

OFFICIAL
FILE COPY

DO NOT SEND OUT

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

99401371
1364

GRAVITY DRAINAGE DISTRICT NO. ONE
OF WARD THREE OF ST. LANDRY PARISH
ARNAUVILLE, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

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

Release Date 4-21-99

T A B L E O F C O N T E N T S

	<u>PAGE</u>
Accountant's Compilation Report	1
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	3-4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Cash Basis) and Actual - General and Debt Service Funds	5-6
Notes to the Financial Statements	7-14
Independent Accountant's Report on Applying Agreed-Upon Procedures	15-18
Louisiana Attestation Questionnaire	19-20
Summary of Prior Year Findings	21

Joel Lanclos, Jr., CPA
Russell J. Stelly, CPA
Chizal S. Fontenot, CPA
James L. Nicholson, Jr., CPA
G. Kenneth Pavy, II, CPA
Darren J. Cart, CPA
Michael A. Roy, CPA



JOHN S. DOWLING & COMPANY
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA
1904-1984

Retired

Harold Dupre, CPA
1996

John Newton Stout, CPA
1998

Dwight Ledoux, CPA
1998

ACCOUNTANT'S COMPILATION REPORT

The Board of Commissioners
Gravity Drainage District No. One of
Ward Three of St. Landry Parish
Arnaudville, Louisiana

We have compiled the accompanying financial statements of Gravity Drainage District No. One of Ward Three of St. Landry Parish, a component unit of the St. Landry Parish Police Jury, as of December 31, 1998, and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated February 5, 1999, on the results of our agreed-upon procedures.

John S. Dowling & Company

Opelousas, Louisiana
February 5, 1999

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1998

ASSETS	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS			TOTALS	
	GENERAL	DEBT SERVICE	GENERAL	FIXED ASSETS	GENERAL LONG-TERM DEBT	1998	(Memorandum Only) 1997
Cash	\$25,974	\$334				\$26,308	\$23,293
Investments		77,169				77,169	91,880
Property taxes receivable, net	37,122	1,354				38,476	40,050
State revenue sharing receivable	8,187					8,187	8,261
Interfund receivable		99				99	99
Accrued interest receivable		113				113	113
Equipment			\$294,701			294,701	294,701
Amount available in Debt Service Fund					\$79,069	79,069	94,792
Amount to be provided for retirement of long-term debt					5,283	5,283	12,937
<u>Total assets</u>	<u>71,283</u>	<u>79,069</u>	<u>294,701</u>	<u>-0-</u>	<u>84,352</u>	<u>529,405</u>	<u>566,126</u>
<u>LIABILITIES AND FUND EQUITY</u>							
<u>LIABILITIES</u>							
Accounts payable	\$1,651					\$1,651	\$1,440
Salaries payable	450					450	450
Interfund payable	99					99	99
Bonds payable					\$75,000	75,000	90,000
Notes payable					9,352	9,352	17,729
<u>Total liabilities</u>	<u>2,200</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>84,352</u>	<u>86,552</u>	<u>109,718</u>
<u>FUND EQUITY</u>							
Investment in general fixed assets			\$294,701			294,701	294,701
Fund balance							
Reserved for debt service		\$79,069				79,069	94,792
Unreserved and undesignated	69,083					69,083	66,915
<u>Total fund equity</u>	<u>69,083</u>	<u>79,069</u>	<u>294,701</u>	<u>-0-</u>	<u>-0-</u>	<u>442,853</u>	<u>456,408</u>
<u>Total liabilities and fund equity</u>	<u>71,283</u>	<u>79,069</u>	<u>294,701</u>	<u>84,352</u>		<u>529,405</u>	<u>566,126</u>

