

**JOHN K. KELLY GRAND BAYOU
RESERVOIR COMMISSION
COUSHATTA, LOUISIANA**

**FINANCIAL REPORT
FOR THE YEAR ENDED December 31, 2021**

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
Coushatta, Louisiana

FINANCIAL REPORT
December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

John K. Kelly Grand Bayou Reservoir Commission
Coushatta, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the John K. Kelly Grand Bayou Reservoir Commission, Coushatta, Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Grand Bayou's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Grand Bayou, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grand Bayou and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Bayou's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information Part I

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, listed as required supplementary information (Part I) in the table of contents, 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand Bayou's basic financial statements. The accompanying financial information, listed as "Other Supplemental Information" in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying "Other Supplemental Information" is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the 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 21, 2022, on our consideration of Grand Bayou's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and in considering Grand Bayou's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated June 21, 2022, on the results of our state-wide agree-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state-wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
June 21, 2022

REQUIRED SUPPLEMENTAL INFORMATION

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
Coushatta, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the Year Ended December 31, 2021

As management of the John K. Kelly Grand Bayou Reservoir Commission, Coushatta, Louisiana, (hereafter referred to as the "Commission") we offer the readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission as of and for the year ended December 31, 2021. This document focuses on the current year's activities, resulting changes, and currently known facts. We encourage readers to consider the information presented here in conjunction with the Commission's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

- The Commission experienced a decrease in its net position of 1.54% (\$78,900) during the year ended December 31, 2021 compared to an decrease of 3.34% (\$177,662) for the prior year.
- Overall revenues increased \$103,284 (15.23%) from \$678,289 in 2020 to \$781,573 for the year ended December 31, 2021.
- Program revenue increased \$107,018 (24.84%) for the year ended December 31, 2021, to \$537,913 from \$430,895 during the prior year.
- Levied ad valorem taxes decreased \$5,216 (2.10%) to \$243,342 in 2021 compared to \$248,558 for year ended December 31, 2020.
- Expenses increased \$4,522 (0.53%) to \$860,473 for the year ending December 31, 2021, from \$855,951 during the prior year.
- As of December 31, 2021, the assets of the Commission exceeded its liabilities by \$5,057,910. Of this amount, \$750,164 or 14.83% is reported as "unrestricted net position" and represents the amount available to be used to meet the Commission's ongoing obligations to the citizens of Red River Parish. This compares to \$561,674 or 10.93% available at December 31, 2020.
- During the year ended December 31, 2021 the Commission purchased \$2,200 in capital assets for the resort and completed \$95,012 in repairs and maintenance.

OVERVIEW OF THE FINANCIAL STATEMENTS

John K. Kelly Grand Bayou Reservoir Commission is a special-purpose government engaged in only one business-type activity, and therefore required to report as a proprietary fund. This business-type function is normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activity of the Commission consists primarily of the rental of lodging and recreational facilities to the general public.

The minimum requirements for the John K. Kelly Grand Bayou Reservoir Commission's basic financial statements established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements--and Management's Discussion and Analysis—for State and Local Governments* consists of three sections—1) Management's Discussion and Analysis (this section) 2) the basic financial statements (including the notes to the financial statements), and 3) required supplementary information.

The required basic financial statement components are described below:

Basic Financial Statements

- The **Statement of Net Position** presents all of the Commission's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the Commission's net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.
- The **Statement of Revenues, Expenses, and Changes in Net Position** presents information showing how the Commission's net position changed during the most recent year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some of the revenues and some expenses that are reported in this statement will not result in cash flows until future years.
- The purpose of the **Statement of Cash Flows** is to provide relevant information about the cash receipts and cash payments of any entity during a period. Together with other information this will help the user assess the Commission's ability to generate future net cash flows and meet future obligations as they become due.
- The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided. The notes to the financial statements can be found immediately following the three basic financial statements.

Other Supplementary Information

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented to fulfil the requirements of Louisiana Revised Statute 24:513(A)(3).

FINANCIAL ANALYSIS OF ENTITY

Net Position

The Commission's net position totaled \$5,057,910 and \$5,136,810 at the end of the fiscal years 2021 and 2020, respectively.

