

OFFICIAL
FILE
DO NOT SEND OUT

**OFFICIAL
FILE COPY**
DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

99101905
5640

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAR 3 1 1999

JOHN K. KELLY
GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
FINANCIAL REPORT
DECEMBER 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAR 3 1 1999

JOHN K. KELLY - GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
TABLE OF CONTENTS
DECEMBER 31, 1998

	<u>EXHIBIT</u>	<u>SCHEDULE</u>	<u>PAGE</u>
General Purpose Financial Statements	-	-	1
Independent Auditors' Report	-	-	2
Combined Statements - Overview	-	-	3
<i>Combined Balance Sheet - All Fund Types and Account Groups</i>	A	-	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types	B	-	5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	C	-	6
Notes to the Financial Statements	-	-	7
Other Supplementary Information	-	-	13
Schedule of Per Diem Paid To Commissioners	-	1	14
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements in Accordance with <u>Government</u> <u>Auditing Standards</u>	-	-	15
<i>Summary Schedule of Prior Year Audit Findings</i>	-	2	16
Corrective Action Plan for Current Year Audit Findings	-	3	17

GENERAL PURPOSE FINANCIAL STATEMENTS

HINES, JACKSON & HINES

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 2188 • 133 EAST FIFTH STREET
NATCHITOCHE, LA 71457

Telephone (318) 352-6458
FAX (318) 352-0404
hjhcpa@worldnetla.net

FRANK S. HINES, CPA
LEWIS C. HINES, CPA
E. MERLIN SQUYRES, CPA
JAY H. SHEFFIELD, CPA

A. NEILL JACKSON, JR., CPA
(Retired)

INDEPENDENT AUDITORS' REPORT

Mr. Mercer B. Dupree, Chairman
and Members of the Board of Commissioners
John K. Kelly - Grand Bayou Reservoir Commission
P. O. Box 308
Coushatta, LA 71019

We have audited the accompanying general purpose financial statements of the John K. Kelly - Grand Bayou Reservoir Commission, Coushatta, Louisiana, as of and for the year ended December 31, 1998, as listed in the table of contents. These financial statements are the responsibility of the management of the John K. Kelly - Grand Bayou Reservoir Commission. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the John K. Kelly - Grand Bayou Reservoir Commission, Coushatta, Louisiana, as of December 31, 1998, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 11, 1999, on our consideration of the John K. Kelly - Grand Bayou Reservoir Commission's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the John K. Kelly - Grand Bayou Reservoir Commission, Coushatta, Louisiana, taken as a whole. The accompanying supplementary information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects, in relation to the general purpose financial statements taken as a whole.

The financial information for the year ended December 31, 1997, which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion dated April 27, 1998, on the general purpose financial statements of the John K. Kelly - Grand Bayou Reservoir Commission.

Hines, Jackson & Hines
Natchitoches, Louisiana
March 11, 1999

COMBINED STATEMENTS - OVERVIEW

JOHN K. KELLY - GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1998

	<u>Governmental</u>		<u>Account</u>	<u>Total</u>	
	<u>Fund Types</u>		<u>Group</u>	<u>(Memorandum Only)</u>	
	<u>General</u>	<u>Capital</u>	<u>General</u>	<u>1998</u>	<u>1997</u>
	<u>Fund</u>	<u>Projects</u>	<u>Fixed Assets</u>		
ASSETS					
Cash and cash equivalents	\$ 23,645	\$ 159,438	\$ 0	\$ 183,083	\$ 164,540
Due from other governmental units	0	1,613	0	1,613	0
Prepaid expenses	1,127	0	0	1,127	1,127
General fixed assets	<u>0</u>	<u>0</u>	<u>4,106,868</u>	<u>4,106,868</u>	<u>4,105,759</u>
Total Assets	<u>\$ 24,772</u>	<u>\$ 161,051</u>	<u>\$ 4,106,868</u>	<u>\$ 4,292,691</u>	<u>\$ 4,271,426</u>
 LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ 272	\$ 147,968	\$ 0	\$ 148,240	\$ 146,365
Fund Equity					
Investment in general fixed assets	0	0	4,106,868	4,106,868	4,105,759
Fund balance					
Unreserved	<u>24,500</u>	<u>13,083</u>	<u>0</u>	<u>37,583</u>	<u>19,302</u>
Total Fund Equity	<u>24,500</u>	<u>13,083</u>	<u>4,106,868</u>	<u>4,144,451</u>	<u>4,125,061</u>
Total Liabilities and Fund Equity	<u>\$ 24,772</u>	<u>\$ 161,051</u>	<u>\$ 4,106,868</u>	<u>\$ 4,292,691</u>	<u>\$ 4,271,426</u>

