

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

**ANNUAL FINANCIAL REPORT
DECEMBER 31, 2006**

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

Release Date 7/11/07

John K. Kelly Grand Bayou Reservoir Commission
Coushatta, Louisiana

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John K. Kelly Grand Bayou Reservoir Commission

**Rt. 5, Box 12250
Coushatta, LA 71019**

MANAGEMENT'S DISCUSSION AND ANALYSIS for the Year Ended December 31, 2006

The Management's Discussion and Analysis is an element of the reporting model adopted by the *Governmental Accounting Standards Board (GASB)* in their Statement No. 34. Certain comparative information is presented to provide an overview of the Commission's operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Assets

	<u>2006</u>	<u>2005</u>
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 35,198	\$ 57,851
Receivables	901	57,273
Prepaid Insurance	<u>0</u>	<u>5,343</u>
Total Current Assets	<u>\$ 36,099</u>	<u>\$ 120,467</u>
Noncurrent Assets:		
Capital Assets (Net)	\$5,923,385	\$6,103,970
Meter Deposit	<u>65</u>	<u>65</u>
Total Noncurrent Assets	<u>\$5,923,450</u>	<u>\$6,104,035</u>
Total Assets	<u>\$5,959,549</u>	<u>\$6,224,502</u>
LIABILITIES:		
Accounts Payable	\$ 5,889	\$ 13,336
Accrued Expenses	<u>(4,499)</u>	<u>2,469</u>
Total Liabilities	<u>\$ 1,390</u>	<u>\$ 15,805</u>
NET ASSETS:		
Invested in Capital Assets	\$5,923,385	\$6,103,969
Unrestricted	<u>34,774</u>	<u>104,727</u>
Total Net Assets	<u>\$5,958,159</u>	<u>\$6,208,696</u>

Summary of Statement of Activities

	<u>2006</u>	<u>2005</u>
REVENUES:		
Charge for Services & User Fees	\$ 334,104	\$ 322,004
Intergovernmental-		
State Appropriations	0	131,733
Other	<u>4,705</u>	<u>1,625</u>
Total Revenues	\$ 338,809	\$ 455,402
EXPENDITURES:		
Operating	<u>589,346</u>	<u>624,398</u>
Change in Net Assets	<u>\$(250,537)</u>	<u>\$(168,996)</u>

Change in Net Assets

- The Commission's assets exceeded its liabilities by \$5,958,159 (net assets) for the year. This is a decrease of \$250,537 from prior year.
- Unrestricted net assets of \$34,774 represent the portion available to maintain the Commission's obligation to both citizens and creditors. This is an decrease of \$69,953 from prior year.

General Fund Budgetary Highlights

The actual revenues were \$50,479 less than the budgeted amount for the year. Actual expenses were over the budgeted amount by \$19,474.

Economic Factors and Next Year's Budget

The commission considered many factors in the preparation of the 2007 Budget. Revenues and expenditures are not expected to change significantly.

Contacting the Commission

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Commission at Rt. 5, Box 12250, Coushatta, LA 71019.

Johnson, Thomas & Cunningham
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

Roger M. Cunningham, CPA – A Professional Corporation

Jessica H. Broadway, CPA

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ACCOUNTANT'S REVIEW REPORT ON THE FINANCIAL STATEMENTS

To the Commissioners of the
John K. Kelly Grand Bayou Reservoir Commission
Rt. 5, Box 12250
Coushatta, LA 71019

We have reviewed the accompanying financial statements of the governmental activities and major fund of the John K. Kelly Grand Bayou Reservoir Commission (Commission) as of and for the year ended December 31, 2006, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the *American Institute of Certified Public Accountants*. All information included in these financial statements is the representation of management of the Commission.

A review consists principally of inquiries of Commission personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, with the exception of the matters described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

As explained in Note 10, the general ledger of the Commission overstated revenues by \$17,825 and payroll liabilities were understated by \$10,446. Had the general ledger accounts necessary to correct these conditions been known, the financial statements would have been adjusted accordingly.

