

**CARTER PLANTATION COMMUNITY
DEVELOPMENT DISTRICT**

Annual Financial Statements

**As of and for the Year Ended June 30, 2014
With Supplemental Information Schedules**

**Carter Plantation Community Development District
Annual Financial Statements
As of and for the Year Ended June 30, 2014**

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Independent Accountant's Review Report

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

January 10, 2015

We have reviewed the accompanying financial statements of the business-type activities and each major fund of the Carter Plantation Community Development District (the District), a component unit of the Livingston Parish Council, as of and for the year ended June 30, 2014, which collectively comprise the District's basic financial statements as listed in the table of contents, and the accompanying supplementary information contained in schedule 1, which is presented only for supplementary analysis purposes. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the District is responsible for the preparation and fair presentation of the financial statements and supplementary schedule in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and supplementary schedule.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements and supplementary schedule. We believe that the results of our procedures provide a reasonable basis for our report.

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 5 through 8 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 and for placing the basic financial statements in an appropriate operational, economic or historical context. Such information was not audited, reviewed or compiled by us and we do not express an opinion or provide any assurance on it.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated January 10, 2015, on the results of our agreed upon procedures.

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 13 to the financial statements, there is significant doubt about its ability to continue as a going concern. Management's plan in regards to this matter is also discussed in Note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Hienz & Macaluso, LLC

Required Supplemental Information
Management's Discussion and Analysis

**Carter Plantation Community Development District
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2014**

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, 2014. It should be read in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ending June 30, 2014 include the following:

- The liabilities of the District exceeded its assets at June 30, 2014 by \$8,372,529 (negative net position). The majority of this amount is related to bonds payable; and
- The District's total net position decreased \$1,323,296; with Operating Revenues of the District of \$312,935 and Operating Expenses of \$100,930 for 2014.

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 are 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 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 assets help determine whether financial position is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in 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 data 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, 2014 and June 30, 2013.

**Carter Plantation Community Development District
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2014**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Assets		
Current Assets	\$ 642,558	\$ 470,637
Capital Assets (Net)	14,171,850	14,548,720
Other Noncurrent Assets	<u>16,407,584</u>	<u>16,601,946</u>
Total Assets	<u>31,221,992</u>	<u>31,621,303</u>
Liabilities		
Current Liabilities	19,976,542	16,140,113
Noncurrent Liabilities	<u>19,617,979</u>	<u>22,563,740</u>
Total Liabilities	<u>39,594,521</u>	<u>38,703,853</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	(3,823,395)	(3,589,880)
Restricted for Debt Service	-	-
Restricted for Capital Projects	-	-
Unrestricted	<u>(4,549,134)</u>	<u>(3,492,670)</u>
Total Net Position	<u>\$ (8,372,529)</u>	<u>\$ (7,082,550)</u>

Current liabilities increased primarily due to reclassification of long-term bonds payable as well as an increased interest payable due to an accumulation of unpaid interest deferred by the forbearance agreements. The decrease in noncurrent liabilities was due to reclassification of long-term bonds payable. Assessments receivable and deferred revenue remained the same because there were no prepayments of the related special benefit assessments.

Statement of Revenues, Expenses, and Changes in Net Position. The following table reflects a condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2014 and June 30, 2013.

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Water	\$ 46,574	\$ 41,023
Sewer	58,660	35,327
Late Fees	468	618
Maintenance and Benefit Assessments	206,958	147,593
Interest on Maintenance Assessments	<u>275</u>	<u>1,778</u>
Total Operating Revenues	<u>312,935</u>	<u>226,339</u>
Operating Expenses		
Bad Debt Expense	-	-
Facilities Expenses	9,266	7,918
Utility Services - Water	17,800	14,883
Utility Services - Sewer	19,389	17,940
Depreciation Expense - Water	26,998	26,998
Depreciation Expense - Sewer	<u>27,477</u>	<u>27,477</u>

