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PRAIRIE GREGG GRAVITY DRAINAGE
DISTRICT AND SUB DRAINAGE DISTRICT #2
VERMILION PARISH, LOUISIANA

COMPONENT UNIT FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

FOR THE YEAR ENDED

DECEMBER 31, 1998

WITH SUPPLEMENTAL INFORMATION SCHEDULE

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 JUN 02 1999

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
OF VERMILION PARISH
VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA

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ALLEN J. LaBRY, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

ALLEN J. LABRY, CPA

April 9, 1999

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Prairie Gregg Gravity Drainage District
and Sub Drainage District #2
Vermilion Parish, Louisiana

I have audited the accompanying component unit financial statements of the Prairie Gregg Gravity Drainage District and Sub Drainage District #2, Vermilion Parish, Louisiana (The District), a component unit of the Vermilion Parish Police Jury as of and for the year ended December 31, 1998, as listed in the table of contents. These component unit financial statements are the responsibility of The Prairie Gregg Gravity Drainage District and Sub Drainage District #2 management. My responsibility is to express an opinion on these component unit financial statements based upon my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of The District, at December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated April 9, 1999 on my consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts dated April 9, 1999.


Allen J. LaBry
Certified Public Accountant



ALLEN J. LABRY, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

ALLEN J. LABRY, CPA

April 9, 1999

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF THE COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
Prairie Gregg Gravity Drainage District
And Sub Drainage District #2
Of Vermilion Parish
Vermilion Parish Police Jury
Abbeville, Louisiana

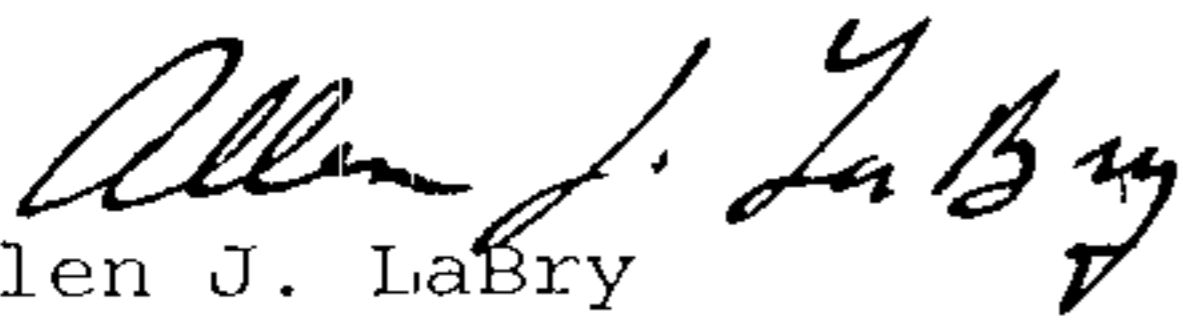
I have audited the component unit financial statements of Prairie Gregg Gravity Drainage District and Sub Drainage District #2 (The District) as of and for the year ended December 31, 1998, and have issued my report thereon dated April 9, 1999.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, and regulations, contracts, and grants applicable to The District, is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the district's compliance with certain provisions of laws, regulations, and contracts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the audit committee, management, and board of directors. However this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Allen J. LaBry". The signature is written in black ink and is positioned above the printed name.

Allen J. LaBry
Certified Public Accountant.

AL:sd



ALLEN J. LaBRY, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

ALLEN J. LaBRY, CPA

April 9, 1999

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF THE COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Prairie Gregg Gravity Drainage District
and Sub Drainage District No. 2
of Vermilion Parish
Vermilion Parish Police Jury
Abbeville, Louisiana

I have audited the component unit financial statements of Prairie Gregg Gravity Drainage District and Sub Drainage District No. 2 (The District), as of and for the year ended December 31, 1998, and have issued my report thereon dated April 9, 1999.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

In planning and performing my audit of the component unit financial statements of the District, for the year ended December 31, 1998, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded

PAGE 6

against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of component unit financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected.

Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

In my consideration of the internal control structure, I noted that, as a reportable condition, the limited number of employees preclude an adequate segregation of duties and other features of an adequate internal control structure. To employ such controls may not be cost beneficial for the District.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the audit committee, management, and board of commissioners. However, this report is a matter of public record and its distribution is not limited.



