

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3-6
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net position	9
Statement of revenues, expenses and changes in net position	10
FUND FINANCIAL STATEMENT	
Balance sheet-governmental funds	12
Reconciliation of balance sheet-governmental funds to the statement of net position	13
Statement of revenues, expenditures, and changes in fund balances-governmental funds	14
Reconciliation of the statement of revenues, expenditures, and changes in fund balances- governmental funds to the statement of activities	15
NOTES TO BASIC FINANCIAL STATEMENTS	16-25
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary comparison schedule-general fund	27
OTHER INFORMATION	
Schedule of compensation, benefits and other payments to chief executive officer	29
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	30-31
SCHEDULE OF FINDINGS AND RESPONSES	32-33

INDEPENDENT AUDITORS' REPORT

December 15, 2023

Board of Supervisors
West Trace Community Development District
Westlake, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of West Trace Community Development District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 governmental activities and each major fund of the West Trace Community Development District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of West Trace Community Development District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the West Trace Community Development 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 of material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but it 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 judgement 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 City Court'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City Court's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit and 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 budgetary comparison information on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted principally 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.

The District has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits and other payments to chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Accounting Standards*

In accordance with *Government Auditing Standards*, we have also issued our report

Board of Supervisors
West Trace Community Development District
December 15, 2023
Page Four

dated December 15, 2023, on our consideration of the West Trace Community Development District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 West Trace Community Development District's internal control over financial reporting and compliance.

Dragan, Cassidy: Hillory

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Statement of Net Position

June 30, 2023

ASSETS	
Cash	\$ 316,586
Restricted assets	
Investments	2,191,945
Capital assets	
Construction in progress	1,036,350
TOTAL ASSETS	<u>\$ 3,544,881</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>\$ -</u>
LIABILITIES	
Accounts payable	\$ 1,233
Long-term debt	
Due within one year	1,899,000
Due after one year	1,197,000
TOTAL LIABILITIES	<u>\$ 3,097,233</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>\$ -</u>
NET POSITION	
Net investment in capital assets	\$ (2,059,650)
Net position - Restricted for debt service	790,679
Net position - Restricted for capital projects	1,400,033
Net position - Unrestricted	316,586
TOTAL NET POSITION	<u>\$ 447,648</u>

The accompanying notes are an integral part of the basic financial statements.

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Statement of Activities

Year Ended June 30, 2023

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net position</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Governmental activities:				
General and administrative	\$ 260,662	\$ -	\$ -	\$ (260,662)
Total Governmental Activities	<u>\$ 260,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (260,662)</u>
General Revenues:				
Tax revenue				321,672
Investment income				81,164
Gain on prepayment				-
Other income				-
Total general revenues				<u>402,836</u>
Change in net position				<u>142,174</u>
Net position - Beginning				<u>305,474</u>
Net position - Ending				<u>\$ 447,648</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Balance Sheet - Governmental Funds

June 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	316,586	\$ -	\$ -	\$ 316,586
Investments	-	790,679	1,401,266	2,191,945
TOTAL ASSETS	<u>316,586</u>	<u>790,679</u>	<u>1,401,266</u>	<u>2,508,531</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 316,586</u>	<u>\$ 790,679</u>	<u>\$ 1,401,266</u>	<u>\$ 2,508,531</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	1,233	\$ 1,233
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,233</u>	<u>1,233</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Debt service	-	790,679	-	790,679
Capital projects	-	-	1,400,033	1,400,033
Unassigned	316,586	-	-	316,586
TOTAL FUND BALANCES	<u>316,586</u>	<u>790,679</u>	<u>1,400,033</u>	<u>2,507,298</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 316,586</u>	<u>\$ 790,679</u>	<u>\$ 1,401,266</u>	<u>\$ 2,508,531</u>

The accompanying notes are an integral part of the basic financial statements.

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
To the Statement of Net Position

June 30, 2023

Total fund balance for governmental funds at June 30, 2023:	\$ 2,507,298
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. Those assets consist of:	
Construction in progress	1,036,350
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:	
Long-term debt	<u>(3,096,000)</u>
Total net position of governmental activities at June 30, 2023	<u>\$ 447,648</u>

The accompanying notes are an integral part of the basic financial statements.