**Carter Plantation Community Development District
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2014**

Total Operating Expenses	<u>100,930</u>	<u>95,216</u>
Total Operating Income (Loss)	<u>212,005</u>	<u>131,123</u>
Non-operating Revenues (Expenses)		
Non-operating Revenues	23	2,106
Depreciation Expense - Infrastructure	(322,395)	(322,395)
Debt Service - Interest	(1,075,685)	(1,075,685)
Other Non-operating Expenses	<u>(137,244)</u>	<u>(113,426)</u>
Total Non-operating Revenues (Expenses)	<u>(1,535,301)</u>	<u>(1,509,400)</u>
Change in Net Position	<u>(1,323,296)</u>	<u>(1,378,277)</u>
Net Position, Beginning of Year	(7,082,550)	(5,476,718)
Prior Period Adjustment	33,317	(227,555)
Net Position, End of Year	\$ <u>(8,372,529)</u>	\$ <u>(7,082,550)</u>

There were no collections on lot assessments in 2013, but this increased to \$155,761 in 2014.

Budgetary Highlights. In 2014, the District's revenues were lower than budgeted revenue by \$5,474 while actual expenses were higher than budgeted amounts by \$16,713. These budget variances created a net unfavorable change in net assets variance of \$22,187 for the 2014 fiscal year.

Capital Assets. The District's investment in capital assets, net of depreciation was \$14,171,850 at June 30, 2014. There were no additions and no disposals of capital assets in the current year and the change from the prior year relates to current year depreciation of the capital assets.

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

On September 1, 2010, the District entered into a Forbearance Agreement with Hancock Bank of Louisiana, Trustee, as it relates to the Series 2005A and 2005B Bonds. Under this Forbearance Agreement, the Trustee (acting at the direction of the Directing Bondholders) agrees to forbear from the exercise of any rights or remedies under the Bond Documents arising by reason of defaults specified in the agreement. The period of forbearance commenced on the date of the agreement and terminates on the earlier of: 1) June 1, 2011; or 2) the occurrence of any Forbearance Termination Event as defined in the Forbearance Agreement. As a condition of the agreement, the District agreed that it would not attempt to impose assessments with respect to the 2005 Bonds through the calendar year 2011. On August 26, 2011 an amendment to this forbearance agreement was signed which effectively continued the forbearance period until June 1, 2012 except that the condition of the agreement not to impose assessments through calendar year 2011 was extended through calendar year 2012 on all lots except for 25 lots excluded and to be assessed.

**Carter Plantation Community Development District
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2014**

On August 26, 2011, the District entered into a Forbearance Agreement with Hancock Bank of Louisiana, Trustee, as it relates to the Series 2004 Bonds. Under this Forbearance Agreement, the Trustee (acting at the direction of the Directing Bondholders) agrees to forbear from the exercise of any rights or remedies under the Bond Documents arising by reason of defaults specified in the agreement. The period of forbearance commenced on the date of the agreement and terminates on the earlier of: 1) June 1, 2012; or 2) the occurrence of any Forbearance Termination Event as defined in the Forbearance Agreement. As a condition of the agreement, the District agreed that it would not attempt to impose assessments with respect to the 2004 Bonds for the payment of accrued interest due and owing through calendar year 2012, or for the replenishment of the Debt Service Reserve Fund, except with respect to 27 lots and 3 undivided assessed areas (CP-3 and CP-1A, CP2-4, Bulk lot assessment 456301) excluded and to be assessed.

As of June 30, 2014, \$18,495,000 (exclusive of cost of issuance and bond discount cost) was outstanding on the bonds. No principal or interest on the outstanding Bonds was paid in fiscal year 2014.

CURRENT AND EXPECTED CONDITIONS

As of June 30, 2014, the District had negative net position of \$8,372,529. The District had only \$244,953 in unrestricted cash and \$395,300 in restricted cash which is not sufficient to meet its operating needs or meet its obligations related to the Bonds. The District has used funds in the debt service reserve to pay interest on the outstanding Bonds in previous years and this amount has not been replenished. There were nine lot sales in the District for this fiscal year, generating \$155,761 in benefit assessments, and none in the prior fiscal year. The District continues to have a deficiency in the debt service reserve funds of all of the bond issues. As discussed above, the District has entered into forbearance agreements and levied maintenance assessments beginning in fiscal year 2012. Despite these actions, the District's inability to generate sufficient operating capital or collect lot prepayments creates a substantial doubt about its ability to continue as a going concern.