The Management's Discussion and Analysis and budgetary comparison information on pages 1 through 4 and pages 23 through 24 are not a required part of the basic financial statements but are supplementary information required by the *Governmental Accounting Standards Board*. Such information, including the prior year information, has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated June 22, 2007, on the results of our agreed-upon procedures.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

June 22, 2007
Natchitoches, LA 71457

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

John K. Kelly Grand Bayou Reservoir Commission
Statement of Net Assets
December 31, 2006

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 35,198
Receivables	<u>901</u>
Total Current Assets	<u>\$ 36,099</u>
Noncurrent Assets:	
Capital Assets (Net)	\$5,923,385
Meter Deposit	<u>65</u>
Total Noncurrent Assets	<u>\$5,923,450</u>
Total Assets	<u>\$5,959,549</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 5,889
Accrued Expenses	<u>(4,499)</u>
Total Liabilities	<u>\$ 1,390</u>
NET ASSETS:	
Invested in Capital Assets	\$5,923,385
Unrestricted	<u>34,774</u>
Total Net Assets	<u>\$5,958,159</u>

See accountant's report and notes to financial statements.

John K. Kelly Grand Bayou Reservoir Commission
Statement of Activities
December 31, 2006

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Culture & Recreation-				
Personnel &				
Related Expenditures	\$151,239	\$ 0	\$0	\$ (151,239)
Utilities	39,714	0	0	(39,714)
Repair & Maintenance	30,094	0	0	(30,094)
Operations	<u>368,299</u>	<u>(334,104)</u>	<u>0</u>	<u>(34,195)</u>
 Total Governmental Activities	 <u>\$589,346</u>	 <u>\$(334,104)</u>	 <u>\$0</u>	 <u>\$ (255,242)</u>
 General Revenues:				
Other				<u>4,705</u>
Change in Net Assets				\$ (250,537)
Net Assets December 31, 2005				<u>6,208,696</u>
Net Assets December 31, 2006				<u>\$5,958,159</u>

See accountant's report and notes to financial statements.

FUND FINANCIAL STATEMENTS

John K. Kelly Grand Bayou Reservoir Commission
Balance Sheet-Governmental Fund
December 31, 2006

ASSETS:

Cash	\$35,198
Receivables	901
Meter Deposits	<u>65</u>
Total Assets	<u>\$36,164</u>

LIABILITIES:

Accounts Payable	\$ 5,889
Accrued Expenses	<u>(4,499)</u>
Total Liabilities	\$ 1,390

FUND BALANCES:

Unreserved	<u>34,774</u>
Total Liabilities & Fund Balances	<u>\$36,164</u>

See accountant's report and notes to financial statements.

John K. Kelly Grand Bayou Reservoir Commission
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Assets
December 31, 2006

Total Fund Balance for the Governmental Fund at December 31, 2006	\$ 34,774
Total Net Assets reported for Governmental Activities in the Statement of Net Assets is different because:	
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Fund Financial Statements. Those assets consist of:	
Land, Equipment, Buildings, and Vehicles, Net of Accumulated Depreciation	<u>5,923,385</u>
Total Net Assets of Governmental Activities at December 31, 2006	<u>\$5,958,159</u>

See accountant's report and notes to financial statements.

John K. Kelly Grand Bayou Reservoir Commission
Governmental Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
December 31, 2006

REVENUES:

Fees, Charges & Commissions for Services- Rental Income	\$334,104
Miscellaneous- Interest & Miscellaneous	<u>4,705</u>
Total Revenues	<u>\$338,809</u>

EXPENDITURES:

Current- Culture & Recreation-	
Advertising	\$ 2,517
Auto	1,171
Bank Charges	1,931
Contract Labor	18,110
Credit Card Fees	5,071
Dues	100
Fuel & Oil	4,965
Insurance	33,481
Legal & Accounting	8,670
Miscellaneous	5,623
Office Supplies	3,329
Pest Control	1,158
Postage	629
Repairs & Maintenance	30,094
Reimbursements	21,913
Personnel & Related Expenses	151,239
Sales Tax	19,363
Supplies	30,214
Telephone	4,902
Utilities	32,275
Trash Removal	2,537
Workman's Compensation	9,179
Capital Outlay	<u>20,291</u>
Total Expenditures	<u>\$408,762</u>

Excess (Deficiency) of Revenues over Expenditures \$ (69,953)

Fund Balance-Beginning of Year 104,727

Fund Balance-End of Year \$ 34,774

See accountant's report and notes to financial statements.

