

**Village of Lucky  
Lucky, Louisiana**

**Basic Financial Statements  
With Accountants' Report  
As of and for the Year Ended  
June 30, 2011  
With Supplemental Information**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 **APR 11 2012**

**Village of Lucky**  
**Basic Financial Statements with Accountant's Report**  
**As of and for the Year Ended June 30, 2011**

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# EDWARDS, WADE & PERRY

Certified Public Accountants  
A Professional Accounting Corporation  
Members: AICPA / Society of LCPA's

## Independent Accountants' Report

Mayor and Board of Aldermen  
Village of Lucky  
Castor, Louisiana

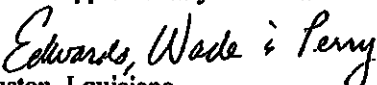
We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Lucky, as of and for the year ended June 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Lucky's management.

Our review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of Village's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated March 12, 2012, on the results of our agreed-upon procedures.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 22, are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

  
Ruston, Louisiana  
March 12, 2012

**Village of Lucky  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

As Management of the Village of Lucky (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village as of and for the year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the Village's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* ("GASB No. 34") issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

#### **FINANCIAL HIGHLIGHTS**

The assets of the Village exceeded its liabilities at June 30, 2011, by \$28,421 (net assets).

The Village's net assets decreased by \$1,671 as a result of this year's operations.

Total net assets are comprised of the following:

Capital assets of \$25,853 which includes property and equipment, net of accumulated depreciation and related debt.

Unrestricted net assets of \$2,568 represent the portion available to maintain the Village's continuing obligations to citizens and creditors.

At June 30, 2011, the Village's governmental funds consist solely of the Village's general fund. The Village's governmental funds reported a total ending fund balance of \$2,568 a decrease of \$1,671 including expenditures for grant. The entire fund balance is unreserved available for spending at the Village's discretion.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis is intended to serve as an introduction to the Village's basic financial statements. In accordance with GASB No. 34, the Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements.** The government-wide financial statements of the Village report information about the Village using accounting methods similar to those used by private sector companies. They present the financial picture of the Village from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the Village (including capital assets) as well as all liabilities (including long-term obligations).

The *Statement of Net Assets* presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

**Village of Lucky  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

The *Statement of Activities* presents the current year's revenues and expenses and other information showing how the Village's net assets changed during the year. The change in net assets is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements are presented on pages 8 and 9 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village are categorized as governmental funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains one individual governmental fund - the general fund. The Village adopts an annual appropriated budget for the general fund, and a budgetary comparison schedule is provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements are presented on pages 10 and 12 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budget presentation. The general fund's budgetary comparison schedule is included as "required supplementary information." Required supplementary information is information that the accounting rules strongly suggest be presented within the Village's financial report. This schedule demonstrates compliance with the Village's adopted and final revised budget.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Village implemented the new financial reporting model used in this report beginning with the current fiscal year ended June 30, 2011. Over time, as we accumulate year-to-year financial information on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Village as a whole.

**Village of Lucky  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

The Village's net assets at June 30, 2011, are summarized as follows:

The largest components of the Villages' total assets are: (1) capital assets (e.g., land, building, and improvements and equipments, net of accumulated depreciation) of \$25,853 or 90%; (2); and cash of \$2,144 or 7%. Of the Village's total liabilities, the largest component is accounts payable of \$210 or 100%.

As noted earlier, net assets (total assets less total liabilities) may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Village's net assets totaled \$28,421. A portion of the Village's net assets reflect its investments in capital assets (e.g., building, land, and equipment). Capital assets are non-liquid assets and cannot be utilized to satisfy the Village's obligations. The unrestricted net assets of the Village are available for future use. The unrestricted net assets is 30% of the total operating expenses excluding expenditures for grant purposes for the fiscal year ended June 30, 2011, which indicate that the Village should be able to operate for at least 3<sup>1/2</sup> months using its unrestricted net assets.

The following is a condensed statement of the Village's net assets as of June 30, 2011:

	<u>Governmental-Type Activities</u>
<b>Assets</b>	
Current & Other Assets	\$2,778
Capital Assets (net)	<u>25,853</u>
<b>Total Assets</b>	<u><b>\$28,631</b></u>
<b>Liabilities</b>	
Other Liabilities	\$210
Long-term Liabilities	<u>0</u>
<b>Total Liabilities</b>	<u><b>210</b></u>
<b>Net Assets</b>	
Invested in capital assets, net	25,853
Unrestricted	<u>2,568</u>
<b>Total Net Assets</b>	<u><b>\$28,421</b></u>

Governmental activities decreased net assets by \$1,671 for the year ended June 30, 2011.

