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VILLAGE OF LUCKY
FINANCIAL REPORT
JUNE 30, 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 MAR 26 1997

Village of Lucky

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INDEPENDENT AUDITOR'S REPORT

To the Village Council of
Natchitoches, Louisiana

We have audited the general purpose financial statements of the Village of Lucky, Louisiana, as of and for the years ended June 30, 1996 and 1995, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in Government Auditing Standards, issued by the U.S. General Accounting Office, the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments", and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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 the 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 Village of Lucky, Louisiana, as of June 30, 1996 and 1995, and the results of its operations for the year 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 accompanying financial information listed as "Schedules" in the table of contents is presented for the purpose of additional analysis, and is not a required part of the financial statements of the Village of Lucky, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

December 17, 1996
Natchitoches, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS

Village of Lucky

Combined Balance Sheet-All Fund Types and Account Group
June 30, 1996

	<u>Governmental Fund Types</u>		<u>Account Group</u>	<u>Totals</u>	
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only)</u> <u>June 30, 1996</u>	<u>June 30, 1995</u>
<u>Assets</u>					
Cash	\$12,377	\$ 0	\$ 0	\$12,377	\$10,753
Revenues Receivables	46	10,740	0	10,786	0
Land	0	0	4,850	4,850	4,850
Equipment	0	0	9,571	9,571	9,571
Total Assets	\$12,423	\$10,740	\$14,421	\$37,584	\$25,174
<u>Liabilities</u>					
Accounts Payable	\$ 106	\$10,740	\$ 0	\$10,846	\$ 21
<u>Fund Equity</u>					
Investment in General Fixed Assets	0	0	14,421	14,421	14,421
Fund Balance- Unreserved- Undesignated	12,317	0	0	12,317	10,732
Total Liabilities & Fund Equity	\$12,423	\$10,740	\$14,421	\$37,584	\$25,174

See notes to financial statements.

Village of Lucky

Combined Statement of Revenues, Expenditures and Changes in Fund Balances-
Governmental Fund Types
Year Ended June 30, 1996

	Governmental Fund Types		Totals (Memorandum Only)	
	General Fund	Capital Projects Funds	June 30, 1996	June 30, 1995
Revenues:				
Taxes	\$ 2,460	\$ 0	\$ 2,460	\$ 3,661
Intergovernmental	2,230	158,996	161,226	4,301
Miscellaneous	<u>869</u>	<u>0</u>	<u>869</u>	<u>250</u>
Total Revenues	<u>\$ 5,559</u>	<u>\$158,996</u>	<u>\$164,555</u>	<u>\$ 8,212</u>
Expenditures:				
Current-				
General Government	\$ 2,418	\$22,583	\$ 25,001	\$ 3,306
Public Safety	551	0	551	531
Public Works	<u>430</u>	<u>136,413</u>	<u>136,843</u>	<u>2,953</u>
Total Expenditures	<u>\$ 3,399</u>	<u>\$158,996</u>	<u>\$162,395</u>	<u>\$ 6,790</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,160	\$ 0	\$ 2,160	\$ 1,422
Fund Balance-Beginning of Year	<u>10,157</u>	<u>0</u>	<u>10,157</u>	<u>8,735</u>
Fund Balance-End of Year	<u>\$12,317</u>	<u>\$ 0</u>	<u>\$ 12,317</u>	<u>\$10,157</u>

See notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Village of Lucky
Notes to Financial Statements
June 30, 1996

1. The Reporting Entity:

This report includes all funds and account groups which are controlled or dependent on the Village of Lucky's executive and legislative branches (the Mayor and Aldermen). Control by or dependence on the Village of Lucky was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of government body, and other general oversight responsibility.

The Village's operations include police, drainage, and general and administrative services.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of the Village of Lucky conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies and practices:

Fund Accounting The accounts of the Village of Lucky are organized on the basis of funds and an account group, 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 comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic funds types and two broad fund categories as follows:

Governmental Funds-

General Fund-The general fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund-Capital projects funds are used to account for the acquisition or construction of major capital facilities.

Fixed Assets-The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Village of Lucky
Notes to Financial Statements
June 30, 1996

Fixed Assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, and are recorded as expenditures in the governmental fund types when purchased. Assets are valued at historical cost. The Village has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

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

Basis of Accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Purchase of various operating supplies are regarded as expenditures at the time purchased.

Retirement Commitments

The employees of the Village of Lucky are not covered by any pension system.

Unpaid Accumulated Vacation and Sick Pay

At June 30, 1996 there was no unpaid accumulated vacation or sick pay.