John K. Kelly Grand Bayou Reservoir Commission
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
for the Year Ended December 31, 2006

Total Net Change in Fund Balance at December 31, 2006, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (69,953)
The Change in Net Assets reported for Governmental Activities in the Statement of Activities is different because:	
Capital Outlay costs which are considered expenditures on the Statement of Revenues, Expenditures and Change in Fund Balance are shown as increases in assets in the Statement of Activities	20,291
Governmental Funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense for the year ended December 31, 2006.	<u>(200,875)</u>
Total changes in Net Assets at December 31, 2006, per Statement of Activities	<u>\$(250,537)</u>

See accountant's report and notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

John K. Kelly Grand Bayou Reservoir Commission
Notes to Financial Statements
December 31, 2006

Introduction:

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

1. Summary of Significant Accounting Policies:

A. Reporting Entity-

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

The John K. Kelly Grand Bayou Reservoir Commission was determined not to be a component unit of any other financial reporting entity. The financial statements of the John K. Kelly Grand Bayou Reservoir Commission consist only of funds of the Commission, since the Commission has no financial accountability or oversight responsibility for any other governmental entity.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

John K. Kelly Grand Bayou Reservoir Commission
Notes to Financial Statements
December 31, 2006

C. Fund Accounting-

The accounts of the Commission are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Commission has one fund, and it is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the entity.

The fund of the Commission is described below:

Governmental Fund-

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

D. Measurement Focus/Basis of Accounting-

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

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Commission as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenditures, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough

John K. Kelly Grand Bayou Reservoir Commission
Notes to Financial Statements
December 31, 2006

thereafter to pay liabilities of the current period. The Commission considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts of the Commission.

F. Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Commission maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	3-10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

John K. Kelly Grand Bayou Reservoir Commission
Notes to Financial Statements
December 31, 2006

G. Equity Classifications-

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested 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 attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

H. Estimates-

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

I. Budget-

Prior to the beginning of each fiscal year, the Commission adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

John K. Kelly Grand Bayou Reservoir Commission
Notes to Financial Statements
December 31, 2006

2. Cash and Cash Equivalents:

For reporting purposes, cash and cash equivalents include demand deposits, time deposits, and certificates of deposit. At December 31, 2006, the Commission had cash and cash equivalents (collected bank balances) totaling \$35,198. Cash and cash equivalents are stated at cost, which approximates market. Under Louisiana law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a holding or custodial bank in the form of safekeeping receipts held by the Commission. The deposits at December 31, 2006, were fully secured by FDIC Insurance.

3. Compensated Absences:

On December 31, 2006, the Commission did not have a formal leave policy in effect. Therefore, no entry is made for compensated absences.

4. Fund Equity:

The unreserved fund balance for the governmental fund represents the amount available for budgeting future operations.

5. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2006, is as follows:

Governmental Activities	Balance <u>01-01-06</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12-31-06</u>
Capital Assets Not Depreciated:				
Land	\$ <u>93,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>93,000</u>
Capital Assets Depreciated:				
Equipment & Vehicles	\$ 172,723	\$ 20,291	\$0	\$ 193,014
Cabins	1,600,000	0	0	1,600,000
Building & RV Park	<u>6,121,807</u>	<u>0</u>	<u>0</u>	<u>6,121,807</u>
Total Assets Depreciated	\$ <u>7,894,530</u>	\$ <u>20,291</u>	\$ <u>0</u>	\$ <u>7,914,821</u>
Total Assets	\$ <u>7,987,530</u>	\$ <u>20,291</u>	\$ <u>0</u>	\$ <u>8,007,821</u>

John K. Kelly Grand Bayou Reservoir Commission
Notes to Financial Statements
December 31, 2006

<u>Governmental Activities</u>	<u>Balance 01-01-06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-06</u>
Less, Accumulated Depreciation:				
Equipment & Vehicles	\$ 146,154	\$ 7,830	\$0	\$ 153,984
Cabins	360,000	40,000	0	400,000
Building & RV Park	<u>1,377,407</u>	<u>153,045</u>	<u>0</u>	<u>1,530,452</u>
Total Depreciation	<u>\$1,883,561</u>	<u>\$ 200,875</u>	<u>\$0</u>	<u>\$2,084,436</u>
Net Capital Assets	<u>\$6,103,969</u>	<u>\$(180,584)</u>	<u>\$0</u>	<u>\$5,923,385</u>

Depreciation expense of \$200,875 was charged to the recreation function.

