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VILLAGE OF SICILY ISLAND
Sicily Island, Louisiana

General Purpose Financial Statements and
Independent Auditor's Reports
As of and for the Two Years Ended
June 30, 1999
With Supplemental Information Schedules

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report is a public document. A
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Rouge office of the Legislative Audi-
tor and, where appropriate, at the
office of the parish clerk of court.

Release Date

FEB 23 2000

JERI SUE TOSSPON
Certified Public Accountant

VILLAGE OF SICILY ISLAND
Sicily Island, Louisiana

General Purpose Financial Statements and
Independent Auditor's Reports
As of and for the Two Years Ended
June 30, 1999
With Supplemental Information Schedules

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SECTION I
GENERAL PURPOSE FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

VILLAGE OF SICILY ISLAND
Sicily Island, Louisiana

I have audited the accompanying general purpose financial statements of the Village of Sicily Island, Louisiana, as of June 30, 1999, and for the two years then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Village of Sicily Island. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards 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 general purpose financial statements referred in above present fairly, in all material respects, the financial position of the Village of Sicily Island, Louisiana, as of June 30, 1999, the results of its operations of such funds and cash flows of its proprietary fund types for the two years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 4, 2000 on my consideration of the Village of Sicily Island's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was made for the purpose of forming an opinion on the general purpose financial statements. The accompanying supplemental information schedules listed in the table of contents and the accompanying schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Village of Sicily Island. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



Ferriday, Louisiana
February 4, 2000

Village of Sicily Island, Louisiana
All Fund Types and Account Groups
Combined Balance Sheet
June 30, 1999

	<u>Governmental Funds</u>		<u>Proprietary Fund Types</u>	<u>Account Groups</u>	<u>Total (Memorandum Only)</u>
	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Enterprise</u>	<u>General Fixed Assets</u>	
ASSETS					
Cash and cash equivalents (Note 1-F)	\$ 88,137		\$ 66,494		\$ 154,631
Temporary investments	48,132		36,034		84,166
Receivables (Note 5)(Net of allowance for uncollectibles \$1,505)	10,525		33,432		43,957
Accrued interest receivable	334		3,080		3,414
Due from other governments	4,977				4,977
Due from other funds	31,372		301,737		333,109
Restricted assets:					
Cash and cash equivalents			35,338		35,338
Temporary investments			93,619		93,619
Utility Plant and equipment (net) (Note 7)			1,570,880		1,570,880
Land and buildings				\$ 30,647	30,647
Equipment				279,133	279,133
Total Assets	<u>\$ 183,477</u>	<u>\$ 0</u>	<u>\$ 2,140,614</u>	<u>\$ 309,780</u>	<u>\$ 2,633,871</u>
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ 14,022		\$ 8,219		\$ 22,241
Due to other funds	111,723		221,386		333,109
Payable from restricted assets:					
Consumer deposits			37,054		37,054
Accrued interest			13,267		13,267
Current portion of bonds payable			7,000		7,000
Revenue bonds payable (Note 10)			306,000		306,000
Total Liabilities	<u>\$ 125,745</u>	<u>\$ 0</u>	<u>\$ 592,926</u>		<u>\$ 718,671</u>
Fund Equity:					
Contributed capital			\$ 1,627,146		\$ 1,627,146
Investment in General Fixed Assets				\$ 309,780	309,780
Retained Earnings:					
Reserved for debt service			34,900		34,900
Reserved for contingencies			35,071		35,071
Unreserved			(149,429)		(149,429)
Fund Balances:					
Unreserved - undesignated	\$ 57,732				57,732
Total Retained Earnings/Fund Equity	<u>\$ 57,732</u>	<u>\$ 0</u>	<u>\$ 1,547,688</u>	<u>\$ 309,780</u>	<u>\$ 1,915,200</u>
Total Liabilities and Fund Equity	<u>\$ 183,477</u>	<u>\$ 0</u>	<u>\$ 2,140,614</u>	<u>\$ 309,780</u>	<u>\$ 2,633,871</u>

See accompanying notes to the financial statements.

**Village of Sicily Island, Louisiana
Governmental Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance
For the Year ended June 30, 1999**

	General Fund	Capital Projects	Total (Memorandum Only)
REVENUES			
Taxes			
Ad valorem	\$ 7,674		\$ 7,674
Franchise	6,815		6,815
Licenses and permits	16,551		16,551
Intergovernmental revenues			
Tobacco taxes	2,701		2,701
Beer taxes	1,595		1,595
Parish garbage taxes	36,121		36,121
Parish road taxes	14,449		14,449
State fire insurance rebate	4,171		4,171
Federal funds - federal grants	9,702	\$ 323,733	333,435
State funds - rural development grant	12,995		12,995
State funds - police grant	15,000		15,000
Fees, charges and commissions for services			
Garbage collection fees	5,809		5,809
Fire department fees	4,707		4,707
Fines and forfeitures	46,155		46,155
Use of money and property	3,918		3,918
Other	40		40
Total Revenues	\$ 188,403	\$ 323,733	\$ 512,136
EXPENDITURES			
General government:	\$ 77,976		\$ 77,976
Public safety			
Police	97,535		97,535
Fire	13,908		13,908
Streets			
Sanitation	28,726		28,726
Rural development grant expenditures	12,995		12,995
Capital outlay		\$ 323,733	323,733
Total expenditures	\$ 231,140	\$ 323,733	\$ 554,873
Excess (Deficiency) of Revenues over Expenditures	\$ (42,737)	\$ 0	\$ (42,737)
Fund Balances (Deficit) at Beginning of Year	100,469		100,469
Fund Balances (Deficit) at End of Year	\$ 57,732	\$ 0	\$ 57,732

See accompanying notes to the financial statements.

**Village of Sicily Island, Louisiana
Governmental Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance
For the Year ended June 30, 1998**

	General Fund	Capital Projects	Total (Memorandum Only)
REVENUES			
Taxes			
Ad valorem	\$ 7,686		\$ 7,686
Franchise	6,354		6,354
Licenses and permits	13,235		13,235
Intergovernmental revenues			
Tobacco taxes	2,435		2,435
Beer taxes	1,224		1,224
Parish garbage taxes	34,242		34,242
Parish road taxes	13,676		13,676
State fire insurance rebate	3,960		3,960
Federal fund - federal grants	2,529	\$ 36,775	39,304
Fees, charges and commissions for services			
Garbage collection fees	5,449		5,449
Fire department fees	4,500		4,500
Fines and forfeitures	75,880		75,880
Use of money and property	3,733		3,733
Other	58		58
 Total Revenues	 \$ 174,961	 \$ 36,775	 \$ 211,736
EXPENDITURES			
General government:	\$ 18,955		\$ 18,955
Public safety			
Police	106,083		106,083
Fire	10,427		10,427
Streets	47,288		47,288
Sanitation	32,304		32,304
Capital outlay		\$ 36,775	36,775
 Total expenditures	 \$ 215,057	 \$ 36,775	 \$ 251,832
Excess (Deficiency) of Revenues over Expenditures	\$ (40,096)	\$ 0	\$ (40,096)
Fund Balances (Deficit) at Beginning of Year	140,565		140,565
Fund Balances (Deficit) at End of Year	\$ 100,469	\$ 0	\$ 100,469

See accompanying notes to the financial statements.

**Village of Sicily Island, Louisiana
Governmental Fund - General Fund
Combined Schedule of Revenues, Expenditures
and Changes in Fund Balance
Budget (Cash Basis) and Actual
For the Year ended June 30, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes			
Ad valorem	\$ 7,700	\$ 7,674	\$ (26)
Franchise	6,000	6,815	815
Licenses and permits	13,500	16,551	3,051
Intergovernmental revenues			
Tobacco taxes	2,400	2,701	301
Beer taxes	1,200	1,595	395
Parish garbage taxes	34,000	35,796	1,796
Parish road taxes	13,000	14,318	1,318
State fire insurance rebate	4,000	8,131	4,131
Federal funds - federal grants		9,702	9,702
State funds - rural development grant		12,995	12,995
State funds - police grant		15,000	15,000
Fees, charges and commissions for services			
Garbage collection fees	5,500	5,173	(327)
Fire department fees	4,400	4,581	181
Fines and forfeitures	65,000	46,155	(18,845)
Use of money and property	3,700	3,918	218
Other	50	40	(10)
Total Revenues	\$ 160,450	\$ 191,145	\$ 30,695
EXPENDITURES			
General government:	\$ 28,000	\$ 73,524	\$ (45,524)
Public safety			
Police	95,000	97,815	(2,815)
Fire	8,000	13,967	(5,967)
Streets	45,000		45,000
Sanitation	24,000	28,838	(4,838)
Rural development grant expenditures		12,995	(12,995)
Capital outlay			
Total expenditures	\$ 200,000	\$ 227,139	\$ (27,139)
Excess (Deficiency) of Revenues over Expenditures	\$ (39,550)	\$ (35,994)	\$ 3,556
Fund Balances (Deficit) at Beginning of Year	120,483	98,190	(22,293)
Fund Balances (Deficit) at End of Year	<u>\$ 80,933</u>	<u>\$ 62,196</u>	<u>\$ (18,737)</u>

See accompanying notes to the financial statements.

