

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

**FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**FINANCIAL REPORT**

December 31, 2017

**Table of Contents**

|   | <u><b>Statement</b></u> | <u><b>Page</b></u> |
|---|-------------------------|--------------------|
| Independent Auditor's Report  |                         | 2-3                |
| Required Supplemental Information   |                         |                    |
| Management's Discussion and Analysis  |                         | 5-9                |
| Basic Financial Statements  |                         |                    |
| Statement of Net Position   | A                       | 11                 |
| Statement of Revenues, Expenses, and<br>Changes in Net Position   | B                       | 12                 |
| Statement of Cash Flows   | C                       | 13                 |
| Notes to the Financial Statements   |                         | 15-20              |
| Supplementary Information   |                         |                    |
| Schedule of Compensation, Benefits and Other Payments to<br>Agency Head or Chief Executive Officer  | 1                       | 22                 |
| Other Reporting Required by Government Auditing Standards   |                         |                    |
| Independent Auditor's Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Based on an Audit of Financial Statements Performed in<br>Accordance with Government Auditing Standards |                         | 24-25              |
| Audit Findings  |                         |                    |
| Schedule of Findings and Management's Responses   |                         | 27-29              |
| Summary Schedule of Prior Audit Findings  |                         | 30                 |
| Other Report  |                         |                    |
| Independent Accountant's Report on Applying Agreed-Upon<br>Procedures   |                         | 32-41              |



# 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, 2017, 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, 2017, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions 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 June 29, 2018, 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 June 29, 2018, on the results of those procedures and management's response beginning on page 32.

*Dees Gardner, Certified Public Accountants, LLC*

Mansfield, Louisiana  
June 29, 2018

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, 2017

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, 2017. 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 1.1% (\$59,396) during the year ended December 31, 2017 compared to a increase of 1.77% (\$93,739) for the prior year.
- Overall revenues decreased \$91,078 (11.23%) to \$719,802 for year ended December 31, 2017.
- Program revenue decreased \$91,022 (16.2%) to \$469,502 compared to an \$114,953 (25.8%) increase to \$560,524 during the prior year. The 2016 increase was due to a \$48,401 FEMA grant to repair damage due to the 2016 disaster-declared flooding in March, 2016. No grant was received in 2017.
- The levied ad valorem taxes increased \$2,589 (1.11%) to \$236,356 for 2017 compared to \$233,767 for year end December 31, 2016.
- Expenses increased \$62,057 (8.65%) to \$779,198 compared to \$717,141 during the prior year.
- As of December 31, 2017, the assets of the Commission exceeded its liabilities by \$5,318,156. Of this amount, \$446,381 or 8.4% 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 \$397,299 (7.4%) available at December 31, 2016.
- During the year ended December 31, 2017 the Commission purchased \$138,625 in capital assets for the resort and completed \$111,293 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 \$5,318,156 and \$5,377,552 at the end of the fiscal years 2017 and 2016, respectively.

|                                  | Statements of Net Position |                     |
|----------------------------------|----------------------------|---------------------|
|                                  | December 31,               |                     |
|                                  | 2017                       | 2016                |
| Current and Other Assets         | \$ 461,903                 | \$ 415,023          |
| Capital Assets- net              | 4,871,775                  | 4,980,253           |
| <b>Total Assets</b>              | <b>5,333,678</b>           | <b>5,395,276</b>    |
| <b>Total Current Liabilities</b> | <b>15,522</b>              | <b>17,724</b>       |
| Net Position:                    |                            |                     |
| Net Investment in Capital Assets | 4,871,775                  | 4,980,253           |
| Unrestricted                     | 446,381                    | 397,299             |
| <b>Total Net Position</b>        | <b>\$ 5,318,156</b>        | <b>\$ 5,377,552</b> |

At December 31, 2017, \$4,871,775 (91.6%) 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, \$446,381 (8.4%) 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 \$59,396 (1.11%) and increased by \$93,739 (1.77%) during the years ended December 31, 2017 and 2016, respectively.