Statements of Net Position		
December 31,		
	2021	2020
Current and Other Assets	\$ 775,094	\$ 592,507
Capital Assets- net	4,307,746	4,575,136
Total Assets	5,082,840	5,167,643
Total Current Liabilities	24,930	30,833
Net Position:		
Net Investment in Capital Assets	4,307,746	4,575,136
Unrestricted	750,164	561,674
Total Net Position	\$ 5,057,910	\$ 5,136,810

At December 31, 2021, \$4,307,746 (85.17%) of the Commission's net position reflects the Commission's investment in capital assets such as land, buildings, equipment, water and sewer plant and improvements, less any related debt used to acquire those assets that is still outstanding. The Commission uses these capital assets to provide services to the general public; consequently, these assets are not available for future spending.

The other portion of the Commission's net position, \$750,164 (14.83%) is unrestricted and may be used to meet the Commission's ongoing obligations to citizens and creditors at the discretion of the board of commissioners.

Changes in Net Position

The Commission's net position decreased \$78,900 (1.54%) and decreased 177,662 (3.34%) during the years ended December 31, 2021 and 2020, respectively.

Statements of Activities		
For the years ended December 31,		
	2021	2020
Revenues:		
Program revenues:		
Charges for Services	\$ 537,913	\$ 430,895
General revenues:		
Ad valorem taxes	243,342	248,558
Gain (loss) on sale of Assets	-	(1,210)
Miscellaneous	279	-
Interest	39	46
Total revenues	<u>781,573</u>	<u>678,289</u>
Expenses:		
Recreation	860,473	855,951
Total expenses	<u>860,473</u>	<u>855,951</u>
Change in net position	(78,900)	(177,662)
Net position-beginning	5,136,810	5,314,472
Net position-ending	\$ 5,057,910	\$ 5,136,810

CAPITAL ASSET ADMINISTRATION

The Commission's investment in capital assets as of December 31, 2021, totaled \$9,765,650, net of accumulated depreciation of \$5,457,904, leaving a book value of \$4,307,746. This investment in capital assets consists of land, buildings, equipment, water and sewer plant, and improvements. Depreciation charges for the year 2021 totaled \$269,590 compared to \$263,064 for the prior year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Commission considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

1. Charges for services
2. Ad valorem taxes revenue
3. Increased repairs and maintenance

The Commission expects to continue repairs and maintenance and capital asset upgrades in the next year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Commission and seeks to demonstrate the Commission's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Rene' Albright, Manager, John K. Kelly Grand Bayou Reservoir Commission, 5286 Highway 784, Coushatta, Louisiana 71019 or by calling (318)932-0066.

BASIC FINANCIAL STATEMENTS

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
Coushatta, Louisiana

STATEMENT OF NET POSITION
December 31, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$	509,358
Ad valorem tax receivable		256,152
Prepaid expenses		9,519
Total current assets		775,029

Noncurrent Assets:

Capital assets, net of depreciation		4,307,746
Deposits		65
Total noncurrent assets		4,307,811

Total assets	\$	5,082,840
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LIABILITIES AND NET POSITION**LIABILITIES**

Current Liabilities:

Accounts payable	\$	14,461
Sales tax payable		2,917
Payroll taxes payable		7,552
Total current liabilities		24,930

Total liabilities		24,930
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NET POSITION

Net investment in capital assets		4,307,746
Unrestricted		750,164
Total net position		5,057,910

Total Liabilities and Net Position	\$	5,082,840
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The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
Coushatta, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended December 31, 2021

PROGRAM REVENUE

Service fees and rental income	\$ 537,913
Total operating revenue	537,913

OPERATING EXPENSES

Advertising	5,789
Fuel	5,489
Insurance	49,605
Office supplies	2,754
Postage	359
Repairs and maintenance	95,012
Telephone	5,739
Utilities	110,985
Legal and professional	14,530
Supplies	9,285
Salaries	237,092
Payroll taxes	21,340
Depreciation	269,590
General and administrative	24,367
Employee Benefits	8,537
Total operating expenses	860,473