**Village of Sicily Island, Louisiana
Governmental Fund - General Fund
Combined Schedule of Revenues, Expenditures
and Changes in Fund Balance
Budget (Cash Basis) and Actual
For the Year ended June 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes			
Ad valorem	\$ 4,000	\$ 7,686	\$ 3,686
Franchise	7,500	6,354	(1,146)
Licenses and permits	14,500	13,235	(1,265)
Intergovernmental revenues			
Tobacco taxes	2,300	2,435	135
Beer taxes	1,500	1,224	(276)
Parish garbage taxes	32,600	35,346	2,746
Parish road taxes	13,100	13,620	520
State fire insurance rebate	4,000	2,676	(1,324)
Federal funds - federal grant		2,529	2,529
Fees, charges and commissions for services			
Garbage collection fees	5,500	5,685	185
Fire department fees	6,800	4,219	(2,581)
Fines and forfeitures	50,000	75,880	25,880
Use of money and property	4,000	3,733	(267)
Other	3,300	58	(3,242)
Total Revenues	\$ 149,100	\$ 174,680	\$ 25,580
EXPENDITURES			
General government:	\$ 47,500	\$ 21,054	\$ 26,446
Public safety			
Police	49,100	105,924	(56,824)
Fire	15,600	10,524	5,076
Streets	11,400	47,288	(35,888)
Sanitation	34,450	32,265	2,185
Capital outlay			
Total expenditures	\$ 158,050	\$ 217,055	\$ (59,005)
Excess (Deficiency) of Revenues over Expenditures	\$ (8,950)	\$ (42,375)	\$ (33,425)
Fund Balances (Deficit) at Beginning of Year	129,433	140,565	11,132
Fund Balances (Deficit) at End of Year	<u>\$ 120,483</u>	<u>\$ 98,190</u>	<u>\$ (22,293)</u>

See accompanying notes to the financial statements.

Village of Sicily Island, Louisiana
Enterprise Funds
Comparative Combined Statement of Revenue and Expenses and
Changes in Retained Earnings
For the Two Years ended June 30, 1999

	Year ended June 30,	
	1999	1998
Operating Revenues		
Charges for services	\$ 170,172	\$ 183,459
Other operating revenues		
Total operating revenue	<u>\$ 170,172</u>	<u>\$ 183,459</u>
Operating Expenses		
Personal services	\$ 46,052	\$ 43,260
Natural gas purchases	31,495	45,811
Materials and supplies	19,041	10,137
Repairs and maintenance	1,562	35,535
Utilities and telephone	14,538	21,132
Professional fees	2,023	
Insurance	16,896	13,614
Depreciation	48,335	48,429
Other operating expense	8,876	7,949
Total operating expense	<u>\$ 188,818</u>	<u>\$ 225,867</u>
Net income(loss) from operations	<u>\$ (18,646)</u>	<u>\$ (42,408)</u>
Other Revenue and (Expenses)		
Interest income	\$ 8,719	\$ 10,919
Interest expense	(16,000)	(16,350)
Total other revenue (expenses)	<u>\$ (7,281)</u>	<u>\$ (5,431)</u>
Net Income (Loss)	<u>\$ (25,927)</u>	<u>\$ (47,839)</u>
Retained earnings, beginning	<u>(53,531)</u>	<u>(5,692)</u>
Retained earnings, ending	<u>\$ (79,458)</u>	<u>\$ 53,531</u>

See accompanying notes to financial statements.

Village of Sicily Island, Louisiana
Enterprise Funds
Comparative Combined Statement of Cash Flows
For the Two Years ended June 30, 1999

	June 30,	
	1999	1998
Cash flows from operating activities		
Cash received from customers	\$ 162,737	\$ 173,221
Cash paid to suppliers and employees	137,532	181,491
Net cash provided by operating activities	\$ 25,205	\$ (8,270)
Cash flows from noncapital financing activities		
Operating transfers from other funds	\$ (17,451)	\$ (14,978)
Increase in consumer deposits	1,467	3,362
Net cash provided by noncapital financing activities	\$ (15,984)	\$ (11,616)
Cash flows from financing activities		
Principal paid on revenue bonds	\$ (7,000)	\$ (7,000)
Interest paid on revenue bonds	(16,000)	(16,350)
Net cash used by financing activities	\$ (23,000)	\$ (23,350)
Cash flows from capital activities		
Purchase of fixed assets	\$ (549)	\$ (294)
Net cash used by capital activities	\$ (549)	\$ (294)
Cash flows from investing activities		
Interest income	\$ 9,031	\$ 9,833
Net cash provided by investing activities	\$ 9,031	\$ 9,833
Net increase (decrease) in cash and cash equivalents	\$ (5,297)	\$ (33,697)
Cash and cash equivalents at beginning of year	236,782	270,479
Cash and cash equivalents at end of year	\$ 231,485	\$ 236,782
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (18,646)	\$ (42,408)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	48,335	48,429
Changes in assets and liabilities:		
Increase in accounts receivable	(7,436)	(10,236)
Increase in accounts payable	2,952	(4,055)
Net cash provided by operating activities	\$ 25,205	\$ (8,270)

See accompanying notes to financial statements.

VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

INTRODUCTION

The Village of Sicily Island, Louisiana was incorporated April 21, 1955, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Aldermen form of government and provides the following services as authorized by the Act: public safety (police and fire), streets, sanitation, gas, water and sewer utility services, public improvements, planning and zoning, and general administrative services.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation - The accompanying financial statements of the Village of Sicily Island, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) 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.

B. Reporting Entity - As the municipal governing authority, for reporting purposes, the Village of Sicily Island is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Village of Sicily Island for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but

are fiscally dependent on the municipality.

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The application of these criteria revealed no additional governmental reporting entities which would be properly includable in the report.

C. Fund Accounting - The Village of Sicily Island uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not reported in the funds because they do not directly affect net expendable available financial resources.

Funds of the Village of Sicily Island are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds - Governmental funds are used to account for all or most of the municipalities general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund

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

Capital Projects Fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds - Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed

and operated in a manner similar to private business enterprises - which 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 the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Basis of Accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxed are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

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

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

E. Budgets and Budgetary Accounting - The Board of Aldermen of the Village adopted an operating budget for its governmental fund type on April 2, 1998 for the year ended June 30, 1998. The Village budget was prepared at the functional level. The Village does not use encumbrance accounting in its budget practices. Unexpended appropriations lapse at year end and must be reappropriated in the next year's budget to be expended.

It was ruled by the Seventh Judicial District Court that the Village did adopt an operating budget for its General Fund for the year ended June 30, 1999, using the same format as above.

The following reconciles the excess(deficiency) of revenues and other sources over expenditures and other uses for the General Fund for the two years ended June 30:

	<u>1999</u>	<u>1998</u>
Excess of expenditures and other uses over revenues and other sources (GAAP basis)	(\$42,737)	(\$40,096)

Adjustments for:	Receivables	2,742	(281)
	Payables	<u>4,001</u>	<u>(1,998)</u>
Excess of expenditures and other uses over revenues and other sources (budget basis)		<u>(\$35,994)</u>	<u>(\$42,375)</u>

F. Cash and Investments - Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality has deposited funds in demand deposits, interest-bearing demand deposits, and time deposits with a state bank organized under Louisiana law.

Investments are stated at cost and consist of certificates of deposit with an original maturity in excess of 90 days. For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with maturity of six months or less when purchased to be cash equivalents.

G. Inventories - For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures/or expense at the time purchased and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the two years ended June 30, 1999 these amounts were considered to be immaterial.

H. Amounts Due to/from Other Funds - Amounts reflected as due to/from other funds, in all funds, represent short-term interfund receivables/payables and are considered "available spendable resources."

I. Restricted Assets - Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Please see Note 6 for a description of these restrictions.

J. Fixed Assets and Long-Term Liabilities

Fixed assets - All items of property, plant and equipment which do not constitute assets of the enterprise funds are recorded in the general fixed asset group of accounts. Such assets are maintained on the basis of original cost and no depreciation is computed or recorded therein.

The Village does not capitalize public domain general fixed assets such as roads, drainage systems, sidewalks and similar assets which are immovable and of value only to the government.

Property, plant and equipment which constitute assets of the enterprise funds are recorded at cost, and depreciation based on the estimated useful lives of the individual assets is computed under the straight-line method. The estimated useful lives are as

follows:

Buildings	40 years
Equipment	10 years
Gas distribution system	25 years
Water distribution system	40 years
Water tanks and wells	40 years
Sewer system	50 years

Long-term Liabilities - The Village has no long-term liabilities payable from revenues of governmental type funds. All liabilities of proprietary funds (whether current or noncurrent) associated with their activity are included on their balance sheet.

K. Accumulated Unpaid Vacation Pay - Accumulated unpaid vacation pay is accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts are not accrued in the general fund (using the modified accrual basis of accounting), but normally would have been recorded in the general long-term debt group of accounts. For the two years ended June 30, 1999, these amounts were determined to be immaterial, therefore, no amount has been recorded.

L. Bad Debts - Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

M. Fund Equity -

Contributed Capital - Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. *Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.*

Reserves - Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

N. Total Columns on Combined Statements - Overview - These columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in accordance with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - FUND DEFICITS

The following individual funds have deficits in unreserved fund balance or retained earnings at June 30, 1998 and 1999:

	June 30.	
	<u>1998</u>	<u>1999</u>
Sewer Revenue Fund	\$ 119,535	\$201,401
Water Revenue Fund	91,507	105,568

Note 3 - AD VALOREM TAXES

The Village annually levies ad valorem taxes in accordance with state statute for the fiscal year ended June 30. Tax bills are prepared and delivered in October with payment due from the date of receipt to the last day of February. Because of the due dates noted previously, ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued as of the end of the fiscal year.

The Village bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Catahoula Parish.

For the years ended June 30, 1998 and 1999, taxes of 7.24 mills were levied on property with assessed valuations totaling \$1,089,660 and \$1,100,500, respectively. Taxes were dedicated as follows:

	<u>1998</u>	<u>1999</u>
General corporate millage	7.24	7.24
Total taxes levied	\$7,889	\$7,968

Note 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

At June 30, 1999, the Village of Sicily Island had cash, cash equivalents, and investments (certificates of deposit with a maturity in excess of 90 days) totaling \$367,754, as follows:

	<u>General Fund</u>	<u>Proprietary Funds</u>
Demand deposits	\$ 88,031	\$101,832
Certificates of deposit	48,132	129,653
Cash on hand	106	
	<u>\$136,269</u>	<u>\$231,485</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposits 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, 1999, the Village of Sicily Island had \$380,951 in collected bank balances. These deposits are secured from risk by \$200,000 of federal deposit insurance and \$404,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

All investments of the Village of Sicily Island are in certificates of deposit in the Village name which are fully insured and secured and included in the above.

