

NOTES TO FINANCIAL STATEMENTS

H. Total columns on financial statements

The total columns on the financial statements are captioned "Memorandum Only" (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations 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.

Note 2. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Equipment</u>
Balance, December 31, 1994	\$220,417
Additions - 1995 and 1996	179,813
Reductions - 1995 and 1996	<u> -</u>
Balance, December 31, 1996	<u>\$400,230</u>

Note 3. Changes in General Long-Term Obligations

The following is a summary of the long-term obligation transactions during the year:

	<u>Bonded Debt</u>	<u>Capital Lease</u>	<u>Total</u>
Balance, December 31, 1994	\$ 90,000	\$ -	\$ 90,000
Additions - 1995 proceeds from capital lease	-	173,166	173,166
Reductions:			
1995 Principal payments	(45,000)	(4,989)	(49,989)
1996 Principal payments	<u>(45,000)</u>	<u>(30,983)</u>	<u>(75,983)</u>
Balance, December 31, 1996	<u>\$ -</u>	<u>\$137,194</u>	<u>\$137,194</u>

In 1995, the District purchased an excavator under a five year capital lease at a cost of \$173,166. Upon expiration of the lease, the ownership will transfer automatically to the District. The following is a schedule by year of future minimum lease payments under this capital lease commitment as of December 31, 1996:

1997	\$ 40,077
1998	40,077
1999	40,077
2000	<u>33,398</u>
Total minimum lease payments	\$ 153,629
Less amount representing interest payments	<u>(16,435)</u>
Present value of minimum lease payments	<u>\$ 137,194</u>

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SEVENTH WARD GRAVITY DRAINAGE DISTRICT NO. 2
OF VERMILION PARISH
FINANCIAL REPORT
DECEMBER 31, 1996

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 JUL 16 1987

6-19-97

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INDEPENDENT AUDITOR'S REPORT

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*A Professional Accounting Corporation

We have audited the financial statements of the Seventh Ward Gravity Drainage District No. 2, a component unit of the Vermilion Parish Police Jury, as of and for the two years ended December 31, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Seventh Ward Gravity Drainage District No. 2 as of December 31, 1996, and the results of its operations for the two years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedule listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements of the Seventh Ward Gravity Drainage District No. 2. Such information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated June 19, 1997 on our consideration of the District's internal control structure and a report dated June 19, 1997 on its compliance with laws and regulations.

Broussard, Poche, Lewis & Breaux

Abbeville, Louisiana
June 19, 1997

SEVENTH WARD GRAVITY DRAINAGE DISTRICT NO. 2
VERMILION PARISH POLICE JURY

BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1996

ASSETS	Governmental Fund Types	
	General Fund	Debt Service Fund
Cash	\$131,301	\$ 5,378
Receivables	349,984	-
Land, equipment, and buildings	-	-
Amount to be provided for retirement of capital lease payable	-	-
Total assets	\$481,285	\$ 5,378
LIABILITIES AND FUND EQUITY		
Liabilities:		
Deduction from ad valorem taxes	\$ 10,995	\$ -
Accounts payable	11,367	-
Capital lease payable	-	-
Total liabilities	\$ 22,362	\$ -
Fund Equity:		
Investment in general fixed assets	\$ -	\$ -
Fund balances:		
Unreserved - undesignated	\$458,923	\$ 5,378
Total fund balances	\$458,923	\$ 5,378
Total liabilities and fund equity	\$481,285	\$ 5,378

See Notes to Financial Statements.