See accompanying notes and accountant's report.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>GOVERNMENTAL</u> <u>FUND TYPES</u>		<u>TOTALS</u> <u>(Memorandum Only)</u>	
	<u>GENERAL</u>	<u>DEBT</u> <u>SERVICE</u>	<u>1998</u>	<u>1997</u>
<u>REVENUES</u>				
Taxes				
Property taxes	\$48,835	\$1,665	\$50,500	\$49,777
Intergovernmental revenues				
State revenue sharing	12,098		12,098	12,589
Use of money and property				
Interest earnings	<u>30</u>	<u>4,102</u>	<u>4,132</u>	<u>5,171</u>
<u>Total revenues</u>	<u>60,963</u>	<u>5,767</u>	<u>66,730</u>	<u>67,537</u>
<u>EXPENDITURES</u>				
Current				
General and administrative				
Election expense				455
Engineering assistance	500		500	500
Fuel and oil	4,825		4,825	4,220
Insurance	5,758		5,758	7,159
Labor	17,664		17,664	16,828
Legal publications	51		51	45
Miscellaneous expense	118		118	325
Office expense	1,236		1,236	1,200
Office supplies				39
Per diem and mileage	2,896		2,896	3,052
Professional fees	1,075		1,075	975
Rent	600		600	800
Repairs and maintenance	6,918		6,918	2,241
Salary -				
Secretary/treasurer	4,200		4,200	4,200
Taxes - payroll	2,611		2,611	2,556
Debt service				
Principal	8,377	15,000	23,377	95,343
Interest	1,966	6,450	8,416	10,719
Paying agent fees		<u>40</u>	<u>40</u>	<u>640</u>
<u>Total expenditures</u>	<u>58,795</u>	<u>21,490</u>	<u>80,285</u>	<u>151,297</u>
<u>EXCESS OF REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	<u>2,168</u>	<u>(15,723)</u>	<u>(13,555)</u>	<u>(83,760)</u>
<u>OTHER FINANCING SOURCES</u>				
Refinancing of debt				3,135
Sale of fixed assets				<u>150</u>
<u>Total other financing sources</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,285</u>

This statement continued on next page.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>GOVERNMENTAL</u> <u>FUND TYPES</u>		<u>TOTALS</u> <u>(Memorandum Only)</u>	
	<u>GENERAL</u>	<u>DEBT</u> <u>SERVICE</u>	<u>1998</u>	<u>1997</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING</u> <u>SOURCES OVER (UNDER) EXPENDITURES</u>	\$2,168	\$(15,723)	\$(13,555)	\$(80,475)
<u>FUND BALANCE, beginning of year</u>	<u>66,915</u>	<u>94,792</u>	<u>161,707</u>	<u>242,182</u>
<u>FUND BALANCE, end of year</u>	<u>69,083</u>	<u>79,069</u>	<u>148,152</u>	<u>161,707</u>

See accompanying notes and accountant's report.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET (CASH BASIS) AND ACTUAL
GENERAL AND DEBT SERVICE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>GENERAL FUND</u>		<u>DEBT SERVICE FUND</u>		TOTALS (Memorandum Only) <u>ACTUAL</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	
			<u>VARIANCE</u>		
			<u>FAVORABLE</u>		
			<u>(UNFAVORABLE)</u>		
Debt service					
Principal	\$8,377	\$8,377	\$15,000	\$15,000	\$23,377
Interest	1,967	1,966	6,450	6,450	8,416
Paying agent fees				40	40
<u>Total expenditures</u>	<u>62,230</u>	<u>58,583</u>	<u>21,450</u>	<u>21,490</u>	<u>80,073</u>
			<u>3,647</u>	<u>(40)</u>	
			<u>3,244</u>	<u>(40)</u>	
<u>EXCESS OF REVENUES OVER</u>	<u>680</u>	<u>3,924</u>	<u>(15,250)</u>	<u>(14,789)</u>	<u>(10,865)</u>
<u>(UNDER) EXPENDITURES</u>				<u>461</u>	
<u>FUND BALANCE, beginning of year</u>		<u>66,915</u>		<u>94,792</u>	<u>161,707</u>
<u>FUND BALANCE, end of year</u>		<u>70,839</u>		<u>80,003</u>	<u>150,842</u>

See accompanying notes and accountant's report.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. SCOPE OF ENTITY

The Gravity Drainage District No. One of Ward Three of St. Landry Parish was established for the purpose of opening and maintaining all natural drains in the District, where drainage is accomplished using the natural force of gravity.

As the governing authority of the parish, for reporting purposes, the St. Landry Parish Police Jury is the financial reporting entity for St. Landry Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Landry Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the District's governing body, the District was determined to be a component unit of the St. Landry Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accompanying component unit financial statements of Gravity Drainage District No. One of Ward Three of St. Landry Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the District include:

General Fund

The General Fund is the general operating fund of the Gravity Drainage District No. One of Ward Three of St. Landry Parish. It is used to account for all financial resources except those required to be accounted for in other funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the related fund liability is incurred, if measurable.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Louisiana are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Purchase of various operating supplies are regarded as expenditures at the time purchased. The costs of governmental fund-type inventories are recorded as expenditures when purchased and items on hand at year-end, if any, are not recorded as assets. Expenditures for insurance and similar services which extend over more than one accounting period are accounted for as expenditures of the period of acquisition.

