

HACKBERRY RECREATION DISTRICT NO. 1
OF CAMERON PARISH

ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2017

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HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Management's Discussion and Analysis

Within this section of the Hackberry Recreation District No. 1 of Cameron Parish, Louisiana's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2017. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities by \$3,570,218 (net position) for the fiscal year reported.
- Total revenues of \$944,127 were in excess of total expenses of \$904,613, which resulted in a current year profit of \$39,514, compared to a prior year profit of \$199,907.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$2,622,362 includes property and equipment, net of accumulated depreciation. There is no outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position – restricted of \$127,163 representing the special revenue fund or the multi-purpose facility.
 - (3) Net position – unrestricted of \$820,693 represent the portion available to maintain the District's continuing obligations to taxpayers and creditors.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the District's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base, or the condition of District infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by tax and from activities that are intended to recover all or a significant portion of their costs through user fees and charges.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole.

The District has one kind of fund:

Governmental fund is reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Management's Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund and the special revenue fund. This schedule demonstrates compliance with the District's adopted and final revised budget.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

The District's net position at fiscal year-end is \$3,570,218. The following table provides a summary of the District's net position:

	2017		2016	
Assets:				
Current assets	\$ 981,745	27%	\$ 798,876	22%
Capital assets, net	<u>2,622,362</u>	<u>73</u>	<u>2,757,012</u>	<u>78</u>
Total assets	3,604,107	100%	3,555,888	100%
Deferred Outflows of Resources	<u>-</u>	<u>100%</u>	<u>-</u>	<u>100%</u>
Liabilities:				
Current liabilities	<u>33,889</u>	<u>100%</u>	<u>25,184</u>	<u>100%</u>
Deferred Inflows of Resources	<u>-</u>	<u>100%</u>	<u>-</u>	<u>100%</u>
Net position:				
Net investments in capital assets	2,622,362	73%	2,757,012	83%
Net position - restricted	127,163	4	118,674	4
Net position - unrestricted	<u>820,693</u>	<u>23</u>	<u>655,018</u>	<u>13</u>
Total net position	<u>\$ 3,570,218</u>	<u>100%</u>	<u>\$ 3,530,704</u>	<u>100%</u>

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Management's Discussion and Analysis (Continued)

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 29 to 1 (32 to 1 for 2016). Net position increased by \$39,514 for the current year. Note that approximately 73% (83% for 2016) of the net position is tied up in capital. The District uses these capital assets to provide services to its taxpayers.

The following table provides a summary of the District's changes in net position:

Revenues:				
Program:	<u>2017</u>		<u>2016</u>	
Charges for services/fines	\$ 322,633	34%	\$ 322,885	30%
General:				
Property taxes, net	609,049	64	515,178	50
State revenue sharing	1,406	-	1,302	-
Donation	5,000	1	200,000	20
Other income	<u>6,039</u>	<u>1</u>	<u>2,471</u>	<u>-</u>
Total Revenues	944,127	<u>100%</u>	1,041,836	<u>100 %</u>
 Program expenses:				
General government	<u>904,613</u>		<u>841,929</u>	
 Change in net position	39,514		199,907	
 Beginning net position	<u>3,530,704</u>		<u>3,330,797</u>	
 Ending net position	<u>\$ 3,570,218</u>		<u>\$ 3,530,704</u>	

GOVERNMENTAL REVENUES

The District is heavily reliant on property taxes to support governmental operations. Property taxes provided 64% (50% for 2016) of the District's total revenues, excluding intergovernmental/insurance revenues. As a result, the general economy and the local businesses have a major impact on the District's revenue streams.

BUDGETARY HIGHLIGHTS

The General Fund – The original budget of the revenues of the General Fund were less than the prior year's actual amount by \$114,944, due to ad valorem tax and donations revenues. The original budget of the expenditures of the General Fund were less than the prior year's actual amount by \$184,097, mainly due to capital outlay.

For the current year, the actual revenues were more than the final budget by \$211,903 or 25% mainly due to ad valorem tax revenues and the final budgeted expenditures were less than the actual expenditures by \$22,622 or 3%, mainly due to salaries and utilities.

