

HACKBERRY RECREATION DISTRICT NO. 1
OF CAMERON PARISH

ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2016

CONTENTS

| | |
|--|-------|
| MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) | 3-8 |
| INDEPENDENT AUDITORS' REPORT | 9-11 |
| BASIC FINANCIAL STATEMENTS | |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS | |
| Statement of net position | 14 |
| Statement of activities | 15 |
| FUND FINANCIAL STATEMENTS | |
| Balance sheet-governmental funds | 17 |
| Reconciliation of the balance sheet-Governmental Funds to the statement of net position | 18 |
| Statement of revenues, expenditures and changes in fund balance-governmental funds | 19 |
| Reconciliation of the statement of revenues, expenditures and changes in fund balance-governmental funds to the statement of activities | 20 |
| NOTES TO BASIC FINANCIAL STATEMENTS | 21-28 |
| REQUIRED SUPPLEMENTAL INFORMATION | |
| Budgetary comparison schedule – General Fund | 30 |
| Budgetary comparison schedule – Special Revenue Fund | 31 |
| OTHER INFORMATION: | |
| Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer | 33 |
| INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 34-35 |
| SCHEDULE OF FINDINGS AND RESPONSES | 36-37 |

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, 2016. 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 \$3,530,704 (net position) for the fiscal year reported.
- Total revenues of \$1,041,836 were in excess of total expenses of \$841,929, which resulted in a current year profit of \$199,907, compared to a prior year deficit of \$88,609.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$2,757,012 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 \$118,674 representing the special revenue fund or the multi-purpose facility.
 - (3) Net position – unrestricted of \$655,018 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 \$3,530,704. The following table provides a summary of the District's net position:

| | 2016 | | 2015 | |
|-----------------------------------|---------------------|-------------|---------------------|-------------|
| Assets: | | | | |
| Current assets | \$ 798,876 | 22% | \$ 662,865 | 17% |
| Capital assets, net | <u>2,757,012</u> | <u>78</u> | <u>2,717,351</u> | <u>83</u> |
| Total assets | <u>3,555,888</u> | <u>100%</u> | <u>3,380,216</u> | <u>100%</u> |
| Deferred Outflows of Resources | <u>-</u> | <u>100%</u> | <u>-</u> | <u>100%</u> |
| Liabilities: | | | | |
| Current liabilities | <u>25,184</u> | <u>100%</u> | <u>49,419</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 | 2,757,012 | 83% | 2,717,351 | 82% |
| Net position - restricted | 118,674 | 4 | 95,328 | 3 |
| Net position - unrestricted | <u>655,018</u> | <u>13</u> | <u>518,118</u> | <u>15</u> |
| Total net position | <u>\$ 3,530,704</u> | <u>100%</u> | <u>\$ 3,330,797</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 32 to 1 (13 to 1 for 2015). Net position increased by \$199,907 for the current year. Note that approximately 83% (82% for 2015) 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>2016</u> | | <u>2015</u> |
| Charges for services/fines | \$ | 322,885 | 30% | \$ 289,884 39% |
| General: | | | | |
| Property taxes, net | | 515,178 | 50 | 453,728 61 |
| State revenue sharing | | 1,302 | - | 771 - |
| Donation | | 200,000 | 20 | - - |
| Other income | | <u>2,471</u> | <u>-</u> | <u>2,490</u> - |
| Total Revenues | | 1,041,836 | <u>100%</u> | 746,873 <u>100 %</u> |
| Program expenses: | | | | |
| General government | | <u>841,929</u> | | <u>835,482</u> |
| Change in net position | | 199,907 | | (88,609) |
| Beginning net position | | <u>3,330,797</u> | | <u>3,419,406</u> |
| Ending net position | | <u>\$ 3,530,704</u> | | <u>\$ 3,330,797</u> |

GOVERNMENTAL REVENUES

The District is heavily reliant on property taxes to support governmental operations. Property taxes provided 61% (61% for 2015) 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 \$48,907, due to ad valorem tax revenues. The original budget of the expenditures of the General Fund were more than the prior year's actual amount by \$18,988, mainly due to utilities.

