

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

**FINANCIAL REPORT  
FOR THE YEAR ENDED December 31, 2019**

**JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION**  
**Coushatta, Louisiana**

**FINANCIAL REPORT**  
December 31, 2019

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# Dees Gardner, Certified Public Accountants, LLC

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## INDEPENDENT AUDITOR'S REPORT

John K. Kelly Grand Bayou Reservoir Commission  
Coushatta, Louisiana

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, 2019, and the related notes to the financial statements, which collectively comprise the John K. Kelly Grand Bayou Reservoir Commission's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the John K. Kelly Grand Bayou Reservoir Commission as of December 31, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the John K. Kelly Grand Bayou Reservoir Commission's basic financial statements. The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to agency head or chief executive officer 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head or chief executive officer is fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2020, on our consideration of the John K. Kelly Grand Bayou Reservoir Commission'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the John K. Kelly Grand Bayou Reservoir Commission's internal control over financial reporting and compliance.

In accordance with the requirements of the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, we have issued a report dated September 16, 2020, on the results of those procedures, in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Governmental 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 statewide 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  
September 16, 2020

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, 2019

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, 2019. 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 2.39% (\$130,335) during the year ended December 31, 2019 compared to an increase of 2.38% (\$126,651) for the prior year.
- Overall revenues decreased \$258,319 (27.04%) from \$955,264 in 2018 to 696,945 for year ended December 31, 2019. This is primarily due to a \$250,000 water sale that occurred in 2018.
- Program revenue decreased \$255,746 (35.34%) for the year ended December 31, 2019, to \$468,006 from \$723,752 during the prior year. Again, this decrease was primarily due to a \$250,000 water sale occurring during the prior year.
- The levied ad valorem taxes decreased \$2,524 (1.09%) to \$228,886 in 2019 compared to \$231,410 for year end December 31, 2018.
- Expenses remained stable for the year ending December 31, 2019, decreasing \$1,333 (0.16%) to \$827,280 compared to \$828,613 during the prior year.
- As of December 31, 2019, the assets of the Commission exceeded its liabilities by \$5,314,472. Of this amount, \$574,453 or 10.81% 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 \$692,763 (12.72%) available at December 31, 2018.
- During the year ended December 31, 2019 the Commission purchased \$243,608 in capital assets for the resort and completed \$98,369 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 \$5,314,472 and \$5,444,807 at the end of the fiscal years 2019 and 2018, respectively.

Statements of Net Position		
December 31,		
	2019	2018
Current and Other Assets	\$ 610,436	\$ 761,371
Capital Assets- net	4,740,019	4,752,044
<b>Total Assets</b>	<b>5,350,455</b>	<b>5,513,415</b>
<b>Total Current Liabilities</b>	<b>35,983</b>	<b>68,608</b>
Net Position:		
Net Investment in Capital Assets	4,740,019	4,752,044
Unrestricted	574,453	692,763
<b>Total Net Position</b>	<b>\$ 5,314,472</b>	<b>\$ 5,444,807</b>

At December 31, 2019, \$4,740,019 (89.19%) 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, \$574,453 (10.81%) 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 \$130,335 (2.39%) and increased \$126,651 (2.38%) during the years ended December 31, 2019 and 2018, respectively.

Statements of Activities		
For the years ended December 31,		
	2019	2018
<b>Revenues:</b>		
Program revenues:		
Charges for Services	\$ 468,006	\$ 723,752
General revenues:		
Ad valorem taxes	228,886	231,410
Interest	53	102
Total revenues	696,945	955,264
<b>Expenses:</b>		
Recreation	827,280	828,613
Total expenses	827,280	828,613
<b>Change in net position</b>	<b>(130,335)</b>	<b>126,651</b>
Net position-beginning	5,444,807	5,318,156
<b>Net position-ending</b>	<b>\$ 5,314,472</b>	<b>\$ 5,444,807</b>



## **CAPITAL ASSET ADMINISTRATION**

The Commission's investment in capital assets as of December 31, 2019, totaled \$9,667,359, net of accumulated depreciation of \$4,927,340, leaving a book value of \$4,740,019. This investment in capital assets consists of land, buildings, equipment, water and sewer plant, and improvements. Depreciation charges for the year 2019 totaled \$255,633 compared to \$251,072 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.

Due to the COVID-19 pandemic, the United States has experienced volatile economic conditions and disruption of general business activities. Given the nature of the Commission's primary program revenues, the rental of lodging and recreational facilities to the general public, and the uncertain impact on ad valorem tax revenue, the Commission will have to closely monitor the changes in revenue and determine if budgetary changes are warranted for the year ended December 31, 2020.