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Statement of Revenue, Expenditures and Changes
In Fund Balances - Governmental Funds

Year Ended June 30, 2023

	General	Debt Service	Capital Projects	Total
REVENUES				
Taxes and special assessments	321,672	\$ -	\$ -	\$ 321,672
Investment income	-	28,116	53,048	81,164
Other income	-	-	-	-
Prepayment of bonds	-	-	-	-
TOTAL REVENUES	<u>321,672</u>	<u>28,116</u>	<u>53,048</u>	<u>402,836</u>
EXPENDITURES				
Current:				
General and administrative	46,059	-	-	46,059
Capital Outlay	-	-	634,366	634,366
Debt Service:				
Principal payments	-	51,000	-	51,000
Interest	-	214,603	-	214,603
TOTAL EXPENDITURES	<u>46,059</u>	<u>265,603</u>	<u>634,366</u>	<u>946,028</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	275,613	(237,487)	(581,318)	(543,192)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	158,178	-	158,178
Transfers out	(158,178)	-	-	(158,178)
	<u>(158,178)</u>	<u>158,178</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	117,435	(79,309)	(581,318)	(543,192)
FUND BALANCE - BEGINNING	<u>199,151</u>	<u>869,988</u>	<u>1,981,351</u>	<u>3,050,490</u>
FUND BALANCE - ENDING	<u>316,586</u>	<u>790,679</u>	<u>1,400,033</u>	<u>2,507,298</u>

The accompanying notes are an integral part of the basic financial statements.

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds to the Statement of Activities

Year Ended June 30, 2023

Total net changes in fund balance at June 30, 2023 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (543,192)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> <p>Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances</p>		
of Revenues, Expenditures and Changes in Fund Balances	\$ 634,366	
Gain on disposal of assets	-	
Depreciation expense for the year ended June 30, 2023	-	634,366
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term debt in the statement of net assets.</p>		
Principal Payments on Bonds	51,000	51,000
Total changes in net position at June 30, 2023 per Statement of Activities		\$ 142,174

The accompanying notes are an integral part of the basic financial statements.

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Notes to the Financial Statements

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Trace Community Development District is a political subdivision of the State of Louisiana, created pursuant to the Community Development District Act, Chapter 27-B of Title 33 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), and by Ordinance No. 946 enacted by the City Council of the City of Westlake, Louisiana on January 22, 2018. The District was created for the purpose of delivering certain community development services and facilities for the benefit of District lands, and has previously determined to undertake the acquisition and/or construction of public improvements and community facilities as set forth in the Act for the special benefit of certain District lands. The Act authorized the District to issue bonds for the purpose of, among others, financing, funding, planning, establishing, acquiring, constructing or reconstructing, enlarging or extending, equipping water management, water supply, sewer and wastewater management, bridges or culverts, public roads, street lights and other basic infrastructure projects within or without the boundaries of the District as provided in the Act.

The boundaries of the District include approximately 151.02 acres of land entirely within the boundaries of the City (the "District lands") which are being developed as a residential planned development known as "West Trace" (the "Development"). West Trace is an existing golf course community containing the National Golf Club of Louisiana which is an 18-hole golf course located in the Development. Additionally, there are approximately 40 high end homes constructed to date in West Trace. Neither the golf course, club or existing homes are security for the Series 2018 Bonds.

"Community Development District" or "District" means a special district as provided in Article VI, Section 19 of the Constitution of Louisiana, which is created pursuant to this Chapter and limited to the performance of those specialized functions authorized by this chapter, the boundaries of which are contained wholly within a single parish; the governing head of which is a body created, organized and constituted and authorized to function specifically as prescribed in this Chapter for the delivery of community development services; and the formation, powers, governing body, operation, duration, accountability, requirements for disclosure, and termination of which are as required by general law.

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Notes to the Financial Statements

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1. Reporting Entity

The accompanying financial statements include the various departments, activities, and organizational units that are within the control and authority of the District.

The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board statement No. 14 (Codification Section 2100.120140). This statement defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Based on the foregoing criteria, the District has no other fiscal or significant managerial responsibility over any other governmental unit that is not included in the financial statements of the District.