Note 5 - INDIVIDUAL RECEIVABLES AND PAYABLES

The following is a summary of receivables for June 30, 1999:

	<u>General Fund</u>	<u>Proprietary Funds</u>
Taxes: Ad Valorem	\$ 1,984	
Fines & forfeits	6,593	
Garbage fees	1,048	
Fire fees	886	
Other	14	
Revenues: Service Fees		\$33,432
	<u>\$10,525</u>	<u>\$33,432</u>

A summary of individual receivables and payable reflected as "due to or due from" other funds follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$31,372	\$111,723
Proprietary Fund - Enterprise Funds		
Sewer Revenue Fund	62,409	15,136
Gas Revenue Fund	153,749	13,542
Water Revenue Fund	<u>85,579</u>	<u>192,708</u>
Total	<u>\$333,109</u>	<u>\$333,109</u>

Note 6 - RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 1999:

Revenue Bond Amortization Account	\$ 34,900
Revenue Bond Reserve Account	35,070
Consumer deposits	<u>58,987</u>
Total	<u>\$128,957</u>

Note 7 - PROPRIETARY FUND TYPE PROPERTY, PLANT, AND EQUIPMENT

A summary of changes in proprietary fund type property, plant, and equipment for two years ended June 30, 1999 are as follows:

	<u>Balance</u> <u>07/01/97</u>	<u>Additions</u>	<u>Disposition</u>	<u>Balance</u> <u>06/30/98</u>
Land	\$ 39,280			\$ 39,280
Building	24,939			24,939
Equipment	55,909			55,909
Distribution systems	813,642	\$ 294		813,938
Tanks and wells	71,716			71,716
Sewer plant	<u>864,660</u>			<u>864,660</u>
 Total	 \$1,870,148	 \$ 294		 \$1,870,442
Less accumulated depreciation	<u>564,149</u>	<u>48,135</u>		<u>612,284</u>
 Net	 <u>\$1,305,999</u>	 <u>(\$47,841)</u>		 <u>\$1,258,158</u>

	<u>Balance</u> <u>07/01/98</u>	<u>Additions</u>	<u>Disposition</u>	<u>Balance</u> <u>06/30/99</u>
Land	\$ 39,280			\$ 39,280
Building	24,939			24,939
Equipment	55,909	\$ 549		56,458
Distribution systems	813,938	360,508		1,174,446
Tanks and wells	71,716			71,716
Sewer plant	<u>864,660</u>			<u>864,660</u>
 Total	 \$1,870,442	 \$361,057		 \$2,231,499
Less accumulated depreciation	<u>612,284</u>	<u>48,335</u>		<u>660,619</u>
 Net	 <u>\$1,258,158</u>	 <u>\$312,722</u>		 <u>\$1,570,880</u>

Note 8 - PENSION PLAN

The employees of the Village of Sicily Island are not included in any pension plan other than that required of employers under the Social Security System.

Note 9 - ACCOUNTS PAYABLE

The following is a summary of accounts payable at June 30, 1999:

	<u>General Fund</u>	<u>Proprietary Funds</u>
Withholdings	\$ 6,730	\$ 586
Accounts	<u>7,292</u>	<u>7,633</u>
	<u>\$14,022</u>	<u>\$8,219</u>

Note 10 - CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the Village for the two years ended June 30, 1999.

Revenue bonds payable at June 30, 1998	\$327,000
Principal retirements for the year ended June 30, 1998	<u>7,000</u>
Revenue bonds payable at June 30, 1998	\$320,000
Principal retirements for the year ended June 30, 1999	<u>7,000</u>
Revenue bonds payable at June 30, 1999	<u>\$313,000</u>

Outstanding long-term debt of the Village as of June 30, 1999 is as follows:

\$393,800 Sewer Revenue Bonds due in annual installments of \$4,000.00 to \$23,000.00 through September, 2021 with 5% interest	<u>\$313,000</u>
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The annual requirements to amortize all debt outstanding as of June 30, 1999, including interest payments of \$208,700, are as follows:

<u>Fiscal year ending June 30</u>	<u>Revenue bonds</u>
2000	22,300
2001	23,900
2002	22,500
2003	23,100
2004	22,650
2005-2022	<u>408,250</u>
Total	<u>\$521,700</u>

As of June 30, 1999, \$69,970 was available in the Enterprise Funds and was restricted to debt service.

Note 11 - FLOW OF FUNDS; RESTRICTIONS ON USE - UTILITIES REVENUES

The Village of Sicily Island currently has one issue of Sewer Utility Revenue bonds outstanding. The flow of funds and restrictions on use are governed by the Bond Indenture, the terms of which are summarized as follows:

All of the income and revenue of the Sewer System shall be deposited as collected in a separate and special bank account designated as the Sewer Revenue Fund and shall be established, maintained and administered in the following order of priority, and for the following purposes:

- (1) The payment of all reasonable and necessary expenses of operating and maintaining the System.
- (2) The establishment of a Revenue Bond and Interest Sinking Fund sufficient in amount to pay promptly and fully the principal and interest on the bonds as they come due, by transferring from the Revenue Fund to the Sinking Fund on or before the 15th of each month, 1/6 of the amount of interest falling due on the next succeeding interest payment date, and 1/12 of the amount of principal falling due on the next succeeding date on which principal is payable.
- (3) The establishment of a Sewer Reserve Fund by transferring five percent (5%) of the amount transferred to the Bond and Interest Sinking Fund to said fund until such time as there has been accumulated in said reserve fund an amount of money equal to the highest combined principal and interest requirements for any succeeding twelve (12) month period.
- (4) The establishment and maintenance of a "Sewer Depreciation and Contingency Fund" to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system properly by transferring to said fund the sum of ninety seven-dollars (\$97.00) per month. These transfers are to commence upon completion of the system.

Note 12 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 1998 and the six months ended December 31, 1999, the Village purchased gasoline and repair services from a business owned by the Mayor. He was not reelected at December 31, 1999. These purchases violate the provisions of the Ethics Code of Officials of the State of Louisiana and are thereby

prohibited under LRS 42:1112. To have complied with these Statutes could have been an economic hardship upon the Village. During the year ending June 30, 1998 and the six months ended December 31, 1999, the transactions totaled \$7,325 and \$3,143, respectively.

Note 13 - COMPENSATION OF THE GOVERNING BOARD

The Governing Board of the Village of Sicily Island, Louisiana consists of a Mayor and three Aldermen. They received no direct compensation, but they were carried on the Village's group health insurance plan during the fiscal year ended June 30, 1998, and during the fiscal year ended June 30, 1999 until the health insurance coverage was discontinued and they began receiving those same amounts directly as compensation. For the fiscal years ended June 30, 1998 and 1999, the amounts of group health insurance provided on their behalf were as follows:

	<u>1999</u>	<u>1998</u>
Roy Evans, Mayor	\$ 3,323	\$ 6,645
Jennie Mitchell, Alderwoman	1,418	2,837
Tim Ford, Alderman	<u>6,091</u>	<u>6,645</u>
Total	<u>\$10,832</u>	<u>\$16,127</u>

NOTE 14 - LEASES

The Village has no capital or material operating leases at June 30, 1999.

NOTE 15 - LITIGATION AND CLAIMS

At June 30, the Village is not directly involved in any lawsuits. There is presently a case in the Court of Appeals, which is appealing the decisions rendered by the Seventh Judicial District in two cases filed by one current alderman and former employees and/or aldermen (all as private citizens) against Mayor Ann Wycoff for actions taken by her as Mayor. These suits do not directly involve the financial position of the Village, other than to address legal fees paid by the Village in the Mayor's defense. In the opinion of the Mayor and legal counsel, the Village itself has no material exposure to liability in these cases.

SECTION II
FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS
AND OTHER SUPPLEMENTARY INFORMATION SCHEDULES

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

**Village of Sicily Island, Louisiana
General Fund
Comparative Balance Sheet
June 30, 1999 and 1998**

ASSETS

	June 30,	
	1999	1998
Cash and cash equivalents (Note 1-F)	\$ 88,137	\$ 102,165
Temporary investments	48,132	46,901
Receivables (Note 5)(Net of allowance for uncollectibles \$0)	10,525	9,763
Accrued interest receivable	334	359
Due from other governments	4,977	8,283
Due from other funds	31,372	19,484
Total Assets	\$ 183,477	\$ 186,955

LIABILITIES AND FUND EQUITY

Liabilities		
Accounts payable	\$ 14,022	\$ 4,065
Due to other funds	111,723	82,421
Total Liabilities	\$ 125,745	\$ 86,486
Fund Balances:		
Unreserved - undesignated	57,732	100,469
Total Fund Balance	\$ 57,732	\$ 100,469
Total Liabilities and Fund Balance	\$ 183,477	\$ 186,955

See accompanying notes to the financial statements.

