

**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, 2018
With Supplementary Information**

TABLE OF CONTENTS

	Statement	Page
Independent Auditor's Report		1 - 2
Required Supplementary Information:		
Management's Discussion and Analysis		3 - 5
Basic Financial Statements:		
Statement of Net Position	A	6
Statement of Revenues, Expenses and Changes in Fund Net Position.	B	7
Statement of Cash Flows	C	8
Notes to the Financial Statements		9 - 15
Supplementary Information:		
Schedule of Compensation, Benefits, and Other Payments to Agency Head	1	16
Other Reporting Required by <i>Government Auditing Standards</i>:		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		17 - 18
Schedule of Findings		19
Summary Schedule of Prior Year Findings		20
Statewide Agreed-Upon Procedures:		
Independent Accountant's Report on Applying Agreed-Upon Procedures		21 - 30



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Carter Plantation Community Development District ("the District"), a component unit of the Livingston Parish Council as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of June 30, 2018 and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 5 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of compensation, benefits and other payments to the agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the District's internal control over financial reporting and compliance.

Hienz & Macaluso, LLC
Metairie, Louisiana
December 27, 2018

Required Supplementary Information

Management's Discussion and Analysis

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018. It should be read in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ending June 30, 2018 include the following:

- The assets of the District exceeded its liabilities at June 30, 2018 by \$12,963,867. The majority of this increase in net position from the fiscal year ending June 30, 2017 is related to gain on bond forgiveness.
- For the year ended June 30, 2018, the District’s total net position increased \$25,822,216; with operating revenues of the District of \$237,058, operating expenses of \$116,047 and non-operating revenues of \$25,701,205.

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, 2018 and June 30, 2017.

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Assets		
Current Assets	\$ 325,347	\$ 475,016
Capital Assets (Net)	12,664,365	13,041,240
Other Noncurrent Assets	<u>150</u>	<u>16,253,513</u>
Total Assets	<u>12,989,862</u>	<u>29,769,769</u>

(continued on the next page)

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Liabilities

Current Liabilities	25,995	26,374,755
Noncurrent Liabilities	<u>-</u>	<u>16,253,363</u>
Total Liabilities	<u>25,995</u>	<u>42,628,118</u>

Net Position

Invested in Capital Assets	12,664,365	(5,453,760)
Restricted for Debt Service	-	-
Restricted for Capital Projects	-	-
Unrestricted	<u>299,502</u>	<u>(7,404,589)</u>
Total Net Position	<u>\$ 12,963,867</u>	<u>\$(12,858,349)</u>

Current liabilities and net position decreased and increased, respectively primarily because of the write-off of bonds and interest payable due to forgiveness of the bonded debt.

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, 2018 and June 30, 2017.

Operating Revenues

Water	\$ 54,862	\$ 47,550
Sewer	80,347	48,545
Late Fees	677	2,220
Maintenance and Benefit Assessments	100,906	100,350
Interest on Maintenance Assessments	<u>266</u>	<u>60</u>
Total Operating Revenues	<u>237,058</u>	<u>198,725</u>

Operating Expenses

Bad Debt Expense	-	-
Facilities Expenses	-	-
Utility Services - Water	16,721	10,360
Utility Services - Sewer	44,851	13,111
Depreciation Expense - Water	26,998	26,998
Depreciation Expense - Sewer	<u>27,477</u>	<u>27,477</u>
Total Operating Expenses	<u>116,047</u>	<u>77,946</u>

Total Operating Income (Loss)	<u>121,011</u>	<u>120,779</u>
-------------------------------	----------------	----------------

Non-operating Revenues (Expenses)

Non-operating Revenues	27,180,819	325
Depreciation Expense - Infrastructure	(322,400)	(322,395)
Debt Service - Interest	(986,045)	(1,075,685)
Other Non-operating Expenses	<u>(171,169)</u>	<u>(230,304)</u>
Total Non-operating Revenues (Expenses)	<u>25,701,205</u>	<u>(1,628,059)</u>
Change in Net Position	<u>25,822,216</u>	<u>(1,507,280)</u>

(continued on the next page)

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Restatement	-	40,361
Net Position, Beginning of Year, as restated	-	<u>(11,351,069)</u>
Net Position	<u>\$12,963,867</u>	<u>\$ (12,858,349)</u>

Capital Assets: At June 30, 2018, the District's investment in capital assets, net of depreciation was \$12,664,365. 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: For the year ended June 30, 2018, the District reached an agreement with the holders' of its bonds. The agreement resulted in forgiveness of the District's bonded debt. Further information on the agreement can be found in Note 9 to the financial statements.