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Management's Discussion and Analysis (Continued)

The Special Revenue Fund – The original budget of the revenues were less than the prior year's actual amounts by \$21,789, mainly due to ad valorem taxes, and the original budget of the expenditures were more than the prior year's actual amounts by \$3,557, mainly due to salaries.

For the current year, the actual revenues were greater than the final budget by \$39,024, mainly due to ad valorem revenues, and the actual expenditures were less than the final budget by \$3,965, mainly due to salaries and utilities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The District's net investment in capital assets as of December 31, 2017 was \$2,622,362. See Note C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

Non-depreciable assets:	<u>2017</u>	<u>2016</u>
Land	\$ 221,909	\$ 221,909
Construction in progress	-	-
Total non-depreciable assets	<u>\$ 221,909</u>	<u>\$ 221,909</u>
Depreciable assets:		
Buildings	\$ 3,611,791	\$ 3,585,172
Equipment	<u>346,468</u>	<u>333,186</u>
Total depreciable assets	3,958,259	3,918,358
Less accumulated depreciation	<u>1,557,806</u>	<u>1,383,255</u>
Book value-depreciable assets	<u>\$ 2,400,453</u>	<u>\$ 2,535,103</u>
Percentage depreciated	<u>39%</u>	<u>35%</u>
Book value-all assets	<u>\$ 2,622,362</u>	<u>\$ 2,757,012</u>

Major capital asset additions included a new air conditioning unit, new gym lights, a deep fryer and a trailer.

LONG-TERM DEBT

At the end of the fiscal year, the District had no debt.

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Management's Discussion and Analysis (Continued)

ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is property taxes, the District's property tax revenues are subject to changes in the economy. Since property taxes are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District's Director, Dwayne Sanner, 1250 Recreation Circle, Hackberry, LA 70645.



Gragson, Casiday & Guillory, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GUILLORY, JR., C.P.A.
COY T. VINCENT, C.P.A.
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BRADLEY J. CASIDAY, C.P.A., C.V.A.
GRAHAM A. PORTUS, E.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BARLOW, C.P.A.
BRIAN MCCAIN, C.P.A.
BLAKE MANUEL, C.P.A.

INDEPENDENT AUDITORS' REPORT

June 22, 2018

Board of Directors
Hackberry Recreation District No. 1 of
Cameron Parish
Hackberry, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hackberry Recreation District No. 1 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Hackberry Recreation District No. 1 of Cameron Parish's 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.

Auditors' Responsibility

Our responsibility is to express opinions 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 auditors' 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Hackberry Recreation District No. 1 of Cameron Parish as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting standards 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 and supplemental information on pages 3 through 8 and 30 through 31 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.

Other Information

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Hackberry Recreation District No. 1 of Cameron Parish's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer is the responsibility of management and was derived from and relate 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 Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018, on our consideration of the Hackberry Recreation District No. 1 of Cameron Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Hackberry Recreation District No. 1 of Cameron Parish's internal control over financial reporting and compliance.



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Statement of Net Position

December 31, 2017

ASSETS	
Cash	\$ 376,244
Receivables	596,794
Prepaid expenses	8,707
Capital assets:	
Land	221,909
Capital assets, net	<u>2,400,453</u>
TOTAL ASSETS	<u>3,604,107</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
LIABILITIES	
Accounts and other accrued payables	<u>33,889</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>-</u>
NET POSITION	
Net investment in capital assets	2,622,362
Net position - restricted	127,163
Net position - unrestricted	<u>820,693</u>
TOTAL NET POSITION	<u><u>\$ 3,570,218</u></u>

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

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Statement of Activities

Year Ended December 31, 2017

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
General government	\$ (904,613)	\$ 322,633	\$ -	\$ (581,980)
		General Revenues:		
		Property taxes, net		609,049
		State revenue sharing		1,406
		Donation		5,000
		Other income		6,039
		Total General Revenues		<u>621,494</u>
		Change in Net Position		<u>39,514</u>
		Net Position, beginning		<u>3,530,704</u>
		Net Position, ending		<u><u>\$ 3,570,218</u></u>