## **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, 2019

**ASSETS**

## Current Assets:

Cash and cash equivalents	\$ 360,288
Ad valorem tax receivable	240,779
Prepaid expenses	9,304
Total current assets	<u>610,371</u>

## Noncurrent Assets:

Capital assets, net of depreciation	4,740,019
Deposits	65
Total noncurrent assets	<u>4,740,084</u>

Total assets	<u>\$ 5,350,455</u>
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**LIABILITIES AND NET POSITION****LIABILITIES**

## Current Liabilities:

Accounts payable	\$ 26,559
Sales tax payable	2,611
Payroll taxes payable	6,813
Total current liabilities	<u>35,983</u>

Total liabilities	<u>35,983</u>
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**NET POSITION**

Net investment in capital assets	4,740,019
Unrestricted	574,453
Total net position	<u>5,314,472</u>

Total Liabilities and Net Position	<u>\$ 5,350,455</u>
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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, 2019

<b>PROGRAM REVENUE</b>	
Service fees and rental income	\$ 468,006
Total operating revenue	<u>468,006</u>
<b>OPERATING EXPENSES</b>	
Advertising	3,486
Fuel	5,699
Insurance	50,858
Office supplies	3,160
Postage	340
Repairs and maintenance	98,890
Telephone	5,295
Utilities	98,369
Legal and professional	18,505
Supplies	16,356
Salaries	226,046
Payroll taxes	21,126
Depreciation	255,633
General and administrative	15,437
Employee Benefits	8,080
Total operating expenses	<u>827,280</u>
Operating income (loss)	(359,274)
<b>GENERAL REVENUES</b>	
Ad valorem taxes	228,886
Interest income	53
Total nonoperating income	<u>228,939</u>
Change in net position	(130,335)
Net position, beginning of year	<u>5,444,807</u>
Net position, end of year	<u>\$ 5,314,472</u>

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, 2019

Cash flow from operating activities:	
Receipts from customers	\$ 468,006
Cash payments to suppliers for goods and services	(350,097)
Cash payments to employees for services	(256,032)
Net cash used in operating activities	<u>(138,123)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(243,608)
Ad Valorem tax receipts	231,557
Net cash used in capital and related financing activities	<u>(12,051)</u>
Cash flows from investing activities:	
Interest income	53
Net cash from investing activities	<u>53</u>
Net change in cash	(150,121)
Cash, beginning of year	<u>510,409</u>
Cash, end of year	<u>\$ 360,288</u>
Reconciliation of operating income to cash used in operating activities:	
Operating loss	\$ (359,274)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	255,633
(Increase) Decrease in prepaid expenses	(1,857)
Increase (Decrease) in accounts payable	(32,768)
Increase (Decrease) in sales tax payable	923
Increase (Decrease) in accrued salaries	(2,655)
Increase (Decrease) in payroll taxes payable	1,875
Net cash flows from operating activities	<u>\$ (138,123)</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, 2019

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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, 2019

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**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, 2019, 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, 2019, 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, 2019

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**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, 2019, 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, 2019, 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, 2019

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**2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

Cash and cash equivalents include demand deposits at local financial institutions with a carrying value of \$360,288 at December 31, 2019. 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, 2019, the Commission's bank balance total \$370,350 and are secured from risk by FDIC insurance of \$250,000 and \$120,350 of pledged marketable securities held by the custodial bank with a value of \$255,670.

**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, 2019
Levy date	June 30, 2019
Tax bills mailed	October 15, 2019
Total taxes are due	December 31, 2019
Penalties & interest added	January 31, 2020
Tax sale	May 15, 2020

The Commission has authorized ad valorem tax millage of 1.0 mill and levied taxes of 1.0 mill for 2019. 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, 2016. Total assessed value in the Commission's district was \$240,421,310 in 2019. 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 \$11,535,770 in 2019. Total of ad valorem tax revenues recognized in 2019 by the Commission was \$228,886.

**JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION**  
**Coushatta, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**4. CAPITAL ASSETS**

A summary of the Commission's capital assets at December 31, 2019 follows:

	Balance December, 31			Balance December, 31
	2018	Additions	Disposals/ Reclassification	2019
Capital assets not being depreciated:				
Land	\$ 93,000	\$ -	\$ -	\$ 93,000
Construction in progress	71,000	31,124	(71,000)	31,124
Total capital assets not being depreciated	<u>164,000</u>	<u>\$ 31,124</u>	<u>(71,000)</u>	<u>124,124</u>
Capital assets being depreciated:				
Buildings and building improvements	9,078,787	199,860	71,000	9,349,647
Furniture, fixtures, and equipment	180,964	12,624	-	193,588
Total capital assets being depreciated	<u>9,259,751</u>	<u>212,484</u>	<u>71,000</u>	<u>9,543,235</u>
Less accumulated depreciation for:				
Buildings and building improvements	4,541,560	243,776	-	4,785,336
Furniture, fixtures, and equipment	130,147	11,857	-	142,004
Total accumulated depreciation	<u>4,671,707</u>	<u>255,633</u>	<u>-</u>	<u>4,927,340</u>
Total capital assets, net	<u>\$ 4,752,044</u>	<u>\$ (43,149)</u>	<u>\$ -</u>	<u>\$ 4,740,019</u>

**5. LEASES**

The Commission is obligated under one lease agreement accounted for as an operating lease. Operating leases do not give rise to property rights or lease obligations, and therefore, the result of the lease agreement is not reflected in the Commission's capital assets.