<u>Account Groups</u>		
<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ -	\$ 136,679
-	-	349,984
400,230	-	400,230
<u>-</u>	<u>137,194</u>	<u>137,194</u>
<u>\$400,230</u>	<u>\$137,194</u>	<u>\$1,024,087</u>
\$ -	\$ -	\$ 10,995
-	-	11,367
<u>-</u>	<u>137,194</u>	<u>137,194</u>
<u>\$ -</u>	<u>\$137,194</u>	<u>\$ 159,556</u>
<u>\$400,230</u>	<u>\$ -</u>	<u>\$ 400,230</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 464,301</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 464,301</u>
<u>\$400,230</u>	<u>\$137,194</u>	<u>\$1,024,087</u>

SEVENTH WARD GRAVITY DRAINAGE DISTRICT NO. 2
VERMILION PARISH POLICE JURY

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1996

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Taxes:			
Ad valorem	\$342,033	\$ -	\$342,033
Intergovernmental:			
State revenue sharing	12,711	-	12,711
Other	<u>11,091</u>	<u>1,145</u>	<u>12,236</u>
Total revenues	<u>\$365,835</u>	<u>\$ 1,145</u>	<u>\$366,980</u>
Expenditures:			
Current:			
Public works - drainage:			
Salaries and related benefits	\$115,086	\$ -	\$115,086
Compensation paid to board of commissioners	2,580	-	2,580
Advertising and office	1,793	-	1,793
Accounting and legal	8,453	-	8,453
Insurance	65,425	-	65,425
Materials and supplies	42,823	-	42,823
Drainage maintenance	21,110	-	21,110
Repairs and maintenance	31,518	-	31,518
Pension (ad valorem deduction)	10,995	-	10,995
Telephone	194	-	194
Uncollected taxes	8,048	-	8,048
Utilities	377	-	377
Miscellaneous	69	-	69
Debt service:			
Principal retirements	30,983	45,000	75,983
Interest and fiscal charges	<u>9,094</u>	<u>3,225</u>	<u>12,319</u>
Total expenditures	<u>\$348,548</u>	<u>\$ 48,225</u>	<u>\$396,773</u>
Excess (deficiency) of revenues over expenditures	\$ 17,287	\$(47,080)	\$(29,793)
Fund balances, beginning	<u>441,636</u>	<u>52,458</u>	<u>494,094</u>
Fund balances, ending	<u>\$458,923</u>	<u>\$ 5,378</u>	<u>\$464,301</u>

See Notes to Financial Statements.

SEVENTH WARD GRAVITY DRAINAGE DISTRICT NO. 2
VERMILION PARISH POLICE JURY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1995

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Taxes:			
Ad valorem	\$ 287,481	\$ -	\$ 287,481
Intergovernmental:			
State revenue sharing	11,079	-	11,079
Other	<u>10,640</u>	<u>2,670</u>	<u>13,310</u>
Total revenues	<u>\$ 309,200</u>	<u>\$ 2,670</u>	<u>\$ 311,870</u>
Expenditures:			
Current:			
Public works - drainage:			
Salaries and related benefits	\$ 110,293	\$ -	\$ 110,293
Compensation paid to board of commissioners	2,640	-	2,640
Advertising and office	215	-	215
Accounting and legal	9,040	-	9,040
Office	444	-	444
Insurance	56,023	-	56,023
Materials and supplies	24,013	-	24,013
Drainage maintenance	36,703	-	36,703
Repairs and maintenance	32,709	-	32,709
Pension (ad valorem deduction)	9,208	-	9,208
Uncollected taxes	1,749	257	2,006
Utilities	400	-	400
Miscellaneous	1,423	-	1,423
Capital outlay	179,813	-	179,813
Debt service:			
Principal retirements	4,989	45,000	49,989
Interest and fiscal charges	<u>1,739</u>	<u>6,150</u>	<u>7,889</u>
Total expenditures	<u>\$ 471,401</u>	<u>\$ 51,407</u>	<u>\$ 522,808</u>
Deficiency of revenues over expenditures	\$(162,201)	\$(48,737)	\$(210,938)
Other financing sources:			
Proceeds from capital lease	<u>\$ 173,166</u>	<u>\$ -</u>	<u>\$ 173,166</u>
Total other financing sources	<u>\$ 173,166</u>	<u>\$ -</u>	<u>\$ 173,166</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ 10,965	\$(48,737)	\$ (37,772)
Fund balances, beginning	<u>430,671</u>	<u>101,195</u>	<u>531,866</u>
Fund balances, ending	<u>\$ 441,636</u>	<u>\$ 52,458</u>	<u>\$ 494,094</u>

See Notes to Financial Statements.

