

HARBOR CENTER DISTRICT
SLIDELL, LOUISIANA
FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023



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

Opinion

We have audited the accompanying financial statements of the Harbor Center District, as of and for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, 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 Opinion

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 opinion.

Responsibilities of Management for the Financial Statements

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



To the Commissioners of the
Harbor Center District
June 19, 2025

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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 19, 2025

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 an opinion 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.



To the Commissioners of the
Harbor Center District
June 19, 2025

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2025, 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 19, 2025
Mandeville, Louisiana

Erickson 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, 2024 AND 2023

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 years ended December 31, 2024 and 2023. Please read it in conjunction with the financial statements in this report.

Financial Highlights

The assets of the District exceeded its liabilities by \$19,367,335. Net position decreased \$1,031,081 from December 31, 2023.

During the year, the District's total operating revenues, which consists primarily of hotel occupancy taxes, facility rental fees and state appropriations, decreased by \$83,307 from December 31, 2023. Net non-operating revenues, which consist primarily of ad valorem taxes restricted for bond repayment and interest income, decreased by \$300,338 from December 31, 2023.

The District had an increase in operating expenses of \$330,212 from December 31, 2023.

The District paid the final principal balance of its general obligation bonds of \$225,000 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, 2024 AND 2023

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 2024	December 31 2023	Dollar Change	Percentage Change
Total current assets	\$ 927	\$ 4,111	\$ (3,184)	-77.45%
Capital assets	18,552	16,246	2,306	14.19%
Other assets, including restricted				
Ad Valorem receivable and	-	186	(186)	-100.00%
Cash and cash equivalents	-	171	(171)	-100.00%
	<u>19,479</u>	<u>20,714</u>	<u>(1,235)</u>	<u>-5.96%</u>
Total assets				
	<u>19,479</u>	<u>20,714</u>	<u>(1,235)</u>	<u>-5.96%</u>
Current liabilities	112	89	23	25.84%
Long-term debt outstanding and other				
Liabilities payable from restricted				
assets	-	227	(227)	-100.00%
	<u>112</u>	<u>316</u>	<u>(204)</u>	<u>-74.16%</u>
Total liabilities				
	<u>112</u>	<u>316</u>	<u>(204)</u>	<u>-74.16%</u>
Net position				
Net investment in capital assets	18,553	16,021	2,532	15.80%
Restricted	-	355	(355)	-100.00%
Unrestricted	814	4,022	(3,208)	-79.76%
	<u>19,367</u>	<u>20,398</u>	<u>(1,031)</u>	<u>-5.05%</u>
Total net position				
	<u>19,367</u>	<u>20,398</u>	<u>(1,031)</u>	<u>-5.05%</u>
Total liabilities and net position	\$ 19,479	\$ 20,714	\$ (1,235)	-5.96%

For the year ended December 31, 2024, net position decreased by \$1,031,081, to a total of \$19,367,335. 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, 2024 AND 2023

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>2024</u>	<u>2023</u>
Operating revenue		
Hotel occupancy taxes	\$ 656	\$ 650
Other general revenues	<u>657</u>	<u>746</u>
Total operating revenue	<u>1,313</u>	<u>1,396</u>
Operating expenses:		
Depreciation	812	669
Salaries and benefits	564	546
Insurance	295	234
Repairs & maintenance	189	136
Utilities	152	138
Advertising	25	31
Legal & other professional services	45	24
Event expense	74	58
Communication	22	24
Accounting	25	30
Other operating expenses	<u>211</u>	<u>194</u>
Total operating expenses	<u>2,414</u>	<u>2,084</u>
Income (loss) from operations	(1,101)	(688)
Non-operating expenses	(3)	(17)
Non-operating revenues	<u>73</u>	<u>387</u>
Total non-operating revenues (net)	<u>70</u>	<u>370</u>
Change in net position	(1,031)	(318)
Net position - beginning of year	<u>20,398</u>	<u>20,716</u>
Net position - end of year	<u>\$ 19,367</u>	<u>\$ 20,398</u>

HARBOR CENTER DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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 \$379,658.

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 was levied at 0.25 mills for bond repayment. As of December 31, 2024, the bond repayment was completed and there is no assessed ad valorem taxes for the year then ended.