Operating income (loss) (322,560)

GENERAL REVENUES

Ad valorem taxes	243,342
Miscellaneous	279
Interest income	39
Total nonoperating income	243,660

Change in net position (78,900)

Net position, beginning of year 5,136,810

Net position, end of year \$ 5,057,910

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
Coushatta, Louisiana

STATEMENT OF CASH FLOWS
For the year ended December 31, 2021

Cash flow from operating activities:	
Receipts from customers	\$ 537,913
Cash payments to suppliers for goods and services	(330,649)
Cash payments to employees for services	<u>(265,663)</u>
Net cash used in operating activities	<u>(58,399)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(2,200)
Ad Valorem tax receipts	<u>251,683</u>
Net cash used in capital and related financing activities	<u>249,762</u>
Cash flows from investing activities:	
Interest income	<u>39</u>
Net cash from investing activities	<u>39</u>
Net change in cash	191,402
Cash, beginning of year	<u>317,956</u>
Cash, end of year	<u>\$ 509,358</u>
Reconciliation of operating income to cash used in operating activities:	
Operating loss	\$ (322,560)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	269,590
(Increase) Decrease in prepaid expenses	474
Increase (Decrease) in accounts payable	(8,124)
Increase (Decrease) in sales tax payable	915
Increase (Decrease) in payroll taxes payable	<u>1,306</u>
Net cash flows from operating activities	<u>\$ (58,399)</u>

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
Coushatta, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

The John K. Kelly Grand Bayou Reservoir Commission (the Commission), which was originally named the Black Lake Bayou Recreation and Water Conservation Commission of Red River Parish, was established by Act 474 of 1958 containing R.S. 38:2701 through 38:2717 of the Louisiana Legislature. The Commission is located in Red River Parish with the purpose of development of the wealth and natural resources of the area by the conservation of soil and water for agricultural, recreational, commercial, industrial, and sanitary purposes. The Commission is a political subdivision of the State of Louisiana and is governed by a board of seven (7) commissioners appointed by the governor for a five (5) year term. Members of the board of commissioners receive no compensation for their services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Measurement Focus

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with these principles.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

For financial reporting purposes, the Commission is considered a special-purpose government engaged only in business-type activities (enterprise fund type). GASB No. 34, paragraph 66 indicates that reporting should focus on determining operating income, changes in net position (or cost recovery), financial position, and cash flows. GASB No. 34, paragraph 91 lists the following required financial statements for an enterprise fund type: 1) statement of net position, 2) statement of revenues, expenses, and changes in fund net position, and 3) statement of cash flows.

The Commission's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Application of the accrual basis of accounting may, at times, require use of certain private sector standards issued by the Financial Accounting Standards Board (FASB) prior to November 30, 1989. In determining which of those standards to apply, the Commission follows the guidance included in GASB Statement No. 62- *Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 30, 1989 FASB and AICPA*.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
Coushatta, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation and Measurement Focus (continued)

Revenue Recognition

Revenues are recognized using the full-accrual basis of accounting, therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis, therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is considered necessary. At December 31, 2021, the Commission's accounts receivable consist of ad valorem taxes due.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid expenses.

Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the Commission is charged as an expense against operations in the Statement of Revenues, Expenses, and Changes in Net Position. Capital assets, net of accumulated depreciation, are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs, and minor renewals are charged to expenses as incurred. Major expenditures for renewals and betterments are capitalized.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
Coushatta, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Full-time employees of the Commission earn one to two weeks of annual leave, depending on length of service, and one week of sick leave each year. Fifteen days of sick leave can be accumulated or carried over from one year to the next, but is not paid if the employee leaves. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

Restricted Net Position

GASB No. 34, paragraph 98 requires net position to be reported in the following three components:

1. Investment in capital assets, net of related debt – 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 attributed to the acquisition, construction, or improvement of those assets. At December 31, 2021, the Commission did not have any debt balances.
2. Restricted net position – net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation. At December 31, 2021, the Commission did not have any restricted balances.
3. Unrestricted – all other net position is reported in this category.

