

**CARTER PLANTATION COMMUNITY
DEVELOPMENT DISTRICT**
(A Component Unit of the Livingston Parish Council)

Annual Financial Statements

**As of and for the Year Ended June 30, 2017
With Supplementary Information Schedules**

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Independent Accountant's Review Report

**Carter Plantation Community Development District
P.O. Box 1402
Springfield, LA 70462**

We have reviewed the accompanying financial statements of the business-type activities and each major fund of the Carter Plantation Community Development District (the District), a component unit of the Livingston Parish Council, as of and for the year ended June 30, 2017, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 12 to the financial statements, there is significant doubt about its ability to continue as a going concern. Management's plan in regards to this matter is also discussed in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to the matter emphasized.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following required supplementary information be presented to supplement the basic financial statements:

Management's Discussion and Analysis

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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We did not perform a compilation, review, or audit on the required supplementary information and we do not express an opinion or provide any form of assurance on it.

Supplementary Information

The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Hienz & Macaluso, LLC
Metairie, Louisiana
December 19, 2017

Required Supplementary Information

Management's Discussion and Analysis

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Our discussion and analysis of the Carter Plantation Community Development District’s (the “District”) financial performance provides an overview of the District’s financial activity for the year ended June 30, 2017. It should be read in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ending June 30, 2017 include the following:

- The liabilities of the District exceeded its assets at June 30, 2017 by \$12,858,349 (negative net position). The majority of this negative net position is related to bonds payable.
- The District’s total net position decreased \$1,507,280; with operating revenues of the District of \$198,725 and operating expenses of \$77,946 for the year ended June 30, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

MD&A. The MD&A is intended to serve as an introduction to the District’s basic financial statements which consist of the financial statements and the notes to the financial statements.

Proprietary Fund Financial Statements. The Statement of Net Position presents information on all of the District’s assets less its liabilities, which results in net position. The statement is designed to display the financial position of the District. Over time, increases or decreases in net position help determine whether financial position is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position provides information that shows how the District’s net position changed as a result of the year’s activities. The statement uses accrual basis of accounting, similar to private-sector businesses. All changes in net position are reported as soon as the underlying event giving rise to the revenue or expense occurs, regardless of when the cash is received or paid.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one fund and it is categorized as a proprietary fund.

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

FINANCIAL ANALYSIS OF THE DISTRICT

Statement of Net Position: The following table reflects a condensed Statement of Net Position as of June 30, 2017 and June 30, 2016.

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets		
Current Assets	\$ 475,016	\$ 495,520
Capital Assets (Net)	13,041,240	13,418,110
Other Noncurrent Assets	<u>16,253,513</u>	<u>16,280,764</u>
Total Assets	<u>29,769,769</u>	<u>30,194,394</u>

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Liabilities		
Current Liabilities	26,374,755	25,332,561
Noncurrent Liabilities	<u>16,253,363</u>	<u>16,253,363</u>
Total Liabilities	<u>42,628,118</u>	<u>41,585,924</u>

Net Position		
Invested in Capital Assets	(5,453,760)	(5,076,890)
Restricted for Debt Service	-	-
Restricted for Capital Projects	-	-
Unrestricted	<u>(7,404,589)</u>	<u>(6,314,640)</u>
Total Net Position	<u>\$(12,858,349)</u>	<u>\$(11,391,530)</u>

Current liabilities increased primarily due to an increased interest payable due to an accumulation of unpaid interest deferred by the forbearance agreements.

Statement of Revenues, Expenses, and Changes in Fund Net Position: The following table reflects a condensed Statement of Revenues, Expenses and Changes in Fund Net Position for the years ended June 30, 2017 and June 30, 2016.

Operating Revenues		
Water	\$ 47,550	\$ 47,919
Sewer	48,545	43,948
Late Fees	2,220	610
Maintenance and Benefit Assessments	100,350	105,750
Interest on Maintenance Assessments	<u>60</u>	<u>92</u>
Total Operating Revenues	<u>198,725</u>	<u>198,319</u>

Operating Expenses		
Bad Debt Expense	-	-
Facilities Expenses	-	3,160
Utility Services - Water	10,360	19,525
Utility Services - Sewer	13,111	10,649
Depreciation Expense - Water	26,998	26,998
Depreciation Expense - Sewer	<u>27,477</u>	<u>27,477</u>
Total Operating Expenses	<u>77,946</u>	<u>87,809</u>

Total Operating Income (Loss)	<u>120,779</u>	<u>110,510</u>
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Non-operating Revenues (Expenses)		
Non-operating Revenues	325	28
Depreciation Expense - Infrastructure	(322,395)	(322,395)
Debt Service - Interest	(1,075,685)	(1,075,685)
Other Non-operating Expenses	<u>(230,304)</u>	<u>(207,821)</u>
Total Non-operating Revenues (Expenses)	<u>(1,628,059)</u>	<u>(1,606,854)</u>
Change in Net Position	<u>(1,507,280)</u>	<u>(1,496,344)</u>
Net Position, Beginning of Year, as previously reported	<u>(11,391,530)</u>	<u>(9,895,186)</u>
Restatement	40,361	-

(continued on the next page)

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Net Position, Beginning of Year, as restated	(11,351,069)	-
Net Position, End of Year	\$ <u>(12,858,349)</u>	\$ <u>(11,391,530)</u>

For the year ended June 30, 2016, there were \$24,414 of collections on lot assessments. For the year ended June 30, 2017, there were \$-0- of collections on lot assessments.

Budgetary Highlights: For the year ended June 30, 2017, the District's revenues were higher than budgeted revenue by \$2,128 while actual expenses were higher than budgeted amounts by \$24,452. For the year ended June 30, 2017, these budget variances created a net unfavorable change in net position variance of \$22,324.

Capital Assets: At June 30, 2017, the District's investment in capital assets, net of depreciation was \$13,041,240. There were no additions and no disposals of capital assets in the current year and the decrease in net capital assets from the prior year relates to the current year depreciation expense of the capital assets.

