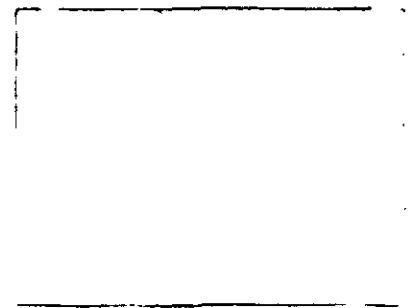


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**EAST ST. TAMMANY EVENTS  
CENTER DISTRICT  
Slidell, Louisiana  
June 30, 2004**



Audit of General Purpose Financial Statements  
June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-26-05

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**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**d/b/a**  
**NORTHSHORE HARBOR CENTER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of **EAST ST. TAMMANY EVENTS CENTER DISTRICT's, d/b/a NORTHSHORE HARBOR CENTER**, (the District) annual financial report presents background information and management's analysis of the District's financial performance during the fiscal year that ended June 30, 2004. Please read it in conjunction with the financial statements in this report. *(Dollar amounts discussed below have been rounded to the nearest thousand except where otherwise indicated)*

**Financial Highlights**

- The assets of the District exceeded its liabilities by \$7,672,000. Net assets increased approximately \$1,081,000 from June 30, 2003.
- During the year, the District's total operating revenues, which consists primarily of Hotel Occupancy Taxes, decreased by approximately \$6,000 from the prior year. Non-operating revenues, which consists primarily of Ad Valorem Taxes, increased \$77,000 over the prior year. The District had an increase in operating expenses of \$107,000. The overall excess of revenues over expenses for the year was \$1,081,000.
- The District decreased the principal balance of its General Obligation Bonds by \$375,000.

**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 Assets includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also 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 Assets. 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 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 Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the District's activities. These two statements report the net assets of the District and changes in them. Increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**d/b/a**  
**NORTSHORE HARBOR CENTER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*Net Assets*

A Summary of the District's Statement of Net Assets Sheet is presented in Table 1 below:

**TABLE 1**  
**Condensed Statements of Net Assets**  
*(In thousands)*

	June 30,		Dollar	Percentage
	2004	2003	Change	Change
Total Current Assets	\$ 1,832	\$ 2,622	\$ (790)	(30.13)%
Capital Assets	10,530	6,371	4,159	65.28
Other Assets, Including Restricted Cash and Investments	5,506	7,280	(1,774)	(24.37)
Total Assets	\$ 17,868	\$ 16,273	\$ 1,595	9.80%
Current Liabilities	\$ 1,460	\$ 562	\$ 898	159.79%
Long-Term Debt Outstanding and Other Liabilities Payable from Restricted Assets	8,736	9,120	(384)	(4.21)
Total Liabilities	10,196	9,682	514	5.31
Net Assets	7,672	6,591	1,081	16.40
Total Liabilities and Net Assets	\$ 17,868	\$ 16,273	\$ 1,595	9.80%

As can be seen in Table 1, net assets increased by \$1,081,000 to \$7,672,000 in fiscal year 2004. The change in total net assets results primarily from the increase in capital assets (Property and Construction in Progress) less the net increase in Total Liabilities.

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**d/b/a**  
**NORTHSHORE HARBOR CENTER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*Summary of Revenue, Expenses and Changes in Net Assets*

**TABLE 2**  
**Condensed Statements of Revenue, Expenses and Changes in Net Assets**

	Year Ended	
	June 30,	
	<u>2004</u>	<u>2003</u>
Hotel Occupancy Taxes	\$ 209,917	\$ 216,038
Total Operating Revenue	<u>209,917</u>	<u>216,038</u>
Salaries and Wages	66,500	23,333
Insurance	32,209	16,975
Expenses incurred with St. Tammany Parish Tourist And Convention Commission Grants	21,193	22,337
Accounting	15,900	11,750
Communication Expenses (Telephone, Internet, etc.)	15,678	-
Other Professional Services	10,770	2,250
Auto Expense	5,775	1,600
Office Supplies	2,218	-
Other Operating Expenses	<u>27,632</u>	<u>12,737</u>
Total Operating Expenses	<u>197,875</u>	<u>90,982</u>
Income from Operations	12,042	125,056
Non-operating Revenues	<u>1,069,299</u>	<u>995,826</u>
Increase in Net Assets	1,081,341	1,120,882
Net Assets – Beginning of Year	<u>6,590,810</u>	<u>5,469,928</u>
Net Assets – End of Year	<u>\$ 7,672,151</u>	<u>\$ 6,590,810</u>

*Sources of Revenue*

*Operating Revenue*

Operating revenues consist primarily of Hotel Occupancy Taxes collected within Wards 8 and 9 of St. Tammany Parish. 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.