2. Basis of Presentation

The accompanying financial statements of the West Trace Community Development District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Notes to the Financial Statements

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the District, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed on a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund is at least 5 percent of the corresponding total for all governmental funds combined.

The District reports the following major funds:

The General Fund is the primary operating fund of the District. It accounts for all financial resources except those that are required to be accounted for in other funds.

The Debt Service Fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related cost.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Notes to the Financial Statements

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

4. Cash and Investments

Cash

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Notes to the Financial Statements

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2023, the District has \$316,586 in deposits (collected bank balances). These deposits are all secured from risk by federal deposit insurance and pledged securities held by the custodial bank.

Investments

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments in debt and equity securities that are classified as available-for-sale on a recurring basis. FASB ASC 820-10 defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements for fair value measurements. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the District has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2023 are as follows:

	Fair Value	Quoted Price in Active Markets Identical assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Cost
Short-term investments:					
Federated Gov't					
Oblig Fd # 158	\$ 2,191,945	\$ 2,191,945	\$ -	\$ -	\$ 2,191,945
	<u>\$ 2,191,945</u>	<u>\$ 2,191,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,191,945</u>

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Notes to the Financial Statements

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Federated Government Obligations Fund (the “Fund”) is managed by Federated Investment Management Company. The Fund is a money market fund that seeks to maintain a stable net asset value of \$1.00 per Share. The Fund’s investment objective is to provide current income consistent with stability of principal.

The Fund invests in a portfolio of U.S. Treasury and government securities maturing in 397 days or less and repurchase agreements collateralized fully by U.S. Treasury and government securities. The Fund may also hold cash. The Fund limits its investments to those that would enable it to qualify as a permissible investment for federally chartered credit unions as set forth in applicable federal banking regulations.

- Credit risk: Administrative shares of the Federated Government Obligations Fund is rated AAAM by Standard & Poor's.
- Custodial credit risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.
- Concentration of credit risk: The Fund is composed of U.S. Government Agency Debt, U.S. Government Agency Repurchase Agreement, U.S. Treasury Debt and U.S. Treasury Repurchase Agreement
- Interest rate risk: Prices of fixed-income securities generally fall when interest rates rise. Recent and potential future changes in monetary policy made by central banks and/or their governments are likely to affect the level of interest rates.
- Foreign currency risk: Not applicable.

Federated Investment Management Company is part of Federated Investors, Inc. Federated Investors, Inc. is registered with the SEC as an investment company and listed on the New York Stock Exchange.

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Notes to the Financial Statements

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Capital Assets

Capital assets are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

6. Long - Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

7. Equity Classification

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Notes to the Financial Statements

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board members or the finance committee has provided otherwise in its commitment or assignment actions.

8. Use of Estimates

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

9. Subsequent Events

Management has evaluated subsequent events through December 15, 2023, the date the financial statements were available to be issued.

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Notes to the Financial Statements

June 30, 2023

NOTE B – CAPITAL ASSETS

A summary of changes in capital assets for the year follows:

	<u>Beginning of year</u>	<u>Net Additions (Deletions)</u>	<u>End of Year</u>
Governmental Activities:			
Construction in progress	\$ 401,984	\$ 634,366	\$ 1,036,350
Less accumulated depreciation	-	-	-
Governmental activities			
Capital assets, Net	<u>\$ 401,984</u>	<u>\$ 634,366</u>	<u>\$ 1,036,350</u>

Depreciation expense was \$- for the year ended June 30, 2023.

Construction in progress of \$1,036,350 at June 30, 2023 is infrastructure for Tracts 7, 15 and 16 of the District (additional cost of \$1,700,000 is expected and completion is expected in the fiscal year ending June 30, 2024).