|                                 | Statements of Activities         |                    |
|---------------------------------|----------------------------------|--------------------|
|                                 | For the years ended December 31, |                    |
|                                 | 2017                             | 2016               |
| <b>Revenues:</b>                |                                  |                    |
| Program revenues:               |                                  |                    |
| Charges for Services            | \$ 469,502                       | \$ 512,123         |
| Federal capital grant           | -                                | 48,401             |
| General revenues:               |                                  |                    |
| Ad valorem taxes                | 236,356                          | 233,767            |
| Insurance proceeds              | 13,860                           | 16,575             |
| Interest                        | 84                               | 14                 |
| Total revenues                  | <u>719,802</u>                   | <u>810,880</u>     |
| <b>Expenses:</b>                |                                  |                    |
| Recreation                      | <u>779,198</u>                   | <u>717,141</u>     |
| Total expenses                  | <u>779,198</u>                   | <u>717,141</u>     |
| <b>Decrease in net position</b> | <u>(59,396)</u>                  | <u>93,739</u>      |
| Net position-beginning          | <u>5,377,552</u>                 | <u>5,283,813</u>   |
| <b>Net position-ending</b>      | <u>\$5,318,156</u>               | <u>\$5,377,552</u> |

### **CAPITAL ASSET ADMINISTRATION**

The Commission's investment in capital assets as of December 31, 2017, totaled \$9,292,410, net of accumulated depreciation of \$4,420,635, leaving a book value of \$4,871,775. This investment in capital assets consists of land, buildings, equipment, water and sewer plant, and improvements. Depreciation charges for the year 2017 totaled \$247,103 compared to \$245,796 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 next year's results as compared to the current 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, 2017

**ASSETS**

Current Assets:

|                           |    |         |
|---------------------------|----|---------|
| Cash and cash equivalents | \$ | 210,801 |
| Ad valorem tax receivable |    | 240,975 |
| Prepaid expenses          |    | 10,062  |
| Total current assets      |    | 461,838 |

Noncurrent Assets:

|                                     |  |           |
|-------------------------------------|--|-----------|
| Capital assets, net of depreciation |  | 4,871,775 |
| Deposits                            |  | 65        |
| Total noncurrent assets             |  | 4,871,840 |

|              |    |           |
|--------------|----|-----------|
| Total assets | \$ | 5,333,678 |
|--------------|----|-----------|

**LIABILITIES AND NET POSITION**

**LIABILITIES**

Current Liabilities:

|                           |    |        |
|---------------------------|----|--------|
| Accounts payable          | \$ | 7,832  |
| Sales tax payable         |    | 1,841  |
| Accrued salaries          |    | 1,751  |
| Payroll taxes payable     |    | 4,098  |
| Total current liabilities |    | 15,522 |

|                   |  |        |
|-------------------|--|--------|
| Total liabilities |  | 15,522 |
|-------------------|--|--------|

**NET POSITION**

|                                  |  |           |
|----------------------------------|--|-----------|
| Net investment in capital assets |  | 4,871,775 |
| Unrestricted                     |  | 446,381   |
| Total net position               |  | 5,318,156 |

|                                    |    |           |
|------------------------------------|----|-----------|
| Total Liabilities and Net Position | \$ | 5,333,678 |
|------------------------------------|----|-----------|

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, 2017

|  |                            |
|--|----------------------------|
| <b>PROGRAM REVENUE</b>                 |                            |
| Service fees and rental income         | \$ 469,502                 |
| Total operating revenue                | <u>469,502</u>             |
| <b>OPERATING EXPENSES</b>              |                            |
| Advertising                            | 1,200                      |
| Fuel                                   | 5,349                      |
| Insurance                              | 43,985                     |
| Office supplies                        | 4,169                      |
| Postage                                | 294                        |
| Repairs and maintenance                | 111,293                    |
| Telephone                              | 4,385                      |
| Utilities                              | 90,260                     |
| Legal and professional                 | 35,873                     |
| Supplies                               | 11,543                     |
| Salaries                               | 194,998                    |
| Payroll taxes                          | 17,981                     |
| Depreciation                           | 247,103                    |
| General and administrative             | 10,765                     |
| Total operating expenses               | <u>779,198</u>             |
| <b>Operating income (loss)</b>         | <b>(309,696)</b>           |
| <b>GENERAL REVENUES</b>                |                            |
| Ad valorem taxes                       | 236,356                    |
| Insurance proceeds                     | 13,860                     |
| Interest income                        | 84                         |
| Total nonoperating income              | <u>250,300</u>             |
| <b>Change in net position</b>          | <b>(59,396)</b>            |
| <b>Net position, beginning of year</b> | <u>5,377,552</u>           |
| <b>Net position, end of year</b>       | <u><u>\$ 5,318,156</u></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, 2017