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

FUND FINANCIAL STATEMENTS

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Balance Sheet - Governmental Funds

December 31, 2017

	GENERAL FUND	SPECIAL REVENUE	2017	2016
ASSETS				
Cash and cash equivalents	\$ 347,381	\$ 28,863	\$ 376,244	\$ 340,696
Receivables				
Ad valorem taxes (net)	496,478	99,296	595,774	448,453
State revenue sharing	1,020	-	1,020	1,020
Prepaid expenses	5,859	2,848	8,707	8,707
Total Assets	<u>850,738</u>	<u>131,007</u>	<u>981,745</u>	<u>798,876</u>
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 850,738</u>	<u>\$ 131,007</u>	<u>\$ 981,745</u>	<u>\$ 798,876</u>
LIABILITIES				
Accounts payable	\$ 30,045	\$ 3,844	\$ 33,889	\$ 25,184
DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCES				
Restricted	-	127,163	127,163	118,674
Unassigned	820,693	-	820,693	655,018
Total Fund Balances	<u>820,693</u>	<u>127,163</u>	<u>947,856</u>	<u>773,692</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 850,738</u>	<u>\$ 131,007</u>	<u>\$ 981,745</u>	<u>\$ 798,876</u>

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

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Reconciliation of the Balance Sheet-Governmental Fund to the
Statement of Net Position

December 31, 2017

Total fund balance for governmental fund at December 31, 2017		\$	947,856
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:			
Land	\$	221,909	
Capital assets, net of \$1,557,806 accumulated depreciation		<u>2,400,453</u>	<u>2,622,362</u>
Total net position of governmental activities at December 31, 2017		\$	<u>3,570,218</u>

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

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds

Year Ended December 31, 2017

	GENERAL FUND	SPECIAL REVENUE FUND	2017	2016
REVENUES				
Ad valorem taxes - net	\$ 507,598	\$ 101,451	\$ 609,049	\$ 515,178
State revenue sharing	1,406	-	1,406	1,302
Concessions income	318,490	-	318,490	316,384
Usage fees	4,143	-	4,143	6,501
Donation	-	5,000	5,000	200,000
Other income	1,766	4,273	6,039	2,471
TOTAL REVENUES	833,403	110,724	944,127	1,041,836
EXPENDITURES				
General Government				
Advertisements	264	-	264	246
Bank Charges	6,785	-	6,785	6,023
Insurance- general	20,509	7,808	28,317	32,532
Insurance- hospitalization	24,617	-	24,617	10,948
Miscellaneous	1,656	1,534	3,190	1,526
Per Diem	550	-	550	510
Professional fees	3,500	4,257	7,757	6,500
Repairs	41,135	14,064	55,199	24,434
Salaries	210,692	34,796	245,488	237,610
Supplies- concessions	247,860	-	247,860	229,735
Supplies- other	34,031	8,530	42,561	44,008
Taxes	16,926	2,647	19,573	19,572
Telephone	3,634	1,871	5,505	5,172
Utilities	35,110	7,286	42,396	44,203
Capital Outlay	20,459	19,442	39,901	218,571
TOTAL EXPENDITURES	667,728	102,235	769,963	881,590
NET CHANGE IN FUND BALANCE	165,675	8,489	174,164	160,246
FUND BALANCE - BEGINNING	655,018	118,674	773,692	613,446
FUND BALANCE - ENDING	\$ 820,693	\$ 127,163	\$ 947,856	\$ 773,692

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

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

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

Year Ended December 31, 2017

Total net changes in fund balance at December 31, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 174,164
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 39,901	
Depreciation expense for the year ended December 31, 2017	<u>(174,551)</u>	<u>(134,650)</u>
Total net changes in fund balance at December 31, 2017 per Statement of Activities		<u>\$ 39,514</u>

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

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Notes to Basic Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Hackberry Recreation District No. 1 of Cameron Parish was created by the Cameron Parish Police Jury. The District is governed by a board of five commissioners who are appointed by the Cameron Parish Police Jury. The District establishes regulations governing the park, playground and community center and provides administration, management, maintenance and operations of the facilities.