**Village of Sicily Island, Louisiana
General Fund
Comparative Schedule of Revenues, Expenditures
and Changes in Fund Balance
For the Two Years ended June 30, 1999**

	Year ended June 30,	
	1999	1998
<u>REVENUES</u>		
Taxes		
Ad valorem	\$ 7,674	\$ 7,686
Franchise	6,815	6,354
Licenses and permits	16,551	13,235
Intergovernmental revenues		
Tobacco taxes	2,701	2,435
Beer taxes	1,595	1,224
Parish garbage taxes	36,121	34,242
Parish road taxes	14,449	13,676
State fire insurance rebate	4,171	3,960
Federal funds- federal grants	9,702	2,529
State funds - rural development grant	12,995	
State funds - police grant	15,000	
Fees, charges and commissions for services		
Garbage collection fees	5,809	5,449
Fire department fees	4,707	4,500
Fines and forfeitures	46,155	75,880
Use of money and property	3,918	3,733
Other	40	58
	<u>\$ 188,403</u>	<u>\$ 174,961</u>
<u>EXPENDITURES</u>		
General government:	\$ 77,976	\$ 18,955
Public safety		
Police	97,535	106,083
Fire	13,908	10,427
Streets	0	47,288
Sanitation	28,726	32,304
Rural development grant expenditures	12,995	
	<u>\$ 231,140</u>	<u>\$ 215,057</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (42,737)	\$ (40,096)
Fund Balances (Deficit) at Beginning of Year	<u>100,469</u>	<u>140,565</u>
Fund Balances (Deficit) at End of Year	<u>\$ 57,732</u>	<u>\$ 100,469</u>

See accompanying notes to the financial statements.

Village of Sicily Island, Louisiana
General Fund
Comparative Schedule of Expenditures
For the Two Years ended June 30, 1999

	Year ended June 30,	
	1999	1998
General government:		
Personal services	\$ 22,087	\$ 6,732
Materials and supplies	2,640	3,719
Professional and other fees	30,062	1,548
Insurance	8,651	558
Utilities and telephone	7,870	2,564
Aldermen salary	2,215	
Other services and charges	4,451	3,834
	<u>\$ 77,976</u>	<u>\$ 18,955</u>
Public safety		
Police		
Personal services	\$ 47,530	\$ 48,798
Materials and supplies	3,351	5,088
Professional and other fees	3,124	7,419
Insurance	17,422	20,814
Utilities and telephone	2,787	1,304
Vehicle expense	3,570	6,283
Other services and charges	641	2,032
Capital outlay	19,110	14,345
	<u>\$ 97,535</u>	<u>\$ 106,083</u>
Fire		
Personal services	\$ 1,746	\$ 1,947
Materials and supplies	1,378	2,034
Insurance	3,116	6,300
Other services and charges	78	146
Capital outlay	7,590	
	<u>\$ 13,908</u>	<u>\$ 10,427</u>
Streets		
Materials and supplies	\$ 0	\$ 47,288
Sanitation		
Personal services	\$ 15,341	\$ 16,241
Materials and supplies	6,119	5,517
Insurance	5,787	7,324
Repairs and maintenance	1,226	3,222
Utilities	253	
	<u>\$ 28,726</u>	<u>\$ 32,304</u>
 Total expenditures	 <u>\$ 218,145</u>	 <u>\$ 215,057</u>

See accompanying notes to the financial statements.

CAPITAL PROJECTS FUND

To account for the construction of improvements financed by a Federal Grant. Total grant expenditure amount is \$360,507 for the two years ended June 30, 1999.

**Village of Sicily Island, Louisiana
Capital Projects Fund
1997 Sewer Improvements
Comparative Balance Sheet
June 30, 1998 and 1999**

ASSETS

Total Assets	\$ 0	\$ 0
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LIABILITIES AND FUND EQUITY

Total Liabilities	\$ 0	\$ 0
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Total Fund Balance	\$ 0	\$ 0
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Total Liabilities and Fund Balance	\$ 0	\$ 0
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See accompanying notes to the financial statements.

**Village of Sicily Island, Louisiana
 Capital Projects Fund
 1997 LCDBG Sewer Improvements
 Comparative Schedule of Revenues, Expenditures
 and Changes in Fund Balance
 For the Two Years ended June 30, 1999**

	Year ended June 30,	
	1999	1998
<u>REVENUES</u>		
Intergovernmental revenues-federal funds LCDBG	\$ 323,733	\$ 36,775
Total Revenues	\$ 323,733	\$ 36,775
<u>EXPENDITURES</u>		
Capital outlays		
General and administrative	\$ 23,793	\$ 7,875
Engineering and construction	299,940	28,900
Total expenditures	\$ 323,733	\$ 36,775
Excess (Deficiency) of Revenues over Expenditures	\$ 0	\$ 0
Fund Balances (Deficit) at Beginning of Year	0	0
Fund Balances (Deficit) at End of Year	\$ 0	\$ 0

See accompanying notes to the financial statements.

PROPRIETARY FUND TYPE
ENTERPRISE FUNDS

Sewer Revenue Fund - to account for the provision of sewer services to the residents of the Village and some residents of the Parish. All activities to provide such services are accounted for in this fund.

Gas Revenue Fund - to account for the provision of gas services to the residents of the Village and some residents of the Parish. All activities to provide such services are accounted for in this fund.

Water Revenue Fund - to account for the provision of water services to the residents of the Village and some residents of the Parish. All activities to provide such services are accounted for in this fund.

**Village of Sicily Island, Louisiana
Enterprise Funds
Combining Balance Sheet
June 30, 1999**

	Sewer Revenue Fund	Gas Revenue Fund	Water Revenue Fund	Total
ASSETS				
Current Assets				
Cash and cash equivalents (Note 1-F)	\$ 1,824	\$ 4,567	\$ 60,103	\$ 66,494
Temporary investments		14,382	21,652	36,034
Receivables (Note 5)(Net of allowance for uncollectibles \$1,505)	7,329	11,246	14,857	33,432
Accrued interest receivable	1,050	716	1,314	3,080
Due from other funds	62,409	153,749	85,579	301,737
Restricted assets:				
Cash and cash equivalents	10,507		24,831	35,338
Temporary investments	59,463	11,375	22,781	93,619
Total current assets	\$ 142,582	\$ 196,035	\$ 231,117	\$ 569,734
Fixed Assets				
Utility plant and equipment (net) (Note 7)	\$ 967,107	\$ 204,269	\$ 399,504	\$ 1,570,880
Total Assets	\$ 1,109,689	\$ 400,304	\$ 630,621	\$ 2,140,614
LIABILITIES AND FUND EQUITY				
Current Liabilities				
Accounts payable	\$ 1,147	\$ 3,400	\$ 3,672	\$ 8,219
Due to other funds	15,136	13,542	192,708	221,386
Payable from restricted assets:				
Consumer deposits		11,375	25,679	37,054
Accrued interest	13,267			13,267
Current portion of bonds payable	7,000			7,000
Total current liabilities	\$ 36,550	\$ 28,317	\$ 222,059	\$ 286,926
Other Liabilities				
Revenue bonds payable (Note 10)	\$ 306,000	\$	\$	\$ 306,000
Total Liabilities	\$ 342,550	\$ 28,317	\$ 222,059	\$ 592,926
Fund Equity				
Contributed capital	\$ 898,569	\$ 214,447	\$ 514,130	\$ 1,627,146
Retained Earnings:				
Reserved for debt service	34,900			34,900
Reserved for contingencies	35,071			35,071
Unreserved	(201,401)	157,540	(105,568)	(149,429)
Total retained earnings and fund equity	\$ 767,139	\$ 371,987	\$ 408,562	\$ 1,547,688
Total Liabilities and Fund Equity	\$ 1,109,689	\$ 400,304	\$ 630,621	\$ 2,140,614

See accompanying notes to the financial statements.

Village of Sicily Island, Louisiana
Enterprise Funds
Combining Statement of Revenue and Expenses and
Changes in Retained Earnings
For the Year ended June 30, 1999

	Sewer Revenue Fund	Gas Revenue Fund	Water Revenue Fund	Total
Operating Revenues				
Charges for services	\$ 46,192	\$ 65,723	\$ 58,257	\$ 170,172
Other operating revenues				
Total operating revenue	<u>\$ 46,192</u>	<u>\$ 65,723</u>	<u>\$ 58,257</u>	<u>\$ 170,172</u>
Operating Expenses				
Personal services	\$ 14,190	\$ 15,094	\$ 16,768	\$ 46,052
Natural gas purchases		31,495		31,495
Materials and supplies	3,593	3,529	11,919	19,041
Repairs and maintenance	99		1,463	1,562
Utilities and telephone	4,287		10,251	14,538
Professional fees	625	699	699	2,023
Insurance	3,815	3,310	9,771	16,896
Depreciation	18,478	11,596	18,261	48,335
Other operating expense	439	1,255	7,182	8,876
Total operating expense	<u>\$ 45,526</u>	<u>\$ 66,978</u>	<u>\$ 76,314</u>	<u>\$ 188,818</u>
Net income(loss) from operations	<u>\$ 666</u>	<u>\$ (1,255)</u>	<u>\$ (18,057)</u>	<u>\$ (18,646)</u>
Other Revenue and (Expenses)				
Interest income	\$ 3,439	\$ 1,284	\$ 3,996	\$ 8,719
Interest expense	<u>(16,000)</u>			<u>(16,000)</u>
Total other revenue (expenses)	<u>\$ (12,561)</u>	<u>\$ 1,284</u>	<u>\$ 3,996</u>	<u>\$ (7,281)</u>
Net Income (Loss)	<u>\$ (11,895)</u>	<u>\$ 29</u>	<u>\$ (14,061)</u>	<u>\$ (25,927)</u>
Retained earnings, beginning	<u>(119,535)</u>	<u>157,511</u>	<u>(91,507)</u>	<u>(53,531)</u>
Retained earnings, ending	<u>\$ (131,430)</u>	<u>\$ 157,540</u>	<u>\$ (105,568)</u>	<u>\$ (79,458)</u>

See accompanying notes to financial statements.