|   |                    |
|---|--------------------|
| Cash flow from operating activities:  |                    |
| Receipts from customers   | \$ 469,502         |
| Cash payments to suppliers for goods and services                                 | (319,589)          |
| Cash payments to employees for services   | <u>(213,060)</u>   |
| Net cash used in operating activities   | <u>(63,147)</u>    |
| Cash flows from capital and related financing activities:                         |                    |
| Acquisition of capital assets   | (138,625)          |
| Ad Valorem tax receipts   | 227,642            |
| Insurance proceeds  | 29,082             |
| Federal grant proceeds  | <u>48,401</u>      |
| Net cash used in capital and related financing activities                         | <u>166,500</u>     |
| Cash flows from investing activities:   |                    |
| Interest income   | <u>84</u>          |
| Net cash from investing activities  | <u>84</u>          |
| Net change in cash  | 103,437            |
| Cash, beginning of year   | <u>107,364</u>     |
| Cash, end of year   | <u>\$ 210,801</u>  |
| Reconciliation of operating income to cash used in operating activities:          |                    |
| Operating loss  | \$ (309,696)       |
| Adjustments to reconcile operating loss to net cash used in operating activities: |                    |
| Depreciation expense  | 247,103            |
| (Increase) Decrease in prepaid expenses   | 1,648              |
| Increase (Decrease) in accounts payable   | (1,457)            |
| Increase (Decrease) in sales tax payable  | (664)              |
| Increase (Decrease) in accrued salaries   | 564                |
| Increase (Decrease) in payroll taxes payable                                      | <u>(645)</u>       |
| Net cash flows from operating activities  | <u>\$ (63,147)</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, 2017

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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, 2017

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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, 2017, 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, 2017, 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, 2017

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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, 2017, 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, 2017, 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, 2017

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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 \$210,801 at December 31, 2017. 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, 2017, the Commission's bank balance total \$219,425 and was fully collateralized through FDIC insurance and therefore was not exposed to custodial credit risk.

**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, 2017   |
| Levy date                  | June 30, 2017     |
| Tax bills mailed           | October 15, 2017  |
| Total taxes are due        | December 31, 2017 |
| Penalties & interest added | January 31, 2018  |
| Tax sale                   | May 15, 2018      |

The Commission has authorized ad valorem tax millage of 1.0 mill and levied taxes of 1.0 mill for 2017. 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 \$247,782,920 in 2017. 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 \$11,426,750 in 2017. Total of ad valorem tax revenues recognized in 2017 by the Commission was \$236,356.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2017

**4. CAPITAL ASSETS**

A summary of the Commission's capital assets at December 31, 2017 follows:

|   | Balance<br>December, 31<br>2016 | Additions        | Disposals | Balance<br>December, 31<br>2017 |
|---|---------------------------------|------------------|-----------|---------------------------------|
| Capital assets not being depreciated:         |                                 |                  |           |                                 |
| Land  | \$ 93,000                       | \$ -             | \$ -      | \$ 93,000                       |
| Total capital assets not<br>being depreciated | <u>93,000</u>                   | <u>-</u>         | <u>-</u>  | <u>93,000</u>                   |
| Capital assets being depreciated:             |                                 |                  |           |                                 |
| Buildings and building improvements           | 8,913,823                       | 125,059          | -         | 9,038,882                       |
| Furniture, fixtures, and equipment            | <u>146,962</u>                  | <u>13,566</u>    | <u>-</u>  | <u>160,528</u>                  |
| Total capital assets being depreciated        | <u>9,060,785</u>                | <u>138,625</u>   | <u>-</u>  | <u>9,199,410</u>                |
| Less accumulated depreciation for:            |                                 |                  |           |                                 |
| Buildings and building improvements           | 4,067,451                       | 235,183          | -         | 4,302,634                       |
| Furniture, fixtures, and equipment            | <u>106,081</u>                  | <u>11,920</u>    | <u>-</u>  | <u>118,001</u>                  |
| Total accumulated depreciation                | <u>4,173,532</u>                | <u>247,103</u>   | <u>-</u>  | <u>4,420,635</u>                |
| Total capital assets, net                     | <u>\$ 4,980,253</u>             | <u>(108,478)</u> | <u>-</u>  | <u>\$ 4,871,775</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, 2017.

The Commission was not involved in any litigation at December 31, 2017.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2017

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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, 2017, the members of the Board were as follows:

Mary Ann Wiggins, Chairman  
Peggy A. McCoy, Vice-Chairman  
Dallas Bryan  
Anita S. Hinds  
J. Blake McCartney (governor accepted resignation December 13, 2017)  
Faerie Sledge (seat expired September 28, 2017)  
Anthony D. Thomas

**8. SUBSEQUENT EVENTS**

Management has performed an evaluation of the Commission's activities through June 29, 2018, 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

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

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

December 31, 2017

| Park Manager                           | <u>Rene' Albright</u> |
|--|-----------------------|
| Purpose:                               |                       |
| Salary                                 | \$ 26,200             |
| Benefits-insurance                     | -                     |
| Benefits- retirement                   | -                     |
| Payroll taxes employer                 | 2,303                 |
| Car allowance                          | -                     |
| Vehicle provided by government         | -                     |
| Per diem                               | -                     |
| Reimbursements                         | -                     |
| Travel                                 | 80                    |
| Registration fees                      | -                     |
| Conference travel                      | -                     |
| Continuing professional education fees | -                     |
| Housing                                | -                     |
| Unvouchered expenses                   | -                     |
| Special meals                          | -                     |
| Total                                  | <u>\$ 28,583</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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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  
5386 Hwy 784  
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, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the John K. Kelly Grand Bayou Reservoir Commission's basic financial statements and have issued our report thereon dated June 29, 2018.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the John K. Kelly Grand Bayou Reservoir 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 John K. Kelly Grand Bayou Reservoir Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the John K. Kelly Grand Bayou Reservoir Commission's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and management's responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and management's responses to be material weaknesses: 2017-01 and 2017-02.

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. We consider the deficiencies described in the accompanying schedule of findings and management's responses to be significant deficiencies: 2016-03.

## Compliance and Other Matters

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 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standard* and which is described in the accompanying schedule of findings and management's responses as Item 2017-04.

### **John K. Kelly Grand Bayou Reservoir Commission's Response to Findings**

John K. Kelly Grand Bayou Reservoir Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and management's responses. The 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 29, 2018

## SCHEDULE OF FINDINGS

# JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION

Schedule of Findings and Management's Responses  
For the year ended December 31, 2017

## 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, 2017, and have issued our report thereon dated June 29, 2018. 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, 2017, 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

#### **2017-01. 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.

*Management's response:* The board is reviewing and approving the payments when invoices are presented for their signatures. The outside bookkeeper is now reconciling the daily balancing sheets and deposits to the bank statements and general ledger.

#### **2017-02. 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.

*Management's response:* The Commission has assessed the need to correct this deficiency and feels the current manager will be able to oversee the financial statement preparation in the near future. She is relatively new to the position and is currently engaged in the needs of the daily operations. In the meantime, the auditor will prepare the financial statements and related footnote disclosures and review them with the manager.

#### **2017-03 Inadequate controls over contract agreements.**

*Criteria:* Good internal controls require that all contract agreements be written and signed with all relevant terms clearly defined.

*Condition:* The Commission did not have written contracts with the outside bookkeeper, security company or attorney.