For the current year, the actual revenues were more than the final budget by \$326,847 or 52% mainly due to donation revenues and the final budgeted expenditures were less than the actual expenditures by \$147,097 or 22%, mainly due to capital outlay.

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 \$4,766, mainly due to ad valorem taxes, and the original budget of the expenditures were less than the prior year's actual amounts by \$38,669, mainly due to capital outlay and repairs.

For the current year, the actual revenues were greater than the final budget by \$21,789, mainly due to ad valorem taxes, and the actual expenditures were less than the final budget by \$9,057, mainly due to insurance, salaries and supplies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The District's net investment in capital assets as of December 31, 2016 was \$2,757,012. 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>2016</u> | <u>2015</u> |
| Land | \$ 221,909 | \$ 21,909 |
| Construction in progress | - | - |
| Total non-depreciable assets | <u>\$ 221,909</u> | <u>\$ 21,909</u> |
| Depreciable assets: | | |
| Buildings | \$ 3,585,172 | \$ 3,575,185 |
| Equipment | <u>333,186</u> | <u>324,602</u> |
| Total depreciable assets | 3,918,358 | 3,899,787 |
| Less accumulated depreciation | <u>1,383,255</u> | <u>1,204,345</u> |
| Book value-depreciable assets | <u>\$ 2,535,103</u> | <u>\$ 2,695,442</u> |
| Percentage depreciated | <u>35%</u> | <u>31%</u> |
| Book value-all assets | <u>\$ 2,757,012</u> | <u>\$ 2,717,351</u> |

Major capital asset additions included donated land and a ball field locker room building.

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

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INDEPENDENT AUDITORS' REPORT

June 28, 2017

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, 2016, 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.

Board of Commissioners
Hackberry Recreation District No. 1 of Cameron Parish
June 28, 2017
Page Two

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, 2016, 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 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 28, 2017, 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.

Gragsen, Casiday & Guillory

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Statement of Net Position

December 31, 2016

| | |
|-------------------------------------|---------------------|
| ASSETS | |
| Cash | \$ 340,696 |
| Receivables | 449,473 |
| Prepaid expenses | 8,707 |
| Capital assets: | |
| Land | 221,909 |
| Capital assets, net | <u>2,535,103</u> |
| TOTAL ASSETS | <u>3,555,888</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>-</u> |
| LIABILITIES | |
| Accounts and other accrued payables | <u>25,184</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>-</u> |
| NET POSITION | |
| Net investment in capital assets | 2,757,012 |
| Net position - restricted | 118,674 |
| Net position - unrestricted | <u>655,018</u> |
| TOTAL NET POSITION | <u>\$ 3,530,704</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, 2016

| <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 | \$ (841,929) | \$ 322,885 | \$ - | \$ (519,044) |
| | | General Revenues: | | |
| | | Property taxes, net | | 515,178 |
| | | State revenue sharing | | 1,302 |
| | | Donation | | 200,000 |
| | | Other income | | 2,471 |
| | | Total General Revenues | | <u>718,951</u> |
| | | Change in Net Position | | <u>199,907</u> |
| | | Net Position, beginning | | <u>3,330,797</u> |
| | | Net Position, ending | | <u>\$ 3,530,704</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, 2016

| | GENERAL FUND | SPECIAL REVENUE | 2016 | 2015 |
|---|-------------------|--------------------|-------------------|-------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 296,476 | \$ 44,220 | \$ 340,696 | \$ 233,054 |
| Receivables | | | | |
| Ad valorem taxes (net) | 373,711 | 74,742 | 448,453 | 417,505 |
| State revenue sharing | 1,020 | - | 1,020 | 1,020 |
| Prepaid expenses | 5,859 | 2,848 | 8,707 | 11,286 |
| Total Assets | <u>677,066</u> | <u>121,810</u> | <u>798,876</u> | <u>662,865</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | |
| | <u>\$ 677,066</u> | <u>\$ 121,810</u> | <u>\$ 798,876</u> | <u>\$ 662,865</u> |
| LIABILITIES | | | | |
| Accounts payable | <u>\$ 22,048</u> | <u>\$ 3,136</u> | <u>\$ 25,184</u> | <u>\$ 49,419</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| | - | - | - | - |
| FUND BALANCES | | | | |
| Restricted | - | 118,674 | 118,674 | 95,328 |
| Unassigned | 655,018 | - | 655,018 | 518,118 |
| Total Fund Balances | <u>655,018</u> | <u>118,674</u> | <u>773,692</u> | <u>613,446</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| | <u>\$ 677,066</u> | <u>\$ 121,810</u> | <u>\$ 798,876</u> | <u>\$ 662,865</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, 2016

