

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT  
ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2024

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## INDEPENDENT AUDITORS' REPORT

December 18, 2024

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, 2024, 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, 2024, 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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 28 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 18, 2024  
Page Four

dated December 18, 2024, 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.

*Shagun, Cassidy: Shillery*

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS



WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Statement of Net Position

June 30, 2024

ASSETS	
Cash	\$ 125,889
Restricted assets	
Investments	2,389,093
Capital assets	
Construction in progress	137,173
TOTAL ASSETS	<u>\$ 2,652,155</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>
LIABILITIES	
Accounts payable	\$ 1,233
Long-term debt	
Due within one year	1,197,000
Due after one year	-
TOTAL LIABILITIES	<u>\$ 1,198,233</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ -</u>
NET POSITION	
Net investment in capital assets	\$ (1,059,827)
Net position - Restricted for debt service	922,648
Net position - Restricted for capital projects	1,465,212
Net position - Unrestricted	125,889
TOTAL NET POSITION	<u>\$ 1,453,922</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, 2024

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net position Primary Government Governmental Activities</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
General and administrative	\$ 188,812	\$ -	\$ -	\$ (188,812)
Total Governmental Activities	<u>\$ 188,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (188,812)</u>
General Revenues:				
Tax revenue				52,115
Investment income				141,703
Gain on prepayment				937,920
Other income				63,348
Total general revenues				<u>1,195,086</u>
Change in net position				<u>1,006,274</u>
Net position - Beginning				<u>447,648</u>
Net position - Ending				<u>\$ 1,453,922</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, 2024

	General	Debt Service	Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 125,889	\$ -	\$ -	\$ 125,889
Investments	-	922,648	1,466,445	2,389,093
TOTAL ASSETS	<u>125,889</u>	<u>922,648</u>	<u>1,466,445</u>	<u>2,514,982</u>
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 125,889</u>	<u>\$ 922,648</u>	<u>\$ 1,466,445</u>	<u>\$ 2,514,982</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	-	-	-	-
FUND BALANCES				
Restricted for:				
Debt service	-	922,648	-	922,648
Capital projects	-	-	1,465,212	1,465,212
Unassigned	125,889	-	-	125,889
TOTAL FUND BALANCES	<u>125,889</u>	<u>922,648</u>	<u>1,465,212</u>	<u>2,513,749</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 125,889</u>	<u>\$ 922,648</u>	<u>\$ 1,466,445</u>	<u>\$ 2,514,982</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, 2024

Total fund balance for governmental funds at June 30, 2024:	\$ 2,513,749
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	137,173
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>(1,197,000)</u>
Total net position of governmental activities at June 30, 2024	<u>\$ 1,453,922</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, 2024

	General	Debt Service	Capital Projects	Total
REVENUES				
Taxes and special assessments	\$ 52,115	\$ -	\$ -	\$ 52,115
Investment income	-	70,764	70,939	141,703
Other income	-	63,348	-	63,348
Prepayment of bonds	-	1,842,857	-	1,842,857
TOTAL REVENUES	<u>52,115</u>	<u>1,976,969</u>	<u>70,939</u>	<u>2,100,023</u>
EXPENDITURES				
Current:				
General and administrative	41,240	-	-	41,240
Capital Outlay	-	-	5,760	5,760
Debt Service:				
Principal payments	-	1,899,000	-	1,899,000
Interest	-	147,572	-	147,572
TOTAL EXPENDITURES	<u>41,240</u>	<u>2,046,572</u>	<u>5,760</u>	<u>2,093,572</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,875	(69,603)	65,179	6,451
OTHER FINANCING SOURCES (USES)				
Transfers in	-	201,572	-	201,572
Transfers out	(201,572)	-	-	(201,572)
	<u>(201,572)</u>	<u>201,572</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	(190,697)	131,969	65,179	6,451
FUND BALANCE - BEGINNING	<u>316,586</u>	<u>790,679</u>	<u>1,400,033</u>	<u>2,507,298</u>
FUND BALANCE - ENDING	<u>125,889</u>	<u>922,648</u>	<u>1,465,212</u>	<u>2,513,749</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, 2024

Total net changes in fund balance at June 30, 2024 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 6,451
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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.

Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 5,760	
Gain on disposal of assets	937,920	
Depreciation expense for the year ended June 30, 2024	<u>-</u>	943,680

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.

Prepayment received	(1,842,857)	
Principal Payments on Bonds	<u>1,899,000</u>	<u>56,143</u>

Total changes in net position at June 30, 2024 per Statement of Activities	<u><u>\$ 1,006,274</u></u>
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The accompanying notes are an integral part of the basic financial statements.

## WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

### Notes to the Financial Statements

June 30, 2024

#### 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, 2024

#### 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, 2024

#### 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, 2024

#### 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

The cash and cash equivalents of the District are subject to the following risks.

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. 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 financial agent bank. The market value of the pledged securities plus the federal deposit

## WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

### Notes to the Financial Statements

June 30, 2024

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

insurance must at all times equal or exceed the amount on deposit with the fiscal bank. 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

*Interest Rate Risk:* This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity is its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of offsetting exposure to interest rate risk, the District diversifies its investments by security type and institution.

*Credit Risk:* Generally, credit risk is the risk that the issuer of a debt type investment will not fulfill its obligation to the holder of the investment. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates of time deposits of state banks organized under Louisiana law and national banks organized under Louisiana law and national banks having principal offices in Louisiana.

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.

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, 2024, 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.

# WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

## Notes to the Financial Statements

June 30, 2024

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### 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, 2024 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	\$ 2,389,093	\$ 2,389,093	\$ -	\$ -	\$ 2,389,093
	<u>\$ 2,389,093</u>	<u>\$ 2,389,093</u>	<u></u>	<u></u>	<u>\$ 2,389,093</u>

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.

## WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

### Notes to the Financial Statements

June 30, 2024

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

#### 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.

## WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

### Notes to the Financial Statements

June 30, 2024

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.
- 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.

# WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

## Notes to the Financial Statements

June 30, 2024

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### 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 18, 2024, the date the financial statements were available to be issued.

### NOTE B – CAPITAL ASSETS

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

	Beginning of year	Net Additions (Deletions)	End of Year
Governmental Activities:			
Construction in progress	\$ 1,036,350	\$ (899,177)	\$ 137,173
Less accumulated depreciation	-	-	-
Governmental activities			
Capital assets, Net	\$ 1,036,350	\$ (899,177)	\$ 137,173

Depreciation expense was \$- for the year ended June 30, 2024.

Construction in progress of \$137,173 at June 30, 2024 is designing infrastructure for Tracts 15 and 16 of the District. These projects are expected to be abandoned in fiscal year ending June 30, 2025.



# WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

## Notes to the Financial Statements

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, 2024:

#### Governmental Activities:

Bonds payable, June 30, 2023	\$ 3,096,000
Bonds paid	(1,899,000)
Bonds issued	-
Bonds payable, June 30, 2024	<u>\$ 1,197,000</u>

Long-term debt at June 30, 2024 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>\$ 1,197,000</u>
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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>
2025	\$ 1,197,000	\$ 26,288	\$ 1,223,288
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
	<u>\$ 1,197,000</u>	<u>\$ 26,288</u>	<u>\$ 1,223,288</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.

## WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

### Notes to the Financial Statements

June 30, 2024

#### 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, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes and special assessments	\$ 51,500	\$ 52,115	\$ 615
Other income	-	-	-
TOTAL REVENUES	<u>51,500</u>	<u>52,115</u>	<u>615</u>
EXPENDITURES			
Current:			
General and administrative	51,500	41,240	10,260
Capital Outlay	-	-	-
Debt Service:			
Interest	-	-	-
TOTAL EXPENDITURES	<u>51,500</u>	<u>41,240</u>	<u>10,260</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	10,875	10,875
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	-	(201,572)	(201,572)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(201,572)</u>	<u>(201,572)</u>
NET CHANGES IN FUND BALANCE	-	(190,697)	(190,697)
FUND BALANCE - BEGINNING	<u>316,586</u>	<u>316,586</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 316,586</u>	<u>\$ 125,889</u>	<u>\$ (190,697)</u>

## OTHER INFORMATION

WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

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

Year Ended June 30, 2024

Chief Executive Officer: Bobby LeTard, Chairman

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
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 18, 2024

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, 2024, 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 18, 2024.