**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, 2019.

The Commission was not involved in any litigation at December 31, 2019.

**JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION**  
**Coushatta, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

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**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. During the year ended December 31, 2019, the members of the Board were as follows:

Mary Ann Wiggins, Chairman  
Peggy A. McCoy, Vice-Chairman  
Faerie Sledge, Secretary  
Dallas Bryan  
Anita S. Hinds  
Antony D. Thomas

**8. SUBSEQUENT EVENTS**

Management has performed an evaluation of the Commission's activities through September 16, 2020, and has concluded that there are no significant events requiring recognition or disclosure through the date the financial statements were available to be issued.

In the spring of 2020, there was a global outbreak of a novel coronavirus, COVID-19. The public health crisis has caused volatile economic conditions, impacting financial markets and disrupting business activities across the United States. The timing and extent of the impact of COVID-19 on the Commission's current operations and future operations is unknown at the date of this report.



## 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, 2019

Park Manager	<u>Rene' Albright</u>
Purpose:	
Salary	\$ 35,693
Benefits-insurance	-
Benefits- retirement	-
Payroll taxes employer	2,887
Car allowance	-
Vehicle provided by government	-
Vehicle Per diem	2,040
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Total	<u>\$ 40,620</u>

See the accompanying independent auditor's report.

OTHER REPORTS REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*



# Dees Gardner, Certified Public Accountants, LLC

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Deborah D. Dees, CPA/CFF

Maura Dees Gardner, CPA, CFE

122 Jefferson Street

Mansfield, Louisiana

318-872-3007

## **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, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated September 16, 2020.

### 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 2019-01, 2019-02, and 2019-03.

### 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 2019-04 and 2019-05.

## **The Commission's Response to Findings**

The Commission's response to the findings on page 30 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  
September 16, 2020

## AUDIT FINDINGS



**JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION**

Schedule of Findings

For the year ended December 31, 2019

**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, 2019, and have issued our report thereon dated September 18, 2020. 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, 2019, 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

**2019-01. 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, and that an outside bookkeeper reviews the cancelled checks on the bank statements to determine dual signatures are present. 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.

#### **2019-02. Inadequate design of internal control over financial statement preparation.**

*Criteria:* Effective December 15, 2006, Statements on Auditing Standards 112 expanded management's responsibility over the financial statements to ensure the propriety and completeness of the financial statements and related footnotes. The Commission's management lacks the resources necessary to internally complete the statements and disclosures in accordance with generally accepted accounting principles (GAAP).

*Condition:* The Commission's staff responsible for preparation of the financial statements and related footnote disclosures in accordance with generally accepted accounting principles (GAAP) lacks the resources necessary to internally complete the reporting requirements.

*Cause:* No one on staff or the board are currently prepared to accept responsibility for the financial statements.

*Effect:* The Commission's management 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 or review the auditor's preparation of the financial statements and related footnote disclosures in accordance with GAAP, or 2) determine if the cost of 1) overrides the benefit of correcting this control deficiency.

#### **2019-03 – Inadequate controls over contract agreements.**

*Criteria:* Good internal controls require that all contract agreements be written and signed with all relevant terms clearly defined. No waivers of licensing and insurance requirements for contracts should be permitted.

*Condition:* The Commission did not have a written contract with a contractor utilized for one capital project and an unlicensed contractor was utilized for several capital projects during the year.

*Cause:* The board formally waived licensing and insurance requirements for the noted projects during a regular meeting. For the other noted project, the Commission failed to obtain a formal contract due to confusion resulting from not receiving any bids through the public bid process.

*Effect:* Failure to formalize a contract or agreement to include all provisions increases the risk of misunderstandings and/or nonperformance of needed services without any protection for the Commission, including remedies for default. Additional liabilities and risk result from not utilizing properly licensed and insured contractors.

*Recommendation:* The Commission should follow their written procedures for processing contract agreements to ensure that all agreements are in writing and signed by appropriate persons, and all relevant terms are included. Licensing and insurance requirements should not be waived when required by law.

### **FINDINGS RELATED TO COMPLIANCE**

#### **2019-04. Public bid law violation.**

*Criteria:* Public bid laws ensure that the public entity receive the best possible price when using public funds when procuring materials and supplies or public works. Local political subdivisions are required to use the Public Bid Law (La. R.S. 38:2212) for the procurement of materials and supplies if the cost is over the contract limit of \$30,000 and \$157,700 for public works projects, unless an exception exists.