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**d/b/a**  
**NORTHSHORE HARBOR CENTER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*Non-Operating Revenue*

Non-operating revenues consist primarily of Ad Valorem taxes assessed on properties located within Wards 8 and 9 of St. Tammany Parish. Ad Valorem taxes are 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. The increase in Ad Valorem Tax revenue is considered to be a result of increases in assessed values of properties within the taxing district.

Other significant non-operating revenue consists of revenue recognized on grants received from the St. Tammany Parish Tourist and Convention Commission. Grant revenue is recognized as expenditures allowable under the grants are incurred. The notes to the financial statements provide details as to the purpose and amount of funding associated with the various grants issued to the District by the St. Tammany Parish Tourist and Convention Commission.

**Operating and Financial Performance**

The following summarizes the District's Statements of Revenue, Expenses and Changes in Net Assets between 2003 and 2004:

Total Operating Revenues, derived from Hotel Occupancy Taxes, decreased by \$6,121, or 2.83%, over the prior fiscal year. Total operating expenses increased by \$106,893, or 117.49%, over the prior fiscal year. The increase in operating expenses is due primarily to the recognition of the salary and benefits of the District's general manager for 12 months for the fiscal year ended June 30, 2004, compared to only three months during the fiscal year ended June 30, 2003. With the hiring of the Events Center general manager in early 2003, the District has also incurred a full twelve months of certain administrative costs which allow the general manager to operate the office of the Events Center. These costs include:

- Telephone and Internet
- Office Supplies
- Professional Subscriptions and Conferences
- Travel and Automobile Expenses

In addition to these costs, the Center has incurred costs associated with the general manager's efforts to promote the Events Center to residents and to local and non-local businesses.

**Non-Operating Revenues and Expenses**

As discussed previously, non-operating revenues consist primarily of Ad Valorem taxes and revenues recognized on grants received from the St. Tammany Parish Tourist and Convention Commission. Other non-operating revenue consists of interest income, generated primarily from the District's investment of excess cash in the Louisiana Asset Management Pool (LAMP). Interest income decreased by \$6,364, or 29.65%. This decrease was due primarily to a decrease in interest rates on LAMP investments.

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**d/b/a**  
**NORTSHORE HARBOR CENTER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Capital Assets**

The District's capital asset activities are reflected in Table 3 below:

**TABLE 3**  
**Capital Assets**  
**(In Thousands)**

	June 30		Dollar Change	Percentage Change
	2004	2003		
Land	\$ 2,188	\$ 2,188	\$ -	0.00%
Construction in Progress	8,336	4,183	4,153	99.28
Facility Equipment	<u>6</u>	<u>-</u>	<u>6</u>	<u>N/C</u>
Total Property, Plant and Equipment	<u>\$ 10,530</u>	<u>\$ 6,371</u>	<u>\$ 4,159</u>	<u>65.28%</u>

N/C – Not able to calculate.

Total property, plant and equipment increased as the District continued the construction of the Events District. During the fiscal year ended June 30, 2004, the District entered into a contract with the primary contractor for the Events District. The total contract was \$7.3 million, and at June 30, 2004, the District had recognized approximately \$2.8 million of construction costs, which is included in Construction in Progress.

No depreciation expense has been recognized on capital assets as the assets have not been placed into service as of June 30, 2004.

**Long-Term Debt**

At June 30, 2004, the District had \$8,600,000 of General Obligations Bonds outstanding. This amount decreased by \$375,000 from the end of the prior fiscal year. More detailed information about the District's long-term debt is presented in the notes to basic financial statements.