**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 18, 2024  
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.

*Shagun, Casday, Shillory*



WEST TRACE COMMUNITY DEVELOPMENT DISTRICT

Schedule of Findings and Responses

Year Ended June 30, 2024

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 2024-001:

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, 2024

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

Finding 2023-001 - Inadequate Segregation of Duties

Current Status: This is a repeat finding in 2024.

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2024

December 18, 2024

Board of Supervisors  
West Trace Community Development District  
Westlake, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 1, 2023 through June 30, 2024. The District's management is responsible for those C/C areas identified in the SAUPs.

West Trace Community Development District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal year July 1, 2023 through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***1) Written Policies and Procedures***

---

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- i. *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

***The District's policies and procedures manual addresses budgeting.***

- ii. *Purchasing*, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

***The District's policies and procedures manual addresses purchasing.***

- iii. *Disbursements*, including processing, reviewing, and approving.

***The District's policies and procedures manual addresses disbursements.***

- iv. *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmations with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

***The District's policies and procedures manual addresses receipt/collections.***

- v. *Payroll/Personnel*, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

***The District's policies and procedures manual addresses payroll/personnel.***

- vi. *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

***The District's policies and procedures manual addresses contracting.***

- vii. *Travel and Expense Reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

***The District's policies and procedures manual addresses travel and expense reimbursement.***

- viii. *Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

***The District's policies and procedures manual addresses credit cards.***

- ix. *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

***The District's policies and procedures manual addresses ethics.***

- x. *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

***The District's policies and procedures manual addresses debt service.***

- xi. *Information Technology Disaster Recovery/Business Continuity*, includes (1) identification of

critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

***The District's policies and procedures manual addresses information technology disaster recovery/business continuity.***

- xii. *Prevention of Sexual Harassment*, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

***The District's policies and procedures manual addresses prevention of sexual harassment.***

## ***2) Board or Finance Committee***

---

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

***No exceptions were found as a result of this procedure.***

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

***The minutes did not reference or include monthly budget-to-actual comparisons on the general fund.***

***Management Response: Minutes are recorded annually when the budget is adopted.***

- iii. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

***No exceptions were found as a result of this procedure.***

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*No exceptions were found as a result of this procedure.*

### **3) Bank Reconciliations**

---

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*No exceptions were found as a result of this procedure.*

- ii. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared. (e.g., initialed and dated, electronically logged); and

*Bank reconciliations did not include evidence that a member of management/board member reviewed each reconciliation.*

*Management Response: Procedures will be implemented to have a board member document review of each month's bank reconciliation/statement.*

- iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*No exceptions were found as a result of this procedure.*

### **4) Collections**

---

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*The listing was provided by management.*

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe the job duties are properly segregated at each collection location such that:

- i. Employees that are responsible for cash collections do not share cash drawers/registers;

***Cash drawers are not maintained.***

- ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit:

***The employee responsible for collecting cash is responsible for preparing/making bank deposits.***

***Management Response: Due to only one office personnel, this procedure is not feasible.***

- iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

***The employee responsible for collecting cash is responsible for posting collection entries to the general ledger.***

***Management Response: Due to only one office personnel, this procedure is not feasible.***

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation.

***The employee responsible for reconciling collections to the general ledger by revenue source is responsible for collecting cash.***

***Management Response: Due to only one office personnel, this procedure is not feasible.***

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

***No exceptions were found as a result of this procedure.***

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supported documentation for each of the deposits and:

- i. Observe that receipts are sequentially pre-numbered.

*No exceptions were found as a result of this procedure.*

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exceptions were found as a result of this procedure.*

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions were found as a result of this procedure.*

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

*No exceptions were found as a result of this procedure.*

- v. Trace the actual deposit per the bank statement to the general ledger.

