

4227

VILLAGE OF ANACOCO  
ANNUAL FINANCIAL STATEMENTS  
WITH AUDITOR'S REPORT

JUNE 30, 2004

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 1-26-05

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John A. Windham, CPA

## INDEPENDENT AUDITOR'S REPORT

The Honorable Leroy D. Cooley, Mayor  
and Members of the Board of Aldermen  
Village of Anacoco, Louisiana

I have audited the accompanying financial statements of the governmental activities of the Village of Anacoco, Louisiana, as of and for the year ended June 30, 2004, 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 Anacoco, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Village of Anacoco, Louisiana, as of June 30, 2004, and the changes in financial position, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 17, 2004 on my consideration of the Village of Anacoco, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Village of Anacoco, Louisiana, has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The Honorable Leroy D. Cooley, Mayor  
and Members of the Board of Aldermen

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Anacoco, Louisiana's basic financial statements. The schedules of per diem paid to board members, prior year audit findings, and current year audit findings are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of per diem paid to board members, prior year audit findings, and current year audit findings have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedules of per diem paid to board members, prior year audit findings and current year audit findings have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

*John M. Windham, CPA*

DeRidder, Louisiana  
November 17, 2004

**BASIC FINANCIAL STATEMENTS**

Statement of Net Assets  
June 30, 2004

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 108,629
Receivables:	
Franchise taxes	2,114
Prepaid insurance	5,262
Capital assets, net	179,304
Total assets	<u>\$ 295,309</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 676
Payroll taxes payable	980
Accrued interest payable	100
Current portion of note payable	3,970
Total liabilities	<u>\$ 5,726</u>
<b>NET ASSETS</b>	
Invested in capital asset	\$ 179,304
Unreserved	110,279
Total net assets	<u>\$ 289,583</u>
 Total liabilities and net assets	 <u>\$ 295,309</u>

The accompanying notes are an integral part of this statement.

Statement of Activities  
For the Year Ended June 30, 2004

	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets
	Fees, Fines and Charges for Services	Operating Grants and Contributions	
Program Activities			
Governmental activities:			
General government	\$ 65,288	\$ -	\$ (64,462)
and administration	35,664	750	29,662
Public safety	403	-	(403)
Interest on debt			
Total governmental activities	\$ 101,355	\$ 750	\$ (35,203)
General revenues:			
Occupational licenses and permits			30,941
Franchise fees			15,940
Investment earnings			503
Miscellaneous			930
Total general revenues			48,314
Change in net assets			13,111
Net assets at beginning of year			276,472
Net assets at end of year			\$ 289,583

The accompanying notes are an integral part of the statement.

Village of Anacoco, Louisiana

Statement C

Balance Sheet  
Governmental Funds  
June 30, 2004

ASSETS	<u>General</u>
Cash	\$ 108,629
Receivables	
Franchise taxes	2,114
Prepaid insurance	5,262
Total assets	<u>\$ 116,005</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 676
Payroll taxes payable	980
Total liabilities	<u>\$ 1,656</u>
Fund Balances:	
Unreserved	<u>\$ 114,349</u>
Total liabilities and fund balances	<u>\$ 116,005</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet  
to Statement of Net Assets  
June 30, 2004

Total fund balance - total governmental funds	\$	114,349
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.		179,304
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported in governmental funds balance sheet.		(100)
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Due within one year		<u>(3,970)</u>
Net assets of governmental activities	\$	<u>289,583</u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2004

	<u>General Fund</u>
<b>Revenues</b>	
Taxes:	
Franchise	\$ 15,940
Charges for services	275
Intergovernmental:	
Local grants	750
Occupational licenses	30,941
Investment income	503
Fines and forfeitures	64,301
Rentals	826
Other revenues	930
Total revenues	<u>\$ 114,466</u>
<b>Expenditures</b>	
General government	\$ 55,659
Public safety	27,816
Capital outlay	1,148
Debt Service:	
Principal	5,024
Interest	403
Total expenditures	<u>\$ 90,050</u>
Net change in fund balance	<u>\$ 24,416</u>
Fund balances at beginning of year	<u>89,933</u>
Fund balances at end of year	<u>\$ 114,349</u>

The accompanying notes are an integral part of this statement.