**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. Kerry Painter, General Manager, 985-781-3650.



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DAVID V. ERNST

MEMBERS

American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

To the Commissioners of the  
**East St. Tammany Events Center District**

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of the **EAST ST. TAMMANY EVENTS CENTER DISTRICT** as of and for the year ended June 30, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the **EAST ST. TAMMANY EVENTS CENTER DISTRICT's** management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the **EAST ST. TAMMANY EVENTS CENTER DISTRICT** as of June 30, 2004, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in notes A and H to the basic financial statements, the **EAST ST. TAMMANY EVENTS CENTER DISTRICT** adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments*; Statement No. 36, *Recipient Reporting for Certain Shared Non Exchange Revenues* – an omnibus to Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*; Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Disclosures*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and*



*Expenditures in Governmental Fund Financial Statements*, as of July 1, 2003. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2004 on our consideration of the **EAST ST. TAMMANY EVENTS CENTER DISTRICT**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report considering the results of our audit.

The accompanying management's discussion and analysis and budgetary information as listed in the table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audits of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Hienz + Macaluso, LLC*

**HIENZ & MACALUSO, L.L.C.**

Metairie, LA

November 17, 2004

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 760,162
Investments	1,020,618
Hotel Occupancy Tax Receivable	34,589
Prepaid Insurance	<u>16,582</u>
Total Current Assets	<u>1,831,951</u>

**RESTRICTED ASSETS**

Cash - Sinking Fund	1,069,254
Investments	4,313,102
Ad Valorem Tax Receivable	<u>21,837</u>
Total Restricted Assets	<u>5,404,193</u>

**BOND ISSUANCE COSTS, Net**

101,783

**PROPERTY, PLANT, AND EQUIPMENT**

Land	2,188,430
Facility equipment	6,004
Construction in Progress	<u>8,335,439</u>
Total Property, Plant, and Equipment	<u>10,529,873</u>

Total Assets \$ 17,867,800

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

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	
Design and Construction	\$ 815,789
Accrued Liabilities	1,718
Retainage Payable	139,241
Unearned Revenue - Intergovernmental Operating Grants	<u>503,104</u>
 Total Current Liabilities	 <u>1,459,852</u>

**PAYABLE FROM RESTRICTED ASSETS**

Accrued Interest Payable	135,797
Current Portion of General Obligations Bonds Payable	<u>395,000</u>
 Total Liabilities Payable from Restricted Assets	 <u>530,797</u>

**LONG-TERM LIABILITIES**

General Obligation Bonds Payable	<u>8,205,000</u>
 Total Liabilities	 <u>10,195,649</u>

**NET ASSETS**

Invested in capital assets, net of related debt	1,929,873
Temporarily restricted net assets:	
Restricted for re-payment of bond issue and future construction costs	5,268,396
Unrestricted	<u>473,882</u>
 Total Net Assets	 <u>\$ 7,672,151</u>

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**For the year ended June 30, 2004**

<b>OPERATING REVENUES</b>	
Hotel Occupancy Taxes	\$ 209,917
Total Operating Revenues	<u>209,917</u>
<b>OPERATING EXPENSES</b>	
Salaries and Wages	66,500
Insurance	27,172
St. Tammany Parish Tourist and Convention Commission Grants:	
Feasability study, meetings, advertising and purchase of facility equipment	21,193
Accounting	15,900
Advertising	4,606
Communication	15,678
Office supplies	2,218
Other Professional Services	10,770
Utilities	3,398
Payroll Tax	6,748
Retirement	2,333
Auto	5,775
Miscellaneous	712
Employee Insurance	5,037
Training and Conferences	1,416
Dues and Subscriptions	400
Travel	292
Printing and Advertising	7,000
Meals and Entertainment	9
Postage	118
Bond Service Fees	600
Total Operating Expenses	<u>197,875</u>
<b>INCOME FROM OPERATIONS</b>	<u>12,042</u>

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

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**For the year ended June 30, 2004**

**NON-OPERATING REVENUES (EXPENSES)**

Intergovernmental Operating Grants - St. Tammany Parish Tourist and Convention Commission	27,197
Ad Valorem Taxes	1,031,324
Interest Income	15,098
Other	54
Bond Issuance Expense	<u>(4,374)</u>
Total Non-Operating Revenues	<u>1,069,299</u>
<b>INCREASE IN NET ASSETS</b>	1,081,341
<b>NET ASSETS - BEGINNING OF PERIOD</b>	<u>6,590,810</u>
<b>NET ASSETS - END OF PERIOD</b>	<u>\$ 7,672,151</u>