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, 2018

	Statement A
ASSETS	Business - Type
	Activities
	<hr style="border-top: 1px solid black;"/>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 303,254
Cash and cash equivalents - restricted	22,093
Total Current Assets	<hr style="border-top: 1px solid black;"/>
	325,347
	<hr style="border-top: 1px solid black;"/>
CAPITAL ASSETS:	
Right of ways	1,948,858
Land for sewer plant	75,479
Land for water well	13,832
Ponds and lakes	393,778
Land for Carter House	680,000
Carter House	228,696
Carter House renovations	96,064
Pool	178,000
Roads and storm water systems	12,443,591
Sewer system	686,774
Water system	675,262
Less: accumulated depreciation	(4,755,969)
Total Capital Assets, net	<hr style="border-top: 1px solid black;"/>
	12,664,365
	<hr style="border-top: 1px solid black;"/>
Utility deposits	150
Total Assets	<hr style="border-top: 1px solid black;"/>
	12,989,862
	<hr style="border-top: 1px solid black;"/>
	<hr style="border-top: 1px solid black;"/>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	3,902
Customer deposits	22,093
Total Current Liabilities	<hr style="border-top: 1px solid black;"/>
	25,995
Total Liabilities	<hr style="border-top: 1px solid black;"/>
	25,995
	<hr style="border-top: 1px solid black;"/>
	<hr style="border-top: 1px solid black;"/>
NET POSITION	
NET POSITION:	
Net investment in capital assets	12,664,365
Unrestricted	299,502
Total Net Position	<hr style="border-top: 1px solid black;"/>
	12,963,867
	<hr style="border-top: 1px solid black;"/>
Total Liabilities and Net Position	<hr style="border-top: 1px solid black;"/>
	\$ 12,989,862
	<hr style="border-top: 1px solid black;"/>
	<hr style="border-top: 1px solid black;"/>

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, 2018**

	Statement B
	Enterprise Fund
OPERATING REVENUES:	
Charges for services - water service	\$ 54,862
Charges for services - sewer service	80,347
Charges for services - late fees	677
Maintenance and benefit assessments	100,906
Interest on maintenance assessments	266
Total Operating Revenues	237,058
OPERATING EXPENSES:	
Utility service operating expense - water	16,721
Utility service operating expense - sewer	44,851
Depreciation expense - water	26,998
Depreciation expense - sewer	27,477
Total Operating Expenses	116,047
Operating Income (Loss)	121,011
NON-OPERATING (REVENUES) EXPENSES:	
FEMA reimbursements	(92,816)
Gain on bond forgiveness	(27,085,922)
Interest income on investments	(2,081)
Assessor and tax collector fees	10,068
Insurance	7,456
Miscellaneous	3,327
Legal and accounting	51,896
Licenses and permits	785
Office expense	198
Trustee fees	5,600
Per diem	4,650
Utilities	14,275
Infrastructure maintenance	72,914
Debt service - interest	986,045
Depreciation expense - infrastructure	322,400
Total Non-Operating (Revenues) Expenses	(25,701,205)
Increase in Net Position	25,822,216
Total Net Position - Beginning of Year	(12,858,349)
Total Net Position - End of Year	\$ 12,963,867

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, 2018**

	Statement C
	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from customers	\$ 237,058
Customer deposits received	2,521
Paid to vendors	(70,754)
Net Cash Provided by Operating Activities	168,825
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Paid for infrastructure maintenance	(72,914)
Paid for other noncapital expenses	(88,005)
Paid for per diem	(4,650)
Net Cash (Used) by Non-Capital Financing Activities	(165,569)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
FEMA reimbursements	92,816
Paid to bondholders	(242,222)
Paid for trustee fees	(5,600)
Net Cash (Used) by Capital and Related Financing Activities	(155,006)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on cash equivalents	2,081
Net Cash Provided by Investing Activities	2,081
Net Decrease in Cash and Cash Equivalents	(149,669)
Cash and Cash Equivalents at Beginning of Year	475,016
Cash and Cash Equivalents at End of Year	\$ 325,347
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 121,011
Depreciation expense-operating	54,475
Changes in Assets and Liabilities:	
Increase/(Decrease) in customer deposits	2,521
Increase/(Decrease) in accounts payable	(9,182)
Total Adjustments	(6,661)
Net Cash Provided by Operating Activities	\$ 168,825

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, 2018**

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, 2018

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, 2018

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 Cash

At June 30, 2018, restricted cash of \$22,093 was held as customer meter deposits.

