

VILLAGE OF ANACOCO, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

The Honorable Keith Lewing, Mayor
and the Members of the Board of Aldermen
Village of Anacoco, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Anacoco, Louisiana as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village of Anacoco, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Anacoco, Louisiana as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Anacoco, Louisiana's basic financial statements. The schedule of per diem paid to board members, and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of per diem paid to board members and schedule of compensation, benefits and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of per diem paid to board members, and schedule of compensation, benefits and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2017, on our consideration of the Village of Anacoco, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Anacoco, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana
August 31, 2017

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 126,081	\$ 579,757	\$ 705,838
Receivables:			
Occupational licenses	955	-	955
Franchise taxes	4,720	-	4,720
Hotel/motel tax	9,755	-	9,755
Accounts	-	30,498	30,498
Charges for services	3,250	-	3,250
Due from other funds	-	426	426
Capital assets not being depreciated	87,689	-	87,689
Capital assets being depreciated - net	421,818	159,536	581,354
Total assets	<u>\$ 654,268</u>	<u>\$ 770,217</u>	<u>\$ 1,424,485</u>
LIABILITIES			
Accounts payable	\$ 3,839	\$ 7,354	\$ 11,193
Payroll taxes payable	3,167	-	3,167
Due to other funds	426	-	426
Customer deposits	-	27,850	27,850
Total liabilities	<u>\$ 7,432</u>	<u>\$ 35,204</u>	<u>\$ 42,636</u>
NET POSITION			
Net investment in capital assets	\$ 509,507	\$ 159,536	\$ 669,043
Unrestricted	137,329	575,477	712,806
Total net position	<u>\$ 646,836</u>	<u>\$ 735,013</u>	<u>\$ 1,381,849</u>
Total liabilities and net position	<u>\$ 654,268</u>	<u>\$ 770,217</u>	<u>\$ 1,424,485</u>

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2017

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
	Expenses	Fees, Fines and Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Program Activities							
Governmental activities:							
General government and administration	\$ 181,538	\$ -	\$ -	\$ -	\$ (181,538)	\$ -	\$ (181,538)
Public safety	45,089	100,625	-	-	55,536	-	55,536
Public works	13,344	-	-	-	(13,344)	-	(13,344)
Recreation	4,778	-	-	-	(4,778)	-	(4,778)
Total governmental activities	<u>\$ 244,749</u>	<u>\$ 100,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (144,124)</u>	<u>\$ -</u>	<u>\$ (144,124)</u>
Business-type activities:							
Water and sewer	<u>\$ 153,290</u>	<u>\$ 247,134</u>	<u>\$ 18,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,761</u>	<u>\$ 112,761</u>
Total government	<u><u>\$ 398,039</u></u>	<u><u>\$ 347,759</u></u>	<u><u>\$ 18,917</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (144,124)</u></u>	<u><u>\$ 112,761</u></u>	<u><u>\$ (31,363)</u></u>
General revenues:							
Taxes:							
Hotel/motel					\$ 23,152	\$ -	\$ 23,152
Franchise tax					34,200	-	34,200
Occupational licenses and permits					45,905	-	45,905
Investment earnings					60	263	323
Rental income					4,230	-	4,230
Miscellaneous					611	319	930
Sale of assets					2,500	-	2,500
		Total general revenues and transfers			<u>\$ 110,658</u>	<u>\$ 582</u>	<u>\$ 111,240</u>
		Change in net position			<u>\$ (33,466)</u>	<u>\$ 113,343</u>	<u>\$ 79,877</u>
Net position at beginning of year					680,302	621,670	1,301,972
Net position at end of year					<u><u>\$ 646,836</u></u>	<u><u>\$ 735,013</u></u>	<u><u>\$ 1,381,849</u></u>

The accompanying notes are an integral part of the statement.

