounts due within one year</u>
\$ 445,000	\$ -	\$ (220,000)	\$ 225,000	\$ (225,000)
<u>\$ 445,000</u>	<u>\$ -</u>	<u>\$ (220,000)</u>	<u>\$ 225,000</u>	<u>\$ (225,000)</u>

Scheduled debt service requirements, including interest, on Series 2012 bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	225,000	2,430	227,430
	<u>\$ 225,000</u>	<u>\$ 2,430</u>	<u>\$ 227,430</u>

(4) RISK OF LOSS

The District is exposed to various risks of loss related to damage and destruction of assets, and errors and omissions of the Board. Commercial insurance has been obtained to cover these risks.

(5) DEFERRED COMPENSATION PLAN

During 2004 the District adopted a deferred compensation plan for its employees. The plan follows Internal Revenue Service Code Section 457 (b) and is a defined contribution plan. The effective date of the plan is April 1, 2003. Participants may contribute through salary reduction up to the maximum allowed by the Internal Revenue Code. Employer contributions are permitted under the plan up to a 4% match of the participant's salary at the employer's discretion. Participants are immediately vested in employee and employer contributions. Retirement expense was \$11,937 and \$10,887 for the years ended December 31, 2023 and 2022, respectively.

HARBOR CENTER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

(6) CAPITAL ASSETS

The District's capital assets are listed below:

	<u>December 31, 2022</u>	<u>Additions</u>	<u>Transfers</u>	<u>December 31, 2023</u>
Capital assets not depreciated:				
Land	\$ 2,188,430	\$ -	\$ -	\$ 2,188,430
Total capital assets not depreciated	<u>2,188,430</u>	<u>-</u>	<u>-</u>	<u>2,188,430</u>
Other capital assets:				
Land improvements	2,195,790	-	-	2,195,790
Facility	19,097,848	-	-	19,097,848
Facility equipment	1,078,265	297,513	-	1,375,778
Furniture and fixtures	453,381	-	-	453,381
Sign	950,248	-	-	950,248
Construction in progress	249,408	1,077,898	-	1,327,306
Accumulated depreciation	<u>(10,673,602)</u>	<u>(669,400)</u>	<u>-</u>	<u>(11,343,002)</u>
	<u>13,351,338</u>	<u>706,011</u>	<u>-</u>	<u>14,057,349</u>
	<u>\$ 15,539,768</u>	<u>\$ 706,011</u>	<u>\$ -</u>	<u>\$ 16,245,779</u>
	<u>December 31, 2021</u>	<u>Additions</u>	<u>Transfers</u>	<u>December 31, 2022</u>
Capital assets not depreciated:				
Land	\$ 2,188,430	\$ -	\$ -	\$ 2,188,430
Total capital assets not depreciated	<u>2,188,430</u>	<u>-</u>	<u>-</u>	<u>2,188,430</u>
Other capital assets:				
Land improvements	2,195,790	-	-	2,195,790
Facility	19,097,848	-	-	19,097,848
Facility equipment	1,078,265	-	-	1,078,265
Furniture and fixtures	453,381	-	-	453,381
Sign	944,290	5,958	-	950,248
Construction in progress	113,181	136,227	-	249,408
Accumulated depreciation	<u>(10,012,221)</u>	<u>(661,381)</u>	<u>-</u>	<u>(10,673,602)</u>
	<u>13,870,534</u>	<u>(519,196)</u>	<u>-</u>	<u>13,351,338</u>
	<u>\$ 16,058,964</u>	<u>\$ (519,196)</u>	<u>\$ -</u>	<u>\$ 15,539,768</u>

(7) RESTRICTED NET POSITION

The District's restricted net position represent an accumulation of funds from bond proceeds, ad-valorem taxes received and investment earnings less related liabilities that is restricted for re-payment of the bond issue or future construction costs.

(8) LEASE AGREEMENT

The District has one operating lease for a copy machine. The lease was renewed on June 28, 2023, and has a 60-month term with a purchase option at the end of the term. Payments under the new lease are \$147 per month. Total lease expense for the years ending December 31, 2023 and 2022 was \$3,628 and \$4,608, respectively.

HARBOR CENTER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

(8) LEASE AGREEMENT (CONTINUED)

Future minimum payments under this lease are as follows:

<u>Year ended December 31</u>	<u>Lease Commitment</u>
2024	\$ 1,764
2025	1,764
2026	1,764
2027	1,764
2028	<u>1,029</u>
	<u>\$ 8,085</u>

(9) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has released Statement No. 101, *Compensated Absences* (Statement 101), which replaces GASB Statement No. 16, *Accounting for Compensated Absences*. The Statement 101 requires liabilities for compensated absences to be recognized for: Leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. Under the new Statement a liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered; (b) the leave has accumulated; and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits is not included in the compensated absences liability. The Statement also addresses the timing of the recognition of a liability for certain types of compensated absences, such as sabbatical leave, parental leave, military leave, jury duty leave and other specific types of compensated balances. The Statement is effective for fiscal years beginning after December 15, 2023.