Key elements of the analysis of government-wide revenues and expenses reflect the following:

The Village is heavily dependent on ad valorem tax and franchise fees to support its operations. Ad valorem taxes and franchise fees provided 60% of the Village's total revenues, excluding grants. The Village's operations are oriented more for operating services, which comprise 92% of total expenses, excluding grant expenditures.

**Village of Lucky  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

The following is a summary of the statement of activities:

	<b>Governmental- Type</b>
<b>Revenue</b>	
Program Revenue	\$435,814
General Revenue & Transfers	6,794
<b>Total Revenue</b>	<b>442,608</b>
 <b>Expenses</b>	
Program Expenses	444,278
<b>Total Expenses</b>	<b>444,278</b>
<b>Increase (Decrease) in Net Assets</b>	(1,671)
<b>Net Assets, June 30, 2010</b>	<b>30,092</b>
<b>Net Assets, June 30, 2011</b>	<b>\$28,421</b>

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

The Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial statements of the Village present its General Fund. The General Fund is the Village's operating fund and the source of day-to-day service delivery. As discussed, the General Fund is useful in assessing the resources available at the end of the year in comparison with upcoming requirements.

At June 30, 2011, the Village's General Fund balance (total assets less total liabilities) totaled \$2,568. The Village's unreserved fund balance decreased by in \$1,671 in 2011.

Total operating revenues reflect a 7% (\$442) increase in 2011 as compared to 2010 due primarily to increases in franchise fees, ad valorem taxes and other income revenues.

Total operating expenses, excluding grant related expenses, decreased by 15% (\$1,536) from 2010 to 2011. The most significant decrease in expenses occurred in contract labor and travel.

**GENERAL BUDGETARY ANALYSIS**

The Village did not prepare a budget for the period under examination.

**CAPITAL ASSETS AND LONG-TERM OBLIGATIONS**

**Capital Assets**

At the end of June 30, 2011, the Village had invested in various capital assets, including equipment, buildings, improvements, and land. The capital assets are summarized below:

**Village of Lucky  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

<b>Depreciable Assets:</b>	
<b>Buildings and other improvements</b>	<b>\$26,475</b>
<b>Machinery &amp; equipment</b>	<b>17,084</b>
<b>Land</b>	<b><u>4,850</u></b>
<b>Totals</b>	<b>48,409</b>
<b>Less Accumulated Depreciation</b>	<b><u>22,556</u></b>
<b>Book-Value of Depreciable Assets</b>	<b><u>\$25,853</u></b>

**ECONOMIC FACTORS AND FUTURE OUTLOOK**

The Village's actual revenues and expenditures for 2011 are comparable to 2010's actual revenues and expenditures. The Village does not anticipate any changes in its day-to-day operations that will have a material effect on its 2012 finances.

**CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mayor James Haskin, Jr., at the Village's office, 13132 Hwy 4, Castor, Louisiana 71016 or call at (318) 576-3666.

Village of Lucky, Louisiana  
Statement of Net Assets  
June 30, 2011

Statement A

	<u>Primary Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash investments	\$2,144
Receivables	634
Capital assets (net)	<u>25,853</u>
<b>TOTAL ASSETS</b>	<b><u>\$28,631</u></b>
<b>LIABILITIES</b>	
Accounts, salaries, and other payables	\$210
Noncurrent liabilities	<u>0</u>
<b>TOTAL LIABILITIES</b>	<b><u>210</u></b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	25,853
Unrestricted	<u>2,568</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$28,421</u></b>

See accompanying notes and independent accountants' review report.

Statement B

Village of Lucky, Louisiana  
 Statement of Activities  
 Year Ended June 30, 2011

	Program Revenues		Net (Expenses) Revenues and Changes of Primary Government	
	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Business-type Activities Activities Total
Expenses				
\$444,278	\$6,831	\$428,983	(\$8,464)	(\$8,464)
444,278	6,831	428,983	(8,464)	(8,464)
0			\$0	0
0	0	0	0	0
\$444,278	\$6,831	\$428,983	(\$8,464)	(\$8,464)
General revenues:				
Ad valorem taxes			\$1,867	\$1,867
Franchise fees			2,189	2,189
Investment earnings			5	5
Other income			2,733	2,733
Transfers in/out net			0	0
Total general revenues and transfers			6,794	6,794
Change in Net Assets			(1,671)	(1,671)
Net assets - beginning			30,092	30,092
Net assets - ending			\$28,421	\$28,421

See accompanying notes and independent accountants' review report.