Balance Sheet
Governmental Funds
For the Year Ended June 30, 2017

ASSETS	<u>General</u>
Cash	\$ 126,081
Receivables:	
Franchise taxes	4,720
Hotel/motel tax	9,755
Occupational licenses	955
Charges for services	<u>3,250</u>
Total assets	<u><u>\$ 144,761</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 3,839
Payroll taxes payable	3,167
Due to utility fund	<u>426</u>
Total liabilities	<u><u>\$ 7,432</u></u>
Fund Balances:	
Unassigned	<u>\$ 137,329</u>
Total liabilities and fund balances	<u><u>\$ 144,761</u></u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
For the Year Ended June 30, 2017

Total fund balance - total governmental funds	\$ 137,329
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	<u>509,507</u>
Net position of governmental activities	<u><u>\$ 646,836</u></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, 2017

	<u>General Fund</u>
Revenues	
Taxes:	
Franchise	\$ 34,200
Hotel/motel	23,152
Occupational licenses and permits	45,905
Charges for services	6,517
Investment income	60
Fines and forfeitures	94,108
Rentals	4,230
Miscellaneous	611
Total revenues	<u>\$ 208,783</u>
Expenditures	
General government	\$ 170,115
Public safety	34,269
Recreation	300
Capital outlay	7,806
Total expenditures	<u>\$ 212,490</u>
Excess (deficiency) of revenues over expenditures	\$ (3,707)
Other financing sources:	
Sale of assets	<u>\$ 2,500</u>
Net change in fund balance	\$ (1,207)
Fund balances at beginning of year	<u>138,536</u>
Fund balances at end of year	<u><u>\$ 137,329</u></u>

The accompanying notes are an integral part of this statement.

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, 2017

Net change in fund balances - total governmental funds	\$ (1,207)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, 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.	7,806
Depreciation expense on capital assets is reported in the government- wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	<u>(40,065)</u>
Change in net position of governmental activities	<u><u>\$ (33,466)</u></u>

The accompanying notes are an integral part of this statement.

Statement of Net Position
Proprietary Fund
June 30, 2017

	Business-type Activities - Enterprise Fund
	<u>Water and Sewer</u>
ASSETS	
Current Assets	
Cash	\$ 579,757
Receivables:	
Accounts	30,498
Due from general fund	426
Total current assets	<u>\$ 610,681</u>
Non-current Assets	
Capital assets being depreciated - net	<u>\$ 159,536</u>
Total assets	<u><u>\$ 770,217</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 7,354
Customer deposits	<u>27,850</u>
Total current liabilities	<u>\$ 35,204</u>
NET POSITION	
Net investment in capital assets	\$ 159,536
Unrestricted	<u>575,477</u>
Total net position	<u>\$ 735,013</u>
Total liabilities and net position	<u><u>\$ 770,217</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Fund
 For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Fund
	<u>Water and Sewer</u>
Operating revenues	
Charges for services	<u>\$ 247,134</u>
Operating expenses	
Personal services	\$ 17,704
Supplies	864
Contractual services	114,334
Depreciation	20,388
Total operating expenses	<u>\$ 153,290</u>
Income (loss) from operations	<u>\$ 93,844</u>
Non-operating revenues (expenses)	
Investment income	\$ 263
Miscellaneous income	319
State grant income	18,917
Total non-operating revenues (expenses)	<u>\$ 19,499</u>
Change in net position	\$ 113,343
Net position at beginning of year	<u>621,670</u>
Net position at end of year	<u><u>\$ 735,013</u></u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Fund
	<u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 242,878
Cash payments to suppliers for goods and services	(116,542)
Cash payments to employees for services	(17,704)
Net cash provided by operating activities	<u>\$ 108,632</u>
Cash flows from capital financing activities:	
State grant revenue	\$ 18,917
Acquisition of fixed assets	(31,083)
Net cash used by capital financing activities	<u>\$ (12,166)</u>
Cash flows from non-capital financing activities:	
Miscellaneous income	\$ 319
Due from other funds	(1,532)
Net cash used by non-capital financing activities	<u>\$ (1,213)</u>
Cash flows from investing activities:	
Interest on cash and investments	<u>\$ 263</u>
Net increase (decrease) in cash and cash investments	\$ 95,516
Cash and cash investments, beginning July 1, 2016	484,241
Cash and cash investments, ending June 30, 2017	<u>\$ 579,757</u>
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	\$ 93,844
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:	
Depreciation	\$ 20,388
Change in assets and liabilities:	
Increase in accounts receivable	(3,231)
Decrease in accounts payable	(1,344)
Decrease in customer deposits payable	(1,025)
Net cash provided by operating activities	<u>\$ 108,632</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