Operating and Financial Performance

The following summarizes the District’s Statements of Revenue, Expenses and Changes in Net Position between December 31, 2023 and December 31, 2024:

Total operating revenues, derived from hotel occupancy taxes, ad valorem tax, facility rental fees and state appropriations, decreased by \$83,307 from December 31, 2023. Non-operating revenues, which consist primarily of ad valorem taxes restricted for bond repayment and interest income, decreased by \$300,338 from December 31, 2023.

Total operating expenses increased by \$330,212, or 15.84%, from December 31, 2023. Non-operating expenses, which consists of interest expense and bond issuance costs, decreased by \$14,572 from December 31, 2023.

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 \$2,718 for the year ended December 31, 2024.

HARBOR CENTER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Capital Assets

TABLE 3
Capital Assets
(In thousands)

	2024	2023	Dollar Change	Percentage Change
Land	\$ 2,188	\$ 2,188	\$ -	0.00%
Land improvements	2,196	2,196	-	0.00%
Facility	23,504	19,098	4,406	23.07%
Facility equipment	1,416	1,376	40	2.91%
Furniture and fixtures	453	453	-	0.00%
Sign	950	950	-	0.00%
Construction in progress	-	1,328	(1,328)	-100.00%
Accumulated depreciation	<u>(12,155)</u>	<u>(11,343)</u>	<u>(812)</u>	7.16%
Total Capital Assets	<u>\$ 18,552</u>	<u>\$ 16,246</u>	<u>\$ 2,306</u>	

Total property, plant and equipment increased by \$2,307,040 due mainly to increased accumulated depreciation offset by current years building wing additions. Depreciation expense has been recognized on capital assets in the amount of \$811,663 for the year ended December 31, 2024.

Long-Term Debt

At December 31, 2024, the District had no general obligations bonds outstanding. The District made principal payments in the amount of \$225,000 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 2025, increasing due to the 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 Mrs. Victoria Paz, General Manager, 985-781-3650.

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

HARBOR CENTER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

ASSETS

<u>CURRENT ASSETS:</u>	2024	2023
Cash and cash equivalents	\$ 759,621	\$ 3,960,422
Hotel occupancy tax receivable	52,905	51,993
Other receivables	6,968	7,549
Prepaid expenses	107,359	91,318
	<hr/>	<hr/>
Total current assets	926,853	4,111,282
	<hr/>	<hr/>
<u>RESTRICTED ASSETS:</u>		
Cash and cash equivalents	-	171,236
Ad valorem tax receivable	-	185,722
	<hr/>	<hr/>
Total restricted assets	-	356,958
	<hr/>	<hr/>
<u>CAPITAL ASSETS:</u>		
Land	2,188,430	2,188,430
Land improvements	2,195,790	2,195,790
Facility	23,504,042	19,097,848
Facility equipment	1,415,593	1,375,778
Furniture and fixtures	453,381	453,381
Sign	950,248	950,248
Construction in progress	-	1,327,306
Accumulated depreciation	(12,154,665)	(11,343,002)
	<hr/>	<hr/>
Total capital assets, net	18,552,819	16,245,779
	<hr/>	<hr/>
Total noncurrent assets	18,552,819	16,602,737
	<hr/>	<hr/>
Total assets	19,479,672	20,714,019
	<hr/>	<hr/>

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

HARBOR CENTER DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2024 AND 2023

LIABILITIES AND NET POSITION

<u>CURRENT LIABILITIES:</u>	2024	2023
Accounts payable and accruals	33,226	25,971
Accrued payroll liabilities	16,562	13,865
Facility deposits	62,549	49,147
 Total current liabilities	 112,337	 88,983
 <u>NONCURRENT LIABILITIES:</u>		
<u>PAYABLE FROM RESTRICTED ASSETS:</u>		
Accrued interest payable	-	1,620
Current portion of general obligations bonds payable	-	225,000
 Total liabilities payable from restricted assets	 -	 226,620
 <u>LONG-TERM LIABILITIES:</u>		
General obligation bonds payable (less current portion)	-	-
 Total liabilities	 112,337	 315,603
 <u>NET POSITION:</u>		
Net investment in capital assets	18,552,819	16,020,779
Restricted:		
Restricted for re-payment of bond issue		
and future construction costs	-	355,338
Unrestricted	814,516	4,022,299
 Total net position	 <u>\$ 19,367,335</u>	 <u>\$ 20,398,416</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, 2024 AND 2023

