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GRAVITY DRAINAGE DISTRICT NO. ONE
OF WARD TWO OF ST. LANDRY PARISH
SUNSET, LOUISIANA
ANNUAL 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.

MAY 12 1998

Release Date _____

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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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
 Gravity Drainage District No. One of
 Ward Two of St. Landry Parish
 Sunset, Louisiana

We have audited the accompanying general purpose financial statements of the Gravity Drainage District No. One of Ward Two of St. Landry Parish, Sunset, Louisiana, a component unit of the St. Landry Parish Police Jury, as of and for the year ended December 31, 1998. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures About Year 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue. Gravity Drainage District No. One of Ward Two of St. Landry Parish has included such disclosures in Note 7. Because of the unprecedented nature of the year 2000 issue, its effects will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support Gravity Drainage District No. One of Ward Two of St. Landry Parish's disclosures with respect to the year 2000 issue made in Note 7. Further, we do not provide assurance that parties with which Gravity Drainage District No. One of Ward Two of St. Landry Parish does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Gravity Drainage District No. One of Ward Two of St. Landry Parish, as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

To the Board of Commissioners
Gravity Drainage District No. One of
Ward Two of St. Landry Parish
Page 2

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 1999 on our consideration of the Gravity Drainage District No. One of Ward Two's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

John S. Dowling & Company

Opelousas, Louisiana
February 15, 1999

GRAVITY DRAINAGE DISTRICT NO ONE OF WARD TWO OF ST. LANDRY PARISH
SUNSET, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
DECEMBER 31, 1998

	<u>GOVERNMENTAL FUND TYPES</u>		<u>ACCOUNT GROUP</u>		<u>TOTALS</u>	
	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>GENERAL</u>	<u>LONG-TERM DEBT</u>	<u>1998</u>	<u>(MEMORANDUM ONLY) 1997</u>
<u>ASSETS</u>						
Cash	\$56,850	\$8,828			\$65,678	\$168,341
Investments	315,000				315,000	215,000
Property taxes receivable (net)	68,373				68,373	60,382
Revenue sharing receivable	12,430				12,430	12,539
Amount available in Debt Service Fund			\$4,000		4,000	5,000
Accrued interest receivable	<u>1,026</u>				<u>1,026</u>	<u>1,257</u>
<u>Total assets</u>	<u>453,679</u>	<u>8,828</u>	<u>4,000</u>		<u>466,507</u>	<u>462,519</u>
<u>LIABILITIES AND FUND EQUITY</u>						
<u>LIABILITIES</u>						
Bonds payable			\$4,000		\$4,000	\$5,000
<u>Total liabilities</u>	<u>-0-</u>	<u>-0-</u>	<u>4,000</u>		<u>4,000</u>	<u>5,000</u>
<u>FUND EQUITY</u>						
Fund balance					4,000	5,000
Reserved for debt service		\$4,000			458,507	452,519
Unreserved, undesignated	\$453,679	4,828			462,507	457,519
<u>Total fund balance</u>	<u>453,679</u>	<u>8,828</u>	<u>-0-</u>		<u>466,507</u>	<u>462,519</u>
<u>Total liabilities and fund equity</u>	<u>453,679</u>	<u>8,828</u>	<u>4,000</u>		<u>466,507</u>	<u>462,519</u>

The accompanying notes are an integral part of this statement.

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

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u>	
	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>(MEMORANDUM ONLY)</u>	
			<u>1998</u>	<u>1997</u>
<u>REVENUES</u>				
Taxes				
Property taxes	\$75,796		\$75,796	\$68,726
Intergovernmental				
State revenue sharing	18,366		18,366	18,249
Interest				
On property taxes	191		191	161
On investments	16,564	\$172	16,736	15,318
Miscellaneous				
Watershed project reimbursement	<u>21,473</u>	<u> </u>	<u>21,473</u>	<u> </u>
<u>Total revenues</u>	<u>132,390</u>	<u>172</u>	<u>132,562</u>	<u>102,454</u>
<u>EXPENDITURES</u>				
Current operating				
General and administrative				
Accounting	3,600		3,600	3,750
Office expense	16		16	150
Per diem	7,200		7,200	7,200
Telephone	31		31	31
Bank charges	76	51	127	151
Bond on secretary	270		270	
Drainage				
Maintenance	114,924		114,924	46,002
Soil conservation fees				500
Debt service				
Bonds paid		1,000	1,000	1,000
Interest paid		<u>405</u>	<u>405</u>	<u>495</u>
<u>Total expenditures</u>	<u>126,117</u>	<u>1,456</u>	<u>127,573</u>	<u>59,279</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u> <u>OVER EXPENDITURES</u>	6,273	(1,284)	4,989	43,175
<u>FUND BALANCE, beginning of year</u>	<u>447,406</u>	<u>10,112</u>	<u>457,518</u>	<u>414,343</u>
<u>FUND BALANCE, end of year</u>	<u>453,679</u>	<u>8,828</u>	<u>462,507</u>	<u>457,518</u>