Encumbrance Accounting

The Village of Lucky does not employ the use of "encumbrance" accounting methods.

Total Columns on Combined Statements - Overview

Total columns on the combined statements-overview 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.

Village of Lucky
Notes to Financial Statements
June 30, 1996

3. Changes in General Fixed Assets:

A summary of changes in general fixed assets follows:

	<u>Land</u>	<u>Equipment</u>	<u>Total</u>
Balance at July 1, 1995	\$4,850	\$9,571	\$14,421
Deletions for year ended 6-30-96	0	0	0
Additions for year ended 6-30-96	0	0	0
Balance at June 30, 1996	\$4,850	\$9,571	\$14,421

4. Litigation:

At June 30, 1996, there was no pending civil suits against the Village.

5. Cash and Investments:

The Village's cash is held in separate cash accounts, and accounted for separately in each of the Village's funds. At June 30, 1996, the Village's cash totaled \$12,377. All of this cash is held by banks, and \$12,377 is covered by FDIC insurance.

The Village's cash is categorized below to give an indication of the level of risk assumed by the Village at June 30, 1996. Category 1 includes cash held by the Village which is insured and held in the Village's name. Category 2 would include cash and investments held in the Village's name which is uninsured or unregistered. Category 3 would include the Village's cash held by a trustee or other third party not in the Village's name and uninsured and unregistered.

	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	Carrying <u>Value</u>
Total Cash & Cash Equivalents	\$12,377	\$0	\$0	\$12,377
FDIC Insurance	<u>12,377</u>	<u>0</u>	<u>0</u>	<u>12,377</u>
Balance Uninsured	\$ 0	\$0	\$0	\$ 0

6. Village Officials:

Village officials, including the village policeman, do not receive any compensation for their services.

INTERNAL CONTROL AND COMPLIANCE

Johnson, Thomas & Cunningham

Certified Public Accountants

Exhibit C-1

Page 10

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INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Village Council of
Lucky, Louisiana

We have audited the general purpose financial statements of the Village of Lucky, Louisiana, as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated December 17, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments", and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements covered by our report are free of material misstatement.

The management of the Village of Lucky, Louisiana, 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 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 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 general purpose financial statements of the Village of Lucky, Louisiana, as of and for the years ended June 30, 1996 and 1995, 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 financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters 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 Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose, combining, individual fund and account group financial statements.

A material weakness is a reportable condition in which the design or operation of the specific 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 reportable conditions that we believe to be material weaknesses.

Separation of Duties:

The Accounting Department of the Village consists of one employee. This leaves very little opportunity to have a proper separation of duties. This lack of separation of accounting duties constitutes a material weakness in the control system.

Recommendation:

Since the cost of an internal control system should not outweigh the benefits derived from it, we have no recommendation to make in this area.

Accounting Records:

The Village has no formal accounting system in effect. Accounting transactions have not been recorded, and bank reconciliations are not made.

Recommendation:

We recommend that the Village institute a formal accounting system to include cash receipts and disbursement journals and a general ledger.

Response:

We will attempt to set up such a system.

Recommendation:

We recommend that all cash disbursements be properly traceable to supporting documentation.

Response:

We will strengthen our accounting procedures in this area.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the 1996 and 1995 financial statements and in our examination and review of the Village's compliance with those laws and regulations for which we believe noncompliance could have a material effect on the allowability of program expenditures for federal financial assistance programs. This report does not affect our reports on the June 30, 1996 and 1995, financial statements and on the Village's compliance with laws and regulations dated December 17, 1996.

This report is intended solely for the use of management, and all applicable grantor agencies, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Village of Lucky, Louisiana, is a matter of public record.


Johnson, Thomas & Cunningham, CPA's

December 17, 1996
Natchitoches, Louisiana

irregularities or instances of noncompliance 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

General requirements:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Administrative requirements

Specific requirements:

- Types of services
- Reporting
- Special requirements

Claims for advances and reimbursements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