<u>OPERATING REVENUES:</u>	2024	2023
Hotel occupancy taxes	\$ 655,872	\$ 650,312
State appropriations	248,561	336,094
Facilities rental	379,658	384,537
Other income	29,356	25,811
	<hr/>	<hr/>
Total operating revenues	1,313,447	1,396,754
	<hr/>	<hr/>
<u>OPERATING EXPENSES:</u>		
Depreciation	811,663	669,400
Salaries and wages	563,630	545,658
Insurance	295,013	233,805
Repairs and maintenance	189,280	135,588
Utilities	152,644	138,088
Employee insurance	97,707	96,008
Advertising	25,120	30,934
Communication	21,699	23,769
Payroll taxes	44,707	43,155
Event expense	73,702	57,755
Legal and other professional services	45,044	24,280
Accounting	25,390	30,248
Office supplies	13,836	14,185
Retirement	8,632	11,937
Auto	6,300	6,300
Contract labor	11,427	13,529
Dues and subscriptions	3,418	3,711
Bank service fees	4,721	4,224
Travel	2,477	1,299
Bad debt	17,894	-
Miscellaneous	-	219
	<hr/>	<hr/>
Total operating expenses	2,414,304	2,084,092
	<hr/>	<hr/>
Operating loss	(1,100,857)	(687,338)
	<hr/>	<hr/>

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, 2024 AND 2023

<u>NON-OPERATING REVENUES (EXPENSES):</u>	<u>2024</u>	<u>2023</u>
Ad valorem taxes	-	197,336
Interest income	72,914	190,488
Interest expense	(2,718)	(17,103)
Bond issuance expense	(420)	(607)
Total non-operating revenues (expenses)	69,776	370,114
Change in net position	(1,031,081)	(317,224)
Net position, beginning of year	20,398,416	20,715,640
Net position, end of year	<u>\$ 19,367,335</u>	<u>\$ 20,398,416</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, 2024 AND 2023

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2024</u>	<u>2023</u>
Cash received from hotel occupancy taxes	\$ 654,960	\$ 653,801
Cash received from customers	393,641	389,066
Cash received from state revenue sharing and appropriations	248,561	336,094
Cash received from other operating receipts	29,356	25,811
Cash paid for salaries and related benefits	(718,279)	(701,873)
Cash paid for operating expenses	<u>(888,021)</u>	<u>(716,074)</u>
Net cash (used) by operating activities	<u>(279,782)</u>	<u>(13,175)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Cash received from ad valorem taxes	185,722	188,007
Cash received from interest	72,914	190,488
Principal payments on bonds payable	(225,000)	(220,000)
Payments for bond interest costs	(7,188)	(21,531)
Purchases of capital assets	<u>(3,118,703)</u>	<u>(1,375,411)</u>
Net cash (used) by capital and related financing activities	<u>(3,092,255)</u>	<u>(1,238,447)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,372,037)	(1,251,622)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,131,658</u>	<u>5,383,280</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 759,621</u>	<u>\$ 4,131,658</u>

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

HARBOR CENTER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

	<u>2024</u>	<u>2023</u>
Operating loss	\$ (1,100,857)	\$ (687,338)
Adjustments to reconcile operating loss to net cash (used) by operating activities		
Depreciation expense	811,663	669,400
Decrease (increase) in hotel occupancy tax receivable	(912)	3,489
Decrease (increase) in other receivables	581	3,952
Decrease (increase) in prepaid expenses	(13,611)	(8,820)
(Decrease) increase in accounts payable	7,255	4,380
(Decrease) increase in accrued liabilities	2,697	1,185
(Decrease) increase in facility deposits	<u>13,402</u>	<u>577</u>
Net cash (used) by operating activities	<u>\$ (279,782)</u>	<u>\$ (13,175)</u>

RECONCILIATION OF TOTAL CASH AND CASH
EQUIVALENTS

Cash and cash equivalents	\$ 759,621	\$ 3,960,422
Restricted cash and cash equivalents	<u>-</u>	<u>171,236</u>
Total cash and cash equivalents	<u>\$ 759,621</u>	<u>\$ 4,131,658</u>

HARBOR CENTER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature Of Activities

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 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, 2024 AND 2023

(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, 2024 AND 2023

(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 GAAP 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, 2024 AND 2023

(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 has issued Statement No. 100, "Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62". The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. The Statement did not have a material effect on the District's financial statements upon implementation.