**Village of Sicily Island, Louisiana
Enterprise Funds
Combining Statement of Cash Flows
For the Year ended June 30, 1999**

	Sewer Revenue Fund	Gas Revenue Fund	Water Revenue Fund	Total
Cash flows from operating activities				
Cash received from customers	\$ 47,061	\$ 63,936	\$ 51,740	\$ 162,737
Cash paid to suppliers and employees	26,983	54,085	56,464	137,532
Net cash provided by operating activities	<u>\$ 20,078</u>	<u>\$ 9,851</u>	<u>\$ (4,724)</u>	<u>\$ 25,205</u>
Cash flows from noncapital financing activities				
Operating transfers from other funds	\$ (27,170)	\$ (10,629)	\$ 20,348	\$ (17,451)
Increase in consumer deposits			1,467	1,467
Net cash provided by noncapital financing activities	<u>\$ (27,170)</u>	<u>\$ (10,629)</u>	<u>\$ 21,815</u>	<u>\$ (15,984)</u>
Cash flows from financing activities				
Principal paid on revenue bonds	\$ (7,000)			\$ (7,000)
Interest paid on revenue bonds	(16,000)			(16,000)
Net cash used by financing activities	<u>\$ (23,000)</u>			<u>\$ (23,000)</u>
Cash flows from capital activities				
Purchase of fixed assets		\$ (549)		\$ (549)
Net cash used by capital activities		<u>\$ (549)</u>		<u>\$ (549)</u>
Cash flows from investing activities				
Interest income	\$ 3,710	\$ 1,315	\$ 4,006	\$ 9,031
Net cash provided by investing activities	<u>\$ 3,710</u>	<u>\$ 1,315</u>	<u>\$ 4,006</u>	<u>\$ 9,031</u>
Net increase (decrease) in cash and cash equivalents	\$ (26,382)	\$ (12)	\$ 21,097	\$ (5,297)
Cash and cash equivalents at beginning of year	98,176	30,336	108,270	236,782
Cash and cash equivalents at end of year	<u>\$ 71,794</u>	<u>\$ 30,324</u>	<u>\$ 129,367</u>	<u>\$ 231,485</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 666	\$ (1,255)	\$ (18,057)	(18,646)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	18,478	11,596	18,261	48,335
Changes in assets and liabilities:				
Increase in accounts receivable	869	(1,788)	(6,517)	(7,436)
Increase in accounts payable	65	1,298	1,589	2,952
Net cash provided by operating activities	<u>\$ 20,078</u>	<u>\$ 9,851</u>	<u>\$ (4,724)</u>	<u>\$ 25,205</u>

See accompanying notes to financial statements.

Village of Sicily Island, Louisiana
Enterprise Funds
Combining Statement of Revenue and Expenses and
Changes in Retained Earnings
For the Year ended June 30, 1998

	Sewer Revenue Fund	Gas Revenue Fund	Water Revenue Fund	Total
Operating Revenues				
Charges for services	\$ 50,543	\$ 79,137	\$ 53,779	\$ 183,459
Other operating revenues				
Total operating revenue	\$ 50,543	\$ 79,137	\$ 53,779	\$ 183,459
Operating Expenses				
Personal services	\$ 11,378	\$ 14,569	\$ 17,313	\$ 43,260
Natural gas purchases		45,811		45,811
Materials and supplies	2,097	1,151	6,889	10,137
Repairs and maintenance	10,227	8,231	17,077	35,535
Utilities and telephone	6,239		14,893	21,132
Insurance	5,845	4,356	3,413	13,614
Depreciation	18,625	11,543	18,261	48,429
Other operating expense	1,434	2,856	3,659	7,949
Total operating expense	\$ 55,845	\$ 88,517	\$ 81,505	\$ 225,867
Net income(loss) from operations	\$ (5,302)	\$ (9,380)	\$ (27,726)	\$ (42,408)
Other Revenue and (Expenses)				
Interest income	\$ 4,640	\$ 1,629	\$ 4,650	\$ 10,919
Interest expense	(16,350)			(16,350)
Total other revenue (expenses)	\$ (11,710)	\$ 1,629	\$ 4,650	\$ (5,431)
Net Income (Loss)	\$ (17,012)	\$ (7,751)	\$ (23,076)	\$ (47,839)
Retained earnings, beginning	(102,523)	165,262	(68,431)	(5,692)
Retained earnings, ending	<u>\$ (119,535)</u>	<u>\$ 157,511</u>	<u>\$ (91,507)</u>	<u>\$ (53,531)</u>

See accompanying notes to financial statements.

**Village of Sicily Island, Louisiana
Enterprise Funds
Combining Statement of Cash Flows
For the Year ended June 30, 1998**

	Sewer Revenue Fund	Gas Revenue Fund	Water Revenue Fund	Total
Cash flows from operating activities				
Cash received from customers	\$ 47,562	\$ 73,700	\$ 51,959	\$ 173,221
Cash paid to suppliers and employees	38,217	80,264	63,010	181,491
Net cash provided by operating activities	<u>\$ 9,345</u>	<u>\$ (6,564)</u>	<u>\$ (11,051)</u>	<u>\$ (8,270)</u>
Cash flows from noncapital financing activities				
Operating transfers from other funds	\$ (12,416)	\$ (1,844)	\$ (718)	\$ (14,978)
Increase in consumer deposits			3,362	3,362
Net cash provided by noncapital financing activities	<u>\$ (12,416)</u>	<u>\$ (1,844)</u>	<u>\$ 2,644</u>	<u>\$ (11,616)</u>
Cash flows from financing activities				
Principal paid on revenue bonds	\$ (7,000)			\$ (7,000)
Interest paid on revenue bonds	(16,350)			(16,350)
	<u>\$ (23,350)</u>			<u>\$ (23,350)</u>
Cash flows from capital activities				
Purchase of fixed assets		\$ (294)		\$ (294)
		<u>\$ (294)</u>		<u>\$ (294)</u>
Cash flows from investing activities				
Interest income	\$ 4,482	\$ 1,207	\$ 4,144	\$ 9,833
Net cash provided by investing activities	<u>\$ 4,482</u>	<u>\$ 1,207</u>	<u>\$ 4,144</u>	<u>\$ 9,833</u>
Net increase (decrease) in cash and cash equivalents	\$ (21,939)	\$ (7,495)	\$ (4,263)	\$ (33,697)
Cash and cash equivalents at beginning of year	120,115	37,831	112,533	270,479
Cash and cash equivalents at end of year	<u>\$ 98,176</u>	<u>\$ 30,336</u>	<u>\$ 108,270</u>	<u>\$ 236,782</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ (5,302)	\$ (9,380)	\$ (27,726)	\$ (42,408)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	18,625	11,543	18,261	48,429
Changes in assets and liabilities:				
Increase in accounts receivable	(2,981)	(5,435)	(1,820)	(10,236)
Increase in accounts payable	(997)	(3,292)	234	(4,055)
Net cash provided by operating activities	<u>\$ 9,345</u>	<u>\$ (6,564)</u>	<u>\$ (11,051)</u>	<u>\$ (8,270)</u>

See accompanying notes to financial statements.

**Village of Sicily Island, Louisiana
Sewer Revenue Fund
Comparative Balance Sheet
June 30, 1999 and 1998**

ASSETS

	June 30,	
	1999	1998
Current Assets		
Cash and cash equivalents (Note 1-F)	\$ 1,824	\$ 4,693
Temporary investments		
Receivables (Note 5)(Net of allowance for uncollectibles \$499)	7,329	8,198
Accrued interest receivable	1,050	1,321
Due from other funds	62,409	33,041
Restricted assets:		
Cash and cash equivalents	10,507	9,538
Temporary investments	59,463	83,945
Total current assets	\$ 142,582	\$ 140,736
Fixed Assets		
Utility Plant and equipment (net) (Note 7)	\$ 967,107	\$ 625,076
Total Assets	\$ 1,109,689	\$ 765,813

LIABILITIES AND FUND EQUITY

Current Liabilities		
Accounts payable	\$ 1,147	\$ 1,082
Due to other funds	15,136	12,938
Payable from restricted assets:		
Consumer deposits		
Accrued interest	13,267	13,267
Current portion of bonds payable	7,000	7,000
Total current liabilities	\$ 36,550	\$ 34,287
Other Liabilities		
Revenue bonds payable (Note 10)	\$ 306,000	\$ 313,000
Total Liabilities	\$ 342,550	\$ 347,287
Fund Equity		
Contributed capital	\$ 898,569	\$ 538,061
Retained Earnings:		
Reserved for debt service	34,900	32,631
Reserved for contingencies	35,071	60,852
Unreserved	(201,401)	(213,018)
Total retained earnings and fund equity	\$ 767,139	\$ 418,526
Total Liabilities and Fund Equity	\$ 1,109,689	\$ 765,813

See accompanying notes to the financial statements.

Village of Sicily Island, Louisiana
Sewer Revenue Fund
Comparative Statement of Revenue and Expenses and
Changes in Retained Earnings
For the Two Years ended June 30, 1999

	Year ended June 30,	
	1999	1998
Operating Revenues		
Charges for services	\$ 46,192	\$ 50,543
Other operating revenues		
Total operating revenue	\$ 46,192	\$ 50,543
Operating Expenses		
Personal services	\$ 14,190	\$ 11,378
Materials and supplies	3,593	2,097
Repairs and maintenance	99	10,227
Utilities and telephone	4,287	6,239
Professional fees	625	
Insurance	3,815	5,845
Depreciation	18,478	18,625
Other operating expense	439	1,434
Total operating expense	\$ 45,526	\$ 55,845
Net income(loss) from operations	\$ 666	\$ (5,302)
Other Revenue and (Expenses)		
Interest income	\$ 3,439	\$ 4,640
Interest expense	(16,000)	(16,350)
Total other revenue (expenses)	\$ (12,561)	\$ (11,710)
Net Income (Loss)	\$ (11,895)	\$ (17,012)
Retained earnings, beginning	(119,535)	(102,523)
Retained earnings, ending	\$ (131,430)	\$ (119,535)

See accompanying notes to financial statements.