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, 2014**

		Statement A
		Business-Type Activities
ASSETS		
Current Assets		
Cash and Cash Equivalents		\$ 244,953
Cash and Cash Equivalents – Restricted		395,300
Prepaid Items		2,305
Accounts Receivable		-
Total Current Assets		<u>642,558</u>
Non-current Assets		
Benefit Assessments Receivable		16,302,979
Capital Assets (Net)		14,171,850
Underwriter's Discount		104,455
Utility Deposits		150
Total Non-current Assets		<u>30,579,434</u>
Total Assets		<u>31,221,992</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		5,097
Assessor Collection Fees Payable		31,250
Customer Deposits		11,526
Interest Payable on Bonds		4,748,669
Current Portion of Bonds Payable		15,180,000
Total Current Liabilities		<u>19,976,542</u>
Non-current Liabilities		
Unearned Revenue		16,302,979
Bonds Payable – Maturity Over One Year		3,315,000
Total Non-current Liabilities		<u>19,617,979</u>
Total Liabilities		<u>39,594,521</u>
NET POSITION		
Net Position		
Invested in Capital Assets, Net of Related Debt		(3,823,395)
Net Position Restricted for Capital Projects		-
Net Position Restricted for Debt Service		-
Net Position Unrestricted		<u>(4,549,134)</u>
Total Net Position		<u>\$ (8,372,529)</u>

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

**Carter Plantation Community Development District
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014**

Statement B

	Enterprise Fund
Operating Revenues	
Charges for Services – Water Service	\$ 46,574
Charges for Services – Sewer Service	58,660
Charges for Services – Late Fees	468
Maintenance and Benefit Assessments	206,958
Interest on Maintenance Assessments	275
Total Operating Revenues	312,935
Operating Expenses	
Operating Expenses – Facilities Management	9,266
Utility Service Operating Expense – Water	17,800
Utility Service Operating Expense – Sewer	19,389
Depreciation Expense – Water	26,998
Depreciation Expense – Sewer	27,477
Total Operating Expenses	100,930
Operating Income (Loss)	212,005
Non-operating Revenues (Expenses)	
Other Income	-
Interest Income on Investments	23
Assessor/Tax Collector Fees	(5,209)
Insurance	(6,792)
Miscellaneous	(239)
Legal & Accounting	(55,655)
Licenses & Permits	(576)
Office Expense	(281)
Trustee Fees	(7,145)
Trust Expenses	-
Per Diem	(1,950)
Utilities	(13,699)
Infrastructure Maintenance	(7,097)
Underwriter's Discount	(38,601)
Debt Service – Interest	(1,075,685)
Depreciation Expense – Infrastructure	(322,395)
Total Non-operating Revenues (Expenses)	(1,535,301)
Change in Net Position	(1,323,296)
Net Position, Beginning of Year, as previously stated	(7,082,550)
Prior Period Adjustment	33,317
Net Position, Beginning of Year, as restated	(7,049,233)
Net Position, End of Year	\$ (8,372,529)