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. 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

For the year ended June 30, 2018, depreciation expense was \$376,875.

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.

CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

K. Prepaid Items

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

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, 2018 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

CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

2. CASH AND CASH EQUIVALENTS (CONTINUED)

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, 2018, none of the District's deposits (bank balances) of \$319,322 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 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.

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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

Acquisition Prepayments collected totaled \$-0- for the year ended June 30, 2018.

Annual, Periodic and Other Benefit Special Assessments totaled \$-0- for the year ended June 30, 2018.

B. Maintenance Special Assessments

Maintenance Special Assessments are assessments levied, ordered and collected for maintenance purposes. Maintenance Special Assessments levied for the year ended June 30, 2018 totaled \$100,906. Of this amount, \$100,906 has collected by the tax collector and \$90,838 was remitted to the District (\$100,906 collected less \$10,068 collection fees retained by tax collector). Current year Maintenance Assessments 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.

4. CONSTRUCTION COMMITMENTS

At June 30, 2018, the District has no outstanding contracts for professional and contract services.

5. CONTINGENCIES

At June 30, 2018, 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.

6. 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, 2018 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

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

6. RISK MANAGEMENT (CONTINUED)

Property	\$ 422,000
Personal Property	\$ 20,000
Special Property (Building)	\$ 108,000

7. PER DIEM PAID TO BOARD MEMBERS

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

Gillis Windham	\$ 825
Ricky Juban	\$1,050
Maurice Welsh	\$ 975
Dale Condra	\$ 750
Mike Simoneaux	<u>\$1,050</u>
Total	<u>\$4,650</u>

8. FEMA REIMBURSEMENTS

During the year ended June 30, 2018, the District received \$92,816 from the Federal Emergency Management Agency ("FEMA") to assist in repairing damages caused by the Louisiana Flood of 2016.

9. GAIN ON BOND FORGIVENESS

During the year ended June 30, 2018, after years of negotiations, the District reached an agreement with the debtholders of the District's 2004 and 2005 series bonds ("the debtors"). The debtors who own a substantial amount of property ("debtors' property") within the District's boundaries agreed to forgive the bonded debt in exchange for the following items. For the year ended June 30, 2018, the debtors will pay (and did pay) \$15,000 for the fiscal year ending June 30, 2018 maintenance assessments on the debtors' property located in the District. Beginning in the fiscal year ending June 30, 2019 and thereafter, the District will no longer impose maintenance assessments on any of the debtors' property located in the District. The District agreed to release and cancel the special benefit and maintenance assessments levied for the years ended 2012 to 2016 on the debtors' property located in the District. The District agreed to transfer and assign its rights to the remaining 2012 to 2016 special benefit and maintenance assessments to the debtor. The District will allow the debtor to submit a credit bid to purchase certain property (as further described in the bond satisfaction and release agreement) in the future. The taxable notes foreclosure proceedings pending in a local district court was completed and the debtor received title to the seized properties. The District and the debtor also agreed to make some minor property boundary modifications around the sewer treatment plant and the maintenance building located within the District. The debtor also received \$242,222 of the District's restricted cash that was on deposit with the bond trustee. For year ended June 30, 2018, due to the bond forgiveness, the District wrote off the benefits assessment receivable and unearned revenue of \$16,253,363, respectively. Additionally, the District wrote off bonds payable of \$18,495,000, accrued bond interest of \$8,833,144, restricted cash of \$242,222 and recorded a gain on bond forgiveness of \$27,085,922.

SUPPLEMENTARY INFORMATION

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

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR END JUNE 30, 2018**

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

See Notes 1 and 7 for discussion of compensation to board members.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Carter Plantation Community Development District ("the District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hienz & Macaluso, LLC
Metairie, Louisiana
December 27, 2018

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

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 audit for the year ended June 30, 2018.

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

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 in the agreed-upon procedures performed for the year ended June 30, 2017.

STATEWIDE AGREED-UPON PROCEDURES



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 (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described 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:

Written Policies and Procedures

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

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
- b) **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.
- c) **Disbursements**, including processing, reviewing, and approving
- d) **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 confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

g) **Credit Cards (and debit cards, fuel cards, P-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)

h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 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 all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

Finding:

We noted that the Entity does not have written policies and procedures.

Management's Response:

The Entity will develop a set of written policies and procedures.

Board or Finance Committee

2. 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:

The procedures above were performed as indicated and no exceptions were noted.

- a) 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.