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 and an enterprise fund that provides water to approximately 530 rural 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 six 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 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 or 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

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. 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 is 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 governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

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 as is the proprietary 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. 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 Village reports the following major governmental fund:

The General Fund is the Village's primary operating fund. It accounts for all financial resources except for those in another fund.

The Village reports the following major proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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 government's enterprise operations. Elimination of these 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing water and sewer services to residents comprise the operating revenue of the Village's enterprise fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Village has not established a policy for use of the unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

C. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and

Village of Anacoco, Louisiana

Notes to the Financial Statements (Continued)

the Village's investment policy allow the Village 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. Receivables and 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".

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, 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 Village 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was paid or included as part of the cost of capital assets under construction in construction projects.

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
Vehicles	5 years

F. Compensated Absences

- **Vacation Leave**

Any employee that has worked a full year is eligible for vacation leave of thirty hours. Vacation leave credited to an employee may be used by the employee with the approval of the Mayor. The total amount of accrued vacation leave shall not exceed thirty hours.

Notes to the Financial Statements (Continued)

- **Sick Leave**

Sick leave is accrued at the rate of one day per quarter. The total amount of sick leave accrued shall not exceed eight hours per employee.

An employee must be employed by the Village for a minimum of two years to receive any type of sick leave with pay. Sick leave is defined as any period of time during which an employee may be excused from work without loss of pay due to:

- Personal illness, injury or any other type of physical disability which prevents an employee from performing his usual duties, except injuries incurred on the job;
- Medical, dental, or optical consultation or treatment; or
- Serious illness in the employee's immediate family. For the purpose of this section, the immediate family shall be deemed to include parents, spouses, children (including step-children), of the employee.

Sick leave may be utilized by an employee who has sufficient leave to his credit for necessary absence from duty due to the above listed conditions. Sick leave shall not be charged for non-working days. Vacation leave may be used for sick leave purposes after sick leave has been exhausted. The minimum charge to sick leave records shall not be less than fifteen minutes.

An employee who is taking sick leave shall inform the Mayor of that fact and the reason as soon as possible. Failure to do so by noon of the first day of illness may result in denial of sick leave with pay for the period of absence. For absences in excess of three days, the Mayor may require a statement from a registered physician or some other acceptable proof that the employee or immediate family member was ill and the employee was unable to report to work.

Each employee upon termination shall be paid the value of his accrued annual leave in a lump sum payment according to the limits established above, and the privileges of this policy shall not extend to any employee who is dismissed for theft of agency funds or property. When an employee is paid wages on an hourly basis, his regular hourly rate will be multiplied by the number of hours of accrued annual leave.

Payment for annual leave under this section shall not constitute employment beyond the last day of active duty.

As of June 30, 2017 accrued vacation and sick leave was immaterial and has not been recorded.

G. Long-Term Obligations

In the government-wide financial statements and the proprietary-fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type and statement of net position. As of June 30, 2017 the Village had no long-term obligations.

H. Restricted Net Position

For government-wide statement of net position, net position is reported as restricted when constraints placed on net position use either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

Notes to the Financial Statements (Continued)

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 Village, 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.