Long Term Debt: In 2004, the District issued \$6,810,000.00 Series 2004 Special Assessment Bonds. In 2005, the District issued \$15,000,000.00 Series 2005A Special Assessment Bonds and \$1,770,000.00 Series 2005B Special Assessment Bonds (collectively "Bonds"). These Bonds were issued to fund the construction, installation and acquisition of master infrastructure improvements in the District.

On September 1, 2010, the District entered into a Forbearance Agreement with Hancock Bank of Louisiana, Trustee, as it relates to the Series 2005A and 2005B Bonds. Under this Forbearance Agreement, the Trustee (acting at the direction of the Directing Bondholders) agreed to forbear from the exercise of any rights or remedies under the Bond Documents arising by reason of defaults specified in the agreement. The period of forbearance commenced on the date of the agreement and terminated on the earlier of: 1) June 1, 2011; or 2) the occurrence of any Forbearance Termination Event as defined in the Forbearance Agreement. Effective August 29, 2016, the Board of Supervisors approved the Sixth Amendment to the Forbearance Agreement which states that as a condition of the agreement the District will not attempt to impose assessments in August 2016 with respect to payments due on the Series 2005 Bonds through the calendar year 2017.

On August 26, 2011, the District entered into a Forbearance Agreement with Hancock Bank of Louisiana, Trustee, as it relates to the Series 2004 Bonds. Under this Forbearance Agreement, the Trustee (acting at the direction of the Directing Bondholders) agreed to forbear from the exercise of any rights or remedies under the Bond Documents arising by reason of defaults specified in the agreement. The period of forbearance commenced on the date of the agreement and terminated on the earlier of: 1) June 1, 2012; or 2) the occurrence of any Forbearance Termination Event as defined in the Forbearance Agreement. Effective August 29, 2016, the Board of Supervisors approved the Fifth Amendment to the Forbearance Agreement states that as a condition of the agreement the District will not attempt to impose assessments in August 2016 with respect to payments due on the Series 2004 Bonds through the calendar year 2017 except with respect to those lots as specified in the agreement with which Special Assessments will be so levied.

At June 30, 2017 and 2016, \$18,495,000 (exclusive of bond discount) was outstanding on the bonds. For the year ended June 30, 2017, no principal or accrued interest on the bonds was paid. For the year ended June 30, 2016, no principal or accrued interest on the bonds was paid.

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

CURRENT AND EXPECTED CONDITIONS

At June 30, 2017, the District had negative net position of \$12,858,349. The District had only \$215,000 in unrestricted cash and \$260,016 in restricted cash which is not sufficient to meet its operating needs or meet its obligations related to the Bonds. The District has used funds in the debt service reserves to pay interest on the outstanding Bonds in previous years and this amount has not been replenished. For the years ended June 30, 2017 and 2016, lot sales in the District generated \$0- and \$24,414 in benefit assessments, respectively. The District continues to have a deficiency in the debt service reserve funds of all of the bond issues. As discussed on the previous page, the District has entered into forbearance agreements and levied maintenance assessments beginning in the fiscal years 2011 and 2012. Despite these actions, the District's inability to generate sufficient operating capital or collect lot prepayments creates a substantial doubt about its ability to continue as a going concern.

In July 2016, the District began negotiations with the debtholder of the 2004 and 2005 Series bonds regarding a debt forgiveness proposal. As of the date of the report, a final agreement had not been reached.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District at P. O. Box 1402, Springfield, LA 70462.

Basic Financial Statements

CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Statement A
ASSETS	Business - Type
	<u>Activities</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 215,000
Cash and cash equivalents - restricted	<u>260,016</u>
Total Current Assets	<u>475,016</u>
NONCURRENT ASSETS:	
Benefit assessments receivable	16,253,363
Capital assets, net	13,041,240
Utility deposits	<u>150</u>
Total Noncurrent Assets	<u>29,294,753</u>
Total Assets	<u><u>29,769,769</u></u>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	13,084
Customer deposits	19,572
Interest payable on bonds	7,847,099
Current portion of bonds payable	<u>18,495,000</u>
Total Current Liabilities	<u>26,374,755</u>
NONCURRENT LIABILITIES:	
Unearned revenue	<u>16,253,363</u>
Total Noncurrent Liabilities	<u>16,253,363</u>
Total Liabilities	<u><u>42,628,118</u></u>
NET POSITION	
NET POSITION:	
Net investment in capital assets	(5,453,760)
Unrestricted (deficit)	<u>(7,404,589)</u>
Total Net Position (Deficit)	<u>(12,858,349)</u>
Total Liabilities and Net Position	<u>\$ 29,769,769</u>

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

CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

		Statement B
		Enterprise Fund
		<u> </u>
OPERATING REVENUES:		
Charges for services - water service	\$	47,550
Charges for services - sewer service		48,545
Charges for services - late fees		2,220
Maintenance and benefit assessments		100,350
Interest on maintenance assessments		60
Total Operating Revenues		<u>198,725</u>
OPERATING EXPENSES:		
Utility service operating expense - water		10,360
Utility service operating expense - sewer		13,111
Depreciation expense - water		26,998
Depreciation expense - sewer		27,477
Total Operating Expenses		<u>77,946</u>
Operating Income (Loss)		<u>120,779</u>
NON-OPERATING (REVENUES) EXPENSES:		
Interest income on investments		(325)
Assessor and tax collector fees		7,576
Insurance		13,965
Miscellaneous		8,064
Legal and accounting		22,706
Licenses and permits		1,427
Office expense		309
Trustee fees		12,774
Per diem		2,850
Utilities		13,952
Infrastructure maintenance		119,430
Bond discount amortization		27,251
Debt service - interest		1,075,685
Depreciation expense - infrastructure		322,395
Total Non-Operating (Revenues) Expenses		<u>1,628,059</u>
Increase (Decrease) in Net Position		<u>(1,507,280)</u>
Total Net Position - Beginning of Year, as previously reported		(11,391,530)
Restatement		40,461
Total Net Position - Beginning of Year, as restated		<u>(11,351,069)</u>
Total Net Position - End of Year	\$	<u>(12,858,349)</u>