The procedures above were performed as indicated and no exceptions were noted.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-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.*

Finding:

We noted several board meetings where budget-to-actual comparisons for the major proprietary fund were not reviewed.

Management's Response:

The Board adopts a yearly budget prior to the start of the fiscal year. Prior to the end of the fiscal year, the Board reviews, amends and adopts a revised budget to get it in line with actual revenues and expenditures. Additionally, the board reviews all the monthly expenditures at each monthly board meeting.

c) 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.

This procedure is not applicable as the Entity does not have a general fund.

Bank Reconciliations

3. Obtain a listing of client 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 selected each account, and observe that:

The procedures above were performed as indicated and no exceptions were noted.

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Finding:

We noted bank reconciliations do not include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).

Management's Response:

Management employs the services of an outside CPA firm who reconciles all of the Entity's bank accounts on a monthly basis.

b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Finding:

We noted bank reconciliations do not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

Management's Response:

Management employs the services of an outside CPA firm who reconciles all of the Entity's bank accounts on a monthly basis.

c) 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.

This procedure is not applicable as no "stale-dated" items were noted.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/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 procedures above were performed as indicated and no exceptions were noted.

5. 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 (i.e. 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 that job duties are properly segregated at each collection location such that:

Note: The Entity uses an outside CPA firm and a Residential Water and Wastewater Utility Services contractor to process their collections. We obtained the collection procedures for both of these contractors. The term "employee" as used in this section of the procedures refers to the contractors' employees.

The procedures above were performed as indicated and no exceptions were noted.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

The procedures above were performed as indicated and no exceptions were noted.

- b) 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 procedures above were performed as indicated and no exceptions were noted.

- c) 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.

The procedures above were performed as indicated and no exceptions were noted.

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

The procedures above were performed as indicated and no exceptions were noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The procedures above were performed as indicated and no exceptions were noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (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 supporting documentation for each of the 10 deposits and:

The procedures above were performed as indicated and no exceptions were noted.

- a) Observe that receipts are sequentially pre-numbered.

The procedures above were performed as indicated and no exceptions were noted.

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

The procedures above were performed as indicated and no exceptions were noted.

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

The procedures above were performed as indicated and no exceptions were noted.

- d) 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).

The procedures above were performed as indicated and no exceptions were noted.

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

The procedures above were performed as indicated and no exceptions were noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. 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 procedures above were performed as indicated and no exceptions were noted.

9. For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Note: The Entity's board members and an outside CPA firm process the Entity's non-payroll disbursements. We obtained the disbursement procedures for both locations. The term "employee" as used in this section of the procedures refers to the board members and the CPA firm's personnel.

The procedures above were performed as indicated and no exceptions were noted.

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

The procedures above were performed as indicated and no exceptions were noted.

- b) At least two employees are involved in processing and approving payments to vendors.

The procedures above were performed as indicated and no exceptions were noted.

- c) 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 procedures above were performed as indicated and no exceptions were noted.

- d) 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.

The procedures above were performed as indicated and no exceptions were noted.

10. For each location selected under #8 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:

- a) Observe that the disbursement matched the related original invoice/billing statement.

The procedures above were performed as indicated and no exceptions were noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The procedures above were performed as indicated and no exceptions were noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.

The procedures under this section are not applicable as the Entity did not have any of these types of cards during the fiscal period.

12. 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:

- a) Observe that 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 excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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).

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. 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, 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:

The procedures under this section are not applicable as the Entity did not have any travel and travel-related expense reimbursements during the fiscal period.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) 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 policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* 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:

The procedures under this section are not applicable as the Entity did not have any contracts as specified above that were initiated or renewed during the fiscal period.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) 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.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

The procedures under this section are not applicable as the Entity did not have any employees/elected officials employed during the fiscal period

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

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

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

Procedure # 16 were not applicable as the Entity did not have any employees/elected officials *employed* during the fiscal period. The Entity does however have five board members.

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

We noted that each board member (as mentioned above) has completed one hour of ethics training during the fiscal period.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Finding:

As noted on page 22, we noted that the Entity does not have written policies and procedures.

Management's Response:

The Entity will develop a set of written policies and procedures.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

This procedure is not applicable as the Entity did not issue any debt during the fiscal period.

22. 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.

This procedure is not applicable as the Entity did not have any debt outstanding at the end of the fiscal period.

Other

23. 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.

This procedure is not applicable as there were no misappropriations of public funds and assets during the fiscal period.

24. Observe that 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.

We observed that the Entity has posted on its premises the required notice. We observed that the Entity does not have a website; therefore, the procedure is not applicable.