The accompanying notes are an integral part of this statement.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD TWO OF ST. LANDRY PARISH
SUNSET, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	1998		VARIANCE FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	BUDGET	ACTUAL		
<u>REVENUES</u>				
Taxes				
Property taxes	\$61,000	\$75,796	\$14,796	\$68,726
Intergovernmental				
State revenue sharing	18,000	18,366	366	18,249
Interest				
On property taxes	100	191	91	161
On investments	14,000	16,564	2,564	15,106
Miscellaneous				
Watershed project	<u>20,000</u>	<u>21,473</u>	<u>1,473</u>	<u> </u>
Total revenues	<u>113,100</u>	<u>132,390</u>	<u>19,290</u>	<u>102,242</u>
<u>EXPENDITURES</u>				
Current operating				
General and administrative				
Accounting	3,600	3,600		3,750
Office expense	500	16	484	150
Per diem	7,200	7,200		7,200
Telephone	100	31	69	31
Bank charges		76	(76)	91
Insurance	300	270	30	
Miscellaneous	100		100	
Drainage				
Maintenance	100,000	114,924	(14,924)	46,002
Soil conservation fees	500		500	500
Capital outlay				
Engineering fees	<u>200</u>	<u> </u>	<u>200</u>	<u> </u>
Total expenditures	<u>112,500</u>	<u>126,117</u>	<u>(13,617)</u>	<u>57,724</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u> <u>OVER EXPENDITURES</u>	<u>600</u>	6,273	<u>5,673</u>	44,518
<u>FUND BALANCE, beginning of year</u>		<u>447,406</u>		<u>402,888</u>
<u>FUND BALANCE, end of year</u>		<u>453,679</u>		<u>447,406</u>

The accompanying notes are an integral part of this statement.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Gravity Drainage District No. One of Ward Two of St. Landry Parish, Sunset, Louisiana, 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 standards-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

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 five commissioners of Gravity Drainage District No. One of Ward Two, and thus has the ability to impose its will on the Drainage District, 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 TWO OF ST. LANDRY PARISH
SUNSET, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 designated 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 the following:

1. General Fund - the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.
2. Debt Service Fund - accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the General Long-term Debt Account Group.

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 generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is utilized 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 are recorded when the related fund liability is incurred, if measurable.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. BASIS OF ACCOUNTING - Continued

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 material, are 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.

E. BUDGETS

The District adopted a 1998 budget for the General Fund in December, 1997. The 1998 budget for the General Fund was later amended and adopted in December, 1998.

F. ENCUMBRANCES

The District does not employ the encumbrance system of accounting.

G. INVESTMENTS IN 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, time certificates of deposit in state and national banks, or any other federally insured investment.

H. FIXED ASSETS AND LONG-TERM DEBT

Public domain (infrastructure) general fixed assets consisting of drainage improvements are not capitalized. Interest costs during construction are not capitalized. The Gravity Drainage District No. One of Ward Two had no other type of fixed asset purchases.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. FIXED ASSETS AND LONG-TERM DEBT - Continued

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

The account group is not a "fund." It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-term Debt Account Group.

I. 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 aggregate of this data.

J. COMPARATIVE DATA

Comparative totals for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

2. CASH AND INVESTMENTS

At December 31, 1998, the bank balances of cash in interest-bearing checking accounts and certificates of deposit were \$67,018, and \$315,000, respectively. The cash and investments are fully secured by federal deposit insurance and/or by collateral pledged by the banks in the District's name.