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

CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

	Statement C
	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from customers	\$ 198,725
Customer deposits refunded	(778)
Paid to vendors	(15,723)
Net Cash Provided by Operating Activities	<u>182,224</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Paid for infrastructure maintenance	(119,430)
Paid for other noncapital expenses	(67,999)
Paid for per diem	(2,850)
Net Cash (Used) by Non-Capital Financing Activities	<u>(190,279)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Paid for trustee fees	(12,774)
Net Cash (Used) by Capital and Related Financing Activities	<u>(12,774)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on cash equivalents	325
Net Cash Provided by Investing Activities	<u>325</u>
Net Decrease in Cash and Cash Equivalents	<u>(20,504)</u>
Cash and Cash Equivalents at Beginning of Year	<u>495,520</u>
Cash and Cash Equivalents at End of Year	<u>\$ 475,016</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 120,779
Depreciation expense-operating	54,475
Changes in Assets and Liabilities:	
Increase/(Decrease) in customer deposits	(778)
Increase/(Decrease) in accounts payable	7,748
Total Adjustments	<u>6,970</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 182,224</u>

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

Notes to the Financial Statements

CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

“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 Chapter 27-B of Title 33 of the Louisiana Revised Statutes of 1950, as amended, specifically, La. R.S. 33:9039.11 through 33:9039.37, inclusive (the “Act”) and limited to the performance of those specialized functions authorized by the Act, 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 the Act for the delivery of community development services; and the formation, powers, governing body, operation, duration, accountability, requirements for disclosure and termination of which are governed pursuant to the provisions of the Act.

A. Reporting Entity

Carter Plantation Community Development District, Parish of Livingston, State of Louisiana (the “District”) is a public corporation and a community development district organized and existing under the provisions of the Act, and pursuant to an Ordinance duly adopted by the Council Members of the Livingston Parish Council (primary government), State of Louisiana, effective on January 9, 2003 (the “Ordinance”). The District is comprised of and includes all of the immovable property situated within the described boundaries of the District.

Pursuant to the provisions of the Act, the District is authorized to finance, fund, plan, establish, acquire construct or reconstruct, enlarge, extend, equip, operate and maintain systems, facilities and basic infrastructure for the following: 1) water management and control for the lands on the District, including the connection of some or any of such facilities with road and bridges; 2) water supply, sewer and wastewater management, reclamation and refuse or any combination thereof; 3) bridges or culverts that may be needed across any drain, ditch, canal, floodway, holding basin, excavation, public highway, tract, grade, fill or cut and roadways over levees and embankment; and 4) roads and streets in the District (the “Project”).

The District is authorized by the Act to levy and collect non-ad valorem special assessments against all immovable property situated in the District that is subject to assessment as a result of the project. The Board of Supervisors of the District (the “Board”) exercise the powers granted to the District pursuant to the Act. The Board consists of five members; except as otherwise provided by the Act, each member holds the position for a term of four years and until a successor is chosen and qualifies. Two of the supervisors are elected officers of the District: Chairman and Secretary. The initial members of the Board were to be residents of the State of Louisiana, and at least one of the initial members was to be a resident of the area immediately adjacent to the District. Additionally, the initial members of the Board served terms of six years after the initial appointment of members. The positions of each member whose term has expired is filled by a qualified elector of the District, or if there are no qualified electors of the District, a qualified elector of Livingston Parish who will be elected by the qualified electors of the District in accordance with Title 18 of the Louisiana Revised Statutes of 1950. However, if the District consists of a population of less than six hundred persons, the governing authority of the Livingston Parish Council will appoint members of the Board.

Members of the Board are known as supervisors and, upon entering into office, take an oath of office. The supervisors hold office for the term for which they were elected or appointed and until their successors are chosen and qualified. If, during the term of office, a vacancy occurs, the remaining members of the Board will fill the vacancy by an appointment for the remainder of the unexpired term.

CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Each supervisor is entitled to receive for his or her services, a per diem not to exceed seventy-five dollars per meeting, and such travel expenses as may be authorized in the bylaws of the District. A majority of the members of the Board constitutes a quorum for the purposes of conducting its business, exercising its powers and for all other purposes. Actions taken by the District are upon vote of a majority of the members present, unless general law or a rule of the District requires a greater number.

Government Accounting Standards Board (GASB) Statement 14, The Financial Reporting Entity, as amended by GASB 61 The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34, established criteria for determining reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the District is considered a component unit of the Livingston Parish Council. As a component unit, the accompanying financial statements should be included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

B. Government-Wide and Fund Financial Statements

The basic financial statements (i.e., the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows) are presented as the government-wide financial statements as they include all of the activity for the District (business type activities). The basic financial statements also include the sole fund (proprietary fund) of the District and they report information on all of the activities of the District.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Accounting

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District uses a single proprietary fund to maintain its financial records during the year.

The District reports the following proprietary fund:

Enterprise Fund - The Enterprise Fund accounts for transactions relating to infrastructure development, contracting, debt, assessments and other matters requiring commitment for more than one fiscal year. This fund also accounts for financial resources associated with the utility operations of the District.

Operating and Non-operating Revenues and Expenses

Operating revenues in the enterprise funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses

On an accrual basis of accounting, expenses are recognized at the time they are incurred.

D. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash received by the District is deposited into demand deposits and daily investment accounts. The District utilizes a financial institution to pay principal and interest on the Bonds as they become due and payable. For presentation in the financial statements, investments in money market accounts are considered to be cash equivalents.

