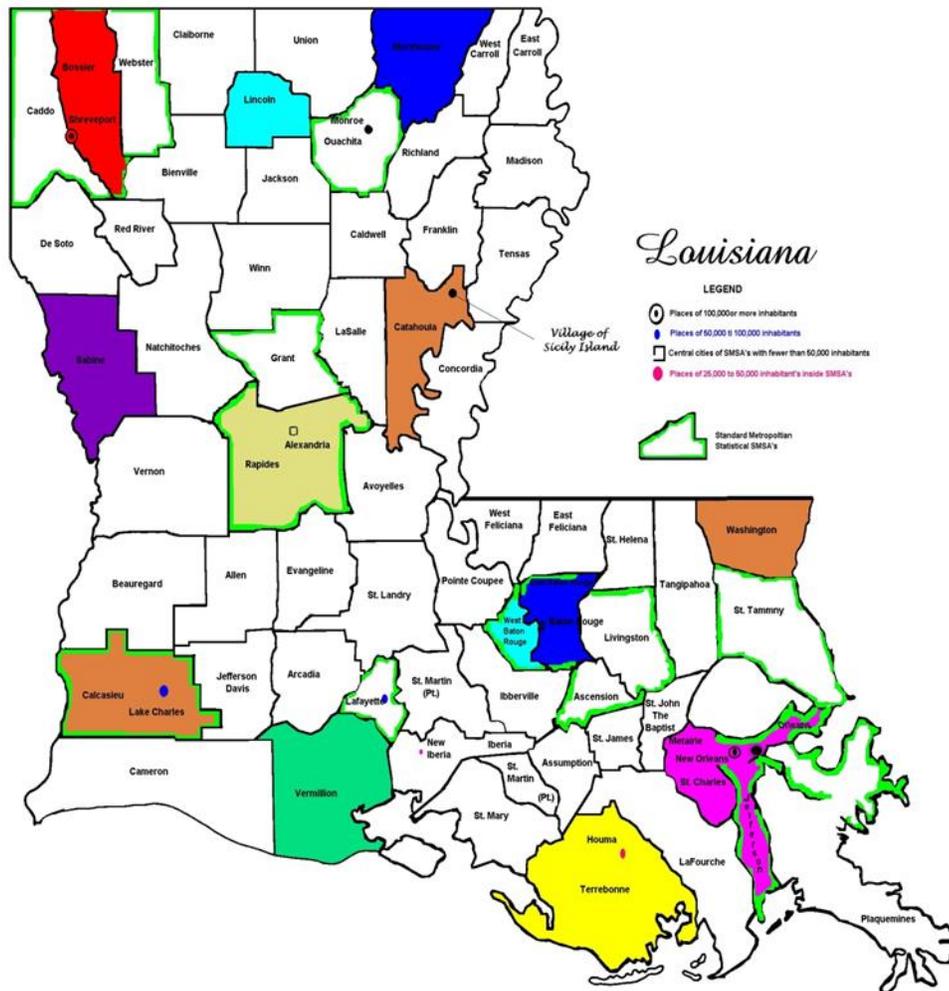


VILLAGE OF SICILY ISLAND, LOUISIANA

Annual Financial Statements

JUNE 30, 2022



The Village of Sicily Island was incorporated August 21, 1955, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

**Village of Sicily Island, Louisiana
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June 30, 2022**

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Association of
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INDEPENDENT AUDITOR'S REPORT

Village of Sicily Island
101 Sicily Ave.
Sicily Island, LA. 71368

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Village of Sicily Island, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Village of Sicily Island's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Village of Sicily Island, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Sicily Island and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Sicily Island's ability

to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Sicily Island's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Sicily Island's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Sicily Island's basic financial statements. The Schedule of Compensation, Benefits and other Payments to Agency Head or Chief Executive Officer and the Justice System Funding Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and other Payments to Agency Head or Chief Executive Officer and the Justice System Funding Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022, on our consideration of the Village of Sicily Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Sicily Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Sicily Island's internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana
November 30, 2022

Village of Sicily Island

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village, we offer readers of the Village of Sicily Island's financial statements, this narrative overview, and analysis of the financial activities of the Village for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$658,643 (*net position*). This is a \$79,930 decrease from last year.
- The Village had total revenue of \$378,117. This is a \$70,061 increase from last year's revenues, mainly due to an increase in grants in the amount of \$95,456.
- The Village had total expenditures of \$425,786, which is a \$17,660 decrease from last year, mainly due to an decrease in operating expenditures in the amount of \$29,450.