D. BUDGETS AND BUDGETARY ACCOUNTING

The District is required by state law to adopt an annual budget for its General Fund. The District also adopts a budget for its Debt Service Fund. The budgets are adopted on a cash basis. The budgets must be finally adopted by the District no later than the last day of the preceding year. The Board of Commissioners may authorize revisions requiring alteration of levels of expenditures. Operating appropriations lapse at year-end.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

D. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

The revenues, expenditures and fund balance shown on pages 3 and 4 are reconciled with the amounts reflected in the budget comparisons on pages 5 and 6 as follows:

	<u>GENERAL</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u>
Page 3 Revenues	\$60,963	\$5,767
Add: Property tax received	50,267	2,599
State revenue sharing received	12,210	
Less: Current property tax	(48,835)	(1,665)
Current state revenue sharing	<u>(12,098)</u>	<u> </u>
Page 5 Revenues	<u>62,507</u>	<u>6,701</u>
Page 3 Expenditures	\$58,795	\$21,490
Add: Prior year payables	1,890	
Less: Current year payables	<u>(2,102)</u>	<u> </u>
Page 6 Expenditures	<u>58,583</u>	<u>21,490</u>
Page 4 Fund balance, end of year	\$69,083	\$79,069
Add: Cash receipts	62,477	2,599
Current year payables	2,102	
Less: Current revenues	(60,933)	(1,665)
Prior year payables	<u>(1,890)</u>	<u> </u>
Page 6 Fund balance, end of year	<u>70,839</u>	<u>80,003</u>

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ENCUMBRANCES

Encumbrance accounting is not used by the Drainage District.

F. INVESTMENTS AND CASH

Investments are stated at cost or amortized cost, which approximates market.

Louisiana statutes authorize the District to invest in United States bonds, treasury notes or certificates of deposit in state and national banks, or any other federally insured investment.

G. FIXED ASSETS

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The assets recorded in the General Fixed Assets Account Group consist only of equipment. Expenditures for infrastructure assets, if any, are not set up as assets in the General Fixed Assets Account Group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost plus trade-in value, if applicable. Interest costs during construction are not capitalized.

H. PENSION PLANS

The Drainage District does not have a pension plan. The employees of the Drainage District participate in the Social Security Retirement System.

I. VACATION AND SICK LEAVE

After six months of service, employees earn 15 days of annual leave each year at the rate of 10 hours per month. Accumulated annual leave is lost at the time of retirement or resignation. Sick leave is granted at the discretion of the Board of the Drainage District.

J. LONG-TERM DEBT

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, not in the governmental funds.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. CASH AND INVESTMENTS

At December 31, 1998 the total bank balances of the District's deposits (cash and time deposits) were \$92,703. The entire bank balance was covered by federal depository insurance or by collateral held by the bank in the District's name.

3. PROPERTY TAXES

The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Property taxes are due on October 1 and become delinquent by January 1 of the following year. The St. Landry Parish Sheriff bills, collects, and distributes the property taxes for the District using the assessed values determined by the tax assessor of St. Landry Parish.

For the year ended December 31, 1998, a tax millage of 5.68 was assessed, of which 5.48 mills were for maintenance, and .2 mills was for debt service. As per state requirements, each taxing district of the parish must remit 2.6759% of total ad valorem taxes per the tax roll to the pension fund. This amount is determined by the legislative auditor each year. Since the Sheriff collects all taxes for the parish, the tax collected in the first month is reduced by the Sheriff for the pension fund amount owed and the remainder is remitted to the taxing district. Therefore, property taxes are shown net of pension fund distributions as follows:

	<u>Total Tax</u> <u>Per Roll</u>	<u>Pension Fund</u> <u>Requirements</u>	<u>Property</u> <u>Tax Receivable</u>
General Fund	\$48,851	\$1,443	\$47,408
Debt Service Fund	1,783	53	1,730

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

4. PROPERTY TAXES RECEIVABLE

A breakdown of property taxes receivable as of December 31, 1998 is as follows:

	<u>Taxes Receivable</u>	<u>Estimated Uncollectible</u>	<u>Collections in December</u>	<u>Net Taxes Receivable</u>
General Fund	\$47,408	\$1,972	\$8,314	\$37,122
Debt Service Fund	1,730	73	303	1,354

5. INTERFUND RECEIVABLES, PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund		\$99
Debt Service Fund	\$99	

6. GENERAL LONG-TERM DEBT

A summary of changes in long-term debt is as follows:

<u>Description of Debt</u>	<u>1/1/98 Beginning Balance</u>	<u>Increase</u>	<u>Refinance or (Decrease)</u>	<u>12/31/98 Ending Balance</u>
General obligation bonds: \$170,000 originally issued with interest rates ranging from 7.2% to 11%	\$90,000		\$(15,000)	\$75,000
Note payable - Case Credit Corporation: \$28,072 refinanced note with interest rate of 10.9%; collateralized by an excavator	<u>17,729</u>	—	<u>(8,377)</u>	<u>9,352</u>
<u>Total long-term debt</u>	<u>107,729</u>	<u>-0-</u>	<u>(23,377)</u>	<u>84,352</u>

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

6. GENERAL LONG-TERM DEBT (Continued)

The note with Case Credit Corporation due on May 1, 1997 was refinanced for 3 years at an APR of 10.9%. The first payment was made April 25, 1997 for \$10,343.49 on which the interest was waived.