| | | | |
|--|----|------------------|---------------------|
| Total fund balance for governmental fund at December 31, 2016 | | \$ | 773,692 |
| 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 \$1,383,255 accumulated depreciation | | <u>2,535,103</u> | <u>2,757,012</u> |
| Total net position of governmental activities at December 31, 2016 | | | <u>\$ 3,530,704</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, 2016

| | GENERAL FUND | SPECIAL REVENUE FUND | 2016 | 2015 |
|-----------------------------------|-------------------|----------------------------|-------------------|-------------------|
| REVENUES | | | | |
| Ad valorem taxes - net | \$ 428,190 | \$ 86,988 | \$ 515,178 | \$ 453,728 |
| State revenue sharing | 1,302 | - | 1,302 | 771 |
| Concessions income | 316,384 | - | 316,384 | 284,539 |
| Usage fees | - | 6,501 | 6,501 | 5,345 |
| Donation | 200,000 | - | 200,000 | - |
| Other income | 2,471 | - | 2,471 | 2,490 |
| TOTAL REVENUES | <u>948,347</u> | <u>93,489</u> | <u>1,041,836</u> | <u>746,873</u> |
| EXPENDITURES | | | | |
| General Government | | | | |
| Advertisements | 246 | - | 246 | 244 |
| Bank Charges | 6,023 | - | 6,023 | 5,000 |
| Insurance- general | 35,275 | 8,205 | 43,480 | 31,175 |
| Miscellaneous | 952 | 574 | 1,526 | 1,790 |
| Per Diem | 510 | - | 510 | 570 |
| Professional fees | 3,250 | 3,250 | 6,500 | 6,000 |
| Repairs | 20,395 | 4,039 | 24,434 | 41,170 |
| Salaries | 206,492 | 31,118 | 237,610 | 230,004 |
| Supplies- concessions | 229,735 | - | 229,735 | 232,250 |
| Supplies- other | 35,537 | 8,471 | 44,008 | 41,076 |
| Taxes | 17,191 | 2,381 | 19,572 | 17,678 |
| Telephone | 3,305 | 1,867 | 5,172 | 5,394 |
| Utilities | 35,965 | 8,238 | 44,203 | 44,046 |
| Capital Outlay | 218,571 | - | 218,571 | 44,334 |
| TOTAL EXPENDITURES | <u>813,447</u> | <u>68,143</u> | <u>881,590</u> | <u>700,731</u> |
| EXCESS | 134,900 | 25,346 | 160,246 | 46,142 |
| TRANSFERS | <u>2,000</u> | <u>(2,000)</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | 136,900 | 23,346 | 160,246 | 46,142 |
| FUND BALANCE - BEGINNING | <u>518,118</u> | <u>95,328</u> | <u>613,446</u> | <u>567,304</u> |
| FUND BALANCE - ENDING | <u>\$ 655,018</u> | <u>\$ 118,674</u> | <u>\$ 773,692</u> | <u>\$ 613,446</u> |

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, 2016

| | |
|--|------------|
| Total net changes in fund balance at December 31, 2016 per Statement of Revenues, Expenditures and Changes in Fund Balance | \$ 160,246 |
|--|------------|

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 | \$ 218,571 | |
| Depreciation expense for the year ended December 31, 2016 | <u>(178,910)</u> | <u>39,661</u> |

| | |
|---|-------------------|
| Total net changes in fund balance at December 31, 2016 per Statement of Activities | <u>\$ 199,907</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, 2016

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, 2016

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, 2016

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, 2016

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, 2016, the District had \$352,764 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$102,764 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, 2016