6. Pension Plans:

All employees of the John K. Kelly Grand Bayou Reservoir Commission are covered by the Social Security System. Employees contribute 6.2 percent of their total salary to the System, while the Commission contributes a like amount. For the year ended December 31, 2006, total contributions to the System were \$18,480, of which the Commission contributed \$9,240 and employees contributed \$9,240. Total payroll for the year ended December 31, 2006, was \$149,032 and total payroll covered by the system was \$149,032. Any future deficit in this System will be financed by the United States Government.

7. Litigation and Claims:

Management has advised that there is no litigation pending against the John K. Kelly Grand Bayou Reservoir Commission at December 31, 2006.

8. Receivables:

The following is summary of receivables at December 31, 2006:

<u>Class of Receivable</u>	<u>General Fund</u>
Other Receivable	<u>\$901</u>
Total	<u>\$901</u>

Substantially all receivables are considered to be fully collectable, and no allowance for uncollectables is used.

John K. Kelly Grand Bayou Reservoir Commission
Notes to Financial Statements
December 31, 2006

9. Contingencies:

In 2002, Grand Bayou and Fairview Union Water System entered into a water purchase contract. During 2005, Grand Bayou became aware that Fairview Union had been incorrectly paying them. Grand Bayou is unable to determine any amount of receivable from Fairview Union because they do not have the beginning meter reading.

10. Unreconciled Amounts:

For the year ended December 31, 2006, revenues as shown on the General Ledger exceeded revenues determined by total bank deposits in the amount of \$17,825. Payroll liabilities as shown on the General Ledger were understated by approximately \$10,446 when compared to the payroll reports for the year. The adjustments and accounts necessary to correct these conditions could not be determined.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

John K. Kelly Grand Bayou Reservoir Commission
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2006
With Comparative Actual Amounts from December 31, 2005

	2006		Variance Favorable (Unfavorable)	2005 Actual
	Budget			
	Original/Final	Actual		
REVENUES:				
Intergovernmental-				
State Appropriations	\$ 0	\$ 0	\$ 0	\$131,773
Charges for Services-				
Rental Income	259,288	334,104	74,816	205,862
RV Park	85,000	0	(85,000)	78,354
Gate Receipts	30,000	0	(30,000)	37,788
Interest & Miscellaneous	<u>15,000</u>	<u>4,705</u>	<u>(10,295)</u>	<u>1,625</u>
Total Revenues	<u>\$389,288</u>	<u>\$338,809</u>	<u>\$(50,479)</u>	<u>\$455,402</u>
EXPENDITURES:				
Current-				
Culture & Recreation-				
Culture				
Advertising	\$ 2,000	\$ 2,517	\$ (517)	\$ 4,926
Auto	4,000	1,171	2,829	0
Bank Charges	400	1,931	(1,531)	759
Contract Labor	3,600	18,110	(14,510)	38,773
Credit Card Fees	5,000	5,071	(71)	0
Dues	300	100	200	243
Fuel & Oil	2,860	4,965	(2,105)	3,692
Insurance	32,000	33,481	(1,481)	33,409
Legal & Accounting	9,300	8,670	630	11,040
Miscellaneous	0	5,623	(5,623)	2,334
Office Supplies	7,500	3,329	4,171	9,759
Personnel & Related Expense	187,000	151,239	35,761	147,026
Pest Control	1,028	1,158	(130)	1,114
Postage	0	629	(629)	929
Repair & Maintenance	28,500	30,094	(1,594)	47,503
Rent	0	0	0	125
Supplies	31,000	30,214	786	51,819
Telephone	2,500	4,902	(2,402)	6,218
Utilities	28,500	32,275	(3,775)	35,172
Trash Removal	4,000	2,537	1,463	4,278
Workman's Compensation	8,500	9,179	(679)	8,836
Capital Outlay	5,000	20,291	(15,291)	14,295
Sales Tax	17,300	19,363	(2,063)	18,311
Licenses	0	0	0	0
Refunds & Reimbursements	9,000	21,913	(12,913)	0
Outside Services	0	0	0	0
Security	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$389,288</u>	<u>\$408,762</u>	<u>\$(19,474)</u>	<u>\$440,561</u>

See accountant's report

Continued next page.