Village of Lucky, Louisiana  
 Balance Sheet, Governmental Funds  
 June 30, 2011

		<u>General Fund</u>
<b>ASSETS</b>		
Cash and equivalents		\$2,144
Receivables		<u>634</u>
<b>TOTAL ASSETS</b>		<b><u>\$2,778</u></b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts, salaries, and other payables		<u>\$210</u>
<b>Total liabilities</b>		<b>210</b>
<b>Fund balance - unreserved</b>		<u>2,568</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>		<b><u>\$2,778</u></b>

See accompanying notes and independent accountants' review report.

Village of Lucky, Louisiana  
Reconciliation of The Governmental Funds Balance Sheet  
to The Government-Wide Financial Statement of Net Assets  
June 30, 2011

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund balances, Total governmental funds (Statement C)		\$2,568
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$48,409	
Less accumulated depreciation	<u>(22,556)</u>	<u>25,853</u>
Net Assets of Governmental Activities (Statement A)		<u>\$28,421</u>

See accompanying notes and independent accountants' review report.

Village of Lucky, Louisiana  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Governmental Funds  
 For the Year Ended June 30, 2011

	<u>General Fund</u>
<b>REVENUES</b>	
Taxes - ad valorem	\$1,867
Franchise fees	2,189
Interest income	5
Grants - federal CDBG	428,983
Grants - state LGAP	6,831
Other revenues	<u>2,733</u>
<b>Total Revenues</b>	<b>442,608</b>
<b>EXPENDITURES</b>	
General government	15,381
Grant expenses	<u>428,897</u>
<b>Total Expenditures</b>	<b>444,278</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(1,671)</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	0
Transfers out	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(1,671)</b>
Fund Balance – beginning	<u>4,239</u>
Fund Balance – ending	<u><u>\$2,568</u></u>

See accompanying notes and independent accountants' review report.

Village of Lucky, Louisiana  
Reconciliation of The Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2011

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental funds (Statement E) (\$1,671)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlays (\$0) exceeds depreciation (\$0) 0

Change in Net Assets of Governmental Activities, Statement B (\$1,671)

See accompanying notes and independent accountants' review report.

**Village of Lucky**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2011**

## **INTRODUCTION**

Village of Lucky (the Village), Louisiana was incorporated on October 3, 1905, under the provisions of the Lawrason Act. (Louisiana Revised Statutes 33:321-463) The Village operates under a Mayor-Board of Aldermen form of government. Members of the board are all elected and serve a four year term.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Village have been prepared in conformity with U.S. generally accepted accounting principles 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.

In June, 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Village's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Village's activities, including infrastructure (if any).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

#### **A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported

**Village of Lucky**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2011**

separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charge to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**Village of Lucky**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2011**

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **C. DEPOSITS & INVESTMENTS**

The Village's cash and cash equivalents are considered to be demand deposits, interest-bearing demand deposits, and investments with original maturities of three months or less from the date of acquisition. State law and the Village's investment policy allow the Village to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

#### **D. RECEIVABLES & PAYABLES**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**Village of Lucky**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2011**

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**E. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets and related expenses are recorded in the Statement of Net Assets and Statement of Activities, respectively, but are not reported in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method.

**F. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Fund Financial Statements (FFS)**

The amounts reflected in the General Fund of Statements A and B 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. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Village's operations.

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana

Village of Lucky  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2011

Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January through the tax sale of the ensuing year. Interest income on interest bearing demand deposits is recorded at the end of the month when credited by the bank. Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Based on the above criteria, ad valorem taxes and state revenue sharing have been treated as susceptible to accrual.

#### Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for compensated absences, which are recognized when paid.

#### Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Village as a whole. These statements include all the financial activities of the Village. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

#### Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Assets (Statement A) are as follows:

Net change in fund balance	(\$1,671)
Capital outlay recorded as expenditures	0
Depreciation expense	0
Change in net assets	<u>(\$1,671)</u>

#### G. CASH AND CASH EQUIVALENTS

Under state law, the Village 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. The Village may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Village of Lucky  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2011

At June 30, 2011, the Village has cash and cash equivalents (book balances) totaling \$2,144, as follows:

Demand deposits	\$2,144
Time deposits	<u>0</u>
Total	<u>\$2,144</u>

These deposits are stated at cost, which approximates market. These deposits are secured from risk by \$2,169 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

**H. RISK MANAGEMENT**

The Village is exposed to various risk of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The village allowed its insurance policy to lapse in January, 2012. The village could not present us with any proof of insurance as of June 30, 2011. No claims were paid on any of the policies during the year.