Village of Anacoco, Louisiana

Statement F

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of Governmental Funds to the  
Statement of Activities

For the Year Ended June 30, 2004

Net change in fund balances - total governmental funds	\$ 24,416
Amounts reported for governmental activities in the <i>statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	1,148
Depreciation expense on capital assets is reported in the government- wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(12,353)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.	<u>(100)</u>
Change in net assets of governmental activities	<u><u>\$ 13,111</u></u>

The accompanying notes are an integral part of this statement.

General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amount	Budget to GAAP	Actual Amount
	Original	Final			
Revenues					
Taxes:					
Franchise	\$ 14,000	\$ 14,000	\$ 15,940	\$ 1,940	\$ 15,940
Charges for services	-	-	275	275	275
Intergovernmental:					
State grants	10,000	-	-	-	-
Local grants	-	750	750	-	750
Occupational licenses	14,500	15,900	30,941	-15,041	30,941
Investment income	750	400	503	103	503
Fines and forfeitures	44,000	63,000	64,301	1,301	64,301
Rentals	-	-	826	826	826
Other revenue	2,400	1,500	930	(570)	930
Total revenues	\$ 85,650	\$ 95,550	\$ 114,466	\$ 18,916	\$ 114,466
Expenditures					
General government and administration	\$ 49,250	\$ 57,000	\$ 55,659	\$ 1,341	\$ 55,659
Public safety	20,440	18,015	27,816	(9,801)	27,816
Capital outlay	-	2,000	1,148	852	1,148
Debt service:					
Principal	5,024	5,024	5,024	-	5,024
Interest	406	876	403	473	403
Total expenditures	\$ 75,120	\$ 82,915	\$ 90,050	\$ (7,135)	\$ 90,050
Net change in fund balance	\$ 10,530	\$ 12,635	\$ 24,416	\$ 11,781	\$ 24,416
Fund balances at beginning of year	89,933	89,933	89,933	-	89,933
Fund balances at end of year	\$ 100,463	\$ 102,568	\$ 114,349	\$ 11,781	\$ 114,349

The accompanying notes are an integral part of this statement.

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**NOTES TO THE FINANCIAL STATEMENTS**

Village of Anacoco, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2004

## INTRODUCTION

The Village of Anacoco was incorporated under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Village of Anacoco 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 Village maintains a general fund that provides services and benefits to its citizens including repairs and maintenance of approximately 25 miles of roads and streets, and police protection to approximately 990 residents.

The Village is located within Vernon Parish in the southwestern part of the State of Louisiana and is comprised of approximately 990 residents. The governing board is composed of three elected aldermen that are compensated for regular and special board meetings. There are approximately three employees that provide police protection and handle the clerical work for the Village.

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 municipality 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 or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality 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

### A. Government-Wide and 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 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 separately from business-type activities, which rely to a significant extent on fees and charges for support.

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) charges 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 the governmental fund.

### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Village of Anacoco, Louisiana

Notes to the Financial Statements (Continued)

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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental fund:

The General Fund is the municipality'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 the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

**C. Deposits and Investments**

The municipality's cash is considered to be cash on hand and demand deposits. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

**D. Prepaid Items**

Insurance payments reflect cost applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**E. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. 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 municipality maintains a threshold level of \$1,000 or more for capitalizing capital assets.

According to GASB 34 the Village of Anacoco was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Village of Anacoco, Louisiana

Notes to the Financial Statements (Continued)

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	40-50 years
Land improvements	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Equipment	3-15 years

**F. Compensated Absences**

The municipality's leave policy does not provide for the accumulation and vesting of leave.