The Commission typically uses restricted funds first, followed by unrestricted funds when an expenditure is incurred for purposes for which amounts in either of these classifications could be used.

Estimates

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

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
Coushatta, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Cash and cash equivalents include demand deposits at local financial institutions with a carrying value of \$509,358 at December 31, 2021. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the Commission's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of December 31, 2021, the Commission's bank balance total \$516,001 and are secured from risk by FDIC insurance of \$250,000 and \$266,001 of pledged marketable securities held by the custodial bank with a market value of \$895,766.

3. LEVIED TAXES

The John K Kelly Grand Bayou Reservoir Commission levies taxes on real and business property located within the boundaries of Red River Parish. Property taxes are levied by the Commission on property values assessed by the Red River Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The Red River Sheriff's office bills and collects property taxes for the Commission. Collections are remitted to the Commission monthly. The Commission recognizes property tax revenues when levied.

The property tax calendar:

Assessment date	January 1, 2021
Levy date	June 30, 2021
Tax bills mailed	October 15, 2021
Total taxes are due	December 31, 2021
Penalties & interest added	January 31, 2022
Tax sale	May 15, 2022

The Commission has authorized ad valorem tax millage of 1.04 mill and levied taxes of 1.04 mill for 2021. This tax is dedicated for the purpose of maintaining, operating, and supporting the Grand Bayou Resort, including acquiring, constructing, improving, maintaining, and operating facilities, equipment, and programs, and assisting Wildlife and Fisheries in controlling aquatic vegetation in Grand Bayou Reservoir. This tax expires in November, 2026. Revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2020. Total assessed value in the Commission's district was \$245,792,800 in 2021. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$11,810,420 in 2021. Total of ad valorem tax revenues recognized in 2021 by the Commission was \$243,342.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
Coushatta, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

3. LEVIED TAXES (continued)

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Louisiana Economic Development's Board of Commerce and Industry. The exemption may be renewed for an additional five years. Under agreements entered into by the State of Louisiana, through the Louisiana Industrial Ad Valorem Tax Exemption program, the Commission's ad valorem tax revenues were reduced by \$650 for the fiscal year ending December 31, 2021.

4. CAPITAL ASSETS

A summary of the Commission's capital assets at December 31, 2021 follows:

	Balance December 31, 2020	Additions	Disposals/ Reclassification	Balance December 31, 2021
Capital assets not being depreciated:				
Land	\$ 93,000	\$ -	\$ -	\$ 93,000
Capital assets being depreciated:				
Buildings and building improvements	9,470,248	2,200	-	9,472,448
Furniture, fixtures, and equipment	200,202	-	-	200,202
Total capital assets being depreciated	<u>9,670,450</u>	<u>2,200</u>	<u>-</u>	<u>9,672,650</u>
Less accumulated depreciation for:				
Buildings and building improvements	5,035,326	255,787	-	5,291,113
Furniture, fixtures, and equipment	152,988	13,803	-	166,791
Total accumulated depreciation	<u>5,188,314</u>	<u>269,590</u>	<u>-</u>	<u>5,457,904</u>
Total capital assets, net	<u>\$ 4,575,136</u>	<u>\$ (267,390)</u>	<u>\$ -</u>	<u>\$ 4,307,746</u>

5. LEASES

The Commission has one active lease that is now operating on a month to month basis.

6. RISK MANAGEMENT/LITIGATION

The Commission is exposed to various risks of loss related to limited torts, theft of or damage to and destruction of assets, and errors and omissions. To handle some of the risk, the Commission maintains surety bond coverage. No settled claims from these risks have exceeded insurance coverage in the last three years. There were no significant changes to insurance coverage during the year ended December 31, 2021. The Commission was not involved in any litigation at December 31, 2021.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
Coushatta, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

7. COMPENSATION PAID TO BOARD MEMBERS

The members of the Board of Commissioners of the John K. Kelly Grand Bayou Reservoir Commission receive no compensation for their services. At December 31, 2021, the members of the Board were as follows:

Mary Ann Wiggins, Chairman
Peggy A. McCoy, Vice-Chairman
Faerie Sledge, Secretary
Anita S. Hinds
Antony D. Thomas
Noel Jones
Rebecca Craig

8. SUBSEQUENT EVENTS

Management has performed an evaluation of the Commission's activities through June 21, 2022, and has concluded that there are no significant events requiring recognition or disclosure through the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Schedule 1

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
Coushatta, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended December 31, 2021

Park Manager	<u>Rene' Albright</u>
Purpose:	
Salary	\$ 42,000
Benefits-insurance	-
Benefits- retirement	-
Payroll taxes employer	3,641
Car allowance	-
Vehicle provided by government	-
Vehicle Per diem	1,880
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Total	<u>\$ 47,521</u>

See the accompanying independent auditor's report.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS



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

John K. Kelly Grand Bayou Reservoir Commission
Coushatta, Louisiana

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the John K. Kelly Grand Bayou Reservoir Commission (the Commission), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated June 21, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses as items 2021-01, and 2021-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 as items 2021-03 and 2021-04.

The Commission's Response to Findings

The Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Commission'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 Commission's internal control or on compliance. This report is an integral part of any audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 21:513 this report is a public document.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
June 21, 2022

AUDIT FINDINGS

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION

Schedule of Findings

For the year ended December 31, 2021

SUMMARY OF AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT:

We have audited the basic financial statements of John K. Kelly Grand Bayou Reservoir Commission as of and for the year ended December 31, 2021, and have issued our report thereon dated June 21, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the basic financial statements as of December 31, 2021, resulted in an unmodified opinion.

REPORT ON INTERNAL CONTROL AND COMPLIANCE AND OTHER MATTERS MATERIAL TO THE FINANCIAL STATEMENTS:

Internal Control

Significant Deficiency	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Material Weakness	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Compliance

Compliance Material to Financial Statements	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Other Matters	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

FEDERAL AWARDS: Not applicable

MANAGEMENT LETTER: None was issued.

Part II. Findings relating to the Financial Statements which are required to be reported under *Government Auditing Standards*.

FINDINGS RELATED TO INTERNAL CONTROL

2021-01. Inadequate segregation of duties (finding since 2013)

Criteria: Good internal control requires that different personnel be assigned to authorize transactions, record transactions, and maintain custody of assets.

Condition: The manager initiates purchase orders, approves the purchase orders and invoices, generates the checks, and is an authorized signatory on the checking account. The manager also completes the functions of posting the billings, collections, and making bank deposits, as well as reconciling the billing software to the general ledger. There are established policies that all checks require dual signatures including the manager and one of the commissioners. An outside bookkeeper reviews the cancelled checks on the bank statements to determine dual signatures are present and prepares monthly bank reconciliations. The bank statements are delivered directly to the office of the manager before the outside bookkeeper gets them, although we are told that they are not opened.

Cause: Small staff within the entity makes segregation difficult.

Effect: Unauthorized transactions could occur and not be detected.

Recommendation: The duties should be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes: 1) separating transaction authorization from custody of related assets; 2) separating initializing transactions from general ledger posting and maintenance; 3) separating monitoring responsibility from record-keeping. Where these segregations are not practical, we recommend close supervision and review by the board of directors.

2021-02. Inadequate design of internal control over financial statement preparation.

Criteria: Management has a duty to maintain controls to ensure financial statements are reliable. Controls should be in place to assure that transactions are classified correctly and are complete.

Condition: Transactions are not recorded to permit preparation of financial statements in conformity with GAAP.

Cause: The Commission's staff lacks knowledge necessary to internally complete the adjusting and closing entries for financial statement reporting requirements.

Effect: The Commission's management and staff may not identify material misstatements in the financial statements.

Recommendation: The Commission should either: 1) obtain the resources and/or knowledge necessary to internally prepare the closing and adjusting entries and preparing the financial statements in accordance with GAAP, or 2) determine if the cost of 1) overrides the benefit of correcting this control deficiency.

FINDINGS RELATED TO COMPLIANCE

2021-03. Noncompliance with the Louisiana Code of Governmental Ethics.