Enterprise Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$1,871,976 (*net position*). This is a \$122,087 decrease from last year.
- The Village had total revenue of \$301,442, including operating revenues of \$301,344 and non-operating revenues of \$98. This is a \$26,757 decrease from last year, mainly due to a decrease in gas sales in the amount of \$14,989.
- The Village had total expenses of \$353,640, including operating expenses. This is a \$34,022 increase from last year, mainly due to an increase in cost of administration expense in the amount of \$35,484.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Village is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS

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

USING THIS ANNUAL REPORT

The Village's annual report consists of financial statements that show information about the Village's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

The Village's financial statements provide detailed information about the most significant funds. The Village may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Village's enterprise fund uses the following accounting approach:

All of the Village's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

Governmental Funds

Comparative Statement of Net Position as of June 30, 2022:

	<u>2021</u>	<u>2022</u>	<u>% Change</u>
Current Assets	\$ 78,336	\$ 46,460	-40.7%
Noncurrent Assets	748,466	649,309	-13.2%
Total Assets	<u>826,802</u>	<u>695,769</u>	-15.8%
Current Liabilities	71,232	20,129	-71.7%
Long-term Liabilities	16,997	16,997	0.0%
Total Liabilities	<u>88,229</u>	<u>37,126</u>	-57.9%
Net Position			
Net Investment in Capital Assets	709,563	632,312	-10.9%
Restricted	-0-	-0-	0.0
Unrestricted	29,010	26,331	-10.2%
Total Net Position	<u>\$ 738,573</u>	<u>\$ 658,643</u>	-10.8%

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2022:

	<u>2021</u>	<u>2022</u>	<u>% Change</u>
Revenues			
Program Revenues	\$ 31,925	\$ 35,994	12.7%
General Revenues	251,065	221,601	-11.7%
Capital Grants	25,066	120,522	380.8%
Total Revenues	<u>308,056</u>	<u>378,117</u>	22.7%
Expenditures			
Operating Expenditures	420,054	390,604	-7.0%
Capital Outlay	-0-	11,790	100%
Debt Service	23,392	23,392	0.0%
Total Expenditures	<u>443,446</u>	<u>425,786</u>	-4.0%
Excess (Deficiency) of Revenues Over (Under) Expenditures	(135,390)	(47,669)	64.8%
Other Financing Sources (Uses)			
Transfers In/(Out)	118,582	44,990	-62.1%
Total Other Financing Sources (Uses)	<u>118,582</u>	<u>44,990</u>	-62.1%
Net Change in Fund Balance	(16,808)	(2,679)	84.1%
Fund Balance - Beginning	45,818	29,010	-36.7%
Fund Balance - Ending	<u>\$ 29,010</u>	<u>\$ 26,331</u>	-9.2%

MD&A

Enterprise Funds

Comparative Statement of Net Position as of June 30, 2022:

Assets	2021	2022	% Change
Cash	\$ 7,534	\$ 9,499	26.1%
Receivables (Net)	20,166	19,919	-1.2%
Restricted Assets	20,207	22,496	11.3%
Capital Assets, Net of Accumulated Depreciation	2,095,653	1,987,205	-5.2%
Total Assets	2,143,560	2,039,119	-4.9%
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	63,375	70,506	11.3%
Customer Deposits	44,822	47,037	4.9%
Current Bonds & Interest Payable	16,895	-0-	0.0%
Bonds Payable	24,405	24,800	1.6%
Total Liabilities	149,497	142,343	-4.8%
Net Position			
Net Investment in Capital Assets	2,054,353	1,962,405	-4.5%
Restricted	-0-	-0-	0.0%
Unrestricted	(60,290)	(65,629)	-8.9%
Total Net Position	\$ 1,994,063	\$ 1,896,776	-4.9%

Comparative Statement of Revenues, Expenses & Changes in Net Position for the year ended June 30, 2022:

Operating Revenues	2021	2022	% Change
Water Sales	\$ 153,158	\$ 144,752	-5.5%
Sewer Charges	42,460	39,098	-7.9%
Gas Sales	132,483	117,494	-11.3%
Total Operating Revenues	328,101	301,344	-8.2%
Operating Expenses			
Cost of Sales & Services	174,995	180,912	3.4%
Administration	28,796	64,280	123.2%
Depreciation	115,827	108,448	-6.4%
Total Operating Expenses	319,618	353,640	10.6%
Operating Income (Loss)	8,483	(52,296)	-516.5%
Nonoperating Revenues (Expenses)			
Interest Earnings	112	98	-12.5%
Interest Expense	(1,180)	-0-	0.0%
Total Nonoperating Revenues (Expenses)	(1,068)	98	90.8%
Income Before Contributions & Transfers	7,415	(52,198)	-604.0%
Transfers In/(Out)	(118,582)	(45,090)	62.0%
Capital Contributions	-0-	-0-	0.0%
Change in Net Position	(111,167)	(97,288)	12.5%
Prior Period Adjustment	(25,141)	-0-	-100.0%
Total Net Position - Beginning	2,130,371	1,994,063	-6.4%
Total Net Position - Ending	\$ 1,994,063	\$ 1,896,776	-4.9%

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Funds

At June 30, 2022, the Village had \$649,309 invested in capital assets, including the following:

Capital Assets at Year-End		
	<u>2021</u>	<u>2022</u>
Land*	\$ 13,000	\$ 13,000
Capital Assets	2,153,285	2,153,285
Accumulated Depreciation	<u>(1,417,819)</u>	<u>(1,516,976)</u>
Total	\$ 748,466	\$ 649,309

*Land in the amount of \$13,000 is not being depreciated

Capital Assets – Enterprise Funds

At June 30, 2022, the Village had \$1,987,205 invested in capital assets, including the following:

Capital Assets at Year-End		
	<u>2021</u>	<u>2022</u>
Gas System	\$ 470,381	\$ 470,381
Water System*	1,823,871	1,823,871
Sewer System*	2,442,285	2,442,285
Accumulated Depreciation	<u>(2,640,883)</u>	<u>(2,749,332)</u>
Total	\$ 2,095,654	\$ 1,987,205

*Land in the amount of \$38,280 in the Sewer System is not being depreciated.

*Land in the amount of \$1,000 in the Water System is not being depreciated.

CHANGES IN LONG-TERM DEBT

Long-term Debt

The following is a summary of revenue bond transactions of the Village of Sicily Island for the year ended June 30, 2022.

	<u>Governmental Fund</u>	<u>Enterprise Fund</u>
	<u>Notes Payable</u>	<u>Sewer Revenue Bonds</u>
Bonds & Notes Payable - Beginning	\$ 38,903	\$ 41,300
Additions	-0-	-0-
Principal Retirements	<u>(21,906)</u>	<u>(16,500)</u>
Total	\$ 16,997	\$ 24,800

MD&A

Bonds payable at June 30, 2022, are comprised of the following issues:

Notes Payable

March 2018 the Village purchased 3 police vehicles due in 60 monthly payments of \$1,919 at an interest rate of 3.893%.	\$ <u>16,997</u>
Total	\$ <u>16,997</u>

Sewer Revenue Bonds

Original: \$393,800 Sewer Revenue Bond dated September 2, 1981, due in annual installments of \$9,000 to \$23,000 through September 2, 2021, with an interest rate of 5%.

Modified: Lender waived \$50,000 in principal and all accrued interest. New principal due of \$125,000 due in monthly installments of \$1,500 through December 2, 2023, with an interest rate of 3%.	\$ <u>24,800</u>
Total	\$ <u>24,800</u>

CONTACTING THE VILLAGE'S FINANCIAL MANGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Walter Krause at the Village Hall, phone number (318) 389-4472.

Basic Financial Statements

Village of Sicily Island, Louisiana
Statement of Net Position
June 30, 2022

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Assets			
Cash & Cash Equivalents	\$ 17,455	\$ 9,499	\$ 26,954
Receivables (Net of Allowances)	29,005	19,919	48,924
Restricted Assets	-0-	22,496	22,496
Capital Assets (Net of Accumulated Depreciation)	649,309	1,987,205	2,636,514
Total Assets	695,769	2,039,119	2,734,888
Current Liabilities			
Accounts, Salaries, & Other Payables	20,129	70,506	90,635
Customer Deposits	-0-	47,037	47,037
Notes Payable	16,997	-0-	16,997
Revenue Bonds Payable	-0-	17,428	17,428
Total Current Liabilities	37,126	134,971	172,097
Non Current Liabilities			
Revenue Bonds Payable	-0-	7,372	7,372
Capital Lease	-0-	-0-	-0-
Total Non Current Liabilities	-0-	7,372	7,372
Total Liabilities	37,126	142,343	179,469
Net Position			
Net Investment in Capital Assets	649,309	1,962,405	2,611,714
Unrestricted	9,234	(65,629)	(56,295)
Total Net Position	\$ 658,643	\$ 1,896,776	\$ 2,555,419