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

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**STATEMENT OF CASH FLOWS**  
**For the year ended June 30, 2004**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Hotel Occupancy Taxes	\$ 213,387
Cash Paid for Salaries and Related Benefits	(90,518)
Cash Payments for Operating Expenses and Administrative Expenses	<u>(119,396)</u>
Net Cash Provided by Operating Activities	<u>3,473</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Cash Received from Ad Valorem Taxes	1,015,492
Principal Payment on Bonds Payable	(375,000)
Payments for bond issuance costs	(37,629)
Payments for purchases of equipment	(6,004)
Payments for Design and Construction of Events Center	(2,832,644)
Payments for Bond Interest Recognized in Construction in Progress	(433,640)
Interest Received from Investments Applied Against Capitalized Interest Cost	33,372
Net Used in Capital and Related Financing Activities	<u>(2,636,053)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Maturity of Investment Securities	11,580,013
Proceeds from Sale of Securities	600,000
Purchase of Investment Securities	(10,145,308)
Interest re-invested	<u>5,327</u>
Net Cash Provided by Investing Activities	<u>2,040,032</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(592,548)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>2,421,964</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 1,829,416</u></b>

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

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**STATEMENT OF CASH FLOWS (Continued)**  
**For the year ended June 30, 2004**

**RECONCILIATION OF INCOME FROM OPERATIONS TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 12,042
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities	
Decrease in Hotel Occupancy Tax Receivable	3,470
Increase in Prepaid Expenses	(7,914)
(Decrease) in Accounts Payable - Operations	-
(Decrease) in Accrued Liabilities	<u>(4,125)</u>
Net Cash Provided by Operating Activities	<u>\$ 3,473</u>

**RECONCILIATION OF TOTAL CASH AND CASH  
EQUIVALENTS**

Current Assets	\$ 760,162
Restricted Assets	<u>1,069,254</u>
Total Cash and Cash Equivalents	<u>\$ 1,829,416</u>

**NONCASH INVESTING AND FINANCING ACTIVITIES**

Interest Earned from LAMP Netted Against Capitalized	
Interest Cost	<u>\$ 4,667</u>
Interest Earned and re-invested in LAMP Operating account	<u>\$ 9,771</u>

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

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**NOTE A**

**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 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 **EAST ST. TAMMANY EVENTS CENTER DISTRICT** (the District) implemented the Statement as of July 1, 2003. The District's significant accounting policies are explained in the following note disclosures:

**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. Pursuant to Governmental Accounting Standards Board Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the District has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989 that do not conflict or contradict GASB pronouncements.

**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.



**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The control and management of the affairs of the District are vested in a Board of Commissioners (the Board). The Board consists of 13 members, all of whom must be qualified voters of Wards 8 and 9 of St. Tammany Parish. The Board is appointed by the following entities and individuals:

<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 Alderman of the Town of Pearl River	1
St. Tammany Parish Government	2
Greater Slidell Area Chamber of Commerce, Inc.	2
State Representative for District 90	1
State Representative for District 76	1
State Representative for District 74	1
State Senator for District 11	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.

**INVESTMENTS**

Investments include the District's investment in United States Treasury bills and notes and its investment balance with the Louisiana Asset Management Pool, Inc. (LAMP), a State sponsored external investment pool.

Under Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, issued by the Governmental Accounting Standards Board, United States Treasury obligations with a remaining maturity at time of purchase of one year or less may be reported at amortized cost. As such, the District's investment in United States Treasury bills and notes are stated at amortized cost since these investments have maturities of less than one year.

**BOND ISSUANCE COSTS**

Bond issuance costs associated with the General Obligations Bonds issued by the District have been accounted for as a deferred charge (an asset) and are amortized over the life of the bonds.

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment are recorded at cost or, if contributed property, at their fair market value at the time of the contribution.

Construction in Progress consists of costs associated with the design and construction of the events center. In addition, interest costs for the construction of the events center, net of interest earned on interest-bearing investments acquired with the proceeds of the bond issuance, has been capitalized. For the year ended June 30, 2004, total interest cost incurred was \$433,640, all of which was capitalized. This amount is offset by the amount of interest earned on the temporary investment of bond proceeds. Interest earned and netted against capitalized interest cost amounted to \$ 38,039 for the year ended June 30, 2004.