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. 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 19, 2025, which is the date the financial statements were available to be issued.

HARBOR CENTER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(2) CASH AND CASH EQUIVALENTS

At December 31, 2024 and 2023, the District has cash (book balances) as follows:

	<u>2024</u>	<u>2023</u>
Interest-bearing demand deposits	<u>\$ 759,621</u>	<u>\$ 4,131,658</u>

At December 31, 2024, the cash bank balance with a local financial institution totaled \$761,090. \$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, 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. 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.

In May of 2022, the board levied 0.25 mills for the 2023 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, 2024 and 2023, the District was in compliance with these statutes.

A summary of the changes in bonds payable follows:

<u>December 31, 2023</u>	<u>Additions</u>	<u>Payments</u>	<u>December 31, 2024</u>	<u>Amounts due within one year</u>
\$ 225,000	\$ -	\$ (225,000)	\$ -	\$ -
<u>\$ 225,000</u>	<u>\$ -</u>	<u>\$ (225,000)</u>	<u>\$ -</u>	<u>\$ -</u>

HARBOR CENTER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(4) RISKS OF LOSS

The District is exposed to various risks of losses related to general liability; theft of, damage to, and destruction of assets; error and omissions; workers' compensation; employee health and accident; and natural disasters. In the opinion of management, all such matters are adequately covered by commercial insurance purchased by the District, or if not so covered, are not expected to have a material effect on the financial statements of the District.

(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 \$8,632 and \$11,937 for the years ended December 31, 2024 and 2023, respectively.

HARBOR CENTER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(6) CAPITAL ASSETS

The District's capital assets are listed below:

	<u>12/31/2023</u>	<u>Additions</u>	<u>Transfers</u>	<u>12/31/2024</u>
Capital assets not depreciated:				
Land	<u>\$ 2,188,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,188,430</u>
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	3,078,888	1,327,306	23,504,042
Facility equipment	1,375,778	39,815	-	1,415,593
Furniture and fixtures	453,381	-	-	453,381
Sign	950,248	-	-	950,248
Construction in progress	1,327,306	-	(1,327,306)	-
Accumulated depreciation	<u>(11,343,002)</u>	<u>(811,663)</u>	<u>-</u>	<u>(12,154,665)</u>
	<u>14,057,349</u>	<u>2,307,040</u>	<u>-</u>	<u>16,364,389</u>
	<u>\$ 16,245,779</u>	<u>\$ 2,307,040</u>	<u>\$ -</u>	<u>\$ 18,552,819</u>
	<u>12/31/2022</u>	<u>Additions</u>	<u>Transfers</u>	<u>12/31/2023</u>
Capital assets not depreciated:				
Land	<u>\$ 2,188,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,188,430</u>
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>

(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 accrued bond interest payable.

OTHER SUPPLEMENTARY INFORMATION

HARBOR CENTER DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2024

Agency Head Name: Kathy Lowrey, General Manager
January 1, 2024 through December 31, 2024

Salary	\$ 94,078
Benefits - insurance	10,658
Benefits - retirement	2,202
Car allowance	<u>6,300</u>
Total	<u><u>\$ 113,238</u></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, 2024, 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 19, 2025.

Report on 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 or significant deficiencies may exist that were not identified.



To the Commissioners of the
Harbor Center District
Slidell, Louisiana

Report on 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 19, 2025
Mandeville, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

HARBOR CENTER DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024

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, 2024.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings for the year ended December 31, 2024.

HARBOR CENTER DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

FINDINGS – FINANCIAL STATEMENT AUDIT

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

MANAGEMENT LETTER

There was no management letter issued for the year ended December 31, 2023.