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Balance Sheet, Governmental Funds
June 30, 2022

	GENERAL
Assets	
Cash & Cash Equivalents	\$ 17,455
Receivables (Net of Allowances for Uncollectables)	29,005
Total Assets	46,460
 Liabilities	
Accounts, Salaries, & Other Payables	20,129
Total Liabilities	20,129
 Fund Balance	
Unassigned	26,331
Total Fund Balance	26,331
 Total Liabilities & Fund Balance	\$ 46,460

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2022

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

Fund Balance, Total Governmental Funds (Statement C)	\$ 26,331
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	649,309
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(16,997)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 658,643</u>

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	GENERAL
Revenues	
Fees & Charges	\$ 35,994
Taxes:	
Ad Valorem Taxes	10,074
Franchise Taxes	4,109
Garbage Taxes	54,625
Road Taxes	21,850
Other Taxes	1,732
Fines	111,049
Capital Grants	120,522
Miscellaneous	18,162
Total Revenues	378,117
 Expenditures	
General Government	183,997
Public Safety:	
Fire	9,216
Police	98,865
Sanitation	35,759
Street Repair	74,557
Debt Service	23,392
Total Expenditures	425,786
 Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,669)
 Other Financing Sources (Uses)	
Transfers In/(Out)	44,990
Total Other Financing Sources (Uses)	44,990
 Net Change in Fund Balance	(2,679)
 Fund Balances - Beginning	29,010
Fund Balances - Ending	\$ 26,331

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2022

	Business-Type Activities-Enterprise Fund			Totals
	Water	Sewer	Gas	
Current Assets				
Cash & Cash Equivalents	\$ 8,886	\$ 66	\$ 547	\$ 9,499
Receivables (Net of Allowances for Uncollectibles)	12,711	3,184	4,024	19,919
Total Current Assets	<u>21,597</u>	<u>3,250</u>	<u>4,571</u>	<u>29,418</u>
Non-Current Assets				
Restricted Assets	22,496	-0-	-0-	22,496
Capital Assets (Net of Accumulated Depreciation)	616,762	1,316,814	53,629	1,987,205
Total Non-Current Assets	<u>639,258</u>	<u>1,316,814</u>	<u>53,629</u>	<u>2,009,701</u>
Total Assets	<u>660,855</u>	<u>1,320,064</u>	<u>58,200</u>	<u>2,039,119</u>
Current Liabilities				
Accounts, Salaries, & Other Payables	7,529	120	62,857	70,506
Total Current Liabilities	<u>7,529</u>	<u>120</u>	<u>62,857</u>	<u>70,506</u>
Current Liabilities Payable from Restricted Assets				
Customer Deposits	47,037	-0-	-0-	47,037
Current Bonds	-0-	17,428	-0-	17,428
Total Current Liabilities Payable from Restricted Assets	<u>47,037</u>	<u>17,428</u>	<u>-0-</u>	<u>64,465</u>
Total Current Liabilities	<u>54,566</u>	<u>17,548</u>	<u>62,857</u>	<u>134,971</u>
Non-Current Liabilities				
Revenue Bonds & Notes Payable	-0-	7,372	-0-	7,372
Total Non-Current Liabilities	<u>-0-</u>	<u>7,372</u>	<u>-0-</u>	<u>7,372</u>
Total Liabilities	<u>54,566</u>	<u>24,920</u>	<u>62,857</u>	<u>142,343</u>
Net Position				
Net Investment in Capital Assets	616,762	1,292,014	53,629	1,962,405
Unrestricted	(10,473)	3,130	(58,286)	(65,629)
Total Net Position	<u>\$ 606,289</u>	<u>\$ 1,295,144</u>	<u>\$ (4,657)</u>	<u>\$ 1,896,776</u>