Allen J. LaBry
Certified Public Accountant

AL:sd

STATEMENT A

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
 AND SUB DRAINAGE DISTRICT #2
 COMPONENT UNIT BALANCE SHEET
 (GOVERNMENTAL FUND TYPE - GENERAL FUND)
 DECEMBER 31, 1998

ASSETS:

CASH AND CASH EQUIVALENTS (NOTE 3)		\$ 116,150
PREPAID INSURANCE		1,295
ADVALOREM TAXES RECEIVABLE		206,314
INTEREST RECEIVABLE		1,607

TOTAL ASSETS		\$ 325,366
		=====

LIABILITIES AND FUND EQUITY:

ACCOUNTS PAYABLE		\$ 1,682
PAYROLL TAXES PAYABLE		272

TOTAL LIABILITIES		\$ 1,954
FUND BALANCE		
UNRESERVED-UNDESIGNATED		323,412

TOTAL LIABILITIES AND FUND EQUITY		\$ 325,366
		=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT'

STATEMENT B

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
COMPONENT UNIT BALANCE SHEET
(GOVERNMENTAL FUND TYPE)
ACCOUNT GROUP - GENERAL FIXED ASSETS
DECEMBER 31, 1998

ASSETS:

EQUIPMENT		\$ 315,324

TOTAL ASSETS		\$ 315,324
		=====

LIABILITIES AND FUND EQUITY:

TOTAL LIABILITIES		\$ 0
FUND EQUITY		
INVESTMENT IN GENERAL FIXED ASSETS		315,324

TOTAL LIABILITIES AND FUND EQUITY		\$ 315,324
		=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

STATEMENT C

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
COMPONENT UNIT STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GOVERNMENTAL FUND TYPE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

REVENUES:

	ACTUAL	BUDGET	VARIANCE FAVORABLE <UNFAVORABLE>
	-----	-----	-----
AD VALOREM TAXES	\$244,743	\$225,000	\$ <257>
STATE REVENUE SHARING	6,387	6,000	387
INTEREST INCOME	8,799	6,000	2,799
	-----	-----	-----
TOTAL REVENUES	\$239,929	\$237,000	\$ 2,929
	-----	-----	-----

EXPENDITURES:

PUBLIC WORKS - DRAINAGE:

AUTO AND TRUCK	692	1,800	1,108
BANK CHARGES	-0-	100	100
BOARD MEMBER FEES	7,995	8,300	305
FUEL, OIL, AND LUBRICANTS	4,213	7,500	3,287
INSURANCE - GROUP	33,557	30,000	<3,557>
INSURANCE	12,899	22,000	9,101
MISCELLANEOUS	561	3,500	2,939
OFFICE SUPPLIES	89	800	711
PER DIEM AND TRAVEL	3,670	3,000	<670>
PROFESSIONAL FEES	1,285	3,500	2,215
RENT, REPAIRS & MAINT.	57,971	50,000	<7,971>
SALARIES	78,584	90,000	11,416
SUPPLIES	1,130	2,500	1,370
TAXES AND LICENSES	3,282	8,200	4,918
UTILITIES	313	-0-	<313>
	-----	-----	-----
TOTAL EXPENDITURES	\$206,241	\$231,200	\$ 24,959
	-----	-----	-----

STATEMENT C

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
 AND SUB DRAINAGE DISTRICT #2
 COMPONENT UNIT STATEMENT OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
 GOVERNMENTAL FUND TYPE - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 1998

	ACTUAL	BUDGET	VARIANCE FAVORABLE <UNFAVORABLE>
	-----	-----	-----
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 33,688	\$ 5,800	\$ 27,888
FUND BALANCE BEGINNING OF YEAR	289,724	289,724	-0-
	-----	-----	-----
FUND BALANCE END OF YEAR	\$323,412	\$295,524	\$ 27,888
	=====	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT AND
SUB DRAINAGE DISTRICT #2
OF VERMILION PARISH
VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA

Notes to the Financial Statements
December 31, 1998

INTRODUCTION

The Prairie Gregg Drainage District and Sub Drainage District #2 (The District) of Vermilion Parish was created under the authority of Louisiana Revised Statutes 38:1751-1802. The drainage district is situated in southeast Vermilion Parish and was created for the purpose of opening and maintaining all natural drains in the district, where drainage is accomplished using the natural force of gravity. This may be accomplished by cutting and opening new drains, ditches, and canals. As provided by Louisiana Revised Statute 38:1758, the gravity drainage district is governed by five commissioners. These five commissioners are collectively referred to as the board of commissioners and are appointed by the Vermilion Parish Police Jury.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of The District 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.

B. REPORTING ENTITY

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the police jury is determined on the basis of the following criteria:

1. Appointment of governing board
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the police jury created the district and appoints its board members, the district was determined to be a component unit of the Vermilion Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. 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 governmental reporting entity.