E. Restricted Assets

Restricted assets are cash, cash equivalents and investments whose use is limited by legal requirements. Restricted cash, cash equivalents and investments represent amounts required by debt covenant to be segregated and restricted for debt payment and accrued interest on the Bonds. Restricted cash, cash equivalents and investments also represent amounts required by debt agreement and special assessment proceeds to be segregated and restricted for completion of the District's infrastructure projects. Pursuant to the Master Trust Indenture, by and between the District and Hancock Bank, as trustee (the "Trustee"), the Trustee has established accounts for the following purposes:

- a) *Interest Fund* - An account used to transfer funds to pay interest payments.
- b) *Principal Payment Fund* - An account used to transfer funds to pay principal payments.
- c) *Debt Service Reserve Fund* - An account funded from bond proceeds used to replenish the interest and principal accounts in case of deficiency or to pay debt service if no other money is lawfully available.
- d) *Acquisition and Construction Fund* - An account into which bond proceeds are deposited. Payments are to be made for any unpaid issuance cost and cost of planning, financing, acquisition, construction, reconstruction, equipping and installation of the project. Before any disbursements are made from this fund, the District must file with the Trustee a fully executed requisition.
- e) *Capitalized Interest Fund* - An account used to fund bond interest during the construction period prior to completion of the project.
- f) *Cost of Issuance Fund* - An account used to pay costs associated with the sales of bonds.
- g) *Revenue Fund* - An account into which special assessments are deposited. These special assessments are not the prepayments which are deposited into the Prepayment Fund.
- h) *Prepayment Fund* - An account into which prepaid assessments are deposited.
- i) *Rebate Fund* - An account used to make all rebate payments to the United States of America pursuant to the Arbitrage Rebate Covenants related to the Bonds.

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) *Bond Redemption Fund* - An account into which all funds from special assessments and any excess moneys remaining in the Acquisition and Construction Fund after completion of the project is deposited.

Each bond issue as noted below (the "Bonds") has the above referenced accounts, set up by the Trustee, and the year end balances in these accounts (book balances) are as follows:

2004 Bond Issue	
Revenue Account	\$ 1
Interest Fund	-
Bond Redemption	29,440
Debt Service Reserve Fund	94,360
Principal Prepayment Fund	<u>29,059</u>
Total 2004 Bond Issue	<u>152,860</u>
 2005A Bond Issue	
Revenue Fund	-
Debt Service Reserve Fund	<u>98,057</u>
Total 2005A Bond Issue	<u>98,057</u>
 2005B Bond Issue	
Debt Service Reserve Fund	<u>9,099</u>
Total 2005B Bond Issue	<u>9,099</u>
Total Restricted Assets	<u><u>\$ 260,016</u></u>

Debt Service Reserve Requirements			
<u>Bond Issue</u>	<u>Date</u>	<u>Requirement</u>	<u>Amount</u>
2004	06/30/2018	\$374,550	\$0.00
2005A	06/30/2018	\$1,500,000	\$0.00
2005B	06/30/2018	\$177,000	\$0.00

In prior years, the District has used Debt Service Reserve funds to make interest payments on the outstanding bonds. The District does not have the capital to resolve the deficiency that these payments created and under the Master Trust Indenture, this constitutes a default. See Note 8 for discussion on additional default and forbearance agreements entered into related to the defaults.

F. Capital Assets

General capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Improvements are capitalized while the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All capital assets, other than land, right of ways, lakes and ponds, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Life</u>
Land, right of ways, lakes and ponds	N/A
Roads, streets, drainage and buildings	40
Utility plants and systems	25
Fire hydrants	25
Pool	20

G. Intergovernmental Revenues

For proprietary funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues using the accrual basis of accounting.

H. Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by the Act, bond indentures or external restrictions by creditors, grantors or laws or regulations of other governments.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

J. Assessment Methodology

The District used an Assessment Methodology Consultant to determine and establish the special assessment (or benefit special assessment) levied against all assessable property in the District (also see Note 4). The consultant determined that the assessments would be an amount sufficient to provide for the cost of all infrastructure and common improvements, capitalized and accrued interest, on-going district management and legal counsel and issuance costs on the Bonds issued to finance the infrastructure and common improvements to be acquired. All assessable property in the District benefits in the same manner from the use of the infrastructure and common improvements, and as such, all such property was assessed utilizing the same method.

The benefitted assessment cost allocation was derived by calculating the value of the infrastructure and common improvements throughout the District, based on estimated (appraised) value of lots, for all assessable properties in the District, and applying a factor weighted to each lot's appraised value in an amount sufficient to cover the costs outlined above. This methodology, which was used to establish and determine the benefit special assessments that pay the cost of the project, has been presented to and approved by the Board of the District and is set forth in the Allocation of Infrastructure Cost & Assessment Methodology Report prepared by King, Bossier, Nosacka & Holley and District Manager, Inc., the Assessment Methodology Consultants to the District.

CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Prepaid Items

Prepaid items reflect items that have been paid that benefit future periods.

L. Special Bond Provisions

The Board of the District duly adopted a resolution on November 6, 2002, (the "Initial Resolution") authorizing the issuance of not exceeding \$10,000,000 aggregate principal amount of its Special Assessment Bonds in one or more series (the "Bonds"), in order to pay all or a portion of the design, acquisition and construction costs of certain infrastructure improvements from time to time constructed, established, or installed in the District, for the District. The Bonds were to be issued pursuant to the Act and the Master Trust Indenture dated March 1, 2004, entered into between the District and Hancock Bank of Louisiana as Trustee.

The First Supplemental Trust Indenture, dated March 1, 2004, included provisions for the issuance of the Special Assessment Bonds, Series 2004, in aggregate principal amount of \$6,810,000.

The Master Trust Indenture and First Supplemental Trust Indenture were amended and dated as of April 1, 2005, to include provisions for the issuance of the Special Assessment Bonds, Series 2005A, in the aggregate principal amount of \$15,000,000.

The Second Supplemental Trust Indenture, dated April 1, 2005, included provisions for the issuance of the Special Assessment Bonds, Series 2005B, in the aggregate principal amount of \$1,770,000.