The more significant of the government's accounting policies are described below.

1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Hackberry Recreation District No. 1 of Cameron Parish includes all funds, account groups, et cetera, that are within the oversight responsibility of the Hackberry Recreation District No. 1 of Cameron Parish.

As the governing authority, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Cameron Parish Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Cameron Parish Police Jury.
2. Organizations for which the Cameron Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Cameron Parish Police Jury.

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Notes to Basic Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, Hackberry Recreation District No. 1 of Cameron Parish is a component unit of the Cameron Parish Police Jury's reporting entity.

2. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of services offered by the District; and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Notes to Basic Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The District reports the following major funds:

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

The Special Revenue Fund is used to account for specific revenues that are legally restricted to expenditures for particular purposes. This fund accounts for the receipt and use of proceeds of the multi-purpose facility.

3. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

Basis of Accounting

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

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

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Notes to Basic Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 2017, the District had \$380,967 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$130,967 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

5. Budgets

A general fund and special revenue fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level.

The budget was amended once during the year.

6. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Notes to Basic Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Capital Assets

Capital assets, which include property, plant and equipment are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

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

Buildings and improvements	20-40 years
Equipment	5-12 years

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

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. At December 31, 2017 the District's liability for compensated absences was \$0.

9. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Notes to Basic Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Equity Classification

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Net position – restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Net position – unrestricted – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, assigned and unassigned.

- a. Restricted fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on generally outside actions.
- b. Assigned fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on internal (Board) actions.
- c. Unassigned fund balance – Includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and finally, the unassigned fund balance.

11. Subsequent Events

Management has evaluated subsequent events through June 22, 2018, the date the financial statements were available to be issued.

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Notes to Basic Financial Statements

December 31, 2017

12. Comparative Data

Comparative totals for the prior have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

NOTE B - AD VALOREM TAXES

For the year ended December 31, 2017, taxes were levied on property with taxable assessed valuations as follows:

	<u>General Purposes</u>	<u>Special Revenue</u>
Assessed valuation	\$ 53,283,163	\$ 53,283,163
Millage	9.85	1.97

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2017 follows:

	<u>Beginning Of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Land	\$ 221,909	\$ -	\$ -	\$ 221,909
Buildings	3,585,172	26,619	-	3,611,791
Equipment	<u>333,186</u>	<u>13,282</u>	-	<u>346,468</u>
Totals at historical cost	4,140,267	39,901	-	4,180,168
Less accumulated depreciation for:				
Buildings	1,067,046	154,500	-	1,221,546
Equipment	<u>316,209</u>	<u>20,051</u>	-	<u>336,260</u>
Total accumulated depreciation	<u>1,383,255</u>	<u>174,551</u>	-	<u>1,557,806</u>
Governmental activities capital assets, net	<u>\$ 2,757,012</u>	<u>\$ (134,650)</u>	<u>\$ -</u>	<u>\$ 2,622,362</u>

Major capital asset additions included a new air conditioning unit, new gym lights, a deep fryer and a trailer.

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Notes to Basic Financial Statements

December 31, 2017

NOTE D - PER DIEM

As provided by Louisiana Revised Statute 33:4504, the board members received \$10 per diem for each regular and special meeting attended, but shall not be paid for more than twelve meetings in each year.

Labove, Travis	\$ 110
Moore, Bethany	90
Murphy, Terry	120
Stine, Barry	110
Welch, Travis	<u>120</u>
	<u>\$ 550</u>

NOTE E - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE F – TAX ABATEMENTS

Louisiana's State Constitution Chapter VII Section 21 authorizes the Stat Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment related to manufacturing for the first ten years of its operations; after which the property will be added to the local tax roll and taxed at the value and millages in force at the time. The future value of this exempt property could be subject to significant fluctuation from today's value; however, the District could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. All applicable agreements have been entered into by the Cameron Parish Police Jury and directly affect the District's ad valorem assessments. Because these taxes are not assessed or due, no adjustments have been made to the District's financial statements to record a receivable. As of December 31, 2017, \$1,754,511,539 of assessed property in the District's taxing jurisdiction is receiving this exemption, which amounts to \$24,738,613 in ad valorem taxes.