C. FUND ACCOUNTING

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.

The fund of the district is classified as a governmental fund. The fund classification and a description is as follows:

Governmental Fund - General Fund

The Governmental Fund - General Fund is the general operating fund of the district and accounts for the district's general activities and all financial resources.

General Fixed Assets Account Group

Fixed assets are accounted for in the general fixed assets account group, rather than in the governmental funds. Public domain or infrastructures are not capitalized. The account group is not a fund. It is concerned only with the measurement of financial position and does not involve measurement of results of operations.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally 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 used by the governmental fund. The governmental fund uses the following practices in recording revenues and expenditures:

REVENUES

Ad valorem taxes, the related state revenue sharing (which is based on population and homesteads in the parish), and interest earned on certificates of deposit are recorded when they become measurable and available as net current assets. Ad valorem taxes are assessed for the calendar year, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

EXPENDITURES

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. BUDGET PRACTICES

The Prairie Gregg Gravity Drainage District and Sub Drainage District #2 adopts an annual budget for its General Fund that is prepared on cash estimates. The beginning fund balance is budgeted, and budget integration is not employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include original adopted amounts and all subsequent amendments.

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures of monies are recorded in order to reserve fund balance, is not employed by the district.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits. Cash equivalents include amounts in time deposits. Under state law, the district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

H. FIXED ASSETS AND LONG-TERM OBLIGATIONS

Fixed assets of the governmental fund (General Fund) are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

There are no long-term obligations at December 31, 1998.

I. COMPENSATED ABSENCES

Full-time employees of the district with more than one year of service are allowed two weeks of vacation leave each year; full-time employees with one year of service or less are allowed one week of vacation leave each year. Vacation leave does not accumulate from year to year. Full-time employees are allowed one day sick leave for each month worked beginning with the day they are employed. Employees can accumulate up to 148 days of sick leave, but the sick pay does not vest upon termination. The employee has no right to be compensated for unused sick leave.

J. USE OF ESTIMATES

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

2. LEVIED TAXES

Property taxes are levied each November 15 on the assessed value as of the prior January 1 for all real estate, merchandise, and

movable property located within the district. Assessed values are established by the Vermilion Parish Assessor and the Louisiana Tax Commission at a per cent of actual value, as specified by Louisiana law. An assessment of all property is required to be completed no less than every four years. The following is a summary of authorized and levied ad valorem taxes:

	1997	
	Authorized Millage	Levied Millage
General Fund	15.79	15.79

3. CASH AND CASH EQUIVALENTS

At December 31, 1998, the district has cash and cash equivalents totaling as follows:

Demand Deposits	\$ 6,382
Certificates of deposit	109,768
Total	\$116,150 =====

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the district has \$116,150 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 federal deposit insurance and \$199,862 of pledged securities held by the fiscal agent bank (GASB Category 3).

4. RECEIVABLES

The following is a summary of receivables at December 31, 1998:

<u>Class of Receivable</u>	
Ad valorem taxes	\$203,314

5. CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets (office furnishings and equipment) follows:

Balance January 1, 1996	\$ 317,009
Deletions	1,685

Balance December 31, 1997	\$ 315,324
	=====

6. LEASES

The gravity drainage district has no capital or operating leases at December 31, 1998.

7. CONTINGENT LIABILITIES

There is no litigation pending against The District at December 31, 1998.



ALLEN J. LaBRY, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

ALLEN J. LaBRY, CPA

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
OF VERMILION PARISH
VERMILION PARISH POLICE JURY

SUPPLEMENTAL INFORMATION
DECEMBER 31, 1998

My examination was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The accompanying financial information listed as "Schedules" in the table of contents is presented for purposes of additional analysis and is not a required part of the combined financial statements of The District. Such information has been subjected to the auditing procedures applied in the examination of the component unit financial statements and, in my opinion, is fairly stated in all material respects in relation to such financial statements taken as a whole.

Allen J. LaBry
Certified Public Accountant

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
OF VERMILION PARISH
VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 1998

COMPENSATION PAID BOARD OF COMMISSIONERS

The schedule of compensation paid board of commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The per diem paid to board members is included in the expenditures of the General Fund. Each member of the board receives \$65 for each day of attendance at meetings of the board.

SCHEDULE 1

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
OF VERMILION PARISH
VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 1998

GERALD LIBERSAT	\$ 1,495
PAT MENARD	2,080
MARK BROUSSARD	1,560
MARCY HEBERT	1,560
KERN BROUSSARD	1,300

	\$7,995
	=====