The Series 2004, 2005A and 2005B Bonds are limited obligations of the District payable solely from and secured by the pledge and assignment of and lien upon the pledged revenues pursuant to the Indenture and neither the property, the full faith and credit, nor the taxing power of the District, the Parish of Livingston, the State of Louisiana, or any political subdivision thereof, is pledged as security for the payment of the Bonds, except that the District is obligated under the Indentures and the Act to levy and to evidence and certify, or cause to be certified, for collection, special assessments to secure and pay the Bonds. The Bonds do not constitute an indebtedness of the District, the Parish of Livingston, the State of Louisiana, or any political subdivision thereof within the meaning of any constitutional or statutory provision or limitation.

The Bonds authorized under the Indentures and the obligation evidenced thereby do not constitute a lien upon any property of the District, including, without limitation, the project or any portion thereof in respect to which such Bonds were issued, or any part thereof, but does constitute a lien only on the pledged revenues as set forth in the Indentures. Nothing in the Bonds authorized under the Indentures should be construed as obligating the District to pay the Bonds or the redemption price thereof or the interest thereon except from the pledged revenues, or as pledging the faith and credit of the District, the Parish or the State of Louisiana or any political subdivision thereof, or as obligating the District, the Parish of Livingston or the State of Louisiana or any of its political subdivisions, directly or indirectly or contingently, to levy (except for the special assessments levied by the District) or to pledge any form of taxation.

CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

2. CASH AND CASH EQUIVALENTS

The District is authorized to make direct investments of money within funds and accounts established by the bond indentures in United States government bonds, treasury notes, treasury bills or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana or any other federally insured investment, or guaranteed investment contracts issued by a financial institution having one of the two highest rating categories or in mutual or trust fund institutions which are registered with the SEC and which have underlying investments consisting solely of and limited to securities of the government or its agencies. The types of permitted investments for a special district constituting a political subdivision of the State of Louisiana are more fully set forth in the Louisiana Revised Statutes.

The District's deposits at June 30, 2017 are all classified as cash and cash equivalents as described in Note 1. Under state law, these deposits 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. These securities are held by and in the name of the pledging fiscal agent bank or in a holding or custodial bank that is mutually acceptable to both parties. Under state law, deposits held in a separate trust account are not required to have pledged securities in the name of the government; however the bank must deposit with an unaffiliated bank pledged securities to cover the deposits held in trust.

Custodial credit risk, as it relates to cash deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2017, none of the District's deposits (bank balances) of \$499,757 were exposed to custodial credit risk because they were either insured by the Federal Deposit Insurance Corporation or they were held in a bank trust department where state law requires the bank trust department to deposit securities with an unaffiliated bank that is equal to the amount held in trust.

3. BENEFIT SPECIAL ASSESSMENTS AND MAINTENANCE SPECIAL ASSESSMENTS

A. Benefit Special Assessments

The District's Special Assessments are a type of non-ad valorem benefit special assessments levied against assessable property within the boundaries of the District's lands based upon the special benefit to accrue to such property as a result of the implementation of the Project (See Note 1). Non-ad valorem assessments are not based upon millage and can become a lien against homestead property as permitted under the provisions of the Act.

The term "Special Assessment" means the net proceeds derived from the levy and collection of "benefit special assessments", as provided for in La. R.S. 33:9039.29 (A) of the Act (except for any such special assessments levied and collected for maintenance purposes), against the lands located within the District that are subject to assessments regarding the project or any portion thereof. These assessments may be due and collected during each year that parish taxes are due and collected, in which case, such annual installment and levy shall be evidenced and certified to the assessor by the Board not later than August 31st of each year. Such assessment shall be entered by the assessor on the parish tax rolls, and shall be collected and enforced by the tax collector in the same manner and at the same time as parish taxes; the proceeds thereof shall be paid to the District. Additionally, at the time of the sale of land located in the District that is subject to assessments, the owner of the property shall prepay the special assessment and extinguish the lien upon the property to be acquired by paying, on the date of the sale, the entire amount

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

**3. BENEFIT SPECIAL ASSESSMENTS AND MAINTENANCE SPECIAL ASSESSMENTS
(CONTINUED)**

of the assessment plus accrued interest to the Trustee. The amount of the assessment will be deposited by the Trustee into the appropriate Debt Service or Prepayment Account.

The benefit special assessments include:

- a) Acquisition Prepayments (Assessments on Lots) - Payment, made by the owner of land in the District subject to assessment, from the proceeds of the land sales in the amount of the special assessments imposed to pay principal of the Bonds (plus accrued interest as outlined in the Indentures);
- b) Annual Benefit Special Assessments - Net proceeds derived from levying, imposing and collecting benefit special assessments against assessable property annually, if necessary, with respect to the project;
- c) Periodic Benefit Special Assessments - Assessments levied, imposed and collected by the District semi-annually to pay the interest or principal on the Bonds, based on the next debt service payment date; and
- d) Other Benefit Special Assessments - Any other assessments levied, imposed and collected by the District related to the project or Bonds.

Acquisition Prepayments collected totaled \$-0- for the year ended June 30, 2017.

During fiscal year 2012, the Board of Supervisors of the District approved an ordinance levying periodic benefit special assessments in an amount sufficient to pay debt obligations due and replenish debt service reserves; however, the ordinance levying such assessments was subsequently rescinded in accordance with the conditions of a forbearance agreement entered into on August 26, 2011.

Annual, Periodic and Other Benefit Special Assessments totaled \$-0- for the year ended June 30, 2017.

B. Maintenance Special Assessment

Maintenance Special Assessments are assessments levied, ordered and collected for maintenance purposes. Maintenance Special Assessments levied for the year ended June 30, 2017 totaled \$100,350. Of this amount, \$100,350 was collected by the tax collector and \$92,774 was remitted to the District (\$100,350 collected less \$7,576 collection fees retained by tax collector). Current year Maintenance Assessments Revenue has been recorded at the amount collected, since the District does not expect to receive any of the additional assessments levied for the year and based on what has happened historically with these assessments.