**2. LEVIED TAXES**

The Village has an authorized tax millage of 8.11 mills which is restricted by tax proposition, to operation and maintenance of the Village. For the year ended June 30, 2011, the Village levied 8.11 mills as a result of reassessments of taxable property as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the parish and their 2011 assessed valuation (amounts expressed in thousands):

Taxpayer	Type of business	Assessed Valuation	% of Total Assessed Valuation
Entergy Louisiana	utility	\$131,650	28.70%
Total		\$131,650	28.70%

**3. RECEIVABLES**

The receivables of \$634 at June 30, 2011 consist solely of franchise taxes in the General fund.

**Village of Lucky**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2011**

**4. CHANGES IN GENERAL FIXED ASSETS**

The following schedule presents changes in capital assets for the year ended June 30, 2011:

	<u>6/30/10</u> Balance	<u>Additions</u>	<u>Deletions</u>	<u>6/30/11</u> Balance
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$4,850			\$4,850
Total capital assets not being depreciated	<u>4,850</u>	<u>0</u>	<u>0</u>	<u>4,850</u>
<b>Capital assets being depreciated:</b>				
Equipment	17,084			17,084
Buildings and other improvements	26,475			26,475
Total capital assets being depreciated	<u>43,559</u>	<u>0</u>	<u>0</u>	<u>43,559</u>
<b>Less:</b>				
accumulated depreciation	<u>20,174</u>	<u>\$2,382</u>	<u>0</u>	<u>22,556</u>
Total capital assets being depreciated, net	<u>\$28,235</u>	<u>(\$2,382)</u>	<u>\$0</u>	<u>\$25,853</u>

**5. LITIGATION AND CLAIMS**

The Village is not involved in any litigation at June 30, 2011, nor is it aware of any unasserted claims.

**6. GRANT EXPENSES**

The Village received \$428,983 in CDBG federal funds for housing rehabilitation/replacement program. This was passed through LCDBG contract number 647424. Federal funds expended during the year under examination was \$428,897.

**7. RELATED PARTY TRANSACTIONS**

During the period under examination, Police Chief Oscar Patterson received \$800 in contract labor and \$123 in reimbursed mileage expenses. His daughter, Margaret Patterson, received \$840 in contract labor for responsibilities as secretary of the village. Her son, Ojawon Patterson, received \$200 in contract labor for mowing grass. These are the known related party transactions during the year for the village.

**8. DATE OF MANAGEMENT REVIEW**

The Village has evaluated subsequent events through March 12, 2012, the date which the financial statements were available to be issued. Management is not aware of any significant subsequent event as of this date.

**REQUIRED SUPPLEMENTAL INFORMATION**

Village of Lucky  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balances - Budget and Actual (Non-GAAP)  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance
	Original	Final		
<b>REVENUES</b>				
Taxes - ad valorem taxes			\$1,867	\$1,867
Franchise fees			2,189	2,189
Interest income			5	5
Grants - federal CDBG			428,983	428,983
Grants - state LGAP			6,831	6,831
Other revenues			2,733	2,733
<b>Total Revenues</b>	<b>0</b>	<b>0</b>	<b>442,608</b>	<b>442,608</b>
<b>EXPENDITURES</b>				
<b>General government</b>				
Personnel services			150	(150)
Operating services			14,685	(14,685)
Materials and supplies			0	0
Travel and other charges			547	(547)
Capital outlay			428,897	(428,897)
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>444,279</b>	<b>(444,279)</b>
Excess (Deficiency) of Revenues over (under) Expenditures	0	0	(1,671)	(1,671)
Fund Balance (Deficit) at Beginning of Year			4,239	4,239
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,568</b>	<b>\$2,568</b>

## Notes to the schedule

(1) method of budgetary accounting - GAAP

(2) explanation of material variances

No budget was adopted for the year under examination.

See independent accountants' review report.

# EDWARDS, WADE & PERRY

Certified Public Accountants  
A Professional Accounting Corporation  
Members: AICPA / Society of LCPA's

## Independent Accountant's Report on Applying Agreed-Upon Procedures

Mayor and Board of Aldermen  
Village of Lucky

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of Lucky and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended June 30, 2011 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### *Public Bid Law*

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

I examined the general ledger and found no expenditures for materials and supplies exceeding \$30,000. The Village did have public works expenditures exceeding \$150,000 and the village is in compliance with the public bid law.

### *Code of Ethics for Public Officials and Public Employees*

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list but the mayor could not identify all family members of each board member and their outside business interests.