The accompanying notes are an integral part of this statement

JOHN K. KELLY - GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 1998

	General Fund	Capital Projects	Total (Memorandum Only)	
			1998	1997
REVENUES				
Grants from other governmental units	\$ 0	\$ 26,323	\$ 26,323	\$ 140,816
Permit fees	25,713	0	25,713	16,725
Interest	0	4,269	4,269	4,391
Total Revenues	25,713	30,592	56,305	161,932
EXPENDITURES				
Advertising	536	0	536	618
Capital outlays	1,109	0	1,109	112,979
Garbage disposal	657	0	657	657
Insurance	1,691	0	1,691	1,691
Legal and accounting	2,400	26,323	28,723	30,137
Miscellaneous	4	0	4	0
Repairs and maintenance	426	0	426	513
Security	1,660	0	1,660	2,060
Supplies	1,107	0	1,107	2,650
Utilities	2,111	0	2,111	1,144
Total Expenditures	11,701	26,323	38,024	152,449
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	14,012	4,269	18,281	9,483
FUND BALANCE, Beginning of year	10,488	8,814	19,302	9,819
FUND BALANCE, End of year	\$ 24,500	\$ 13,083	\$ 37,583	\$ 19,302

The accompanying notes are an integral part of this statement

JOHN K. KELLY - GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Fav./Unfav.</u>
REVENUES			
Permit fees	\$ 25,000	\$ 25,713	\$ 713
Total revenues	25,000	25,713	713
EXPENDITURES			
Advertising	600	536	64
Capital Outlay	800	1,109	(309)
Garbage disposal	800	657	143
Insurance	1,800	1,691	109
Legal and accounting	2,500	2,400	100
Miscellaneous	0	4	(4)
Repairs and maintenance	500	426	74
Security	1,500	1,660	(160)
Supplies	1,500	1,107	393
Utilities	2,000	2,111	(111)
Total expenditures	<u>12,000</u>	<u>11,701</u>	<u>299</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ 13,000</u>	14,012	<u>\$ 1,012</u>
FUND BALANCE, Beginning of year		<u>10,488</u>	
FUND BALANCE, End of year		<u>\$ 24,500</u>	

The accompanying notes are an integral part of this statement

JOHN K. KELLY - GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The John K. Kelly - Grand Bayou Reservoir Commission, originally named the Black Lake Bayou Recreation and Water Conservation District of Red River Parish, was established by Act 474 of 1958; RS 38:2701. The district consists of Wards 1 and 2 of Red River Parish with the purpose of development of the wealth and natural resources of the district by the conservation of soil and water for agricultural, recreational, commercial, industrial and sanitary purposes. The John K. Kelly - Grand Bayou Reservoir Commission is governed and controlled by a board of seven (7) commissioners appointed by the governor for five (5) year terms. Members of the board of commissioners receive no compensation for their services.

The accounting and reporting policies of the John K. Kelly - Grand Bayou Reservoir Commission conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

A. Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the Red River Parish Police Jury is the financial reporting entity for Red River Parish. The financial reporting entity consists of a) the primary government (police jury), b) organizations for which the primary government are financially accountable, and c) other organizations for which the 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 Statements No. 14 established criteria for determining which component units should be considered part of the Red River 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 police jury to impose its will on that organization and/or
 - b) The potential for the organization to impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Commission constitutes an agency of the State of Louisiana with the authority to cooperate with the state of Louisiana or any political subdivision, department, agency or corporation for the construction, operation and maintenance of facilities designed to accomplish the purpose for which the district is created on any basis including the matching of funds and by participating in projects authorized by any federal or state law.

JOHN K. KELLY - GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

Based on the application of the criteria described above, the John K. Kelly - Grand Bayou Reservoir Commission was determined not to be a component unit of any other financial reporting entity. The financial statements of the John K. Kelly - Grand Bayou Reservoir Commission consist only of the funds and account groups of the commission since the commission has no financial accountability or oversight responsibility for any other governmental entity.

B. Fund Accounting

The accounts are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The Commission now consist of only one generic fund type and two broad fund categories as follows:

Governmental Funds - are used to account for all or most of the Commission's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition or construction of general fixed assets. Governmental funds include:

General Fund - is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. Permit fees and other sources of revenue used to finance the fundamental operations of the commission are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Capital Projects Fund - account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in other governmental funds.

C. Account Groups

General Fixed Assets Account Group - This is not a fund but rather an account group that is used to account for all general fixed assets acquired by the Commission.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. None of the Commission's fixed asset costs have been estimated. No depreciation has been provided on general fixed assets.

General Long-Term Debt Account Group - This is not a fund but rather an account group that is used to account for the outstanding principal balances of general obligation bonds and other long-term debt.

JOHN K. KELLY - GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Account Groups (Continued)

The account and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group. There are no long-term obligations at December 31, 1998.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved in the measurement of results of operations.

D. Basis of Accounting

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

The governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related funds liability is incurred, except that principal and interest on general long-term debt is recognized when due. Grants are recorded when the Commission is entitled to the funds.