The District's policy is to capitalize assets purchased in the amount \$ 1,000 or more. There were no assets placed in service during 2004 and accordingly depreciation expense for the year ended June 30, 2004 was \$ 0.

**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.

**UNEARNED REVENUE - INTERGOVERNMENTAL OPERATING GRANTS**

Unearned revenue consists of unspent funds pertaining to operating grants issued to the District by the St. Tammany Parish Tourist and Convention Commission. The grants outstanding at June 30, 2003 consist of the following:

- A \$150,000 grant to be used for marketing the Events Center and for costs associated with the search for the events center executive director. As of June 30, 2004, the District has incurred and expended \$44,676 of allowable costs.
- A \$105,625 grant to be used for signage associated with the Events Center. As of June 30, 2004, no costs have been incurred and expended.
- A \$200,000 grant to be used for audio and visual equipment for the Events Center. As of June 30, 2004, the District has incurred and expended \$1,841 of allowable costs.
- A \$100,000 grant to be used for kitchen and sports equipment for the Events Center. As of June 30, 2004, the District has incurred and expended \$ 6,004 of allowable costs.

**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.

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**NET ASSETS**

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

Invested in capital assets, net of related debt – 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 assets used by creditors, grantors, contributors, or laws or regulations of the government or constraints imposed by law through constitutional provisions or enabling legislation.

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

**RESRICTED 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 as those revenues received from Hotel Occupancy taxes. These revenues are available to pay the general operating expenses of the District.

**NOTE B**

**CASH AND CASH EQUIVALENTS**

At June 30, 2004, the District has cash and cash equivalents (book balances) totaling \$ 1,829,416 as follows:

Demand Deposits	\$ 760,162
Interest-Bearing Demand Deposits	<u>1,069,254</u>
Total Deposits	<u>\$ 1,829,416</u>

At June 30, 2004, the bank balance of deposits with financial institutions totaled \$1,833,883. This balance is entirely insured and collateralized by securities held by the District's agent in the District's name.

**NOTE C**

**INVESTMENTS**

All securities held at June 30, 2004 are held in the trust department of a custodial bank selected by the District. Because the securities are in the name of the District and are held by its agent, the securities are considered insured and registered, Category 1, in applying the credit risk of GASB Codification Section I50.164.

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

At June 30, 2004, the District's investments, as referenced in Note A, are comprised of:

Securities - Restricted:	
United States Treasury Bills	\$ <u>4,107,408</u>
Total Securities - Restricted	<u>4,107,408</u>
Government Pool:	
LAMP - Restricted	205,694
LAMP - Unrestricted	<u>1,020,618</u>
Total Government Pool	<u>1,226,312</u>
Total Investments	<u>\$ 5,333,720</u>

Government Pool investments as of June 30, 2004 are invested in LAMP, a local government investment pool, and are stated at fair value. The investment in LAMP at June 30, 2004, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., which is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana Certified Public Accountants. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments.

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**NOTE D**

**BONDS PAYABLE**

Bonds Payable at June 30, 2004 consist of \$8,600,000 of General Obligation Bonds (the Bonds), Series 1999. The proceeds from the Bonds are to be used for the construction of the Events Center. Interest ranging from 4% to 7%, is payable semi-annually on March 1 and September 1 of each year through 2019.

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

A summary of changes in long-term liabilities follows:

	<u>June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>June 30, 2004</u>	<u>Amounts due within one year</u>
Bonds Payable	\$ 8,975,000	\$ -	\$ (375,000)	\$ -	\$ 8,600,000	\$ 395,000
	<u>\$ 8,975,000</u>	<u>\$ -</u>	<u>(375,000)</u>	<u>\$ -</u>	<u>\$ 8,600,000</u>	<u>\$ 395,000</u>

Scheduled debt service payments, including interest, on the Bonds (Series 1999) are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 395,000	\$ 407,390	\$ 802,390
2006	415,000	379,740	794,740
2007	435,000	350,690	785,690
2008	460,000	320,240	780,240
2009	480,000	288,040	768,040
2010-2014	2,810,000	1,069,600	3,879,600
2015-2019	<u>3,605,000</u>	<u>447,000</u>	<u>4,052,000</u>
	<u>\$ 8,600,000</u>	<u>\$ 3,262,700</u>	<u>\$ 11,862,700</u>

During 1999, the Board approved an Ad Valorem tax of five mills to provide for the debt service of the Bonds. This millage is renewable annually through a resolution by the Commissioners.