SEVENTH WARD GRAVITY DRAINAGE DISTRICT NO. 2
OF VERMILION PARISH

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

As provided by Louisiana Revised Statute 38:1758, the Seventh Ward Gravity Drainage District No. 2 of Vermilion Parish is governed by five commissioners. These five commissioners are referred to as the Board of Commissioners and are appointed by the parish police jury. The Drainage District was created under the authority of Louisiana Revised Statutes 38:1751-1802 and was established for the purpose of opening and maintaining all natural drains in the district.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. All GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

In conformance with GASB Codification Section 2100, the Drainage District is a component unit of the Vermilion Parish Police Jury, the governmental 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, and other governmental units that comprise the governmental reporting entity.

A. Fund accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are spent and the means by which spending activities are controlled. The two governmental funds presented in the financial statements are described as follows:

General fund:

The general fund is the general operating fund of the District. It accounts 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 obligation principal, interest, and related costs.

B. General fixed assets and general long-term obligations

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

NOTES TO FINANCIAL STATEMENTS

E. Cash and investments

For reporting purposes, cash and investments include cash, demand deposits, time deposits, and certificates of deposit. Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Cash and investments are stated at cost, which approximates market. Under state 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 be equal to the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved. The following is a summary of cash and investments at December 31, 1996, with the related federal deposit insurance and pledged securities:

	<u>Bank Balance</u>	<u>FDIC Insurance</u>	<u>Balance Uninsured</u>
Cash	<u>\$147,658</u>	<u>\$100,000</u>	\$ 47,658
Securities pledged and held by the custodial bank in the bank's name (Category II)			<u>666,191</u>
Excess of FDIC insurance plus pledged securities over cash plus investments			<u>\$618,533</u>

F. Pensions

Employees of the Drainage District are covered under the Parochial Employees' Retirement System and/or the Federal Insurance Contribution Act (social security). The employees and the District contribute equally to the social security system.

G. Vacation and sick leave

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's service or less are allowed one week of vacation leave each year. Sick leave is granted on an individual basis as the need occurs. Vacation and sick leave may not be accumulated and carried into future years. At December 31, 1996, there are no accumulated vacation benefits that require accrual or disclosure to conform with generally accepted accounting principles.

NOTES TO FINANCIAL STATEMENTS

Note 4. Receivables

The following is a summary of receivables at December 31, 1996:

	<u>General Fund</u>
Ad valorem tax	\$341,510
State revenue sharing	<u>8,474</u>
	<u>\$349,984</u>

Note 5. Pension Plan

In December, 1993, the Board voted to join as of April 1, 1994, the Parochial Employees' Retirement System of Louisiana (PERS), a multiple-employer, public employee retirement system ("system"), controlled and administered by a separate board of trustees. The system is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the Drainage District are members of Plan A. At December 31, 1996, three of the eight full or part time employees were eligible and participated in the system.

All permanent employees working at least 28 hours per week who are paid wholly or in part from funds and all elected parish officials are eligible to participate in the system. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited service, at or after age 55 with 25 years of credited service, or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final average compensation multiplied by the employee's years of credited service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to 1 percent of final average compensation, plus \$24 for each year of supplemental plan only service earned prior to January 1, 1980. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of credited service stated previously and who do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

The Parochial Employees Retirement System issued a publicly available financial report that includes financial statements and required supplemental information. The report can be obtained by writing to the Parochial Employees Retirement System, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

Contributions to the system include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B, based proportionately on the salaries of the active members of each plan. During 1995, state statute requires employees covered by Plan A to contribute 9.50 percent of their salaries to the system; the District must contribute 8.00 percent of the salary of each employee covered by Plan A as an employer match. The percentages during 1996 changed to 9.50 and 7.25, respectively. The total contribution for 1995 was \$12,772 which consisted of \$5,839 from the District and \$6,933 from its employees. The total contribution for 1996 was \$12,836 which consisted of \$5,556 from the District and \$7,280 from its employees.