E. Budgets and Budgetary Accounting

The John K. Kelly - Grand Bayou Reservoir prepares a budget for its general fund on a basis consistent with generally accepted accounting principles. The procedures with respect to the budget are designed to meet the requirements of applicable Louisiana Revised Statutes. The Commission amends its budget when projected revenues are expected to be less than budgeted amounts by 5 percent or more and/or projected expenditures are expected to be more than budgeted amounts by 5 percent or more. Formal budgetary accounting is employed as a management control.

F. Cash and Cash Equivalents

Consistent with GASB Statement 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting", the Commission defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other

JOHN K. KELLY - GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents (Continued)

kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

G. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible. All receivables were determined to be collectible at December 31, 1998.

H. Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations.

I. Memorandum Only - Total Columns

Total columns on the general purpose statements are captioned "Memorandum Only" because the total columns do not represent consolidated financial information and are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

J. Comparative data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain amounts from prior year financial statements have been reclassified to conform with current classifications.

K. Estimates

The presentation of financial statements in conformity with generally accepted accounting principles 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.

L. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Commission.

JOHN K. KELLY - GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 2 CASH AND CASH EQUIVALENTS

At December 31, 1998, the John K. Kelly - Grand Bayou Reservoir Commission had cash and cash equivalents totaling \$183,083, as follows:

Demand Deposit Accounts	\$ 36,399
Savings Accounts	<u>146,684</u>
Total	<u>\$ 183,083</u>

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of December 31, 1998, the Commission had \$183,134 in bank deposits. These deposits were secured from risk by \$136,450 of federal deposit insurance and \$112,360 (market value) of pledged securities held by the custodial bank in the name of the fiscal agent (GASB category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 RECEIVABLES

The following are revenues receivable at December 31, 1998:

<u>Grants from other governmental units</u>	
State of Louisiana Department of Transportation and Development - cost reimbursement for capital outlays incurred for construction of boat launch and parking area and attorney fees	<u>\$ 1,613</u>

NOTE 4 ACCOUNTS PAYABLE

The following are accounts payable at December 31, 1998:

State of Louisiana Department of Transportation and Development - cost reimbursement from the U.S. Department of Wildlife and Fisheries	\$ 146,355
Trade payables	272
Attorney fees	1,613
Construction cost	<u>0</u>
Total	<u>\$ 148,240</u>

JOHN K. KELLY - GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 5 FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance December 31, <u>1997</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>1998</u>
Boat launch and parking area	\$ <u>4,105,759</u>	\$ <u>1,109</u>	\$ <u>0</u>	\$ <u>4,106,868</u>

NOTE 6 LEASES

The John K. Kelly - Grand Bayou Reservoir Commission was not obligated under any capital or operating lease commitments at December 31, 1998.

NOTE 7 LITIGATION

The John K. Kelly - Grand Bayou Reservoir Commission is not involved in any litigation at December 31, 1998.

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE 1

JOHN K. KELLY - GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
SCHEDULE OF PER DIEM PAID TO COMMISSIONERS
YEAR ENDED DECEMBER 31, 1998

<u>Commissioners</u>	<u>Number of Meetings</u>	<u>Amount</u>
Charles Breedlove	0	\$ 0
Mercer B. Dupree, Chairman	4	0
Edgar Gaddis	4	0
Jackie Huckabay	3	0
Rose Mosley	5	0
Billy Shaw	4	\$ 0

Compensation Paid Commissioners

The schedule of compensation paid to the commissioners of the John K. Kelly - Grand Bayou Reservoir Commission, Coushatta, Louisiana, is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

HINES, JACKSON & HINES

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 2188 • 133 EAST FIFTH STREET
NATCHITOCHES, LA 71457

Telephone (318) 352-6458
FAX (318) 352-0404
hjhcpa@worldnetla.net

FRANK S. HINES, CPA
LEWIS C. HINES, CPA
E. MERLIN SQUYRES, CPA
JAY H. SHEFFIELD, CPA

A. NEILL JACKSON, JR., CPA
(Retired)

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mr. Mercer B. Duprec, Chairman
and Members of the Board of Commissioners
John K. Kelly - Grand Bayou Reservoir Commission
Post Office Box 308
Coushatta, Louisiana 71019

We have audited the general purpose financial statements of the John K. Kelly - Grand Bayou Reservoir Commission, Coushatta, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated March 11, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the John K. Kelly - Grand Bayou Reservoir Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting over financial reporting that we consider to be material weaknesses.

This report is intended for the information of the management of the John K. Kelly - Grand Bayou Reservoir Commission and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Hines, Jackson & Hines

Natchitoches, Louisiana

March 11, 1999

JOHN K. KELLY - GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED
DECEMBER 31, 1998

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
1	12/31/96	Permit fees are not always removed from the lock box by designated individuals. In addition, these individuals are not always removing the funds from the locking box and counting them for deposit into the Commission's banking account with anyone else being present.	Yes	This finding has been resolved.

JOHN K. KELLY - GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED
DECEMBER 31, 1998

<u>Ref. No</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
----------------	-------------------------------	-------------------------------	----------------------------------	------------------------------------

Nothing came to our attention that would require disclosure under Government Auditing Standards.