*Cause:* Verbal agreements had been established under the former park manager. When the current manager was asked to present the contracts, she became aware that no contracts existed.

*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.

*Recommendation:* The Commission should design and implement 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.

*Management response:* Management concurs with the finding. Rene' Albright is responsible for obtaining the necessary written contracts. A policy will be designed to ensure written agreements will be obtained for services in the future.

## **FINDINGS RELATED TO COMPLIANCE**

### **2017-04 Noncompliance with Louisiana Local Government Budget Act.**

*Criteria:* The proposed budget must be made available for public inspection no later than 15 days prior to the beginning of the fiscal year in accordance with R.S. 39:1306.

*Condition:* The Commission failed to make the 2017 budget available for public inspection.

*Cause:* Management and the Board are not fully aware of the Local Government Budget Act.

*Effect:* The Commission is not in compliance with the LGBA.

*Recommendation:* Management of the Commission should prepare the budget instrument to adopt and implement the budget as required by state law and conduct at least one public hearing on the proposed budget before it is adopted.

*Management's response:* Management concurs with the finding and will adopt budget policies and procedures to comply with the Louisiana Government Budget Act.

## JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION

Summary Schedule of Prior Year Findings  
For the year ended December 31, 2017

**2016-01, 2015-01, 2014-01, 2013-01** Segregation of Duties.

Partially resolved. Management and the Board continue to make progress. An outside bookkeeper is now reconciling daily balancing sheets to the general ledger and bank statement.

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

Unresolved. A solution was identified that can possibly be implemented this year.

**2016-03** Inadequate controls over contract agreements.

Partially resolved. Policy will be written to address this issue.

**2016-04.** Ethics education requirement violation

Resolved.

**2016-05** Noncompliance with Louisiana Local Government Budget Act.

Unresolved.

**2016-06** Related Party ethics violation.

Resolved

## OTHER REPORT



# Dees Gardner, Certified Public Accountants, LLC

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## **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, 2017 through December 31, 2017. 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***

---

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget  
*Written policies and procedures were obtained and did not address the above functions.*
  - 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 do not address the above functions.*
  - c) **Disbursements**, including processing, reviewing, and approving  
*Written policies and procedures were obtained and do not address the above functions.*
  - d) **Receipts**, including receiving, recording, and preparing deposits  
*Written policies and procedures were obtained and do not 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 address how leave and overtime is earned, however, policies do not address how payroll, including attendance, overtime, and leave is processed, reviewed, & approved.*

- 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 do not 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, and (5) monitoring card usage

*Written policies and procedures were obtained and do not 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 do not 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. Note: Ethics requirements are not applicable to nonprofits.

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

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

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

**Management Response:** *Management will work towards adopting policies and procedures that sufficiently address the items noted above.*

#### **Board (or Finance Committee, if applicable)**

---

2. Obtain and review the board/committee minutes for the fiscal period, and:

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

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

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

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

*Budget to actual comparisons were only addressed in the final meeting of the board during the fiscal year.*

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

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

**Management Response:** *Board meetings will begin including budget to actual comparisons.*

#### **Bank Reconciliations**

---

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

*A listing of client bank accounts from management and management's representation that the listing is complete were obtained.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Bank statements and reconciliations for all months in the fiscal period were obtained. The reconciliations have been prepared for all months for each of the entities four total accounts. For one account reviewed, cleared transactions from the bank statement could not be reconciled with cleared transactions on the reconciliation form.*

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

*Bank statements and reconciliations for all months in the fiscal period were obtained. Evidence of management review is not present.*

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

*No reconciling items outstanding for more than six months were noted.*

**Management Response:** *Management will begin to initial or sign bank reconciliations to demonstrate that management review has taken place. Management will work to resolve the reconciliation issue with the cited account above.*

### **Collections**

---

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

*A listing of cash collection locations and management's representation that the listing was complete were obtained.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**

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

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

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

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

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

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

*The highest (dollar) week of cash collections for the selected location was obtained along with collection documentation, deposit slips, & bank statements. Deposits were observed to be regularly deposited within one day, but some deposits were made over one day after collection. No deposits were observed that were made over two days from collection.*