C. Enforcement of Lien Nonpayment

Collection of Special Assessments levied is enforceable in the manner provided by law, particularly the provisions of Sections 9039.29 and 9039.30 of the Act. Special Assessments constitute a lien on the property until such Special Assessments are paid and shall be on parity with the lien of state, parish, municipal and school board taxes.

Such Special Assessments are a lien in favor of the District arising under RS 33:9039.30 and may be enforced by the District in a court of competent jurisdiction as provided in the Act and other laws of the State. Such proceedings may be brought at any time after the expiration of one year from the date of any tax, or installment thereof, becomes delinquent. No such proceedings have yet been undertaken.

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

4. BENEFIT ASSESSMENTS RECEIVABLE

The Acquisition Prepayment Assessments for the 2004 Bonds were \$6,435,450. This represents the bond par value of \$6,810,000 less the amount for the original debt service reserve of \$374,550. The assessments for the 2005A bonds were \$13,500,000. This represents the bond par value of \$15,000,000 less the amount for the debt service reserve of \$1,500,000. The assessments for the 2005B bonds were \$1,593,000. This represents the bond par value of \$1,770,000 less the amount for the debt reserve of \$177,000.

The Acquisition Prepayment Assessments have been accounted for in benefit assessments receivable and deferred revenue. At the time the assessments are prepaid, the amount in the corresponding accounts are reduced by the prepayment and revenue recorded.

On February 16, 2007, the bondholders approved a modification in the development authorizing a tract of land to be sold without the need of any infrastructure improvements. This resulted in a reduction in assessments receivable and partial bond redemption.

The amount in assessments receivable at the end of June 30, 2017 is as follows:

2004 Bond Issue	
Beginning Balance	\$ 3,319,019
Paid during the current fiscal year	<u>-</u>
Balance of Assessments Receivable 2004 Bond Issue	<u>3,319,019</u>
 2005A Bond Issue	
Beginning Balance	11,721,697
Paid during the current fiscal year	<u>-</u>
Balance of Assessments Receivable 2005A Bond Issue	<u>11,721,697</u>
 2005B Bond Issue	
Beginning Balance	1,212,647
Paid during the current fiscal year	<u>-</u>
Balance of Assessments Receivable 2005B Bond Issue	<u>1,212,647</u>
 Combined 2004, 2005A and 2005B Issue	
Benefit Assessments Receivable at June 30, 2017	<u>\$ 16,253,363</u>

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance</u> 06/30/2016	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 06/30/2017
Capital Assets Not Being Depreciated:				
Right of Ways	\$1,948,858	\$ -	-	\$ 1,948,858
Land for Sewer Plant	75,479	-	-	75,479
Land for Water Well	13,832	-	-	13,832
Ponds and Lakes	393,778	-	-	393,778
Carter House – Land	680,000	-	-	680,000
Carter House – Historical Portion	<u>228,696</u>	<u>-</u>	<u>-</u>	<u>228,696</u>

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

5. CAPITAL ASSETS (CONTINUED)

Total Capital Assets Not Being Depreciated	<u>3,340,643</u>	<u>-</u>	<u>-</u>	<u>3,340,643</u>
Capital Assets Being Depreciated:				
Carter House and Renovations	96,064	-	-	96,064
Pool	178,000	-	-	178,000
Roads and Storm Water Systems	12,443,591	-	-	12,443,591
Sewer System	686,774	-	-	686,774
Water System	<u>675,262</u>	<u>-</u>	<u>-</u>	<u>675,262</u>
Total Capital Assets Being Depreciated	<u>14,079,691</u>	<u>-</u>	<u>-</u>	<u>14,079,691</u>
Less Accumulated Depreciation For:				
Carter House and Renovations	(26,405)	(2,401)	-	(28,806)
Pool	(88,976)	(8,902)	-	(97,878)
Roads and Storm Water Systems	(3,259,280)	(311,092)	-	(3,570,372)
Sewer System	(323,922)	(27,477)	-	(351,399)
Water System	<u>(303,641)</u>	<u>(26,998)</u>	<u>-</u>	<u>(330,639)</u>
Total Accumulated Depreciation	<u>(4,002,224)</u>	<u>(376,870)</u>	<u>-</u>	<u>(4,379,094)</u>
Capital Assets Being Depreciated, Net	<u>10,077,467</u>	<u>(376,870)</u>	<u>-</u>	<u>9,700,597</u>
Total Capital Assets, Net	<u>13,418,110</u>	<u>(376,870)</u>	<u>-</u>	<u>13,041,240</u>

For the year ended June 30, 2017, depreciation expense was \$376,870.

6. BOND DISCOUNTS

Bond discounts are amortized over the life of the Bonds using the straight-line method. The changes in bond discount are as follows:

	Bond Discount			Balance 06/30/2017
	Balance 06/30/2016	Additions	Deletions	
2004 Bond Issue	\$ 136,200	\$ -	-	\$ 136,200
2005A Bond Issue	292,500	-	-	292,500
2005B Bond Issue	34,515	-	-	34,515
Less: Amortization	<u>(435,964)</u>	<u>(27,251)</u>	<u>-</u>	<u>(463,215)</u>
Total	<u>\$ 27,251</u>	<u>(27,251)</u>	<u>-</u>	<u>\$ --</u>

7. CONSTRUCTION COMMITMENTS

At June 30, 2017, the District has no outstanding contracts for professional and contract services.

8. CONTINGENCIES

At June 30, 2017, the District did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

9. LONG-TERM OBLIGATIONS

Changes in the District's long-term obligations during the period consist of:

	Principal Outstanding <u>06/30/2016</u>	<u>Additions</u>	<u>Reductions</u>	Principal Outstanding <u>06/30/2017</u>
2004 Bond Issue	\$ 3,880,000	\$ -	\$ -	\$ 3,880,000
2005A Bond Issue	13,220,000	-	-	13,220,000
2005B Bond Issue	<u>1,395,000</u>	<u>-</u>	<u>-</u>	<u>1,395,000</u>
Total	<u>\$ 18,495,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,495,000</u>

For the year ended June 30, 2017, the District did not make any interest payments on the amounts due as follows:

<u>Issue</u>	<u>Interest Payment</u>
2004 Bond Issue	\$ 213,400
2005A Bond Issue	779,980
2005B Bond Issue	<u>82,305</u>
Total	<u>\$ 1,075,685</u>

Failure to make these payments constitutes default under the Master Trust Indenture.