In accordance with the Bond Agreement, the District has established a separate cash account (the Sinking Fund) into which the District deposits the proceeds from the collections of the Ad Valorem tax. Funds are transferred from the Sinking Fund 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. As of June 30, 2004, the District was in compliance with these statutes.

**NOTE E**

**COMMITMENTS AND CONTINGENCIES**

The State Bond Commission has approved the District for a \$735,000 line of credit from the State of Louisiana. The line of credit is provided through a cooperative endeavor with the State through the Office of Facility Planning. At June 30, 2004, the District had not drawn down any funds from this line of credit.

On May 10, 2002 the District entered into a contract for construction of the Events Center. During the year ended June 30, 2004, the District began construction of the Events Center. The total amount of the contract is \$ 7,360,000 with net change orders approved in the

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

amount of \$ 27,516 for a total approved contract in the amount of \$ 7,387,516. The amount expended through June 30, 2004 totals \$ 2,784,812 (including retainage payable at 5% in the amount of \$ 139,241), with a remaining commitment of \$ 4,741,945 (including retainage).

On August 1, 2004 the District issued \$ 5,000,000 of General Obligation Bonds, Series 2004, due between March 1, 2005 and March 1, 2024. The proceeds of the bonds are being used to finance the second phase of the Events Center. Phase II includes the addition of three meeting rooms, a recital hall, a lobby and a lounge. This expansion will increase the area of the building from 30,000 square feet to approximately 35,000 square feet.

Interest ranging from 3.75% to 5%, is payable semi-annually on March 1 and September 1 of each year through 2024.

Scheduled debt service payments, including interest, on the Bonds (Series 2004) are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 200,000	\$ 115,499	\$ 315,499
2006	200,000	216,922	416,922
2007	200,000	197,845	397,845
2008	200,000	187,845	387,845
2009	200,000	177,845	377,845
2010-2014	1,070,000	748,075	1,818,075
2015-2019	1,350,000	512,287	1,862,287
2020-2024	<u>1,580,000</u>	<u>216,643</u>	<u>1,796,643</u>
	<u>\$ 5,000,000</u>	<u>\$ 2,372,961</u>	<u>\$ 7,372,961</u>

During 1999, the Board approved an Ad Valorem tax of five mills to provide for the debt service of the original Bond issue. Based on the District's taxable assessed valuation, the District estimates that no increase in millage will be required to service its outstanding bonds, including the new bond issue in August 2004.

Total debt service requirements including interest, on the Series 1999 bonds and the Series 2004 bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 595,000	\$ 522,889	\$ 1,117,889
2006	615,000	596,662	1,211,662
2007	635,000	548,535	1,183,535
2008	660,000	508,085	1,168,085
2009	680,000	465,885	1,145,885
2010-2014	3,880,000	1,817,675	5,697,675
2015-2019	4,955,000	959,287	5,914,287
2020-2024	<u>1,580,000</u>	<u>216,643</u>	<u>1,796,643</u>
	<u>\$ 13,600,000</u>	<u>\$ 5,635,661</u>	<u>\$ 19,235,661</u>

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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. With the addition of the Series 2004 bonds, the District is in compliance with these statutes.

**NOTE F**

**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.

**NOTE G**

**DEFERRED COMPENSATION PLAN**

During 2004 the District adopted a deferred compensation plan for its employee. 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. Participant's are immediately vested in employee and employer contributions.

**NOTE H**

**CHANGE IN ACCOUNTING PRONOUNCEMENTS**

In 2004, the District implemented the following GASB Statements:

- GASB Statement No. 36, "*Recipient Reporting for Certain Shared Non Exchange Revenues*" and omnibus to Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions.*"
- GASB Statement No. 37, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus.*"
- GASB Statement No. 38, "*Certain Financial Statement Note Disclosures.*"
- GASB Interpretation No. 6, "*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*"

The implementation of these new pronouncements had no effect on the prior year's fund balances and net assets.