**G. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets.

**H. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**I. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**J. Estimates**

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

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*BUDGET INFORMATION* The municipality uses the following budget practices:

1. The Village Clerk and Mayor prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

Village of Anacoco, Louisiana

Notes to the Financial Statements (Continued)

5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. These amended amounts are shown in the financial statements.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

*EXCESS OF EXPENDITURES OVER APPROPRIATIONS* The following individual funds had actual expenditures over budgeted appropriations for the year ended June 30, 2004:

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 75,120	\$ 82,915	\$ 90,050	\$ 7,135

**3. CASH AND CASH EQUIVALENTS**

At June 30, 2004, the municipality has cash and cash equivalents (book balances) totaling \$108,629 as follows:

Interest bearing demand deposits	\$ 108,629
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These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2004, the municipality has \$111,575 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$11,575 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

**4. RECEIVABLES**

The receivables of \$2,114 at June 30, 2004, are as follows:

<u>Class of receivable</u>	<u>General Fund</u>
Taxes:	
Franchise	\$ 2,114

Village of Anacoco, Louisiana

Notes to the Financial Statements (Concluded)

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2004, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 17,739	\$ -	\$ -	\$ 17,739
Capital assets being depreciated				
Buildings	43,897	-	-	43,897
Improvements other buildings	237,624	-	-	237,624
Machinery and equipment	51,806	1,148	-	52,954
Total capital assets being depreciated	<u>333,327</u>	<u>1,148</u>	<u>-</u>	<u>334,475</u>
Less accumulated depreciation for:				
Buildings	21,392	1,097	-	22,489
Improvements other than buildings	115,850	5,941	-	121,791
Equipment	23,315	5,315	-	28,630
Total accumulated depreciation	<u>160,557</u>	<u>12,353</u>	<u>-</u>	<u>172,910</u>
Total capital assets being depreciated, net	<u>\$ 172,770</u>	<u>\$ (11,205)</u>	<u>\$ -</u>	<u>\$ 161,565</u>

Depreciation expense of \$12,353 for the year ended June 30, 2004, was charged to the following governmental functions:

Public safety	\$ 2,725
General administration	9,628
Total	<u>\$ 12,353</u>

6. ACCOUNTS AND OTHER PAYABLES

The payables of \$1,656 at June 30, 2004, are as follows:

	General Fund
Withholdings	\$ 980
Accounts	676
Total	<u>\$ 1,656</u>

7. LONG-TERM OBLIGATIONS

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2004:

	Note Payable		
Current portion	\$ 3,970		
Long-term portion	-		
Total	<u>\$ 3,970</u>		
	Principal	Interest	Total
Year Ending June 30, 2004	Payments	Payments	
2005	<u>\$ 3,970</u>	<u>\$ 100</u>	<u>\$ 4,070</u>

OTHER SUPPLEMENTAL SCHEDULES

Schedule of Compensation Paid to Board Members  
Year Ended June 30, 2004

BOARD MEMBERS	COMPENSATION PAID
LaVerne Miers	\$ 1,200
Dannie Frost	1,200
Keith Lewing	1,200
Total	<u>\$ 3,600</u>

**OTHER REPORTS**

Village of Anacoco, Louisiana  
Schedule of Prior Year Audit Findings  
Year Ended June 30, 2004

Schedule 2

Findings - Financial Statement Audit

There were no prior year audit findings reported as of June 30, 2003.

Schedule of the Corrective Action Plan  
For the Current Year Audit Findings  
Year Ended June 30, 2004

Current Year Audit Findings

There are no current year audit findings for the year ended June 30, 2004.

# John A. Windham, CPA

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John A. Windham, CPA

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

The Honorable Leroy D. Cooley, Mayor  
and the Members of the Board of Aldermen  
Village of Anacoco, Louisiana

I have audited the financial statements of the governmental activities of the Village of Anacoco, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Village of Anacoco, Louisiana's basic financial statements and have issued my report thereon dated November 17, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village of Anacoco, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Anacoco, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over *financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses*. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

The Honorable Leroy D. Cooley, Mayor  
Village of Anacoco, Louisiana  
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*This report is intended solely for the information and use of management, others within the organization and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.*

*John D. Windham, CPA*

DeRidder, Louisiana  
November 17, 2004