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

3. AD VALOREM 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.

The District was required to remit 2.68% in 1998 of their 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, the ad valorem tax receivable and revenue are shown net of Pension Fund distributions. A breakdown of tax receivable is as follows:

	<u>Total Per</u> <u>Tax Roll</u>	<u>Pension Fund</u> <u>Requirements</u>	<u>Allowance for</u> <u>Uncollectible</u> <u>Taxes</u>	<u>Tax Received</u> <u>in December</u>	<u>Tax</u> <u>Receivable</u>
1998	\$80,615	\$2,382	\$2,280	\$7,580	\$68,373

An estimated allowance for uncollectible property tax has been set up based on prior years' experience.

4. LONG-TERM DEBT

General Obligation Bonds. The District issued \$350,000 of 9% general obligation bonds dated May 1, 1982, for general government activities. Of the general obligation bonds, \$4,000 are currently outstanding. Annual debt service requirements to maturity for the general obligation bonds are as follows:

December 31,	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
1999	\$315	\$1,000	\$1,315
2000	225	1,000	1,225
2001	135	1,000	1,135
2002	<u>45</u>	<u>1,000</u>	<u>1,045</u>
	<u>720</u>	<u>4,000</u>	<u>4,720</u>

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

4. LONG-TERM DEBT - Continued

Changes in Long-term Liabilities. During the year ended December 31, 1998, the following changes occurred in liabilities reported in the General Long-term Debt Account Group:

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>December 31</u>
General obligation	\$5,000		\$1,000	\$4,000

5. FUND BALANCE

The General and Debt Service Funds do not have a deficit fund balance for the year ended December 31, 1998.

6. PER DIEM

A schedule of per diem paid to the board members is presented below:

	<u>Per</u> <u>Diem</u>
<u>Governing Board Members</u>	
Antoine Bajat, Jr.	\$1,440
Jake Benoit	1,440
Samuel P. Henry	1,440
A. F. "Pete" Olivier	1,440
Dale Richard	<u>1,440</u>
	<u>7,200</u>

7. YEAR 2000 ISSUES (UNAUDITED)

Gravity Drainage District No. One of Ward Two of St. Landry Parish maintains a manual set of books and therefore should not be affected by the year 2000 issue.

Joel Lanclos, Jr., CPA
 Russell J. Stelly, CPA
 Chizal S. Fontenot, CPA
 James L. Nicholson, Jr., CPA
 G. Kenneth Pavy, II, CPA
 Darren J. Carl, CPA
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Harold Dupre, CPA
 1996

John Newton Stout, CPA
 1998

Dwight Ledoux, CPA
 1998

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
 Gravity Drainage District No. One of
 Ward Two of St. Landry Parish
 Sunset, Louisiana

We have audited the general purpose financial statements of Gravity Drainage District No. One of Ward Two of St. Landry Parish, as of and for the year ended December 31, 1998, and have issued our report thereon dated February 15, 1999. We conducted our 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.

Compliance

As part of obtaining reasonable assurance about whether Gravity Drainage District No. One of Ward Two of St. Landry Parish's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying Schedule of Findings and Questioned Costs as item 98-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gravity Drainage District No. One of Ward Two of St. Landry Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Board of Commissioners
Gravity Drainage District No. One of
Ward Two of St. Landry Parish
Page 2

This report is intended for the information of the commissioners, management, and the appropriate regulatory body. However, this report is a matter of public record and its distribution is not limited.

John S. Dowling & Company
Opelousas, Louisiana
February 15, 1999

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD TWO OF ST. LANDRY PARISH
SUNSET, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the general purpose financial statements of the Gravity Drainage District No. One of Ward Two of St. Landry Parish.
2. One instance of noncompliance material to the financial statements of the Gravity Drainage District No. One of Ward Two of St. Landry Parish was disclosed during the audit.
3. No material weaknesses relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Statements Performed in Accordance with Government Auditing Standards.
4. There was no single audit required under OMB Circular A-133.