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Fund
June 30, 2022

	Business-Type Activities-Enterprise Fund			
	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
Operating Revenues				
Charges for Services:				
Water Sales	\$ 144,752	\$ -0-	\$ -0-	\$ 144,752
Sewer Charges	-0-	39,098	-0-	39,098
Gas Sales	-0-	-0-	117,494	117,494
Total Operating Revenues	<u>144,752</u>	<u>39,098</u>	<u>117,494</u>	<u>301,344</u>
Operating Expenses				
Cost of Sales & Services	116,492	7,550	56,870	180,912
Administration	56,530	3,875	3,875	64,280
Depreciation	44,831	56,098	7,519	108,448
Total Operating Expenses	<u>217,853</u>	<u>67,523</u>	<u>68,264</u>	<u>353,640</u>
Operating Income (Loss)	(73,101)	(28,425)	49,230	(52,296)
Nonoperating Revenues (Expenses)				
Interest Earnings	98	-0-	-0-	98
Interest Expense	-0-	-0-	-0-	-0-
Total Nonoperating Revenues (Expenses)	<u>98</u>	<u>-0-</u>	<u>-0-</u>	<u>98</u>
Income Before Contributions & Transfers	<u>(73,003)</u>	<u>(28,425)</u>	<u>49,230</u>	<u>(52,198)</u>
Transfers In/(Out)	27,253	(11,499)	(60,744)	(44,990)
Capital Contributions	-0-	-0-	-0-	-0-
Change in Net Position	(45,750)	(39,924)	(11,514)	(97,188)
Prior Period Adjustment	-0-	(99)	-0-	(99)
Total Net Position - Beginning	<u>652,039</u>	<u>\$ 1,335,167</u>	<u>\$ 6,857</u>	<u>\$ 1,994,063</u>
Total Net Position - Ending	<u>\$ 606,289</u>	<u>\$ 1,295,144</u>	<u>\$ (4,657)</u>	<u>\$ 1,896,776</u>

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Statement of Cash Flows
Proprietary Fund
June 30, 2022

	Business-Type Activities-Enterprise Fund			
	Water	Sewer	Gas	Total
Cash Flows from Operating Activities				
Receipts from Customers & Users	\$ 153,639	\$ 39,164	\$ 118,041	\$ 310,844
Payments to Suppliers	(119,627)	(7,381)	(53,804)	(180,812)
Payments to Employees	(56,530)	(3,875)	(3,875)	(64,280)
Net Cash Provided (Used) by Operating Activities	<u>(22,518)</u>	<u>27,908</u>	<u>60,362</u>	<u>65,752</u>
Cash Flows from Noncapital Financing Activities				
Transfers (to)/from Other Funds	27,253	(11,599)	(60,744)	(45,090)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>27,253</u>	<u>(11,599)</u>	<u>(60,744)</u>	<u>(45,090)</u>
Cash Flows from Capital & Related Financing Activities				
Capital Contributions	-0-	-0-	-0-	-0-
Principal on Capital Debt	-0-	(15,332)	-0-	(15,332)
Interest Paid on Capital Debt	-0-	(978)	-0-	(978)
Purchase of Capital Assets	-0-	-0-	-0-	-0-
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>-0-</u>	<u>(16,310)</u>	<u>-0-</u>	<u>(16,310)</u>
Cash Flows from Investing Activities				
Interest and Dividends Received	98	-0-	-0-	98
Net Cash Provided (Used) by Investing Activities	<u>98</u>	<u>-0-</u>	<u>-0-</u>	<u>98</u>
Net Increase (Decrease) in Cash & Cash Equivalents	4,811	(210)	(347)	4,254
Cash & Cash Equivalents, Beginning of Year	<u>26,571</u>	<u>276</u>	<u>894</u>	<u>27,741</u>
Cash & Cash Equivalents, End of Year	<u>31,382</u>	<u>66</u>	<u>547</u>	<u>31,995</u>
Reconciliation to Balance Sheet				
Cash and Cash Equivalents	8,886	66	547	9,499
Restricted Cash	22,496	-0-	-0-	22,496
Total Cash and Cash Equivalents	<u>\$ 31,382</u>	<u>\$ 66</u>	<u>\$ 547</u>	<u>\$ 31,995</u>

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2022

Reconciliation

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	Business-Type Activities-Enterprise Fund			
	Water	Sewer	Gas	Total
Operating Income (Loss)	\$ (73,101)	(28,425)	49,230	(52,296)
Depreciation Expense	44,831	56,098	7,519	108,448
(Increase) Decrease in Accounts Receivable	917	225	(910)	232
Increase (Decrease) in Accounts Payable	2,620	10	4,523	7,153
Increase (Decrease) in Customer Deposits	2,215	-0-	-0-	2,215
TOTAL ADJUSTMENTS	50,583	56,333	11,132	118,048
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(22,518)	27,908	60,362	65,752
LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES				
Contributions of Capital Assets From Government	\$ -0-	\$ -0-	\$ -0-	\$ -0-

The accompanying notes are an integral part of this statement.