*Condition:* The Commission accepted a contract for a public works project that was not submitted through the public bid process.

*Cause:* The Commission properly advertised the subject public works project to obtain bids in accordance with public bid law. No bids were received for the project. Having advertised the project for bid and not received any bids, the Commission incorrectly believed their obligations under the public bid law had been fulfilled.

*Effect:* The Commission may not receive the best price for public works projects.

*Recommendation:* The Commission should familiarize themselves with the details of the Public Bid Laws and all attorney general opinions referencing the law to ensure the correct processes are being followed when making purchased for material and supplies over \$30,000 and public works over \$157,700.

**2019-05. Noncompliance with the Louisiana Code of Governmental Ethics.**

*Criteria:* Louisiana Revised Statutes LSA-R.S. 42:1170(A)(3)(a)(i) required 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.

## JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION

Summary Schedule of Prior Year Findings  
For the year ended December 31, 2019

**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.

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

Unresolved.



5286 Hwy 784  
Coushatta, LA 71019

Telephone: (318)932-0066  
E-mail: grandbayouresort@bellsouth.net

September 16, 2020

Louisiana Legislative Auditor:  
RE: Management Response to Independent Auditor Report Findings

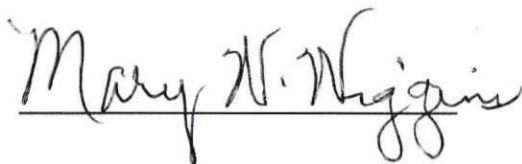
**2019-01** – The board is reviewing and approving the payments when invoices are presented for their signatures. The outside bookkeeper is reconciling the daily balancing sheets and deposits to the bank statements and general ledger. Additionally, as recommended a board member that is not a signatory reviews and approves all bank statements and reconciliations.

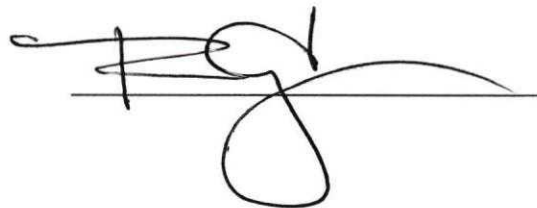
**2019-02** – The Commission has assessed the cost versus the benefit of obtaining the necessary resources and/or training and has determined it is not cost effective and in the best interest of the commission to outsource the task to the independent auditor. The content and presentation of draft financial statements and notes will be carefully reviewed prior to approval and acceptance.

**2019-03** - The board agrees with the recommendation and will ensure that sufficient written contracts are utilized in the future and state contractor licensing and insurance requirements are followed.

**2019-04** – The board agrees with the recommendation and will ensure that the Louisiana Public Bid law requirements will be followed moving forward.

**2019-05** – 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.

  
\_\_\_\_\_

  
\_\_\_\_\_

## OTHER REPORT





# Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF

Maura Dees Gardner, CPA, CFE

122 Jefferson Street

Mansfield, Louisiana 71052

## **Independent Accountant's Report On Applying Agreed-Upon Procedures**

To the 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, 2019 through December 31, 2019. The Commission's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

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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.

*Written policies and procedures were obtained and were found to address the functions noted above.*

- 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.

*Written policies and procedures were obtained and were found to address the functions noted above.*

- c) **Disbursements**, including processing, reviewing, and approving.

*Written policies and procedures were obtained and were found to address the functions noted above.*

- 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 (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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

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

*Written policies and procedures were obtained and were found to address the functions noted above.*

- 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.

*Written policies and procedures were obtained and were found to address the functions noted above.*

- 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).

*Written policies and procedures were obtained and were found to address the functions noted above.*

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

*Written policies and procedures were obtained and were found to address the functions noted above.*

- 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.

*Written policies and procedures were obtained and were found to address the functions noted above.*

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

*Written policies and procedures were obtained and were found to address the functions noted above.*

- k) **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 found to address the functions noted above.*

### ***Payroll and Personnel***

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2. 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.*

3. 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.

*No exceptions were noted as a result of this procedure.*

- 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.*

- 4. 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.

*Management represented that no employees received termination payments during the fiscal period.*

- 5. 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.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the 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.

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*

Mansfield, LA  
September 16, 2020



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Coushatta, LA 71019

Telephone: (318)932-0066  
E-mail: grandbayouresort@bellsouth.net

September 16, 2020

Louisiana Legislative Auditor:  
RE: Management response to statewide agreed upon procedure exceptions

**01(d)** – Management will work towards developing a policy for receipts and collections.

*Mary K. Higgins*

*ROY*