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, 2016 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, 2016

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 28, 2017, 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, 2016

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, 2016, taxes were levied on property with taxable assessed valuations as follows:

| | <u>General Purposes</u> | <u>Special Revenue</u> |
|--------------------|-----------------------------|----------------------------|
| Assessed valuation | \$ 40,310,436 | \$ 40,310,436 |
| 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, 2016 follows:

| | <u>Beginning Of Year</u> | <u>Additions</u> | <u>Deletions</u> | <u>End of Year</u> |
|---|------------------------------|------------------|------------------|------------------------|
| Governmental activities: | | | | |
| Land | \$ 21,909 | \$ 200,000 | \$ - | \$ 221,909 |
| Buildings | 3,575,185 | 9,987 | - | 3,585,172 |
| Equipment | 324,602 | 8,584 | - | 333,186 |
| Construction in progress | - | - | - | - |
| Totals at historical cost | <u>3,921,696</u> | <u>218,571</u> | <u>-</u> | <u>4,140,267</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 909,724 | 157,322 | - | 1,067,046 |
| Equipment | 294,621 | 21,588 | - | 316,209 |
| Total accumulated depreciation | <u>1,204,345</u> | <u>178,910</u> | <u>-</u> | <u>1,383,255</u> |
| Governmental activities capital assets, net | <u>\$ 2,717,351</u> | <u>\$ 39,661</u> | <u>\$ -</u> | <u>\$ 2,757,012</u> |

Major capital asset additions included donated land and a ball field locker room building.

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Notes to Basic Financial Statements

December 31, 2016

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.

| | |
|-----------------|---------------|
| Johnson, Blaine | \$ 60 |
| Labove, Travis | 100 |
| Moore, Bethany | 110 |
| Murphy, Terry | 10 |
| Stine, Barry | 110 |
| Welch, Travis | 30 |
| Welch, Kenny | <u>90</u> |
| | <u>\$ 510</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, 2016, \$1,500,870,418 of assessed property in the District's taxing jurisdiction is receiving this exemption, which amounts to \$17,740,288 in ad valorem taxes.

REQUIRED SUPPLEMENTAL INFORMATION

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2016

| | BUDGET | | ACTUAL | VARIANCE |
|--|-------------------|-------------------|-------------------|----------------------------|
| | ORIGINAL | FINAL | | FAVORABLE (UNFAVORABLE) |
| REVENUES | | | | |
| Ad valorem taxes - net | \$ 345,000 | \$ 345,000 | \$ 428,190 | \$ 83,190 |
| State revenue sharing | 900 | 900 | 1,302 | 402 |
| Concessions income | 270,000 | 270,000 | 316,384 | 46,384 |
| Usage fees | 600 | 600 | - | (600) |
| Donation | - | - | 200,000 | 200,000 |
| Other income | 5,000 | 5,000 | 2,471 | (2,529) |
| TOTAL REVENUES | <u>621,500</u> | <u>621,500</u> | <u>948,347</u> | <u>326,847</u> |
| EXPENDITURES | | | | |
| General Government | | | | |
| Advertisements | 350 | 350 | 246 | 104 |
| Bank Charges | 5,000 | 5,000 | 6,023 | (1,023) |
| Insurance- general | 30,000 | 52,000 | 35,275 | 16,725 |
| Miscellaneous | 500 | 500 | 952 | (452) |
| Per Diem | 500 | 500 | 510 | (10) |
| Professional fees | 5,000 | 5,000 | 3,250 | 1,750 |
| Repairs | 16,000 | 36,000 | 20,395 | 15,605 |
| Salaries | 220,000 | 220,000 | 206,492 | 13,508 |
| Supplies- concessions | 235,000 | 235,000 | 229,735 | 5,265 |
| Supplies- other | 31,000 | 31,000 | 35,537 | (4,537) |
| Taxes | 18,000 | 18,000 | 17,191 | 809 |
| Telephone | 3,000 | 3,000 | 3,305 | (305) |
| Utilities | 45,000 | 45,000 | 35,965 | 9,035 |
| Capital Outlay | - | 15,000 | 218,571 | (203,571) |
| TOTAL EXPENDITURES | <u>609,350</u> | <u>666,350</u> | <u>813,447</u> | <u>(147,097)</u> |
| | 12,150 | (44,850) | 134,900 | 179,750 |
| TRANSFERS | <u>-</u> | <u>-</u> | <u>2,000</u> | <u>2,000</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 12,150 | (44,850) | 136,900 | 181,750 |
| FUND BALANCE - BEGINNING | <u>518,118</u> | <u>518,118</u> | <u>518,118</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ 530,268</u> | <u>\$ 473,268</u> | <u>\$ 655,018</u> | <u>\$ 181,750</u> |