K. Fund Balances

Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION: The Village 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 is 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.
5. Budgetary amendments 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 fund had actual expenditures over budgeted appropriations for the year ended June 30, 2017.

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 412,430	\$ 211,148	\$ 212,490	\$ 1,342

Village of Anacoco, Louisiana

Notes to the Financial Statements (Continued)

3. CASH AND CASH EQUIVALENTS

At June 30, 2017, the Village has cash and cash equivalents (book balances) totaling \$705,838 as follows:

Interest bearing demand deposits	<u>\$ 705,838</u>
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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, 2017, the Village has \$707,039 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$457,039 of pledged securities held by an unaffiliated bank of the pledgor bank. These deposited pledged securities are deemed by law to be under the control and possession and in the name of the Village and are therefore properly collateralized.

The cash and cash equivalents of the Village of Anacoco, Louisiana are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. 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 or exceed 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. Louisiana Revised Statute 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 Village that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Village's name.

4. RECEIVABLES

The receivables of \$49,178 at June 30, 2017 are as follows:

Class of receivable	General Fund	Proprietary Fund	Total
Taxes:			
Occupational licenses	\$ 955	\$ -	\$ 955
Franchise	4,720	-	4,720
Hotel/motel	9,755	-	9,755
Charges for services	3,250	-	3,250
Accounts	-	30,498	30,498
Total	<u>\$ 18,680</u>	<u>\$ 30,498</u>	<u>\$ 49,178</u>

Village of Anacoco, Louisiana

Notes to the Financial Statements (Continued)

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017 for the primary government is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 86,189	\$ 1,500	\$ -	\$ 87,689
Capital assets being depreciated				
Buildings	\$ 201,976	\$ 4,231	\$ -	\$ 206,207
Vehicles	67,787	-	-	67,787
Improvements other buildings	457,734	-	-	457,734
Furniture and fixtures	-	2,075	-	2,075
Machinery and equipment	155,378	-	-	155,378
Total capital assets being depreciated	\$ 882,875	\$ 6,306	\$ -	\$ 889,181
Less accumulated depreciation for:				
Buildings	\$ 64,691	\$ 5,509	\$ -	\$ 70,200
Vehicles	51,134	7,120	-	58,254
Improvements other buildings	222,989	16,728	-	239,717
Furniture and fixtures	-	156	-	156
Machinery and equipment	88,484	10,552	-	99,036
Total accumulated depreciation	\$ 427,298	\$ 40,065	\$ -	\$ 467,363
Total capital assets being depreciated, net	\$ 455,577	\$ (33,759)	\$ -	\$ 421,818
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets being depreciated				
Buildings	\$ 15,969	\$ -	\$ -	\$ 15,969
Utility plant	464,788	29,649	-	494,437
Machinery and equipment	134,209	1,435	-	135,644
Vehicles	11,414	-	-	11,414
Total capital assets being depreciated	\$ 626,380	\$ 31,084	\$ -	\$ 657,464
Less accumulated depreciation for:				
Buildings	\$ 4,184	\$ 757	\$ -	\$ 4,941
Utility plant	363,251	13,743	-	376,994
Machinery and equipment	99,252	5,775	-	105,027
Vehicles	10,853	113	-	10,966
Total accumulated depreciation	\$ 477,540	\$ 20,388	\$ -	\$ 497,928
Total business-type assets being depreciated, net	\$ 148,840	\$ 10,696	\$ -	\$ 159,536

Village of Anacoco, Louisiana

Notes to the Financial Statements (Concluded)

Depreciation expense of \$40,065 for the year ended June 30, 2017 was charged to the following governmental functions:

Public works	\$ 13,344
Public safety	10,820
General administration	11,423
Recreation	4,478
Total	<u>\$ 40,065</u>

6. ACCOUNTS AND OTHER PAYABLES

The payables of \$42,210 at June 30, 2017 are as follows:

	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Payroll taxes	\$ 3,167	\$ -	\$ 3,167
Accounts	3,839	7,354	11,193
Customer deposits	-	27,850	27,850
Total	<u>\$ 7,006</u>	<u>\$ 35,204</u>	<u>\$ 42,210</u>

7. DUE TO/FROM OTHER FUNDS

The composition of interfund balances on June 30, 2017 are as follows:

	<u>Due to</u>	<u>Due from</u>
General fund	\$ 426	\$ -
Utility fund	-	426
Total	<u>\$ 426</u>	<u>\$ 426</u>

These small balances result from one fund paying expenditures/expenses of another fund and will be liquidated during the following year.

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Franchise	\$ 26,000	\$ 34,300	\$ 34,200	\$ (100)
Hotel/motel	20,000	18,058	23,152	5,094
Occupational licenses and permits	35,000	51,711	45,905	(5,806)
Intergovernmental:				
State grants	110,000	-	-	-
Charges for services	6,525	6,517	6,517	-
Investment income	45	60	60	-
Fines and forfeitures	100,175	100,037	94,108	(5,929)
Rentals	1,500	4,230	4,230	-
Miscellaneous	200	544	611	67
Total revenues	<u>\$ 299,445</u>	<u>\$ 215,457</u>	<u>\$ 208,783</u>	<u>\$ (6,674)</u>
Expenditures				
General government and administration	\$ 162,130	\$ 155,228	\$ 170,115	\$ (14,887)
Public safety	99,800	49,890	34,269	15,621
Recreation	500	300	300	-
Capital outlay	150,000	5,730	7,806	(2,076)
Total expenditures	<u>\$ 412,430</u>	<u>\$ 211,148</u>	<u>\$ 212,490</u>	<u>\$ (1,342)</u>
Excess or (deficiency) of revenues over expenditures	\$ (112,985)	\$ 4,309	\$ (3,707)	\$ (8,016)
Other financing sources:				
Transfers in	\$ 40,000	\$ -	\$ -	\$ -
Sale of assets	-	2,500	2,500	-
Total other financing sources	<u>\$ 40,000</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ -</u>
Net change in fund balance	\$ (72,985)	\$ 6,809	\$ (1,207)	\$ (8,016)
Fund balances at beginning of year	<u>110,000</u>	<u>138,536</u>	<u>138,536</u>	<u>-</u>
Fund balances at end of year	<u>\$ 37,015</u>	<u>\$ 145,345</u>	<u>\$ 137,329</u>	<u>\$ (8,016)</u>

OTHER SUPPLEMENTAL SCHEDULES

Schedule of Per Diem Paid to Board Members
For the Year Ended June 30, 2017

<u>Board Members</u>	<u>Compensation Paid</u>
LaVerne Miers	\$ 1,200
Shane Freeman	600
Mark Phillips	1,200
John Schraven	600
Total	<u>\$ 3,600</u>

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year Ended June 30, 2017

Agency Head Name - Keith Lewing

Purpose	Amount
Salary	\$ 2,400
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	365
Conference travel	-
Housing	98
Unvouchered expenses	-
Special meals	-
Other	-

OTHER REPORTS

Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2017

There were no prior year audit findings as of June 30, 2016.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ended June 30, 2017

There were no current year audit findings reported as of June 30, 2017.

Windham & Reed, L.L.C.

Certified Public Accountants

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John A. Windham, CPA
Charles M. Reed, Jr., CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable Keith Lewing, Mayor
and the Members of the Board of Aldermen
Village of Anacoco, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities and each major fund of the Village of Anacoco, Louisiana as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village of Anacoco, Louisiana's basic financial statements, and have issued our report thereon dated August 31, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Anacoco, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Anacoco, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Anacoco, Louisiana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Anacoco, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "John A. Windham, CPA". The signature is written in a cursive, flowing style.

DeRidder, Louisiana
August 31, 2017