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

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

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

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

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

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

*A listing of disbursements from management and management's representation that the listing was complete were obtained.*

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

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

*The supporting documentation for the 25 disbursements selected was reviewed and a requisition/purchase order system or equivalent electronic system was not utilized in those transactions but one is utilized by the entity.*

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

*When utilized, purchase orders are approved by a person who does not initiate the purchase.*

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

*When purchase orders are utilized, an approved requisition order is utilized. Approved invoices found for all transactions except for two EFT payments, wherein approval was not present.*

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

*The entity does not have written documentation prohibiting the person responsible for processing payments from adding vendors to the purchasing/disbursement system.*

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

*The entity does not have any policy or procedure that restricts signatory authorities or persons who authorize disbursements from initiating purchases. One signatory authority is also responsible for recording purchases.*

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

*Entity electronically prints checks on blank check stock. A person with signatory authority maintains the blank check stock in a locked location and has system access to print checks.*

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

*The entity does not utilize a signature stamp. Signed checks are routinely mailed on the same day checks are signed by the required two signatories.*

**Management Response:** *As stated in Section 1 above, management will be working towards adopting formal policies and procedures. These policies will take into consideration the limited staffing options of the Commission. Policies will require two signatures on each check and approved invoices prior to payments being made.*

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

---

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*A listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards and management's representation that the listing was complete was obtained.*

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

*There was one card active during the fiscal period and it was selected for testing.*

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of

certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*Monthly statements were obtained for the selected cards, and there was evidence that each statement was reviewed and approved by management.*

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

*Monthly statements were obtained for the selected cards and no finance charges and/or late fees were found.*

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

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

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

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

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

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

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

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

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

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

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

### ***Travel and Expense Reimbursement***

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

*A listing of all travel and related expense reimbursements by person during the fiscal period was obtained. Management's representation that the listing was complete was obtained.*

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

*Entity does not have written policies and procedures for travel and expense reimbursements.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the

largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*The entity's only travel and expense reimbursements during the fiscal year were recurring payments to select employees each pay period. These payments were a set amount and not based on actual mileage driven.*

- b) Report whether each expense is supported by:

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

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

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

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

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

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

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

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

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

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

**Management Response:** *As noted above, the Commission does not have significant travel expense reimbursements. However, as stated under Section 1 above, a policy governing same will be adopted.*

### **Contracts**

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

*A listing of all contracts in effect and management's representation that the listing is complete was obtained.*

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

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

*No formal written contracts were found for the selected vendors.*

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

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

*There were no instances of noncompliance noted as a result of applying this procedure.*

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

*There were no instances of noncompliance noted as a result of applying this procedure.*

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

*There were no instances of noncompliance noted as a result of applying this procedure.*

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

*There were no instances of noncompliance noted as a result of applying this procedure.*

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

*There were no instances of noncompliance noted as a result of applying this procedure.*

### **Payroll and Personnel**

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

*Obtained listing of employees (and elected officials, if applicable) with their related salaries and management's representation that the listing was complete.*

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

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

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

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

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

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*Entity utilizes a time clock to document daily attendance. On the time clock cards, leave time is also documented.*

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

*The referenced time clock cards do not clearly demonstrate supervisor approval.*

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

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

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

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

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

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

**Management Response:** *Supervisors will begin formally documenting approval of time by signing or initialing timecards.*

#### **Ethics (excluding nonprofits)**

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

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

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

*Management asserted that they have received no allegations during the fiscal period.*

#### **Debt Service (excluding nonprofits)**

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

*No debt was issued during the fiscal period.*

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

*No debt was maintained during the fiscal period.*

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

*No debt was maintained during the fiscal period.*

## Other

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

*Management has asserted that the entity did not have any misappropriations of public funds or assets.*

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

*The entity maintains a website and has the notice posted there and on its premises.*

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

*No exceptions were observed or identified regarding management's representations in the procedures above.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the 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  
June 29, 2018