OTHER SUPPLEMENTARY INFORMATION

HARBOR CENTER DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2023

Agency Head Name: Kathy Lowrey, General Manager
January 1, 2023 through December 31, 2023

Salary	\$ 92,231
Benefits - Insurance	13,522
Benefits - Retirement	3,689
Car Allowance	<u>6,300</u>
Total	<u>\$ 115,742</u>

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



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

To the Commissioners of the
Harbor Center District
Slidell, 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 Harbor Center District as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Harbor Center District's basic financial statements, and have issued our report thereon dated June 21, 2024.

Internal Control over Financial Reporting

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

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

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



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Commissioners of the
Harbor Center District
Slidell, Louisiana

Compliance and Other Matters

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

Purpose of this Report

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

June 21, 2024
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

HARBOR CENTER DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Harbor Center District.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Harbor Center District were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No management letter was issued for the year ended December 31, 2023.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings for the year ended December 31, 2023.

HARBOR CENTER DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings for the year ended December 31, 2022.

MANAGEMENT LETTER

There was no management letter issued for the year ended December 31, 2022.

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
HARBOR CENTER DISTRICT
SLIDELL, LOUISIANA
FOR THE YEAR ENDED
DECEMBER 31, 2023



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Commissioners of the
Harbor Center District

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

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

The procedures and associated findings are attached in Schedule "1."

We were engaged by the Harbor Center District 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 Harbor Center District 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.

June 21, 2024
Mandeville, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

HARBOR CENTER DISTRICT
AGREED-UPON PROCEDURES
JANUARY 1, 2023 - DECEMBER 31, 2023

WRITTEN POLICIES AND PROCEDURES

1. **Procedures:** Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rate(s) of pay or approval and maintenance of pay rate schedules.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - h) ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

HARBOR CENTER DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2023 - DECEMBER 31, 2023

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions were found as a result of applying the procedures.

BOARD OR FINANCE COMMITTEE

- 2. **Procedures:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparison, at a minimum, on all proprietary funds, and semi-annual budget- to-actual comparison, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

HARBOR CENTER DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2023 - DECEMBER 31, 2023

BOARD OR FINANCE COMMITTEE (CONTINUED)

Results: No exceptions were found as a result of applying the procedures.

BANK RECONCILIATIONS

3. **Procedures:** 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 four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated or electronically logged).
 - b) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within one month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of applying the procedures.

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)

4. **Procedure:** 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 five deposit sites (or all deposit sites if less than five).
5. **Procedures:** 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. five collection locations for five 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:
- a) Employees responsible for cash collections do not share cash drawers/registers.

HARBOR CENTER DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2023 - DECEMBER 31, 2023

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS) (CONTINUED)

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) 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.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, are not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
7. **Procedures:** Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 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). Obtain supporting documentation for each of the ten deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of applying the procedures.

HARBOR CENTER DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2023 - DECEMBER 31, 2023

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)**

8. **Procedure:** 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 five).
9. **Procedures:** For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
10. **Procedures:** For each location selected under #8 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 five disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. **Procedures:** Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was:

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AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2023 - DECEMBER 31, 2023

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)(CONTINUED)

- a) Approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy,
- 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.

Results: No exceptions were found as a result of applying the procedures.

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)

12. **Procedures:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. **Procedures:** Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe whether finance charges and late fees were not assessed on the selected statements.
14. **Procedures:** Using the monthly statements or combined statements selected under #13 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 inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were found as a result of applying the procedures.

HARBOR CENTER DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2023 - DECEMBER 31, 2023

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

15. **Procedures:** 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 five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policies and procedures (procedure #1g).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of applying the procedures.

CONTRACTS

16. **Procedures:** 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. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment, the documented approvals).

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AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2023 - DECEMBER 31, 2023

CONTRACTS (CONTINUED)

- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of applying the procedure.

PAYROLL AND PERSONNEL

17. **Procedure:** Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
18. **Procedures:** Randomly select one pay period during the fiscal period. For the five employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (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.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. **Procedures:** 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 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.

HARBOR CENTER DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2023 - DECEMBER 31, 2023

PAYROLL AND PERSONNEL (CONTINUED)

20. **Procedure:** 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.

Results: No exceptions were found as a result of applying the procedures.

ETHICS

21. **Procedures:** Using the five randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above: obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
- b) 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.
- c) Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions were found as a result of applying the procedures.

DEBT SERVICE

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

23. **Procedure:** 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).

HARBOR CENTER DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2023 - DECEMBER 31, 2023

DEBT SERVICE (CONTINUED)

Results: No exceptions were found as a result of applying the procedures.

FRAUD NOTICE

24. **Procedure:** 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.
25. **Procedure:** Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were found as a result of applying the procedures.

INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY

26. **Procedures:** Perform the following procedures:
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
 - d) Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

HARBOR CENTER DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2023 - DECEMBER 31, 2023

**INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS
CONTINUITY(CONTINUED)**

- e) Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267 .

Results: We performed the procedures and discussed the results with management.

SEXUAL HARASSMENT

27. **Procedures:** Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
28. **Procedure:** Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
29. **Procedure:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Results: No exceptions were found as a result of applying the procedures.