NOTE C – LONG-TERM DEBT

Debt Outstanding

The following is a summary of changes in long-term debt of the District for the year ended June 30, 2023:

Governmental Activities:	
Bonds payable, June 30, 2022	\$ 3,147,000
Bonds paid	(51,000)
Bonds issued	-
Bonds payable, June 30, 2023	<u>\$ 3,096,000</u>

Long-term debt at June 30, 2023 is comprised of the following individual issue:

\$7,275,000 Series 2018 Special Assessment Revenue Bonds due in semi-annual principal installments ranging from \$50,000 to \$249,000, interest at 6.875%, maturing at December 1, 2046	<u>\$ 3,096,000</u>
---	---------------------

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Notes to the Financial Statements

June 30, 2023

NOTE C – LONG-TERM DEBT – CONTINUED

A summary of the annual principal and interest maturities of outstanding debt are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,899,000	\$ 147,571	\$ 2,046,572
2025	58,000	80,300	138,300
2026	62,000	76,175	138,175
2027	66,000	71,775	137,775
2028	71,000	67,066	138,066
2029-2033	433,000	252,485	685,485
2034-2038	507,000	507,000	586,580
	<u>\$ 3,096,000</u>	<u>\$ 1,202,372</u>	<u>3,870,953</u>

This Board of Supervisors duly adopted a resolution on June 14, 2018 authorizing issuance, sale and delivery in multiple series of not exceeding \$17,000,000 Special Assessment Revenue Bonds, Series 2018 (West Trace Community Development District) for the purpose of financing various infrastructure improvements within the district.

NOTE D – CONCENTRATIONS

The District currently has only one landowner, D.R. Horton. Because of this, the District is susceptible to economic conditions that could affect its only taxpayer.

NOTE E – COMMITMENTS AND CONTINGENCIES

Pursuant to the Completion Agreement, the Developer, D.R. Horton, will make provision for any additional funds that may be needed in the future for the completion of the Series 2018 Improvements over and above that amount including, but not limited to, all administrative, legal, warranty, engineering, permitting costs, costs associated with work required prior to final acceptance by an appropriate government body, and other related soft and hard costs. In addition, the Developer, D.R. Horton, is responsible for any cash flow shortages required to pay any future operating expenses, debt principal and debt interest.

Nothing herein shall cause or be construed to require the District to issue additional bonds or indebtedness to provide funds for any portion of the Remaining Series 2018 Improvements.

REQUIRED SUPPLEMENTAL INFORMATION

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes and special assessments	\$ 51,500	\$ 321,672	\$ 270,172
Other income	-	-	-
TOTAL REVENUES	<u>51,500</u>	<u>321,672</u>	<u>270,172</u>
EXPENDITURES			
Current:			
General and administrative	51,500	46,059	5,441
Capital Outlay	-	-	-
Debt Service:			
Interest	-	-	-
TOTAL EXPENDITURES	<u>51,500</u>	<u>46,059</u>	<u>5,441</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	275,613	275,613
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	-	(158,178)	(158,178)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(158,178)</u>	<u>(158,178)</u>
NET CHANGES IN FUND BALANCE	-	117,435	117,435
FUND BALANCE - BEGINNING	<u>199,151</u>	<u>199,151</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 199,151</u>	<u>\$ 316,586</u>	<u>\$ 117,435</u>

OTHER INFORMATION

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended June 30, 2023

Chief Executive Officer: Bobby LeTard, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

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

December 15, 2023

Board of Supervisors
West Trace Community Development District
Westlake, Louisiana

We have audited, 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, the financial statements of the governmental activities of the West Trace Community Development District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the West Trace Community Development District's basic financial statements, and have issued our report thereon dated December 15, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Trace Community Development District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances of the West Trace Community Development District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the West Trace Community Development 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control

Board of Supervisors
West Trace Community Development District
December 15, 2023
Page Two

that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Trace Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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*.

West Trace Community Development District's Response to Findings

West Trace Community Development District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. West Trace Community Development District's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Dragon, Casiday, Hillory

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Schedule of Findings and Responses

Year Ended June 30, 2023

1. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses(es) identified? _____ yes X no
- Control deficiency(s) identified that are not considered to be material weakness(es)? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

2. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding 2023-001:

Inadequate Segregation of Duties

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Corrective Action Planned/ Management Response: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Schedule of Findings and Responses - Continued

Year Ended June 30, 2023

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

Finding 2022-001 - Inadequate Segregation of Duties

Current Status: This is a repeat finding in 2023.