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, 2014**

	Statement C
	Enterprise Fund
Cash Flows From Operating Activities	
Received from Customers and Users	\$ 314,406
Received for Meter Deposit Refunds	3,484
Paid for Operations	(48,051)
Net Cash Provided (Used) by Operating Activities	269,839
Cash Flows From Noncapital Financing Activities	
Paid for Infrastructure Maintenance	(7,097)
Paid for Other Noncapital Expenses	(24,746)
Paid for Board Per Diem	(1,950)
Net Cash Provided (Used) by Noncapital Financing Activities	(33,793)
Cash Flows From Capital and Related Financing Activities	
Paid Interest on Capital Debt	-
Received Special Bond Fee	554
Purchases of Capital Assets	-
Trustee Fees and Legal Fees	(62,800)
Net Cash Provided (Used) by Capital and Related Financing Activities	(62,246)
Cash Flows From Investing Activities	
Received from Interest on Investments	23
Net Cash Provided (Used) by Investing Activities	23
Net Increase (Decrease) in Cash and Cash Equivalents	173,823
Cash and Cash Equivalents, Beginning of Year	466,430
Cash and Cash Equivalents, End of Year	\$ 640,253
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Total Operating Income (Loss)	\$ 212,005
Depreciation and Amortization Expense – Operating	54,475
(Increase) Decrease in Accounts Receivable	2,025
(Increase) Decrease in Prepaid Items	(123)
Increase (Decrease) in Customer Deposit	3,484
Increase (Decrease) in Accounts Payable	(2,027)
Net Cash Provided (Used) by Operating Activities	\$ 269,839

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, 2014

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.

Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

GASB Statement 14, The Reporting Entity, 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 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 nonfiduciary 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

Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

than one fiscal year. This fund also accounts for financial resources associated with the utility operations of the District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Revenues and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the District receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include: 1) timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; 2) matching requirements, in which the District must provide local resources to be used for a specific purpose; and 3) expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Expenses

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

D. Cash and Cash Equivalents

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

E. Restricted Assets

Restricted assets are cash, cash equivalents and investments whose use is limited by legal requirements. Restricted cash, cash equivalents and investments represent amounts required by debt covenant to be segregated and restricted for debt payment and accrued interest on the Bonds. Restricted cash, cash equivalents and investments also represent amounts required by debt agreement and special assessment proceeds to be segregated and restricted for completion of the District's infrastructure projects. Pursuant to the Master Trust Indenture, by

Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and between the District and Hancock Bank, as trustee (the "Trustee"), the Trustee has established accounts for the following purposes:

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

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

2004 Bond Issue	
Interest Fund	\$ 5
Revenue Account	175,227
Bond Redemption	4,989
Debt Service Reserve Fund	65,402
Principal Prepayment Fund	3,819
Total 2004 Bond Issue	249,443

2005A Bond Issue	
Revenue Fund	13,853
Debt Service Reserve Fund	120,520
Total 2005A Bond Issue	134,385

**Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2005B Bond Issue

Debt Service Reserve Fund	11,471
Total 2005B Bond Issue	11,471
Total Restricted Assets	\$ 395,300

Reserve Requirements

<u>Bond Issue</u>	<u>Date</u>	<u>Requirement</u>	<u>Amount</u>
2004	06/30/2014	\$213,400	\$0.00
2005A	06/30/2014	\$1,500,000	\$0.00
2005B	06/30/2014	\$177,000	\$0.00

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

F. Capital Assets

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

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated</u>
Land, Right of Ways, Lakes and Ponds	N/A
Roads, Streets, Drainage and Buildings	40
Utility Plants and Systems	25
Fire Hydrants	25
Pool	20

G. Intergovernmental Revenues

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

Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Net Position

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

I. Estimates

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

J. Assessment Methodology

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

The benefitted assessment cost allocation was derived by calculating the value of the infrastructure and common improvements throughout the District, based on estimated (appraised) value of lots, for all assessable properties in the District, and applying a factor weighted to each lot's appraised value in an amount sufficient to cover the costs outlined above.

This methodology, which was used to establish and determine the benefit special assessments that pay the cost of the project, has been presented to and approved by the Board of the District and is set forth in the Allocation of Infrastructure Cost & Assessment Methodology Report prepared by King, Bossier, Nosacka & Holley and District Manager, Inc., the Assessment Methodology Consultants to the District.

K. Prepaid Items

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

Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Special Bond Provisions

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

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

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

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

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

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

Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Accounting principles generally accepted in the United States of America require that proprietary fund financial statements include a statement of net position, a statement of revenue, expenses and changes in net position and a statement of cash flows which are presented as the Basic Financial Statements.