REQUIRED SUPPLEMENTAL INFORMATION

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2017

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Ad valorem taxes - net	\$ 345,000	\$ 345,000	\$ 507,598	\$ 162,598
State revenue sharing	900	900	1,406	506
Concessions income	270,000	270,000	318,490	48,490
Usage fees	5,000	5,000	4,143	(857)
Other income	600	600	1,766	1,166
TOTAL REVENUES	<u>621,500</u>	<u>621,500</u>	<u>833,403</u>	<u>211,903</u>
EXPENDITURES				
General Government				
Advertisements	350	350	264	86
Bank Charges	5,000	5,000	6,785	(1,785)
Insurance- general	50,000	50,000	20,509	29,491
Insurance- hospitalization	-	-	24,617	(24,617)
Miscellaneous	500	500	1,656	(1,156)
Per Diem	500	500	550	(50)
Professional fees	5,000	5,000	3,500	1,500
Repairs	16,000	41,000	41,135	(135)
Salaries	220,000	225,000	210,692	14,308
Supplies- concessions	235,000	245,000	247,860	(2,860)
Supplies- other	31,000	31,000	34,031	(3,031)
Taxes	18,000	18,000	16,926	1,074
Telephone	3,000	3,000	3,634	(634)
Utilities	45,000	45,000	35,110	9,890
Capital Outlay	-	21,000	20,459	541
TOTAL EXPENDITURES	<u>629,350</u>	<u>690,350</u>	<u>667,728</u>	<u>22,622</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,850)	(68,850)	165,675	234,525
FUND BALANCE - BEGINNING	<u>655,018</u>	<u>655,018</u>	<u>655,018</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 647,168</u>	<u>\$ 586,168</u>	<u>\$ 820,693</u>	<u>\$ 234,525</u>

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Budgetary Comparison Schedule - Special Revenue Fund

Year Ended December 31, 2017

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Ad valorem taxes - net	\$ 69,200	\$ 69,200	\$101,451	\$ 32,251
Donation	-	-	5,000	5,000
Usage fees	2,500	2,500	4,273	1,773
TOTAL REVENUES	<u>71,700</u>	<u>71,700</u>	<u>110,724</u>	<u>39,024</u>
EXPENDITURES				
General Government				
Bank Charges	100	100	-	100
Insurance- general	7,500	7,500	7,808	(308)
Miscellaneous	100	100	1,534	(1,434)
Professional fees	3,000	3,000	4,257	(1,257)
Repairs	4,900	15,400	14,064	1,336
Salaries	33,000	37,000	34,796	2,204
Supplies- other	9,600	9,600	8,530	1,070
Taxes	2,500	2,500	2,647	(147)
Telephone	2,000	2,000	1,871	129
Utilities	9,000	9,000	7,286	1,714
Capital Outlay	-	20,000	19,442	558
TOTAL EXPENDITURES	<u>71,700</u>	<u>106,200</u>	<u>102,235</u>	<u>3,965</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(34,500)	8,489	42,989
FUND BALANCE - BEGINNING	<u>118,674</u>	<u>118,674</u>	<u>118,674</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 118,674</u>	<u>\$ 84,174</u>	<u>\$127,163</u>	<u>\$ 42,989</u>

OTHER INFORMATION

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

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

Year Ended December 31, 2017

Chief Executive Officer: Dwayne Sanner, Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 29,058
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-



Gragson, Casiday & Guillory, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
GRAHAM A. PORTUS, E.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BARLOW, C.P.A.
BRIAN MCCAIN, C.P.A.
BLAKE MANUEL, C.P.A.