Village of Sicily Island, Louisiana
Sewer Revenue Fund
Comparative Statement of Cash Flows
For the Two Years ended June 30, 1999

	Year ended June 30, 1999	1998
Cash flows from operating activities		
Cash received from customers	\$ 47,061	\$ 47,562
Cash paid to suppliers and employees	26,983	38,217
Net cash provided by operating activities	<u>\$ 20,078</u>	<u>\$ 9,345</u>
Cash flows from noncapital financing activities		
Operating transfers to other funds	\$ (27,170)	\$ (12,416)
Net cash provided by noncapital financing activities	<u>\$ (27,170)</u>	<u>\$ (12,416)</u>
Cash flows from financing activities		
Principal paid on revenue bonds	\$ (7,000)	\$ (7,000)
Interest paid on revenue bonds	(16,000)	(16,350)
Net cash used for financing activities	<u>\$ (23,000)</u>	<u>\$ (23,350)</u>
Cash flows from investing activities		
Interest income	\$ 3,710	\$ 4,482
Net cash provided by investing activities	<u>\$ 3,710</u>	<u>\$ 4,482</u>
Net increase (decrease) in cash and cash equivalents	\$ (26,382)	\$ (21,939)
Cash and cash equivalents at beginning of year	98,176	120,115
Cash and cash equivalents at end of year	<u>\$ 71,794</u>	<u>\$ 98,176</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 666	\$ (5,302)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	18,478	18,625
Changes in assets and liabilities:		
Decrease (Increase) in accounts receivable	869	(2,981)
(Decrease) Increase in accounts payable	65	(997)
Net cash provided by operating activities	<u>\$ 20,078</u>	<u>\$ 9,345</u>

See accompanying notes to financial statements.

**Village of Sicily Island, Louisiana
Gas Revenue Fund
Comparative Balance Sheet
June 30, 1999 and 1998**

ASSETS

	June 30,	
	1999	1998
Current Assets		
Cash and cash equivalents (Note 1-F)	\$ 4,567	\$ 5,879
Temporary investments	14,382	13,082
Receivables (Note 5)(Net of allowance for uncollectibles \$382)	11,246	9,458
Accrued interest receivable	716	748
Due from other funds	153,749	139,091
Restricted assets:		
Cash and cash equivalents		
Temporary investments	11,375	11,375
Total current assets	\$ 196,035	\$ 179,633
Fixed Assets		
Utility Plant and equipment (net) (Note 7)	\$ 204,269	\$ 215,316
Total Assets	\$ 400,304	\$ 394,949

LIABILITIES AND FUND EQUITY

Current Liabilities		
Accounts payable	\$ 3,400	\$ 2,103
Due to other funds	13,542	9,513
Payable from restricted assets:		
Consumer deposits	11,375	11,375
Total current liabilities	\$ 28,317	\$ 22,991
Fund Equity		
Contributed capital	\$ 214,447	\$ 214,447
Retained Earnings:		
Unreserved	157,540	157,511
Total retained earnings and fund equity	\$ 371,987	\$ 371,958
Total Liabilities and Fund Equity	\$ 400,304	\$ 394,949

See accompanying notes to the financial statements.

Village of Sicily Island, Louisiana
Gas Revenue Fund
Comparative Statement of Revenue and Expenses and
Changes in Retained Earnings
For the Two Years ended June 30, 1999

	Year ended June 30,	
	1999	1998
Operating Revenues		
Charges for services	\$ 65,723	\$ 79,137
Other operating revenues		
Total operating revenue	\$ 65,723	\$ 79,137
Operating Expenses		
Personal services	\$ 15,094	\$ 14,569
Natural gas purchases	31,495	45,811
Materials and supplies	3,529	1,151
Repairs and maintenance		8,231
Professional fees	699	
Insurance	3,310	4,356
Depreciation	11,596	11,543
Other operating expense	1,255	2,856
Total operating expense	\$ 66,978	\$ 88,517
Net income(loss) from operations	\$ (1,255)	\$ (9,380)
Other Revenue and (Expenses)		
Interest income	\$ 1,284	\$ 1,629
Net Income (Loss)	\$ 29	\$ (7,751)
Retained earnings, beginning	157,511	165,262
Retained earnings, ending	\$ 157,540	\$ 157,511

See accompanying notes to financial statements.

Village of Sicily Island, Louisiana
Gas Revenue Fund
Comparative Statement of Cash Flows
For the Two Years ended June 30, 1999

	Year ended June 30, 1999	1998
Cash flows from operating activities		
Cash received from customers	\$ 63,936	\$ 73,700
Cash paid to suppliers and employees	54,085	80,264
Net cash provided by operating activities	\$ 9,851	\$ (6,564)
Cash flows from noncapital financing activities		
Operating transfers to other funds	\$ (10,629)	\$ (1,844)
Net cash used by noncapital financing activities	\$ (10,629)	\$ (1,844)
Cash flows from capital activities		
Purchase of fixed assets	\$ (549)	\$ (294)
Net cash used by capital activities	\$ (549)	\$ (294)
Cash flows from investing activities		
Interest income	\$ 1,315	\$ 1,207
Net cash provided by investing activities	\$ 1,315	\$ 1,207
Net increase (decrease) in cash and cash equivalents	\$ (12)	\$ (7,495)
Cash and cash equivalents at beginning of year	30,336	37,831
Cash and cash equivalents at end of year	\$ 30,324	\$ 30,336
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (1,255)	\$ (9,380)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	11,596	11,543
Changes in assets and liabilities:		
Increase in accounts receivable	(1,788)	(5,435)
Increase(decrease) in accounts payable	1,298	(3,292)
Net cash provided by operating activities	\$ 9,851	\$ (6,564)

See accompanying notes to financial statements.

**Village of Sicily Island, Louisiana
Water Revenue Fund
Comparative Balance Sheet
June 30, 1999 and 1998**

ASSETS

	June 30,	
	1999	1998
Current Assets		
Cash and cash equivalents (Note 1-F)	\$ 60,103	\$ 42,274
Temporary investments	21,652	20,558
Receivables (Note 5)(Net of allowance for uncollectibles \$624)	14,857	8,340
Accrued interest receivable	1,314	1,322
Due from other funds	85,579	52,560
Restricted assets:		
Cash and cash equivalents	24,831	23,240
Temporary investments	22,781	22,198
Total current assets	\$ 231,117	\$ 170,492
Fixed Assets		
Utility Plant and equipment (net) (Note 7)	\$ 399,504	\$ 417,764
Total Assets	\$ 630,621	\$ 588,256

LIABILITIES AND FUND EQUITY

Current Liabilities		
Accounts payable	\$ 3,672	\$ 2,082
Due to other funds	192,708	139,338
Payable from restricted assets:		
Consumer deposits	25,679	24,212
Total current liabilities	\$ 222,059	\$ 165,632
Fund Equity		
Contributed capital	\$ 514,130	\$ 514,130
Retained Earnings:		
Unreserved	(105,568)	(91,506)
Total retained earnings and fund equity	\$ 408,562	\$ 422,624
Total Liabilities and Fund Equity	\$ 630,621	\$ 588,256

See accompanying notes to the financial statements.

Village of Sicily Island, Louisiana
Water Revenue Fund
Comparative Statement of Revenue and Expenses and
Changes in Retained Earnings
For the Two Years ended June 30, 1999

	Year ended June 30, 1999	1998
Operating Revenues		
Charges for services	\$ 58,257	\$ 53,779
Total operating revenue	<u>\$ 58,257</u>	<u>\$ 53,779</u>
Operating Expenses		
Personal services	\$ 16,768	\$ 17,313
Materials and supplies	11,919	6,889
Repairs and maintenance	1,463	17,077
Utilities and telephone	10,251	14,893
Professional fees	699	
Insurance	9,771	3,413
Depreciation	18,261	18,261
Other operating expense	7,182	3,659
Total operating expense	<u>\$ 76,314</u>	<u>\$ 81,505</u>
Net income(loss) from operations	<u>\$ (18,057)</u>	<u>\$ (27,726)</u>
Other Revenue and (Expenses)		
Interest income	\$ 3,996	\$ 4,650
Net Income (Loss)	\$ (14,061)	\$ (23,076)
Retained earnings, beginning	<u>\$ (91,507)</u>	<u>\$ (68,431)</u>
Retained earnings, ending	<u>\$ (105,568)</u>	<u>\$ (91,507)</u>

See accompanying notes to financial statements.

Village of Sicily Island, Louisiana
Water Revenue Fund
Comparative Statement of Cash Flows
For the Two Years ended June 30, 1999

	Year ended June 30, 1999	1998
Cash flows from operating activities		
Cash received from customers	\$ 51,740	\$ 51,959
Cash paid to suppliers and employees	56,464	63,010
Net cash provided by operating activities	\$ (4,724)	\$ (11,051)
Cash flows from noncapital financing activities		
Operating transfers from other funds	\$ 20,348	\$ (718)
Increase in consumer deposits	1,467	3,362
Net cash provided by noncapital financing activities	\$ 21,815	\$ 2,644
Cash flows from investing activities		
Interest income	\$ 4,006	\$ 4,144
Net cash provided by investing activities	\$ 4,006	\$ 4,144
Net increase (decrease) in cash and cash equivalents	\$ 21,097	\$ (4,263)
Cash and cash equivalents at beginning of year	108,270	112,533
Cash and cash equivalents at end of year	\$ 129,367	\$ 108,270
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (18,057)	\$ (27,726)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	18,261	18,261
Changes in assets and liabilities:		
Increase in accounts receivable	(6,517)	(1,820)
Increase in accounts payable	1,589	234
Net cash provided by operating activities	\$ (4,724)	\$ (11,051)

See accompanying notes to financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

Village of Sicily Island, Louisiana
Comparative Schedule of General Fixed Assets by Source
June 30, 1999 and 1998

	June 30, 1999	1998
General Fixed Assets:		
Land and buildings	\$ 30,647	\$ 11,536
Machinery and equipment	<u>279,133</u>	<u>271,543</u>
Total general fixed assets	<u>\$ 309,780</u>	<u>\$ 283,079</u>
 Investment in general fixed assets from:		
All sources prior to June 30, 1979	\$ 18,737	\$ 18,737
General Fund	157,973	131,272
Federal Grants	<u>133,070</u>	<u>133,070</u>
Total investment in general fixed assets	<u>\$ 309,780</u>	<u>\$ 283,079</u>

See accompanying notes to the financial statements.