**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**NOTE I**

**PROPERTY, PLANT & EQUIPMENT**

The District's property, plant and equipment are listed below:

	July 1, 2003	Additions	Deletions	June 30, 2004
Land	\$ 2,188,430	\$ -	\$ -	\$ 2,188,430
Construction in progress	4,182,637	4,152,802	-	8,335,439
Facility equipment	-	6,004		6,004
	<u>\$ 6,371,067</u>	<u>\$ 4,158,806</u>	<u>\$ -</u>	<u>\$ 10,529,873</u>

There have been no assets placed in service and therefore no depreciation or accumulated depreciation has been recorded as of June 30, 2004.

**NOTE J**

**TEMPORARILY RESTRICTED NET ASSETS**

The District's temporarily restricted net assets 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.



**EAST ST. TAMMANY EVENTS CENTER DISTRICT**  
**Slidell, Louisiana**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROVIDED BY**  
**ST. TAMMANY PARISH TOURIST AND COVENTION COMMISSION**  
**For the Year Ended June 30, 2004**

	Resolution Number				Total
	090799	2000-425-01	052901	1008-0203-01	
<b>FUNDS AVAILABLE AT JULY 1, 2003</b>	\$ 124,676	\$ 105,625	\$ 200,000	\$ 100,000	\$ 530,301
<b>FUNDS RECEIVED DURING YEAR</b>	-	-	-	-	-
<b>FUNDS UTILIZED DURING YEAR</b>					
Feasibility study	15,000	-	-	-	15,000
Facility equipment	-	-	-	6,004	6,004
Advertising, meetings and supplies	4,352	-	1,841	-	6,193
Total Funds Utilized	19,352	-	1,841	6,004	27,197
<b>FUNDS AVAILABLE AT JUNE 30, 2004</b>	\$ 105,324	\$ 105,625	\$ 198,159	\$ 93,996	\$ 503,104



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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Commissioners of the  
**East St. Tammany Events Center District**

We have audited the general purpose financial statements of **EAST ST. TAMMANY EVENTS CENTER DISTRICT** as of and for the year ended June 30, 2004, and have issued our report thereon dated November 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the **EAST ST. TAMMANY EVENTS CENTER DISTRICT**'s general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the **EAST ST. TAMMANY EVENTS CENTER DISTRICT**'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Commissioners of the **EAST ST. TAMMANY EVENTS CENTER DISTRICT**, and the Legislative Auditor of the State of Louisiana, and it is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

*Hienz & Macaluso, LLC*

**HIENZ & MACALUSO, L.L.C.**

Metairie, LA

November 17, 2004

**EAST ST. TAMMANY EVENTS CENTER DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2004**

We have audited the financial statements of East St. Tammany Events Center District as of and for the year ended June 30, 2004, and have issued our report thereon dated November 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits outlined in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Louisiana Governmental Auditing Guide. Our audit of the basic financial statements as of June 30, 2004 resulted in an unqualified opinion.

**Section I – Summary of Auditor’s Results:**

- a. Report on Internal Control and Compliance Material to the Financial Statements  
Internal Control  
Material Weakness \_\_\_ Yes X No Reportable Conditions \_\_\_ Yes X No  
Compliance  
Compliance Material to Financial Statements \_\_\_ Yes X No
- b. Federal awards – Not applicable

**Section II – Financial Statement Findings and Questioned Costs:**

There were no financial statement findings for the year ended June 30, 2004.

**Section III – Federal Award Findings and Questioned Costs:**

Not applicable.

**Section IV – Management Letter:**

A management letter was not issued in connection with the audit for the year ended June 30, 2004.

**EAST ST. TAMMANY EVENTS CENTER DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004**

*Section I – Internal Control and Compliance Material to the Financial Statements:*

There were no prior year findings.

*Section II – Internal Control and Compliance Material to Federal Awards:*

Not applicable.

*Section III - Management Letter:*

A management letter was not issued in connection with the audit for the year ended June 30, 2003.

**EAST ST. TAMMANY EVENTS CENTER DISTRICT  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2004**

*Section I – Internal Control and Compliance Material to the Financial Statements:*

There were no prior year findings.

*Section II – Internal Control and Compliance Material to Federal Awards:*

Not applicable

*Section III - Management Letter:*

A management letter was not issued in connection with the audit for the year ended June 30, 2004.