B. 1998 FINDINGS - FINANCIAL STATEMENT AUDIT

Compliance

98-1 Budget Amendment

Condition:

As of December 31, 1998, General Fund actual expenditures exceeded budgeted expenditures by 12%.

Cause:

The budget for the General Fund was properly amended in December 1998, however, a large maintenance expenditure in December 1998 was inadvertently omitted from the computations as projected.

Criteria:

State law requires that the budget be amended when actual expenditures exceed budgeted expenditures by more than 5%.

Effect:

The expenditures budget was exceeded by 12%.

GRAVITY DRAINAGE DISTRICT NO. ONE
of Ward Two, of St. Landry Parish
P.O. Box 77
Sunset, LA 70584

BOARD MEMBERS:

Anthony "Pete" E. Olivier, Chairman
Jake Benoit
Samuel P. Henry
Antoine Bajat, Jr.
Dale Richard

Ellen Porter, Sec./Treas.

CORRECTIVE ACTION PLAN

Louisiana Legislative Auditor
Baton Rouge, LA 70804

Gravity Drainage District No. 1 of Ward 2 of St. Landry Parish respectfully submits the following corrective action plan for the year ended December 31, 1998.

Name and address of independent public accounting firm: John S. Dowling & Company, P.O. Box 433, Opelousas, LA 70571-0433.

Audit period: Year ended December 31, 1998

The findings from the 1998 schedule of findings and questioned cost are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS--FINANCIAL STATEMENT AUDIT

NONCOMPLIANCE

98-1 Budget Amendment

Action taken: The budget for the General Fund was properly amended in December 1998, however, a large maintenance expenditure paid in December 1998 was offset against a direct reimbursement on the District's books. For the audit the expenditure and the reimbursement are shown separately (part of reimbursement will show on the 1999 District's books). This causes an unfavorable variance in expenditures.

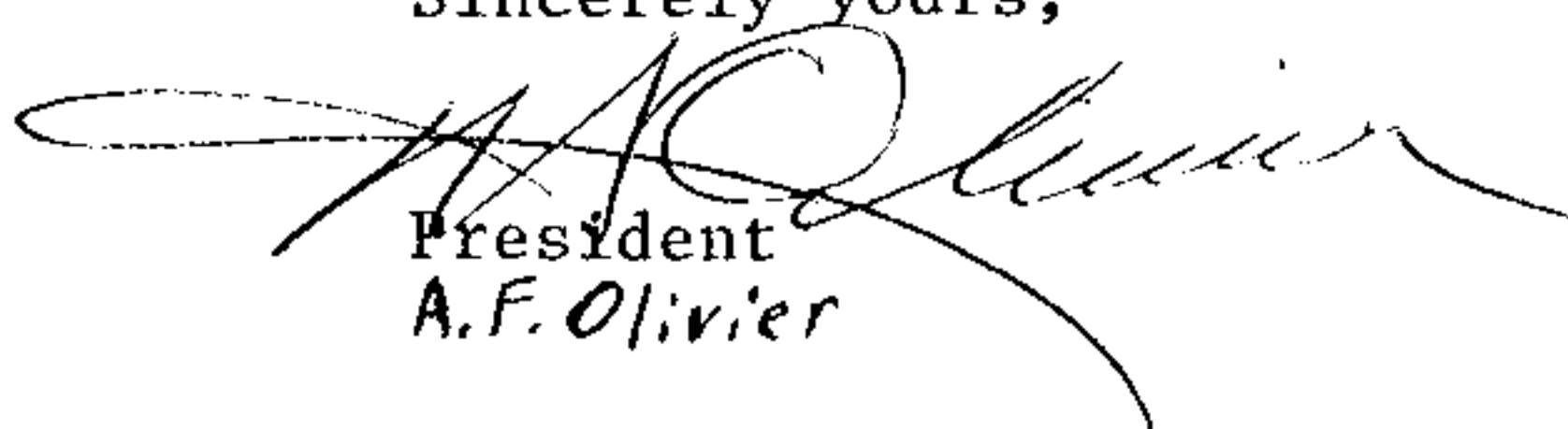
FINDINGS--FEDERAL AWARD PROGRAMS AUDIT

N/A

FINDINGS--MANAGEMENT LETTER

N/A

Sincerely yours,


President
A.F. Olivier