**Village of Sicily Island, Louisiana
Schedule of General Fixed Assets
by Function and Activity
June 30, 1999**

Function and activity	<u>Total</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>
General Government			
Financial administration	\$ 15,473	\$ 10,888	\$ 4,585
Public Safety			
Police protection	87,589	19,111	68,478
Fire Protection	175,434	545	174,889
Streets	18,065		18,065
Sanitation	<u>13,219</u>	<u>103</u>	<u>13,116</u>
Total	<u>\$ 309,780</u>	<u>\$ 30,647</u>	<u>\$ 279,133</u>

See accompanying notes to the financial statements.

Village of Sicily Island, Louisiana
Schedule of Changes in General Fixed Assets
by Function and Activity
For the Year ended June 30, 1999

Function and activity	General Fixed Assets July 1, 1998	<u>Additions</u>	<u>Dispositions</u>	General Fixed Assets June 30, 1999
General Government				
Financial administration	\$ 15,473			\$ 15,473
Public Safety				
Police protection	68,478	\$ 19,111		87,589
Fire Protection	167,844	7,590		175,434
Streets	18,065			18,065
Sanitation	13,219			13,219
Total	<u>\$ 283,079</u>	<u>\$ 26,701</u>	<u>\$ 0</u>	<u>\$ 309,780</u>

See accompanying notes to the financial statements.

Village of Sicily Island, Louisiana
Schedule of Changes in General Fixed Assets
by Function and Activity
For the Year ended June 30, 1998

Function and activity	General Fixed Assets July 1, 1997	Additions	Dispositions	General Fixed Assets June 30, 1998
General Government				
Financial administration	\$ 15,473			\$ 15,473
Public Safety				
Police protection	54,133	\$ 14,345		68,478
Fire Protection	167,844			167,844
Streets	18,065			18,065
Sanitation	13,219			13,219
Total	<u>\$ 268,734</u>	<u>\$ 14,345</u>	<u>\$ 0</u>	<u>\$ 283,079</u>

See accompanying notes to the financial statements.

SCHEDULE OF COMPENSATION PAID - MAYOR AND ALDERMEN

The schedule of compensation paid to mayor and aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and aldermen is included in the general expenditures of the General Fund. The mayor and aldermen elected to receive \$554 per month.

Village of Sicily Island, Louisiana
Comparative Schedule of Compensation Paid
Aldermen and Mayor
For the Two Years ended June 30, 1999

	Year ended June 30,	
	1999	1998
Anne Wycoff, Mayor	\$ 554	\$ 0
Tim Ford	554	0
Emma Hilliard	554	0
Excellena Williams	554	0
	\$ 2,216	\$ 0

See accompanying notes to the financial statements.

SECTION III

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

The following pages contain a report on internal control structure and compliance with laws and regulations required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The portion of the report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The portion of the report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.

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

VILLAGE OF SICILY ISLAND
Sicily Island, Louisiana

I have audited the general purpose financial statements of the Village of Sicily Island, Sicily Island, Louisiana, as of and for the two years ended June 30, 1999, and have issued my report thereon dated February 4, 2000. I conducted my audit in accordance with generally accepted auditing standards 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 Village of Sicily Island's general purpose 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 an instance of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 99-1. I also noted certain immaterial instances of noncompliance that I have reported to management of the Village of Sicily Island, in a separate letter dated February 4, 2000.

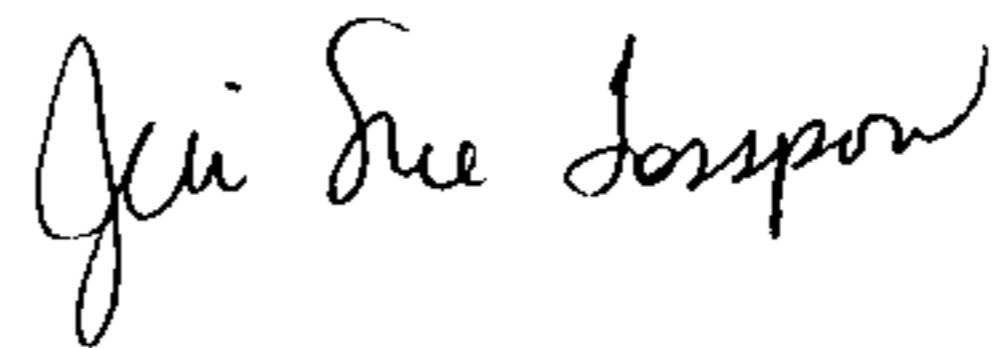
Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Sicily Island's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters comint to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Village of Sicily Island's ability to record process, summarize, and report financial data consistent

with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-2.

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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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. However, I believe that none of the reportable conditions described above is a material weakness. I also noted other matters involving the internal control over financial reporting which I have reported to the management of the Village of Sicily Island in a separate letter dated February 4, 2000.

This report is intended solely for the information and use of the management, others within the organization, the mayor and board of alderman of the Village, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Jui Sue Lorzpon". The signature is written in a cursive style with a large initial "J".

February 4, 2000

SECTION IV

OTHER REPORTS REQUIRED BY SINGLE AUDIT ACT

JERI SUE TOSSPON

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

VILLAGE OF SICILY ISLAND
Sicily Island, Louisiana

Compliance

I have audited the compliance of the Village of Sicily Island, Sicily Island, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the two years ended June 30, 1999. The Village of Sicily Island's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village's management. My responsibility is to express an opinion on the Village's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Sicily Island's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Village of Sicily Island's compliance with those requirements.

In my opinion, the Village of Sicily Island, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the two years ended June 30, 1999.

Internal Control Over Compliance

The management of the Village of Sicily Island, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Village of Sicily Island's internal control over compliance with requirements that could have a direct and material effect on a major

federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that I consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

I have audited the general purpose financial statements of the Village of Sicily Island as of and for the two years ended June 30, 1999 and have issued my report thereon dated February 4, 2000. My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the general purpose financial statements of the Village of Sicily Island. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as whole.

This report is intended solely for the information and use of the management, others within the organization, the mayor and the board of aldermen, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



February 4, 2000

Village of Sicily Island
Schedule of Findings and Questioned Costs
For the Two Years ended June 30, 1999

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Village of Sicily Island.
2. One reportable condition was disclosed during the audit of the general purpose financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*. The condition is not reported as a material weakness.
3. One instance of noncompliance material to the general purpose financial statements of the Village of Sicily Island, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs were reported.
5. The auditor's report on compliance for the major federal award programs for the Village of Sicily Island expresses an unqualified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for the Village of Sicily Island are reported in this Schedule.
7. The programs tested as major programs included:

Department of Housing and Urban Development, Community Development Block Grant, CFDA 14.228
8. The threshold for distinguishing between Type A and B programs was \$300,000.
9. The Village of Sicily Island was not determined to be a low-risk auditee.

Findings - Financial Statement Audit

- 99-1 *Condition:* The Louisiana Compliance Questionnaire was not returned by the former Mayor for the period ended December 31, 1998.

Criteria: The Louisiana Compliance Questionnaire is a required part of financial audits of governmental units in the state of Louisiana. It is to be provided to the auditor before she begins her audit in order for her to test the accuracy of the Village's responses.

Effect: The failure to supply the Louisiana Compliance Questionnaire did not allow the Village's assertions regarding compliance for the first 18 months of the period to be made. However, procedures were done to the entire period under audit to assure the testing of compliance.

Recommendation: The Louisiana Compliance Questionnaire needs to be completed for every audit period.

99-2 *Condition:* During the course of my audit, it was noted that during part of the period under audit, there were not sufficient personnel or systems in place to properly control the collection of utility funds.

Criteria: There should be sufficient personnel and systems in place to allow for the assurance that all payments and receipts are posted as soon as made and able to be reconciled easily and accurately.

Effect: Several customers had to show proof of payment in order to have their validly made payment posted. The billing consultant and town clerk had to do research on several mispostings to ensure proper credit for payments.

Recommendation: A better system for accounting for receipts needed to be implemented and additional personnel needed to be added to establish a system of internal controls over receipts. The auditor notes that a test of receipts from near the end of the audit period showed that such system had been implemented and an additional collections person added.

Village of Sicily Island

Anne Wycoff, Mayor
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Sicily Island, LA 71368
Phone 318-389-4472
Fax 318-389-4473

Emma Hilliard, Alderman
Excelena Williams, Alderman
Tim Ford, Alderman

Barbara Jackson, Clerk
Russell Branson, Utility Superintendent
Guy King, Police Chief
Robert Mayo, Fire Chief

Corrective Action Plan February 3, 2000

Cognizant or Oversight Agency for Audit

The Village of Sicily Island respectfully submits the following correction action plan for the two year period ended June 30, 1999.

Name and Address of independent public accounting firm: Jeri Sue Tosspon, CPA
P.O. Box 445, Ferriday, LA 71334

Audit period: July 1, 1997 to June 30, 1999

The findings from the Two years ended June 30, 1999 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings - Financial Statement Audit

99-1

Condition: The Louisiana Compliance Questionnaire was not returned by the former Mayor for the period ended December 31, 1998.