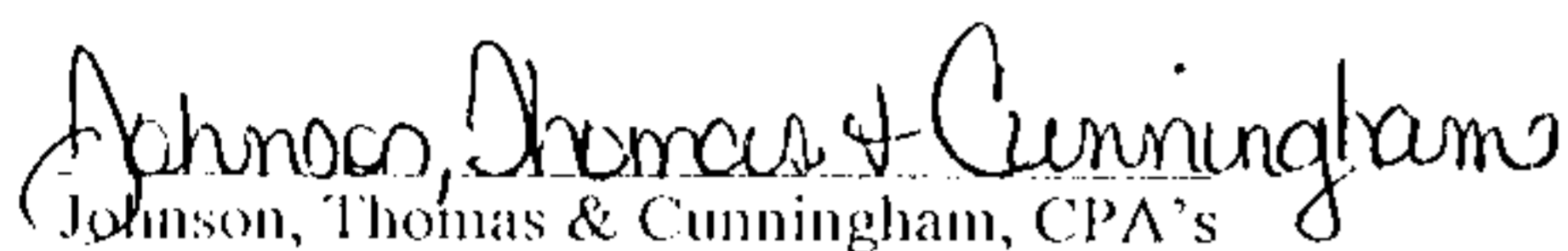
During the year ended June 30, 1996, the Village of Lucky, Louisiana, expended 100.00 percent of its total federal financial assistance under non-major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to the Village's non-major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. 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 noncompliance with laws and regulations that would be material to a federal financial assistance program

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 structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of management, all applicable federal agencies, and those other governmental agencies from which financial assistance was received and should not be used for any other purpose. However, upon delivery to the Village of Lucky, Louisiana, this report is a matter of public record and its distribution is not limited.


Johnson, Thomas & Cunningham, CPA's

December 17, 1996
Natchitoches, Louisiana

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Certified Public Accountants

Exhibit C-3

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INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Village Council of
Lucky, Louisiana

We have audited the general purpose financial statements of the Village of Lucky, Louisiana, as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated December 17, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the provision of Office of Management and Budget Circular A-128, Audits of State and Local Governments", and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements being audited are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Village of Lucky, Louisiana, is the responsibility of the Village's management. As part of obtaining reasonable assurance about whether the aforementioned financial statements are free of material misstatement, we performed tests of the Village's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which, upon delivery to the Village of Lucky, Louisiana, is a matter of public record.

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

December 17, 1996
Natchitoches, Louisiana

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Exhibit C-4

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE
TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Village Council of
Lucky, Louisiana

We have audited the general purpose financial statements of the Village of Lucky, Louisiana, as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated December 17, 1996.

We have applied procedures to test the Village of Lucky, Louisiana, compliance with the following requirements applicable to its federal financial assistance programs, the non-major programs of which are identified in the schedule of federal financial assistance, for the year ended June 30, 1996:

Political activity
Civil rights
Cash management
Federal financial reports
Allowable costs/cost principles
Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Village of Lucky, Louisiana, compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Village of Lucky, Louisiana had not complied, in all material respects, with those requirements.

This report is intended for the information of management, applicable Federal agencies, and other governmental agencies from which federal financial assistance was received. This restriction is not intended to limit the distribution of this report, which upon delivery to the Village of Lucky, Louisiana, is a matter of public record.

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

December 17, 1996
Natchitoches, Louisiana

Johnson, Thomas & Cunningham

Certified Public Accountants

Exhibit C-5

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO NON-MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

To the Village Council of
Lucky, Louisiana

We have audited the general purpose financial statements of the Village of Lucky, Louisiana, as of and for the years ended June 30, 1996 and 1995, and have issued our report hereon dated December 17, 1996.

In connection with our audit of the 1996 and 1995 general purpose financial statements of the Village of Lucky, Louisiana, and with our study and evaluation of the Village of Lucky, Louisiana, internal control systems used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments", we selected certain transactions applicable to certain non-major federal financial assistance programs for the years ended June 30, 1996 and 1995. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, and claims for reimbursements that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Village of Lucky, Louisiana, compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Village of Lucky, Louisiana, had not complied, in all material respects, with those requirements.

This report is intended for the information of management, applicable Federal agencies, and other governmental agencies from whom federal financial assistance was received. This restriction is not intended to limit the distribution of this report, which, upon delivery to Village of Lucky, Louisiana, is a matter of public record.

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

December 17, 1996
Natchitoches, Louisiana

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Exhibit C-6

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INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE

To the Village Council of
Lucky, Louisiana

We have audited the general purpose financial statements of the Village of Lucky, Louisiana, as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated December 17, 1996. These general purpose financial statements are the responsibility of the Village'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, Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments", and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-128 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 disclosure 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Village of Lucky, Louisiana, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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

December 17, 1996
Natchitoches, Louisiana

Development Block Grant Program
Schedule of Federal Financial Assistance
Year Ended June 30, 1996

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA/ Assistance I.D. Number	Award Amount	Program Income	Current Year Revenues	Current Year Expenditures	Total Program Expenditures to June 30, 1996
United States Dept. of Housing and Urban Development passed through Louisiana Division of Admin- istration Community Development Block Grant	14.219	\$235,540	\$0	\$158,996	\$158,996	\$158,996

See notes to financial statements.