Criteria: Louisiana Revised Statutes LSA-R.S. 42:1170(A)(3)(a)(i) require each public servant to receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of his public employment.

Condition: One board member of the Commission did not complete the required training on the Code of Governmental Ethics.

Cause: Unknown.

Effect: Penalties could be assessed by the Board of Ethics.

Recommendation: Management should ensure that all employees and commissioners complete the required Ethics training annually.

2021-04. Noncompliance with Internal Revenue Service requirements.

Criteria: The Internal Revenue Service requires that 1099's be issued to certain vendors paid in the ordinary course of business.

Condition: Several 1099 eligible vendors were not sent 1099's as required by the Internal Revenue Service.

Cause: Unknown.

Effect: Penalties could be assessed by the Internal Revenue Service.

Recommendation: Management should ensure that all 1099 eligible vendors are sent 1099's as required by Law.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION

Summary Schedule of Prior Year Findings For the year ended December 31, 2021

2020-01, 2019-01, 2018-01, 2017-01, 2016-01, 2015-01, 2014-01, 2013-01 Segregation of Duties.

Partially resolved. Management and the Board continue to make progress. A board member that is not a signatory now reviews all bank statements and reconciliations monthly.

2020-02, 2019-02, 2018-02, 2017-02, 2016-02, 2015-02, 2014-02 Inadequate design of internal control over financial statement preparation.

Unresolved.

2020-03, 2019-05 Noncompliance with the Louisiana Code of Governmental Ethics.

Unresolved.

2020-04 Noncompliance with Internal Revenue Service requirements.

Unresolved.



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Management Response to Independent Auditor Report Findings

To the Louisiana Legislative Auditor:

2021-01 – The board is reviewing and approving the payments when invoices are presented for their signatures. The outside bookkeeper is reconciling the daily balancing sheets and deposits to the bank statements and general ledger. Additionally, as recommended a board member that is not a signatory reviews and approves all bank statements and reconciliations.

2021-02 – Management and the Board of Commissioners has established a commitment to ethical values and integrity and reviews a budget to actual report each month and asks for explanations. Management has password protected software which is limited to manager. An independent bookkeeper reconciles all accounts monthly. Year-end adjustments are proposed, and financial statements are prepared by the auditor. Management and certain members of the board will review and approve them.

2021-03 – We concur. All board commissioners and full-time and part-time employees will complete the annual requirement of one hour of ethics education and training as required.

2021-04 – We concur. Management will ensure that all 1099 eligible vendors are sent 1099's as required by Law.

A handwritten signature in black ink, consisting of a series of loops and a horizontal line at the top.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS



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Independent Accountant's Report On Applying Agreed-Upon Procedures

To Board of Commissioners of
the John K. Kelly Grand Bayou
Reservoir Commission and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the John K. Kelly Grand Bayou Reservoir Commission (the Commission) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The Commission's management is responsible for those C/C areas identified in the SAUPs.

John K. Kelly Grand Bayou Reservoir Commission has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
No exceptions were noted as a result of this procedure.
 - 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.
No exceptions were noted as a result of this procedure.
 - c) **Disbursements**, including processing, reviewing, and approving.
No exceptions were noted as a result of this procedure.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.
No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

- 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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policies and procedures were obtained and were not found to address the functions noted above.

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

Written policies and procedures were obtained and were not found to address the functions noted above.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

Obtained and inspected the board minutes for the fiscal period, as well as the board's enabling legislation and bylaws in effect during the fiscal period.

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions were noted as a result of this procedure.

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

Meeting minutes do not specifically site budget-to-actual comparisons.

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

Section not applicable to entity.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of client bank accounts from management and management's representation that the listing is complete were obtained. The main operating account was selected for review.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure

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

The entity had items outstanding for more than 12 months that need to be reviewed.

Collections (excluding EFTs)

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

A listing of deposit sites for the fiscal period and management's representation that the listing is complete were obtained. The only deposit site of the entity was selected.

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

A listing of collection locations and management's representation that the listing is complete was obtained. The only collection location of the entity was selected.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

Only one bank account under procedure #3 had applicable deposits to test under this section. Two random deposits were selected for testing.