*No exceptions were found as a result of this procedure.*

***5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements and petty cash purchases)***

---

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*The listing was provided by management.*

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;



*At least two employees are not involved in initiating, approving and making a purchase.*

*Management Response: Due to only one office personnel, this procedure is not feasible.*

- ii. At least two employees are involved in processing and approving payments to vendors;

*At least two employees are not involved in processing and approving payments to vendors.*

*Management Response: Due to only one office personnel, this procedure is not feasible.*

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

*The employee responsible for processing payments is not prohibited from adding/modifying vendor files. No other employee is responsible for periodically reviewing changes to vendor files.*

*Management Response: Due to only one office personnel, this procedure is not feasible.*

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

*The employee responsible for signing checks also mails the checks and processes payments.*

*Management Response: Due to only one office personnel, this procedure is not feasible.*

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

*No exceptions were found as a result of this procedure.*

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

*No exceptions were found as a result of this procedure.*

- ii. Observe whether the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

***Disbursements tested included exceptions of #5B as noted above.***

***Management Response: The District will segregate duties over processing disbursements as much as possible.***

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

***No exceptions were found as a result of this procedure.***

***6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)***

---

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

***Not applicable. The District does not have active credit cards, bank debit cards, fuel cards, nor P-cards.***

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excess fuel card usage) were reviewed and approved, in writing, (or electronically approved) by someone other than the authorized card holder; and

***Not applicable. The District does not have active credit cards, bank debit cards, fuel cards, nor P-cards.***

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

***Not applicable. The District does not have active credit cards, bank debit cards, fuel cards, nor P-cards.***

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g. each card should have 10 transactions subject to inspection). For each transaction, observed that it is supported by (1) an original itemized receipt that

identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

***Not applicable. The District does not have active credit cards, bank debit cards, fuel cards, nor P-cards.***

#### ***7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

---

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));

***Not applicable. There were no travel and travel-related expense reimbursements during the fiscal period.***

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

***Not applicable. There were no travel and travel-related expense reimbursements during the fiscal period.***

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

***Not applicable. There were no travel and travel-related expense reimbursements during the fiscal period.***

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Not applicable. There were no travel and travel-related expense reimbursements during the fiscal period.***

## **8) Contracts**

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- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

***Not applicable. There were no contracts initiated or renewed during the fiscal period.***

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

***Not applicable. There were no contracts initiated or renewed during the fiscal period.***

- iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

***Not applicable. There were no contracts initiated or renewed during the fiscal period.***

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

***Not applicable. There were no contracts initiated or renewed during the fiscal period.***

## **9) Payroll and Personnel**

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- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to the authorized salaries/pay rates in the personnel files.

***Not applicable. The District has no employees/elected officials.***

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation sick, compensatory);

***Not applicable. The District has no employees/elected officials.***

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

***Not applicable. The District has no employees/elected officials.***

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

***Not applicable. The District has no employees/elected officials.***

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

***Not applicable. The District has no employees/elected officials.***

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to the entity policy.

***Not applicable. The District has no employees/elected officials.***

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

***Not applicable. The District has no employees/elected officials.***

## **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

***Not applicable. The District has no employees/elected officials.***

- ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

***Not applicable. The District has no employees/elected officials.***

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

***Not applicable. The District has no employees/elected officials.***

#### **11) Debt Service**

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

***No exceptions were found as a result of this procedure.***

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

***No exceptions were found as a result of this procedure.***

#### **12) Fraud Notice**

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

***No exceptions were found as a result of this procedure.***

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

***No exceptions were found as a result of this procedure.***

### ***13) Information Technology Disaster Recovery/Business Continuity***

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A. Perform the following procedures,

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

***No exceptions were found as a result of this procedure.***

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

***No exceptions were found as a result of this procedure.***

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

***No exceptions were found as a result of this procedure.***

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

***No exceptions were found as a result of this procedure.***

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

***No exceptions were found as a result of this procedure.***

### ***14) Prevention of Sexual Harassment***

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

*No exceptions were found as a result of this procedure.*

- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

*No exceptions were found as a result of this procedure.*

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

*No exceptions were found as a result of this procedure.*

- ii. Number of sexual harassment complaints received by the agency;

*No exceptions were found as a result of this procedure.*

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

*No exceptions were found as a result of this procedure.*

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

*No exceptions were found as a result of this procedure.*

- v. Amount of time it took to resolve each complaint.

*No exceptions were found as a result of this procedure.*

We were engaged by West Trace Community Development District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



We are required to be independent of West Trace Community Development District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Dragan, Cassidy: Hillary*