Mr. Roy Evans, the former Mayor was mailed the questionnaire. When advised that the questionnaire was never returned to the Auditor, the former Mayor was then personally served the questionnaire by Officer Keith Berry of the Sicily Island Police Department. Mr. Evans advised Officer Berry that he would not fill out the questionnaire. I know of no other recourse to take in this matter.

99-2

Condition: During the course of my audit, it was noted that during part of the period under audit, there were not sufficient personnel or systems in place to properly control the collection of utility funds.

There is a daily ledger sheet of collections kept. All monies are deposited daily. An additional person has been hired for collection as an internal control over the receipting and depositing of payments. All payments are posted to the utility system and a daily collections report is printed and matched to the deposits.

Village of Sicily Island
Schedule of Prior Year's Findings
For the Two Years ended June 30, 1999

SECTION 1 - INDEPENDENT AUDITOR'S REPORT

FINDING - The Village did not adopt a budget for its General Fund for the fiscal year ended June 30, 1997, as required by State Law and generally accepted accounting principles.

RESOLVED - The Village did adopt a budget for the fiscal years ended June 30, 1998 and 1999, however, the budget for the fiscal year ended June 30, 1998 was not adopted on a timely basis.

SECTION 2 - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

FINDING - The size of the Village of Sicily Island and its limited number of personnel does not allow for the adequate segregation of duties.

RESOLVED - see Finding 99-2. The Village had added one additional person in the office as of the end of the audit period, and had instituted procedures to involve the mayor in certain procedures to also segregate duties.

SECTION 3 - MANAGEMENT LETTER

FINDING 1 - The Village is purchasing gasoline and repair services from a business owned by the Mayor.

RESOLVED - The individual in question was defeated as mayor for the period beginning January 1, 1999.

FINDING 2 - The Louisiana Compliance Questionnaire was not completed or adopted by the Village for the fiscal year ended June 30, 1997

PARTIALLY RESOLVED - See Finding 99-1. However, the Village did complete and adopt the questionnaire for the period January 1, 1999 to June 30, 1999.

FINDING 3 - The village did not close its books in a timely manner in order to provide enough time for the general purpose financial statements to be audited and then transmitted to the Legislative Auditor's Office by December 31, 1997.

PARTIALLY RESOLVED - The general purpose financial statements were completed in a timely manner, however certain other situations, addresses in the management letter accompanying this audit, did not permit the completion of the audit and transmittal to the Legislative Auditor's office in a timely manner.

VILLAGE OF SICILY ISLAND
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Year ended June 30, 1999

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Program Amount	Receipts	Expenditures
<u>United States Department of Housing and Urban Development</u> Passed through Louisiana Division of Administration - Community Development Block Grant/State's Program (107-800-241) *	14.219	\$ 376,337	\$ 323,733	\$ 323,733
<u>United States Department of Justice</u> Cops Grant	16.710	9,048	9,048	9,048
<u>United States Department of Justice</u> Law Enforcement Equipment Grant	16.592	654	<u>654</u>	<u>654</u>
			<u>\$ 333,435</u>	<u>\$ 333,435</u>

*Major Program

See accountant's compilation report and accompanying notes to the financial statements.

**VILLAGE OF SICILY ISLAND
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Year ended June 30, 1998**

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Amount</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>United States Department of Housing and Urban Development</u> Passed through Louisiana Division of Administration - Community Development Block Grant/State's Program (107-800-241)	14.219	\$ 376,337	\$ 36,775	\$ 36,775
<u>United States Department of Justice</u> Law Enforcement Equipment Grant	16.592	2,529	<u>2,529</u>	<u>2,529</u>
			<u>\$ 39,304</u>	<u>\$ 39,304</u>

*Major Program

See accountant's compilation report and accompanying notes to the financial statements.

VILLAGE OF SICILY ISLAND

Sicily Island, Louisiana

Notes to Schedule of Expenditures of Federal Awards

As of and For the Two Years ended June 30, 1999

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Village of Sicily Island and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

NOTE 2 - LCDBG PROGRAM

The only major program included in the expenditures of federal awards of the Village of Sicily Island is a pass through grant from the Louisiana Community Development Block Grant Program to finance certain sewer system improvements that were begun in the fiscal year ended June 30, 1998 and completed in the fiscal year ended June 30, 1999.

JERI SUE TOSSPON
Certified Public Accountant
P O Box 445
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(318)757-9393 Fax (318)757-4185
jtosspn@iamerica.net

The Mayor and Board of Aldermen
THE VILLAGE OF SICILY ISLAND
Sicily Island, Louisiana

I have audited the primary government financial statements of the Village of Sicily Island for the two years ended June 30, 1999, and have issued my reports dated February 4, 2000. As a part of my examination, I made a study and evaluation of the Village's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purposes of such evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his examination of the financial statements. My study was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Village of Sicily Island is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purposes described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Village of Sicily Island taken in as a whole. However, my study and evaluation disclosed no condition that I believed to be a material weakness.

My comments on specific financial and accounting matters and recommendations developed during my examination which do not represent material weaknesses, are detailed below.

1. CONSUMER METER DEPOSITS

The Village has no complete subsidiary ledger of consumer deposits, and there is no reconciliation with the general ledger or bank account of the amounts held for deposit. This needs to be kept in order to maintain control over deposits, ensure financial statement accuracy and provide an easy record to be referred to when a consumer disconnects.

MANAGEMENT RESPONSE

We are presently matching the old card file to what is on the computerized billing register, which is prepared each month. We are making a list of each customer that has a deposit posted that is not on the computer so that we can get an accurate accounting of what meter deposits are actually posted. This is being done so that we will have an amount to balance to at the end of each month.

2. FIXED ASSETS

The Village has no system to record and inventory fixed assets. This is necessary under the requirements of the Louisiana Revised Statutes and for control purposes.

MANAGEMENT RESPONSE

We will assign a code number for each item on the listing of fixed assets that has been maintained by our auditors and tag any additions. We will ask the Board to set a policy setting a base amount for the cost of fixed asset additions and inventory any items procured in the future that exceed that amount.

3. SEWER REVENUE BOND COVENANTS

The required additions to the sewer bond funds have not been being made monthly. This should be done to comply with the covenants associated with the sewer bond debt documents and to ensure that sufficient amounts are on hand to service sewer debt and *provide for needed repairs and replacements to keep the system in good working order.*

MANAGEMENT RESPONSE

We have reviewed and become familiar with the loan covenants and will make such transfers of undesignated funds to bring the accounts up to date and will make monthly deposits.

4. BID LAW

It was noted that repairs in excess of \$7,500 did not have quotes on file. The expenditure was made in April, 1998 for repairs made by A-1 Pump & Well Service. Bids or quotes (as applicable) need to be attached to the invoice or kept in a specified file to ensure compliance with the Bid Law.

MANAGEMENT RESPONSE

Management has been provided an updated copy of the bid law and will be aware of these situations in the future and take such action as is necessary to comply with it.

5. MISSING INVOICES

During the test of cash disbursements, several small invoices were not able to be located in the files. Most of these invoices were near the start of the audit period. The filing

system carried forward did not ensure that anyone in the future would be able to locate documents necessary to allow research into a particular expenditure.

MANAGEMENT RESPONSE

We now have a policy that all expenditures must have an invoice and delivery ticket (if applicable) attached before payment can be made. The invoices are filed alphabetically in files as soon as they are paid.

6. RETROACTIVE PAYMENT

It was discovered that the Town Clerk had received payment for prior pay periods in the month of May, 1999, in conflict with Article VII, Section 14, of the Louisiana Constitution of 1974.

MANAGEMENT RESPONSE

The town believes that the net compensation was the same as the previous clerk, therefore, not an increase. Judge Johnson ruled against that issue. The Town Council disagreed with Judge Johnson's ruling. The Town Council ratified all actions of the mayor on that issue. The May 1999 meeting of the Town Council approved this pay structure. The Town is actively seeking appeal with the Third Circuit Court of Appeal. The Third Circuit Court of Appeal has not ruled in this matter. The Town firmly believes that this action was not an increase. The Town requests that there be no action on this matter until all appeals have been exhausted.

7. AUDITED FINANCIAL STATEMENT SUBMISSION DATE

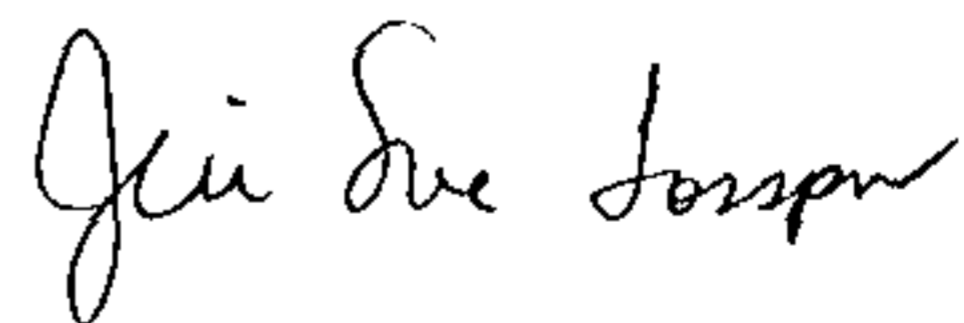
Due to additional audit requirements, the Town Clerk's surgery, and subsequent scheduling requirements of the auditor, the financial statements for the two years ended June 30, 1999 were submitted after the due date of December 31, 1999.

MANAGEMENT RESPONSE

We are now aware that the audit was supposed to be completed before December 31, 1999. We will do everything possible to see that all future audits are done in a timely manner.

This report is intended for the use of the Village of Sicily Island's management and others within the organization.

I thank all the personnel at the Village of Sicily Island for their cooperation during my examination.



Ferriday, Louisiana
February 4, 2000