John K. Kelly Grand Bayou Reservoir Commission
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2006
 With Comparative Actual Amounts from December 31, 2005

	2006		Variance Favorable (Unfavorable)	2005 Actual
	Budget			
	Original/Final	Actual		
Excess of Revenues over Expenditures	\$ 0	\$ (69,953)	\$(69,953)	\$ 14,841
Fund Balance-Beginning of Year	<u>104,727</u>	<u>104,727</u>	<u>0</u>	<u>89,886</u>
Fund Balance-End of Year	<u>\$104,727</u>	<u>\$ 34,774</u>	<u>\$(69,953)</u>	<u>\$104,727</u>

See accountant's report

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

Roger M. Cunningham, CPA – A Professional Corporation

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Commissioners of the
John K. Kelly Grand Bayou Reservoir Commission
Rt. 5, Box 12250
Coushatta, LA 71019

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the John K. Kelly Grand Bayou Reservoir Commission and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the John K. Kelly Grand Bayou Reservoir Commission's compliance with certain laws and regulations during the year ended December 31, 2006, included in the *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the 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.

PUBLIC BID LAW

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures found to be in violation.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

No violations found.

BUDGETING

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided a copy of the budget. There were no amendments for the year..

6. Trace the budget adoption to the minute book.

Not applicable.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenue by 5% or more or expenditures exceed budgeted amounts by 5% or more.

For the year ended December 31, 2006, both actual revenues and actual expenditures exceeded the 5% variance allowed.

ACCOUNTING AND REPORTING

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account:

Each disbursement appeared to be coded correctly.

- (c) determine whether payments received approval from proper authorities:

Inspection of supporting documentation showed written approval. In addition, non-recurring entries were discussed and approved in the minutes.

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Commission is only required to post a notice of each meeting and the accompanying agenda on the door of the Commission's office building. Management has asserted that such documents were properly posted.

DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds, or other indebtedness that had not been approved by the State Bond Commission.

ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

No violations found.

Our prior report, dated June 23, 2006, included the following comments or unresolved matters:

05-1 During 2005, the Commission approved and paid a Christmas bonus to employees

This condition was corrected for 2006.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the John K. Kelly Grand Bayou Reservoir Commission and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

June 23, 2006
Natchitoches, Louisiana

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION

LOUISIANA ATTESTATION QUESTIONNAIRE

Johnson, Thomas & Cunningham, CPA's
321 Bienville Street
Natchitoches, LA 71457

In connection with your compilation of our financial statements as of December 31, 2006, and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 31, 2006.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes X No ___

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes X No ___

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes X No ___

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14 or the budget requirements of LSA-RS 39:43.

Yes X No ___

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes X No ___

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:453, and/or 39:92, as applicable.

Yes X No ___

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes X No ___

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes X No ___

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60.

Yes X No ___

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 72-729.

Christmas bonuses in 2005 will not be repeated. **FB** Yes X No ___

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Florence Bethard
Signed by & Title

December 15, 2006
Date

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

Roger M. Cunningham, CPA – A Professional Corporation

Jessica H. Broadway, CPA

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June 21, 2007

To the Commissioners of the
John K. Kelly Grand Bayou Reservoir Commission
Rt. 5, Box 12250
Coushatta, LA 71019

RE: Management Letter
Review Report - December 31, 2006

Dear Commissioners,

We have performed our review of the John K. Kelly Grand Bayou Reservoir Commission for the year ended December 31, 2006, and have applied certain agreed-upon procedures. As part of those procedures, we have the following information to report to you.

1. Louisiana Law requires that a budget be amended if actual revenues are less than budgeted revenues by 5% or more and/or actual expenditures exceed budgeted expenditures by 5% or more. For the year ended December 31, 2006, actual revenues and actual expenditures exceeded budgeted revenues and expenditures by more than the 5% variance allowed and the budget was not amended. We recommend the Commission institute procedures to ensure that the budget is amended whenever the 5% variance is not met.
2. For the year ended December 31, 2006, the General Ledger provided by the Commission, reflected revenues, that when compared to the bank deposits were overstated by approximately \$17,825. We recommend that the Commission institute procedures to ensure that deposits are balanced to the General Ledger on a monthly basis.

3. For the year ended December 31, 2006, the General Ledger, provided by the Commission, reflected payroll liabilities that when compared to the payroll reports were understated by approximately \$10,446. We recommend that the Commission institute procedures to ensure that the proper entries are made to the payroll liabilities accounts.

Sincerely,

Johnson, Thomas & Cunningham, CPA's

**John K. Kelly Grand Bayou Reservoir Commission
Management's Response**

The Commission has elected to provide their response to the Management Letter at a later date in a separate letter.