3. CASH AND INVESTMENTS

The District is authorized to make direct investments of money within funds and accounts established by the 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, 2014 are all classified as cash equivalents as described in Note 1. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit. These securities are held by and in the name of the pledging fiscal agent bank or in a holding or custodial bank that is mutually acceptable to both parties. Under state law, deposits held in a separate trust account are not required to have pledged securities in the name of the government; however the bank must deposit with an unaffiliated bank pledged securities to cover the deposits held in trust.

Custodial Credit Risk, as it relates to cash deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2014, none of the District's deposits (Bank Balance) of \$641,987 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.

4. 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.

Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014

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

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.

Acquisition Prepayments collected during the year ended June 30, 2013 totaled \$155,761.

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

Annual, Periodic and Other Benefit Special Assessments totaled \$554 for the year ended June 30, 2014.

Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014

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

B. Maintenance Special Assessment

Maintenance Special Assessments are assessments levied, ordered and collected for maintenance purposes. Maintenance Special Assessments levied for the year ended June 30, 2014 totaled \$50,384. Of this amount, \$50,384 was collected by the tax collector and \$45,368 was remitted to the District (\$50,384 collected less \$5,016 collection fees retained by tax collector). Current year Maintenance Assessments Revenue has been recorded at the amount collected, since the District does not expect to receive any of the additional assessments levied for the year and based on what has happened historically with these assessments.

C. Enforcement of Lien Nonpayment

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

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

5. BENEFIT ASSESSMENTS RECEIVABLE

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

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

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

The amount in assessments receivable at the end of June 30, 2014 is as follows:

Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014

5. BENEFIT ASSESSMENTS RECEIVABLE (CONTINUED)

2004 Bond Issue	
Beginning Balance	\$ 3,524,396
Paid in 2014	<u>155,761</u>
Balance of Assessments Receivable 2004 Bond Issue	<u>3,368,635</u>

2005A Bond Issue	
Beginning Balance	11,721,697
Paid in 2014	<u>-</u>
Balance of Assessments Receivable 2005A Bond Issue	<u>11,721,697</u>

2005B Bond Issue	
Beginning Balance	1,212,647
Paid in 2014	<u>-</u>
Balance of Assessments Receivable 2005B Bond Issue	<u>1,212,647</u>

Combined 2004,2005A and 2005B Issue

Benefit Assessments Receivable at June 30, 2014	<u>\$ 16,302,979</u>
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6. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance <u>06/30/2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>06/30/2014</u>
Capital Assets Not Being Depreciated:				
Right of Ways	\$1,948,858	\$ -	-	\$ 1,948,858
Land for Sewer Plant	75,479	-	-	75,479
Land for Water Well	13,832	-	-	13,832
Ponds and Lakes	393,778	-	-	393,778
Carter House – Land	680,000	-	-	680,000
Carter House – Historical Portion	<u>228,696</u>	<u>-</u>	<u>-</u>	<u>228,696</u>
Total Capital Assets Not Being Depreciated	<u>3,340,643</u>	<u>-</u>	<u>-</u>	<u>3,340,643</u>
Capital Assets Being Depreciated:				
Carter House and Renovations	96,064	-	-	96,064
Pool	178,000	-	-	178,000
Roads and Storm Water Systems	12,443,591	-	-	12,443,591
Sewer System	686,774	-	-	686,774
Water System	<u>675,262</u>	<u>-</u>	<u>-</u>	<u>675,262</u>
Total Capital Assets Being Depreciated	<u>14,079,691</u>	<u>-</u>	<u>-</u>	<u>14,079,691</u>
Less Accumulated Depreciation For:				
Carter House and Renovations	(19,202)	(2,401)	-	(21,603)

Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014

6. CAPITAL ASSETS (CONTINUED)

Pool	(62,270)	(8,902)	-	(71,172)
Roads and Storm Water Systems	(2,326,004)	(311,092)	-	(2,637,096)
Sewer System	(241,491)	(27,477)	-	(268,968)
Water System	<u>(222,647)</u>	<u>(26,998)</u>	-	<u>(249,645)</u>
Total Accumulated Depreciation	<u>(2,871,614)</u>	<u>(376,870)</u>	-	<u>(3,248,484)</u>
Capital Assets Being Depreciated, Net	<u>11,208,077</u>	<u>(376,870)</u>	-	<u>10,831,207</u>
Total Capital Assets, Net	<u>14,548,720</u>	<u>(376,870)</u>	-	<u>14,171,850</u>

Depreciation expense for the year ended June 30, 2014 amounted to \$376,870.