3. Obtain from management a listing of all employees paid during the period under examination.

There are no employees of the village.

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

The police chief received payment as contract labor. He had worked at the village for over twenty years. His daughter has been the clerk for several years. She also received payment as contract labor. His grandson also received payment as contract labor for mowing grass during the summer. The police chief passed away in February, 2011.

#### *Budgeting*

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

Management did not provide us with a copy of the original or amended budget as there was no budget adopted.

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

There were no minutes provided showing the adoption of the minutes.

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

Management did not provide us with a copy of the original or amended budget so a comparison of budget to actual could not be tested.

#### *Accounting and Reporting*

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We determined that only two of the six selected invoices were supported by copies of the invoices. The other 4 disbursements selected did not have supporting documentation.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

The two payments with supporting documentation were properly coded to the correct fund and general ledger account. Three of the remaining four payments were paying Entergy bills but we could not determine if the payments were for town liabilities. The one remaining payment was to the secretary as contract labor. She receives the same amount every month but we could not determine if the amount was approved.

(c) determine whether payments received approval from proper authorities.

There was no supporting documentation provided to indicate approval from the Board.

*Meetings*

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

No minutes were provided for the year under examination.

*Debt*

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

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

*Advances and Bonuses*

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

We examined no payroll records or minutes for the year and therefor could not determine if any payments were made to contract labor which constituted bonuses, advances or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Edwards, Wade, & Perry*  
Ruston, Louisiana  
March 12, 2012

Village of Lucky  
13132 Hwy 4  
Castor, LA 71016

**Management's Corrective Action Plan  
For the Year Ended June 30, 2011**

Village of Lucky hereby submits the following corrective action plan for the year ending June 30, 2011:

2011-1. The village's report was filed with the Legislative Auditor's Office after the December 31, 2012 deadline.

Response: The village has every intention of filing its future reports according to the state requirements.

2011-2. Procedure 2: The mayor could not identify all family members of each board member and their respective outside business interest.

Response: The village will start a list of board and family members and their outside business interest in the future.

2011-3. Procedure 3: The son of the clerk is considered a related party transaction but he only received \$200 during the year and neither the clerk nor the son is an employee since both are paid as contract labor.

Response: There are limited resources in the Village of Lucky. The village will attempt to stop having related party transactions in the future.

2011-4. Procedures 5, 6 and 7: No budget was adopted and no minutes maintained of board meetings so no budget to actual comparison could be calculated.

Response: The village was not aware that a budget was necessary since it normally only has to report by affidavit and revenue certification and there no budget is required. The village will keep minutes of board meetings in the future.

2011-5. Procedure 8(a): Two disbursements were traced to copies of supporting documentation provided by the grant administrator. No supporting documentation was provided for the other four disbursements.

Procedure 8(b): The two disbursements with supporting documentation were coded to the correct fund and general ledger account.

Procedure 8(c): There was no supporting documentation provided to indicate approval from the board.

**Response: (a) the village will maintain documentation in the future for all disbursements; (b) the village will keep supporting documentation in order to determine proper coding to the general ledger; (c) the village will make note of board approval of all disbursements.**

**2011-6. Procedure 9: No minutes were provided for the year under examination.**

**Response: The village will keep minutes of all board meetings in the future.**

**2011-7. Procedure 11: There is no payroll for the village. There were no minutes provided and no supporting documentation for the contract labor paid, we could not determine if any payments were made which constituted bonuses, advances or gifts.**

**Response: The village does not pay bonuses, advances or gifts. The village will keep minutes of all board meetings and supporting documentation of all disbursements in the future.**

Village of Lucky  
13132 Hwy 4  
Castor, LA 71016

**Summary of Prior Year Findings  
For the Year Ended June 30, 2011**

Village of Lucky had no prior year findings as the prior reports were compilations with affidavit and revenue certifications.

**LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)**

March 9, 2012 (Date Transmitted)

Edwards, Wade & Perry, CPAs

116 N Pinecrest Drive

Ruston, LA 71270

In connection with your review of our financial statements as of June 30, 2011 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of March 9, 2012.

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes  No

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes  No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes  No

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes  No

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes  No

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable

Yes  No

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes  No

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in R S 42:1 through 42:13.

Yes  No [ ]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes  No [ ]

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes  No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

\_\_\_\_\_ Secretary \_\_\_\_\_ Date

\_\_\_\_\_ Treasurer \_\_\_\_\_ Date

*James Haskin I* \_\_\_\_\_ President \_\_\_\_\_ Date