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

Section not applicable to entity.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

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

A listing of locations that process payments for the fiscal period and management's representation that the listing is complete were obtained. The only location of the entity was selected.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
No exceptions were noted as a result of this procedure.
 - b) At least two employees are involved in processing and approving payments to vendors.
No exceptions were noted as a result of this procedure.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
No exceptions were noted as a result of this procedure.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
No exceptions were noted as a result of this procedure.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
No exceptions were noted as a result of this procedure.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
One disbursement reviewed was setup for automatic withdrawal and the invoice does not include evidence it was specifically approved for payment.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
A listing of active cards for the fiscal period and management's representation that the listing is complete were obtained.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- A random monthly statement for the only two cards of the entity selected for review.*
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
No exceptions noted for one of the card statements reviewed. The other card reviewed is a debit card. While bank statements are reviewed monthly as noted under section 3 above as part of the bank reconciliation process, it is not clear that debit card transactions, including transaction documentation, are specifically reviewed.

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

No exceptions were noted as a result of this procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were noted as a result of this procedure.

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

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

Management represented that no travel and travel-related expense reimbursements during the fiscal period were incurred.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No applicable transactions to test.

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

No applicable transactions to test.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No applicable transactions to test.

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

No applicable transactions to test..

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

A listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and management's representation that the listing is complete were obtained.

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

No applicable contracts were observed.

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

No exceptions were noted as a result of this procedure.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

Payroll and Personnel

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

A listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete were obtained. Five employees of the entity selected for review.

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

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

No exceptions were noted as a result of this procedure.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

There was no evidence obtained that supervisors approved attendance and leave of selected employees.

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

No exceptions were noted as a result of this procedure.

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

No termination payments reported by entity.

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

No exceptions were noted as a result of this procedure.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
No exceptions were noted as a result of this procedure.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.
The employees did not sign to verify having read the entities ethics policy.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
Section not applicable to entity.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
Section not applicable to entity.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
No misappropriations reported by entity.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.
No exceptions were noted as a result of this procedure.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
Entity has not backed up critical data as noted in this section.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Entity back ups are not tested as noted in this section.

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

No exceptions were noted as a result of this procedure.

Sexual Harassment

- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions were noted as a result of this procedure.

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

The entity does not have a sexual harassment policy.

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

The entity did not have any sexual harassment complaints in the current year.

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

100%.

- b) Number of sexual harassment complaints received by the agency;

0.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

0.

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

0.

- e) Amount of time it took to resolve each complaint.

0.

We were engaged by the Commission to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do

not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of John K. Kelly Grand Bayou Reservoir Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Dees Gardner, Certified Public Accountants, LLC

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June 21, 2022



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Management responses to statewide agreed upon procedure exceptions:

Section 1(k-l) - Written Policies and Procedures

Management is working to adopt formal Information Technology Disaster Recovery/Business Continuity and Sexual harassment policies.

Section 3 – Bank Reconciliations

Management will make sure items outstanding for more than 12 months will be researched and turned over to state unclaimed property as needed.

Section 10(b) – Non-payroll Disbursements

Management will make sure all transactions, including ACH transactions, include documentation of approval.

Section 12(a) – Credit Cards/Debit Cards

Management will research credit card options that receive statements separate from bank statements making documentation of review and approval clearer. However, as long as debit cards are utilized, bank statement and reconciliation review will include a specific review of card transactions. Further, documentation for all debit card transactions will be included with bank statements for the review and approval process.

Section 17(b) – Payroll and Personnel

Management will begin documenting approval of time and attendance for employees. Salaried employees will document the pay period, certify hours worked, and document leave time utilized. Management documentation will be approved by a member of the board.

Section 20 (b) – Ethics

Management will ensure employees sign to acknowledge having read the ethics policy annually.

Section 25 – IT Disaster Recovery/Business Continuity

Management will contact an IT service provider to assist with developing a back up function.

Section 27 – Sexual Harassment

Management is working to develop a sexual harassment policy. Once the policy is implemented, it will be posted to the website as required.