7. BOND ISSUE AND BOND DISCOUNT COSTS

Bond discount costs are amortized over the life of the Bonds using the straight-line method. Prior to implementation of GASB 65 (see note 14), bond issuance costs were amortized over the life of the Bonds using the straight-line method. The changes in bond issuance and discount costs are as follows:

Cost of Issuance

	Balance 06/30/2013	Additions	Deletions	Balance 06/30/2014
2004 Bond Issue	\$ 199,912	\$ -	(199,912)	\$ -
2005A Bond Issue	348,146	-	(348,146)	-
2005B Bond Issue	38,057	-	(38,057)	-
Less: Amortization	<u>(358,560)</u>	-	<u>358,560</u>	-
Total	<u>\$ 227,555</u>	<u>-</u>	<u>(227,555)</u>	<u>\$ -</u>

Bond Discount

	Balance 06/30/2013	Additions	Deletions	Balance 06/30/2014
2004 Bond Issue	\$ 136,200	\$ -	-	\$ 136,200
2005A Bond Issue	292,500	-	-	292,500
2005B Bond Issue	34,515	-	-	34,515
Less: Amortization	<u>(320,159)</u>	<u>(38,601)</u>	-	<u>(358,760)</u>
Total	<u>\$ 143,056</u>	<u>(38,601)</u>	-	<u>\$ 104,455</u>

Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014

8. LONG-TERM OBLIGATIONS

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

	Principal Outstanding <u>06/30/2013</u>	<u>Additions</u>	<u>Reductions</u>	Principal Outstanding <u>06/30/2014</u>
2004 Bond Issue	\$ 3,880,000	\$ -	-	\$ 3,880,000
2005A Bond Issue	13,220,000	-	-	13,220,000
2005B Bond Issue	<u>1,395,000</u>	<u>-</u>	<u>-</u>	<u>1,395,000</u>
Total	<u>\$ 18,495,000</u>	<u>-</u>	<u>-</u>	<u>\$ 18,495,000</u>

During the current fiscal year, the District did not make interest payments due as follows:

Issue

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

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

On September 1, 2010, the District entered into a Forbearance Agreement with Hancock Bank of Louisiana, Trustee, as it relates to the Series 2005A and 2005B Bonds. Under this Forbearance Agreement, the Trustee (acting at the direction of the Directing Bondholders) agrees to forbear from the exercise of any rights or remedies under the Bond Documents arising by reason of defaults specified in the agreement. The period of forbearance commenced on the date of the agreement and terminates on the earlier of: 1) June 1, 2011; or 2) the occurrence of any Forbearance Termination Event as defined in the Forbearance Agreement. As a condition of the agreement, the District agreed that it would not attempt to impose assessments with respect to the 2005 Bonds through the calendar year 2011. Subsequent to year end, an amendment to the forbearance agreement was signed which effectively continued the forbearance period until June 1, 2012, except that the condition of the agreement not to impose assessments through calendar year 2011 was extended through calendar year 2012 on all lots except for 25 lots excluded and to that be assessed.

On August 26, 2011, the District entered into a Forbearance Agreement with Hancock Bank of Louisiana, Trustee, as it relates to the Series 2004 Bonds. Under this Forbearance Agreement, the Trustee (acting at the direction of the Directing Bondholders) agrees to forbear from the exercise of any rights or remedies under the Bond Documents arising by reason of defaults specified in the agreement. The period of forbearance commenced on the date of the agreement and terminates on the earlier of: 1) June 1, 2012; or 2) the occurrence of any Forbearance Termination Event as defined in the Forbearance Agreement. As a condition of the agreement, the District agreed that it would not attempt to impose assessments with respect to the 2004 Bonds for the payment of accrued interest due and owing through calendar year 2012, or for the replenishment of the Debt Service Reserve Fund, except with respect to 27 lots and 3

Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014

8. LONG-TERM OBLIGATIONS (CONTINUED)

undivided assessed areas (CP-3 and CP-1A, CP2-4, Bulk lot assessment 456301) excluded and to be assessed. See Note 16 for further discussion.