On September 1, 2010, the District entered into a Forbearance Agreement with Hancock Bank of Louisiana, Trustee, as it relates to the Series 2005A and 2005B Bonds. Under this Forbearance Agreement, the Trustee (acting at the direction of the Directing Bondholders) agreed to forbear from the exercise of any rights or remedies under the Bond Documents arising by reason of defaults specified in the agreement. The period of forbearance commenced on the date of the agreement and terminated on the earlier of: 1) June 1, 2011; or 2) the occurrence of any Forbearance Termination Event as defined in the Forbearance Agreement. Effective August 29, 2016, the Board of Supervisors approved the Sixth Amendment to the Forbearance Agreement which states that as a condition of the agreement the District will not attempt to impose assessments in August 2016 with respect to payments due on the Series 2005 Bonds through the calendar year 2017. See Note 12 for further discussion.

On August 26, 2011, the District entered into a Forbearance Agreement with Hancock Bank of Louisiana, Trustee, as it relates to the Series 2004 Bonds. Under this Forbearance Agreement, the Trustee (acting at the direction of the Directing Bondholders) agreed to forbear from the exercise of any rights or remedies under the Bond Documents arising by reason of defaults specified in the agreement. Effective August 29, 2016, the Board of Supervisors approved the Fifth Amendment to the Forbearance Agreement states that as a condition of the agreement the District will not attempt to impose assessments in August 2016 with respect to payments due on the Series 2004 Bonds through the calendar year 2017 except with respect to those lots as specified in the agreement with which Special Assessments will be so levied. See Note 12 for further discussion.

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

9. LONG-TERM OBLIGATIONS (CONTINUED)

Future requirements on the District's long-term obligations at June 30, 2017 are as follows:

Future Requirements <u>2004 Bond Issue</u>			
<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ <u>3,880,000</u>	\$ <u>1,877,055</u>	\$ <u>5,757,055</u>
Total	\$ <u>3,880,000</u>	\$ <u>1,877,055</u>	\$ <u>5,757,055</u>

Future Requirements <u>2005A and 2005B Bond Issues</u>			
<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ <u>14,615,000</u>	\$ <u>7,272,933</u>	\$ <u>21,887,933</u>
Total	\$ <u>14,615,000</u>	\$ <u>7,272,933</u>	<u>21,887,933</u>

The 2004 Bonds were issued as single term bonds and mature in principal amount on May 1 as set forth above, subject to the right of prior redemption in accordance with their terms, and bear interest as set forth below:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST</u>
2018	\$ 6,810,000	5.5%

The 2005A Bonds were issued as single term bonds and bear interest and mature in principal amount on May 1 as set forth above, subject to the right of prior redemption in accordance with their terms, and bear interest as set forth below:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST</u>
2018	\$ 15,000,000	5.9%

The 2005B Bonds were issued as single term bonds and mature in principal amount on May 1 as set forth above, subject to the right of prior redemption in accordance with their terms, and bear interest as set forth below:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST</u>
2018	\$ 1,770,000	5.9%

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

9. LONG-TERM OBLIGATIONS (CONTINUED)

On February 16, 2007, the Bondholders authorized a modification of the plan of development that allowed for a partial redemption of the bonds as follows:

<u>ISSUE</u>	<u>PRINCIPAL PAYMENT</u>
2004	\$ 75,000
2005A	\$ 1,165,000
2005B	\$ 135,000

The debt service schedules were revised to reflect these payments.

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, damage to and theft or destruction of assets, errors and omissions and natural disaster.

In January, 2017 the District purchased a commercial liability policy underwritten by the Maxim Indemnity Company with the following coverage:

Commercial General Liability	\$ 2,000,000
Damage to Rented Premises	\$ 100,000
Personal Injury	\$ 1,000,000
Property	\$ 422,000
Personal Property	\$ 20,000
Special Property (Building)	\$ 108,000

11. PER DIEM PAID TO BOARD MEMBERS

The following Board Members received per diem in the amounts listed:

Gillis Windham	\$ 675
Ricky Juban	\$ 600
Maurice Welsh	\$ 600
Dale Condra	\$ 300
Mike Simoneaux	<u>\$ 675</u>
Total	<u>\$2,850</u>

12. NEGATIVE NET POSITION AND GOING CONCERN ISSUES

At June 30, 2017, the District had negative net position of \$12,858,349. The District had only \$215,000 in unrestricted cash and \$260,016 in restricted cash which is not sufficient to meet its operating needs or meet its obligations related to the Bonds. The District has used funds in the debt service reserves to pay

CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

12. NEGATIVE NET POSITION AND GOING CONCERN ISSUES (CONTINUED)

interest on the outstanding Bonds in previous years and this amount has not been replenished. For the years ended June 30, 2017 and 2016, lot sales in the District generated \$-0- and \$24,414 in benefit assessments, respectively. The District continues to have a deficiency in the debt service reserve funds of all of the bond issues. As discussed in Note 9, the District has entered into forbearance agreements and levied maintenance assessments beginning in the fiscal years 2011 and 2012. Despite these actions, the District's inability to generate sufficient operating capital or collect lot prepayments creates a substantial doubt about its ability to continue as a going concern.

The District's Board has become active in addressing the bond defaults and the needs for benefit and maintenance special assessments as provided by the Act (See Notes 3 and 9).

In July 2016, the District began negotiations with the debtholder of the 2004 and 2005 Series bonds regarding a debt forgiveness proposal. As of the date of the report, a final agreement had not been reached.