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Budgetary Comparison Schedule - Special Revenue Fund

Year Ended December 31, 2016

| | BUDGET | | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--|------------------|------------------|------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Ad valorem taxes - net | \$ 69,200 | \$ 69,200 | \$ 86,988 | \$ 17,788 |
| Usage fees | 2,500 | 2,500 | 6,501 | 4,001 |
| TOTAL REVENUES | <u>71,700</u> | <u>71,700</u> | <u>93,489</u> | <u>21,789</u> |
| EXPENDITURES | | | | |
| General Government | | | | |
| Bank Charges | 100 | 100 | - | 100 |
| Insurance- general | 7,500 | 13,000 | 8,205 | 4,795 |
| Miscellaneous | 100 | 100 | 574 | (474) |
| Professional fees | 3,000 | 3,000 | 3,250 | (250) |
| Repairs | 4,900 | 4,900 | 4,039 | 861 |
| Salaries | 33,000 | 33,000 | 31,118 | 1,882 |
| Supplies- other | 9,600 | 9,600 | 8,471 | 1,129 |
| Taxes | 2,500 | 2,500 | 2,381 | 119 |
| Telephone | 2,000 | 2,000 | 1,867 | 133 |
| Utilities | 9,000 | 9,000 | 8,238 | 762 |
| Capital Outlay | - | - | - | - |
| TOTAL EXPENDITURES | <u>71,700</u> | <u>77,200</u> | <u>68,143</u> | <u>9,057</u> |
| | - | (5,500) | 25,346 | 30,846 |
| TRANSFERS | <u>-</u> | <u>-</u> | <u>(2,000)</u> | <u>(2,000)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | - | (5,500) | 23,346 | 28,846 |
| FUND BALANCE - BEGINNING | <u>95,328</u> | <u>95,328</u> | <u>95,328</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ 95,328</u> | <u>\$ 89,828</u> | <u>\$118,674</u> | <u>\$ 28,846</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, 2016

Chief Executive Officer: Dwayne Sanner, Director

| <u>Purpose</u> | <u>Amount</u> |
|--|---------------|
| Salary | \$ 21,389 |
| 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

RAYMOND GUILLORY, JR., C.P.A.
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.

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 28, 2017

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, 2016, 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 28, 2017.

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.

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.

Gragsen, Casiday & Guillory

HACKBERRY RECREATION DISTRICT NO. 1 OF CAMERON PARISH

Schedule of Findings and Responses

Year Ended December 31, 2016

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 2016-01:

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, 2016

Finding 2016-02:

Budgetary Authority and Control:

Condition: Inadequate budgeting procedures resulted in expenses being over budget by 5% or more in the General Fund.

Criteria: Inadequate budgeting procedures.

Effect: Violations of Louisiana Revised Statute 39:1310.

Cause: Administrative lack of oversight. The budget for the general fund was not amended for the additional capital outlay from the transfer of the multipurpose complex from the Cameron Parish Police Jury.

Recommendation: The District should review actual revenues and expenditures on an interim basis and amend the budget when necessary.

Response/Corrective Action Planned: Management did not realize that the budget needed to be amended for the transfer of land due to the net effect of the transfer being zero. The District agrees with the finding and will implement the recommendations.

III – Federal Award Findings and Questioned Costs

- N/A

IV – Prior Year Audit Findings

Finding 2015-01:

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

Corrective Actions Taken: None, a repeat finding in 2016.