Maturities of long-term debt are scheduled as follows:

Year Ended December	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$24,352	\$6,377	\$30,729
2000	20,000	4,320	24,320
2001	20,000	2,880	22,880
2002	<u>20,000</u>	<u>1,440</u>	<u>21,440</u>
	<u>84,352</u>	<u>15,017</u>	<u>99,369</u>

7. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Equipment</u>
Balance, beginning of year	\$294,701
Additions	-0-
Deletions	<u>-0-</u>
Balance, end of year	<u>294,701</u>

8. PER DIEM AND MILEAGE

Per diem and mileage paid to board members is summarized below:

<u>Board Members</u>	
Donald Angelle	\$607
Carroll Olivier	520
Creighton Dugas, Jr.	634
Y. Z. Gauthier	516
Donald Meche	<u>619</u>
<u>Total</u>	<u>2,896</u>

9. DEFICITS IN INDIVIDUAL FUNDS

None of the District's funds had a deficit fund balance at December 31, 1998.

Joel Lanclos, Jr., CPA
 Russell J. Stelly, CPA
 Chizal S. Fontenot, CPA
 James L. Nicholson, Jr., CPA
 G. Kenneth Pavy, II, CPA
 Darren J. Cart, CPA
 Michael A. Roy, CPA



JOHN S. DOWLING & COMPANY
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

John S. Dowling, CPA
 1904-1984

Retired

Harold Dupre, CPA
 1996
 John Newton Stout, CPA
 1998
 Dwight Ledoux, CPA
 1998

The Board of Commissioners
 Gravity Drainage District No. One of
 Ward Three of St. Landry Parish
 Arnaudville, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Gravity Drainage District No. One of Ward Three of St. Landry Parish and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Gravity Drainage District No. One of Ward Three's compliance with certain laws and regulations during the year ended December 31, 1998 included in the accompanying 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 \$15,000, 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 were made during the year for materials and supplies exceeding \$15,000, or public works exceeding \$50,000.

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.

The Board of Commissioners
 Gravity Drainage District No. One of
 Ward Three of St. Landry Parish
 Page 2

Code of Ethics for Public Officials and Public Employees - Continued

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

None of the employees included on the list of employees provided by management {agreed-upon procedure (3)} appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

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

Management provided us with a copy of the original and amended budget.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on 12/3/97 and the adoption of the amended budget to a meeting held on 11/4/98.

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

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%, except that revenues of the Debt Service Fund were 6.98% below amounts budgeted for the year.

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 6 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; and

Payments were properly coded to the correct fund and general ledger account.

The Board of Commissioners
Gravity Drainage District No. One of
Ward Three of St. Landry Parish
Page 3

Accounting and Reporting - Continued

- (c) Determine whether payments received approval from proper authorities.

Payments were approved by the Board of Commissioners as stated 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).

Gravity Drainage District No. One of Ward Three of St. Landry Parish is only required to post a notice of each meeting and the accompanying agenda. Management has asserted that such documents were properly posted and the notices are marked as being posted along with the date 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 like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

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

A reading of the minutes of the District for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Prior Year Comments

Prior year comments involving budget amendment have been resolved.

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.

The Board of Commissioners
Gravity Drainage District No. One of
Ward Three of St. Landry Parish
Page 4

This report is intended solely for the use of management of Gravity Drainage District No. One of Ward Three of St. Landry Parish 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. However, this report is a matter of public record and its distribution is not limited.

John S. Dowling & Company

Opelousas, Louisiana
February 5, 1999

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

1-6-99 (Date Transmitted)

John S. Dowling & Company
P.O. Box 433
Opelousas, LA 70571-0433 (Auditors)

In connection with your compilation of our financial statements as of [date] and for the year 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 regulation 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 1/6/99 (date of completion/representations).

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 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 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 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 39:34.

Yes 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 No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes No

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

Yes No

Meetings

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

Yes 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 39:1410.60-1410.65.

Yes 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 79-729.

Yes 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.

Jackie D. Devillier Secretary 1-6-99 Date
Jackie D. Devillier Treasurer 1-6-99 Date
Carroll Olivier President 1-6-99 Date

ADOPTED BY BOARD OF COMMISSIONERS OF CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
 OF THIRD WARD AT ITS MEETING HELD ON JANUARY 6, 1999.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
SUMMARY OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 1998

FINDINGS - APPLYING AGREED-UPON PROCEDURES

97-1 Amending Budget

Resolved