Future requirements on the District's long-term obligations at June 30, 2014 are as follows:

Future Requirements
2004 Bond Issue

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,950,000	\$ 1,205,325	\$ 4,155,325
2016	930,000	51,150	981,150
2017	-	-	-
Total	<u>\$ 3,880,000</u>	<u>\$ 1,256,475</u>	<u>\$ 5,136,475</u>

Future Requirements
2005A and 2005B Bond Issues

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 12,230,000	\$ 4,222,108	\$ 16,452,108
2016	1,875,000	140,715	2,015,715
2017	510,000	30,090	\$ 540,090
Total	<u>\$ 14,615,000</u>	<u>\$ 4,392,913</u>	<u>\$ 19,007,913</u>

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

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST</u>
2016	\$ 6,810,000	5.5%

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

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST</u>
2017	\$ 15,000,000	5.9%

Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014

8. LONG-TERM OBLIGATIONS (CONTINUED)

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

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST</u>
2017	\$ 1,770,000	5.9%

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

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

The debt service schedules were revised to reflect these payments.

9. CONSTRUCTION COMMITMENTS

The District has no outstanding contracts for professional and contract services as of June 30, 2014.

10. RISK MANAGEMENT

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

In November 2013, the District purchased a commercial liability policy underwritten by Canopus US Insurance Company with the following coverage:

Commercial General Liability	\$ 2,000,0000
Damage to Rented Premises	\$ 100,000
Personal Injury	\$ 1,000,000
Property	\$ 422,000
Personal Property	\$ 20,000
Special Property (Building)	\$ 108,000

Carter Plantation Community Development District
Notes to the Financial Statements
June 30, 2014

11. CONTINGENCIES

As of June 30, 2014, 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.

12. PER DIEM PAID TO BOARD MEMBERS

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

Dana Feneck	\$ 225
Gillis Windham	\$ 600
John Loupe	\$ 225
Maurice Welsh	\$ 450
Eddy Martin	\$ -
Ricky Juban	<u>\$ 450</u>
Total	<u>\$1,950</u>

13. NEGATIVE NET POSITION AND GOING CONCERN ISSUES

As of June 30, 2014, the District had negative net position of \$8,372,579. The District had only \$244,953 in unrestricted cash and \$395,300 in restricted cash which is not sufficient to meet its operating needs or meet its obligations related to the Bonds. The District has used funds in the debt service reserve to pay interest on the outstanding Bonds in previous years and this amount has not been replenished. There were nine lot sales in the District for this fiscal year, generating \$155,761 in benefit assessments, and none in the prior fiscal year. The District continues to have a deficiency in the debt service reserve funds of all of the bond issues. As discussed above, the District has entered into forbearance agreements and levied maintenance assessments in fiscal year 2014. Despite these actions, the District's inability to generate sufficient operating capital or collect lot prepayments creates a substantial doubt about its ability to continue as a going concern.

The District's Board has become active in addressing the bond defaults and the needs for benefit and maintenance special assessments as provided by the Act (See Note 4 and 8).

14. PRIOR PERIOD ADJUSTMENT

The District reported special bond fee revenue incorrectly as a liability for the year ended June 30, 2013. As a result, a prior period adjustment in the amount of \$33,317 to correct the amount previously recorded as a liability. The effect of this prior period adjustment was to increase net position from (\$7,082,550) as previously reported to (\$7,049,233) as restated.