13. RESTATEMENT

The District's beginning net assets were increased by \$40,461 and liability accruals were reduced by \$40,461 due to incorrect accrual calculations in prior years. The effect on prior years' change in net position was indeterminable.

The restatement did not have any result on the current year change in net position.

SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenses and Changes in Fund Net Position-

Budget and Actual

Schedule of Compensation, Benefits, and Other Payments to Agency Head

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
POSITION – BUDGET AND ACTUAL
FOR THE YEAR END JUNE 30, 2017**

	<u>Budgeted Amounts</u>		Actual Amounts; GAAP Basis	Schedule 1
	<u>Original</u>	<u>Final</u>		Variance with Final Budget: Favorable (Unfavorable)
Revenues				
Maintenance assessments	\$ 81,200	\$ 99,900	\$ 100,735	\$ 835
Utility revenue	94,430	97,022	98,315	1,293
Total Revenues	<u>\$ 175,630</u>	<u>\$ 196,922</u>	<u>\$ 199,050</u>	<u>\$ 2,128</u>
Expenses				
Ground maintenance	\$ 34,100	\$ 19,122	\$ 15,340	\$ 3,782
Water maintenance	19,700	10,010	10,360	(350)
Sewer maintenance	10,500	14,689	13,111	1,578
Insurance	12,000	13,178	13,965	(787)
Professional and other fees	69,600	43,529	46,215	(2,686)
Utilities	13,500	12,901	13,952	(1,051)
FF&E replacement	-	-	-	-
Capital projects expenses	1,539,856	1,568,449	1,593,387	(24,938)
Total Expenses	<u>\$ 1,699,256</u>	<u>\$ 1,681,878</u>	<u>\$ 1,706,330</u>	<u>\$ (24,452)</u>
Change in Net Position	<u>\$ (1,523,626)</u>	<u>\$ (1,484,956)</u>	<u>\$ (1,507,280)</u>	<u>\$ (22,324)</u>
Net Position, Beginning of Year	(11,351,069)	(11,351,069)	(11,351,069)	
Net Position, End of Year	<u>\$ (12,874,695)</u>	<u>\$ (12,836,025)</u>	<u>\$ (12,858,349)</u>	

See independent accountant's report on applying agreed-upon procedures.

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR END JUNE 30, 2017**

This schedule is not applicable as the District does not have any employees.

See Notes 1 and 11 for discussion of compensation to board members.

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
SUMMARY OF INDEPENDENT ACCOUNTANT'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

Not applicable

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 review for the year ended June 30, 2017.

Section IV – Other Matters- Agreed-Upon Procedures

No exceptions were noted.



Independent Accountant's Report
on Applying Agreed-Upon Procedures

Carter Plantation Community Development District
P.O. Box 1402
Springfield, LA 70462

We have performed the procedures enumerated below, which were agreed to by Carter Plantation Community Development District (the "District") and the Louisiana Legislative Auditor (the specified parties), on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2017, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$152,550. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

There were no expenditures that met the above criteria for the year ended June 30, 2017.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Management provided us with the requested information.

3. Obtain a listing of all employees paid during the fiscal year.

Per management, there were no employees during the year ended June 30, 2017.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

There were no employees during the year ended June 30, 2017.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the businesses of board members, board members' immediate families appeared as vendors on the list of disbursements.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and all amendments.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

We traced the adoption of the original budget to the minutes of a meeting held on June 20, 2016 which indicated that the budget had been adopted by the commissioners of the District. We traced the adoption of the amended budget to the minutes of a meeting held on June 26, 2017 which indicated that the budget had been adopted by the commissioners of the District.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceed budgeted amounts by 5% or more. (For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures to determine if actual expenditures exceed budgeted amounts by 10% or more per category or 5% or more in total).

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5% or more as per the criteria in 8. above.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

(a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

Each of the six selected disbursements agreed with the amount and payee in the supporting documentation.

(b) Determine if payments were properly coded to the correct fund and general ledger account.

All six of the payments were properly coded to the correct fund and general ledger account.

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

The District has no employees - all vendor invoices are reviewed by the board of directors and vendor checks require board signature(s).

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

The District posts a notice of each meeting and the accompanying agenda at the location of the meeting 48 hours in advance. We reviewed notices that listed the date the notice was posted and that included agendas and listed the date the meeting would be held and its location.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

We scanned copies of all bank deposit slips for the fiscal year, and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12 Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

There were no employees during the year ended June 30, 2017.

Prior-Year Comments and Recommendations

13. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

Our prior year report, dated December 21, 2016, included a comment on about management failing to provide with a listing of one board member's immediate family members and outside business interests. This comment was resolved in the current year.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's

compliance with the foregoing matters. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Hienz & Macaluso, LLC
Metairie, Louisiana
December 19, 2017

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

_____ (Date Transmitted)

Hienz + Macaluso, LLC (CPA Firm Name)
110 Veterans Blvd, Suite 170 (CPA Firm Address)
Metairie, LA 70005 (City, State Zip)

In connection with your review of our financial statements as of _____ (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with these laws and regulations prior to making these representations.

These representations are based on the information available to us as of _____ (date completed/date of the representations).

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [] No []

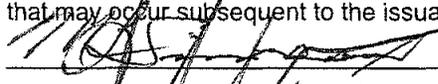
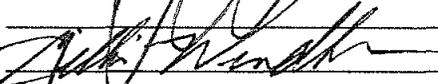
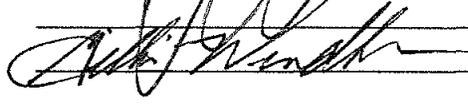
Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No []

The previous responses have been made to the best of our belief and knowledge. We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you and the Legislative Auditor any known noncompliance that may occur subsequent to the issuance of your report.

	Secretary	<u>7/17/2017</u>	Date
	Treasurer	<u>7/17/2017</u>	Date
	President	<u>July 17, 2017</u>	Date