INDEPENDENT AUDITORS' 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*

June 22, 2018

The Board of Directors
Hackberry Recreation District No. 1 of Cameron Parish
Hackberry, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Hackberry Recreation District No. 1 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Hackberry Recreation District No. 1 of Cameron Parish's basic financial statements, and have issued our report thereon dated June 22, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hackberry Recreation District No. 1 of Cameron Parish'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 Hackberry Recreation District No. 1 of Cameron Parish's internal control. Accordingly, we do not express an opinion on the effectiveness of Hackberry Recreation District No. 1 of Cameron Parish'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or, detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hackberry Recreation District No. 1 of Cameron Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses.

Hackberry Recreation District No. 1 of Cameron Parish's Response to Findings

Hackberry Recreation District No. 1 of Cameron Parish's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Dragsen, Casiday & Guillory

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Schedule of Findings and Responses

Year Ended December 31, 2017

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial
statements noted? ___ yes X no

II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Louisiana Governmental Audit Guide

Finding 2017-01:

Inadequate Segregation of Duties

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

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

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

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

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Schedule of Findings and Responses - Continued

Year Ended December 31, 2017

III – Federal Award Findings and Questioned Costs

- N/A

IV – Prior Year Audit Findings

Finding 2016-01:

Proper segregation of duties for effective internal controls is not in place.

Corrective Actions Taken: None, a repeat finding in 2017.

Finding 2016-02:

Budgetary Authority and Control

Corrective Actions Taken: Satisfactorily corrected.



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INDEPENDENT AUDITORS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

June 22, 2018

Board of Directors
Hackberry Recreation District No. 1 of
Cameron Parish
Hackberry, Louisiana

We have performed the procedures included enumerated below, which were agreed to by the Hackberry Recreation District No. 1 of Cameron Parish and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUP's) for the year ended December 31, 2017. The Authority's management is responsible for those C/C areas identified in the SAUP's.

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 the Authority's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Authority does not have any written policies and procedures), as applicable:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
The District does not have a complete written policies and procedures manual.
 - 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.
The District does not have a complete written policies and procedures manual.
 - c) *Disbursements*, including processing, reviewing, and approving.

The District does not have a complete written policies and procedures manual.

- d) *Receipts*, including receiving, recording, and preparing deposits.

The District does not have a complete written policies and procedures manual.

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The District does not have a complete written policies and procedures manual.

- 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.

The District does not have a complete written policies and procedures manual.

- 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, and (5) monitoring card usage.

The District does not have a complete written policies and procedures manual.

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

The District does not have a complete written policies and procedures manual.

- 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 Authority's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The District does not have a complete written policies and procedures manual.

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

The District does not have a complete written policies and procedures manual.

Board (or Finance Committee, if applicable)

2. Obtain and review the board minutes for the fiscal year, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The minutes reflected that the managing board met monthly in accordance with enabling legislation.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Authority's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal year reflect that the board is monitoring the plan.

The minutes did not reference any budget-to-actual comparisons. The district did not have any deficit spending.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal year.

Minutes, where applicable, contained approval of non-budgetary financial information.

Bank Reconciliations

- 3. Obtain a listing of Authority bank accounts from management and management's representation that the listing is complete.

The listing was provided by management.

- 4. Using the listing provided by management, select all of the Authority's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal year and report whether:

- a) Bank reconciliations have been prepared;

Bank reconciliations were not prepared for all of the selected bank accounts for all months in the fiscal year.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There is no documentation that a member of management or a board member has reviewed each bank reconciliation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

There were no outstanding items older than 6 months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

The listing was provided by management.

6. Using the listing provided by management, select all of the Authority's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The employees accepting payments are bonded. Some of the employees who collect cash are also responsible for depositing, recording and reconciling. Cash register/drawers are maintained and shared by employees.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Authority has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The District has a formal process to reconcile cash collections to the subsidiary ledger and to the general ledger by revenue source by a person who is also responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using Authority collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

All deposits were made the within one business day except for the following. A \$100 deposit made on 1/9/2017 was for collections from 9/28/2016 through 1/12/2017. A \$8,185 deposit made on 1/9/2017 was for collections from 12/12/2016 through 1/4/2017.

Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No evidence of exceptions was found during the testing.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Authority has a process specifically defined (identified as such by the District) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

The District does not have a written process; however, reconciliations are performed by the person responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of Authority disbursements from management or, alternately, obtain the general ledger and sort/filter for Authority disbursements. Obtain management's representation that the listing or general ledger population is complete.

The listing was provided by management.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Authority had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

Randomly selected 25 disbursements and obtained supporting documentation for each transaction.

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

The District does not use a requisition/purchase order system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

The District does not use a requisition/purchase order system.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

All 25 disbursement invoices were approved by check signatures and approved invoices.

10. Using Authority documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Authority's purchasing/disbursement system.

The individual responsible for processing payment is not prohibited from adding vendors to the system.

11. Using Authority documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The individuals with signatory authority and authorization for disbursements also has responsibility to initiate or record purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Authority documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The District's checks are not electronically written. Unused checks are not locked in a secure location. The person with signing authority also has access to the checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The District does not use a signature stamp. Checks are maintained under the control of the signer or authorized user until mailed.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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 list was provided by management

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Authority has less than 10 cards) that were used during the fiscal year, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.]

The board documented its review and approval of all monthly statements.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).

Each transaction tested was supported by an original itemized receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Each transaction tested had the business/public purpose documented.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

All documentation required by policy is in compliance.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Authority's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions were noted.

- c) For each transaction, compare the Authority's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Each transaction tested had the business/public purpose documented.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal year or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

There were no reimbursements for travel.

18. Obtain the Authority's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The District reimburses per diem and mileage at amounts less than the GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Authority does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

There were no reimbursements for travel.

- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

There were no reimbursements for travel.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

There were no reimbursements for travel.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

There were no reimbursements for travel.

- c) Compare the Authority's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

There were no reimbursements for travel.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There were no reimbursements for travel.

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

The listing was provided by management.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Of the five highest paid vendors, none had formal/written contracts. However, invoices were present for each payment.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Authority complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

The contracts/vendors complied with public bid law when applicable.

- If no, obtain supporting contract documentation and report whether the Authority solicited quotes as a best practice.

Solicited quotes were not obtained.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Of the five highest paid vendors, none had formal/written contracts.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Payments complied with the invoices/contracts.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Documentation provided reflected approval by the Board.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

The listing was provided by management.

- a) Review compensation paid to each employee during the fiscal year and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

All selected employees were paid in strict accordance with the approved pay rate structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal year and report whether those changes were approved in writing and in accordance with written policy.

No changes were made to payrates/salaries during the fiscal year.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Authority had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

Not applicable, the District has not adopted a leave policy for its employees.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Not applicable, the District has not adopted a leave policy for its employees.

- c) Report whether there is written documentation that the Authority maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Not applicable, the District has not adopted a leave policy for its employees.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No employees had paid sick leave or vacation.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Documentation reflected that payroll tax returns were timely filed and paid. The district does not have a retirement plan.

Ethics

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the Authority maintained documentation to demonstrate that required ethics training was completed.

Ethics training documentation was not maintained for the selected five employees. These employees were seasonal and worked less than ninety days.

27. Inquire of management whether any alleged ethics violations were reported to the Authority during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Authority's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management was not notified of any alleged or actual ethics violations during the fiscal period.

Debt Service

28. If debt was issued during the fiscal year, obtain supporting documentation from the Authority, and report whether State Bond Commission approval was obtained.

No debt was issued during the fiscal year.

29. If the Authority had outstanding debt during the fiscal period, obtain supporting documentation from the Authority and report whether the Authority made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The District does not have debt.

30. If the Authority had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The District does not have debt.

Other

31. Inquire of management whether the Authority had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Authority reported the misappropriation to the legislative auditor and the Authority attorney of the parish in which the Authority is domiciled.

Management informed us that the District did not have any misappropriation of public funds or assets during the fiscal year.

32. Observe and report whether the Authority has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The District did not have the required notice posted in a conspicuous place upon its premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

The practitioner did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUP's. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Drayson, Casiday & Guillory