OTHER SUPPLEMENTAL INFORMATION

Schedule of Revenues, Expenses and Changes in Net Position

Budget and Actual

CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual
Proprietary Fund
For the Year Ended June 30, 2014

Schedule 1

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Maintenance Assessments	\$ 63,000	\$ 124,083	\$50,643	\$ (73,440)
New Owner Maintenance Offset	39,000	39,000	-	(39,000)
Utility Revenue	81,480	104,359	105,702	1,343
Benefit Assessments	-	50,990	156,315	105,325
Interest Income	-	-	298	298
Other Income	-	-	-	-
Total Revenues	183,480	318,432	312,958	(5,474)
Expenses				
Capital Projects Expenses	1,199,017	1,114,284	1,168,762	(54,478)
Infrastructure Maintenance	57,036	55,565	16,363	39,202
Insurance	7,980	6,781	6,792	(11)
Water Expense	13,200	18,996	17,800	1,196
Sewer Expense	15,000	20,729	19,389	1,340
Utilities	3,600	14,944	13,699	1,245
Depreciation	322,395	322,395	322,395	-
Per Diem	1,950	1,950	1,950	-
Professional and Other Fees	48,714	63,897	69,104	(5,207)
Total Expenses	1,668,892	1,619,541	1,636,254	(16,713)
Change in Net Position	(1,485,412)	(1,301,109)	(1,323,296)	(22,187)
Net Position, Beginning of Year, Restated	(7,049,233)	(7,049,233)	(7,049,233)	
Net Position, End of Year	\$(8,534,645)	\$ (8,350,342)	\$ (8,372,529)	

**CARTER PLANTATION COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S CORRECTIVE ACTION PLAN**

FOR THE YEAR ENDED JUNE 30, 2014

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, 2014.

Section IV – Other Matters- Agreed Upon Procedures

A comparison of the final budget to actual revenues for 2013 revealed that actual revenues failed to meet budgeted revenues by 14.02%, which exceeded 5%. This was corrected for the year ended June 30, 2014.



Carter Plantation Community Development District

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

To the Management of Carter Plantation Community
Development District

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Carter Plantation Community Development District (the District) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended June 30, 2014 included in the accompanying Louisiana Attestation Questionnaire. Management of the District is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed 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.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

There were no expenditures that met the above criteria for the year ended June 30, 2014.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

There were no employees during the year ended June 30, 2014.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon Procedure 3 were also included on the listing obtained from management in agreed-upon Procedure 2 as immediate family members.

There were no employees during the year ended June 30, 2014.

Budgeting

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

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

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on June 21, 2013 which indicated that the budget had been adopted by the commissioners of the District. We traced the adoption of the amended budget to the minutes of a meeting held on June 17, 2014 which indicated that the budget had been adopted by the commissioners of the District.

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

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues were not less than budgeted revenues by 5% and expenditures for the year did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

(a) Trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

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

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

(c) Determine whether payments received approval from proper authorities.

The District has no employees - all vendor invoices are reviewed by the board of directors and vendor check requires board signature(s). The financials are presented at each board meeting.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law).

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

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advance, or gifts.

There were no employees during the year ended June 30, 2014.

12. Prior Comments and Recommendations

A comparison of the final budget to actual revenues for 2013 revealed that actual revenues failed to meet budgeted revenues by 14.02%, which exceeded 5%. This was corrected for the year ended June 30, 2014.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Carter Plantation Community Development District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

January 10, 2015

Hienz & Macaluso, LLC

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

01/10/15 (Date Transmitted)

HIENZ & MACALUSO, LLC

110 VETERANS BLVD., SUITE 170

METAIRIE, LA 70005

In connection with your review of our financial statements as of June 30, 2014 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of January 10, 2015.

Public Bid Law

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

Yes X No []

Code of Ethics for Public Officials and Public Employees

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

Yes X No []

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

Yes X No []

Budgeting

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

Yes X No []

Accounting and Reporting

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

Yes X No []

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

Yes X No []

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

Yes X No []

Meetings

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

Yes X No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974

Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes X No []

Advances and Bonuses

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

Yes X No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

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

_____	Secretary	_____	Date
_____	Treasurer	_____	Date
<i>Jules W. ...</i>	<i>Chairman</i>	<i>1/10/15</i>	Date
_____	President	_____	Date