SUPPLEMENTARY INFORMATION

SEVENTH WARD GRAVITY DRAINAGE DISTRICT NO. 2
VERMILION PARISH POLICE JURY

SCHEDULE OF COMPENSATION PAID TO BOARD OF COMMISSIONERS
Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Robert Broussard	\$ 720	\$ 540
Norman Choate	540	660
J.C. Griffin	720	720
Harry Lege	600	720
Total	<u>\$ 2,580</u>	<u>\$ 2,640</u>

The schedule of compensation paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

The board members receive \$60 per diem for attendance at meetings of the board. Kenneth De Hart, President, received \$9,210 and \$8,771 during 1996 and 1995, respectively, in lieu of per diem for his official duties as president of the board.



BROUSSARD, POCHE, LEWIS & BREAU

CERTIFIED PUBLIC ACCOUNTANTS

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

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We have audited the financial statements of the Seventh Ward Gravity Drainage District No. 2, a component unit of the Vermilion Parish Police Jury, as of and for the two years ended December 31, 1996, and have issued our report thereon dated June 19, 1997.

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.

The Board of Commissioners of the Seventh Ward Gravity Drainage District No. 2 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by the Board 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 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 general purpose 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.

In planning and performing our audit of the financial statements of the Seventh Ward Gravity Drainage District No. 2 for the two years ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not provide such an opinion.

The Honorable Kenneth De Hart
and the Board of Commissioners
Seventh Ward Gravity Drainage District No. 2

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

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 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.

Our 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, we noted the following matter involving the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the District for the two years ended December 31, 1996.

General Administration

Finding: In reviewing the internal control structure, we noted inadequate segregation of duties exists.

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions.

Suggestion and response: The Board has evaluated this inadequacy and concluded the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

The report is intended for the information of management and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Broussard, Poche, Lewis & Breaux

Abbeville, Louisiana
June 19, 1997



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Erna R. Walton, CPA 1988

George A. Lewis, CPA* 1992

Geraldine J. Wimberley, CPA* 1995

Rodney L. Savoy, CPA* 1996

Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

*A Professional Accounting Corporation

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

The Honorable Kenneth De Hart
and the Board of Commissioners
Seventh Ward Gravity Drainage District No. 2
Abbeville, Louisiana

We have audited the financial statements of the Seventh Ward Gravity Drainage District No. 2, a component unit of the Vermilion Parish Police Jury, as of and for the two years ended December 31, 1996, and have issued our report thereon dated June 19, 1997.

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.

Compliance with laws, regulations, contracts, and grants applicable to the Seventh Ward Gravity Drainage District No. 2 is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not provide such an opinion.

The results of our tests did not disclose any instances that are required to be reported under Government Auditing Standards.

This report is intended for the information of management and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Broussard, Poche, Lewis & Breaux

Abbeville, Louisiana
June 19, 1997

NOTES TO FINANCIAL STATEMENTS

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.

The two account groups are not funds. They are concerned only with the measurement of financial position and do not involve measurement of results of operations.

C. Basis of accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The District's accounts are reported on the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

Revenues:

Ad valorem taxes and state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent by December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

The following is a summary of levied ad valorem taxes:

	<u>1996</u>	<u>1995</u>
General corporate purposes:		
Operations and maintenance	<u>13.53</u>	<u>11.85</u>

Expenditures:

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except for principal and interest on general long-term debt which is recognized when due.

D. Budget

Louisiana law exempts all special districts created before December 31, 1974, from the requirements of the Local Government Budget Act. The Seventh Ward Gravity Drainage District No. 2 of Vermilion Parish was created January 7, 1964, and, accordingly, is exempt from budgetary requirements. Management has determined that, due to the amount and nature of the expenditures, the adoption of a budget is not required for control purposes. Therefore, the accompanying financial statements do not include a comparison of revenues and expenditures to budget.