**Notes To the Basic
Financial Statements**

VILLAGE OF SICILY ISLAND, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Sicily Island was incorporated August 21, 1955, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

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

The following is a summary of certain significant accounting policies:

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

CONTINUED

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

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

The municipality reports the following major proprietary fund:

- Enterprise Fund:
 - Water Activities
 - Sewer Activities
 - Gas Activities

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

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

CONTINUED

special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues are utility billings. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The District has implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the purposes for which resources can be used:

Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

CONTINUED

Committed fund balance – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

D. CASH, CASH EQUIVALENTS, & INVESTMENTS – (C.D.'S IN EXCESS OF 90 DAYS)

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

E. STATEMENT OF CASH FLOWS

The Village considers all highly liquid investment with a maturity of three months or less at the date of acquisition to be cash equivalents.

F. INVENTORIES

Inventories of materials and supplies are considered to be expenditures at the time purchased. Amounts on hand at the financial statement date are considered immaterial and therefore not included on the statements of assets and liabilities.

G. RECEIVABLES & PAYABLES

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

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

CONTINUED

H. ACCOUNTS RECEIVABLE & ALLOWANCES FOR BAD DEBTS

Uncollectable amounts due for 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 uncollectables of the receivable. Below is a summary of accounts receivable and allowance for bad debts by funds:

	General Fund	Enterprise Funds	Total
Accounts Receivable	\$ 29,005	\$ 47,359	\$ 76,364
Allowances for Bad Debt	-0-	(27,440)	(27,440)
Total	\$ 29,005	\$ 19,919	\$ 48,924

I. FIXED ASSETS

Capital assets are capitalized at historical costs. The Village maintains a threshold level of \$1,500 or more for capitalizing capital assets. Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Vehicles and Equipment	5-10 years
Gas, Water, & Sewer Systems	15-40 years
Parking Lot	20 years

J. FUND EQUITY

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

2. CASH & CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

VILLAGE OF SICILY ISLAND, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

CONTINUED

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity’s name.

Deposits

It is the Village’s policy for deposits (demand checking accounts, savings accounts, and certificate of deposits) to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Village’s deposits are categorized to give an indication of the level of risk assumed by the Village at year end. The categories are describes as follows:

- **Category 1** – Insured or collateralized with securities held by the Village or by its agent in the Village’s name.
- **Category 2** – Collateralized with securities held by the pledging financial institution’s trust department or agent in the Village’s name.
- **Category 3** – Uncollateralized.

	Sicily Island State Bank
Bank Balances	\$ <u>55,723</u>
Secured As Follows	
FDIC (<i>Category 1</i>)	55,723
Securities (<i>Category 2</i>)	-0-
Uncollateralized (<i>Category 3</i>)	-0-
Total	\$ <u>55,723</u>

All deposits were fully secured as of June 30, 2022.

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village of Sicily Island. For the purpose of the proprietary fund Statement of Cash Flows, “Cash and Cash Equivalents” include all demand savings accounts and certificates of deposit under 90 days.

3. AD VALOREM TAXES

The entity levies taxes on real and business personal property located within its boundaries. The entity utilizes the services of the Catahoula Parish Tax Assessor to assess the property values and prepare the entity's property tax roll. The entity bills and collects its own property taxes.

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

CONTINUED

Property Tax Calendar

Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On or About October 15
Total Taxes Are Due	December 31
Penalties and Interest are Added	January 1
Lien Date	January 1

For the year ended June 30, 2022, taxes of 7.73 mills were levied against property having a valuation of some \$ 142,569 which produced some \$10,989 in revenue.

Ad Valorem Taxes are broken down as follows:

	Mills
General Alimony	7.73
Total	7.73

4. RESTRICTED ASSETS – PROPRIETARY FUND TYPES

Restricted assets were applicable to the following at June 30, 2022:

	Sewer	Water	Gas	Total
Customer Deposits	\$ -0-	\$ 22,496	\$ -0-	\$ 22,496
Bond Reserve Account	-0-	-0-	-0-	-0-
Depreciation Reserve Account	-0-	-0-	-0-	-0-
Revenue Sinking	-0-	-0-	-0-	-0-
Total	\$ -0-	\$ 22,496	\$ -0-	\$ 22,496

5. ACCOUNTS RECEIVABLE & ALLOWANCE FOR BAD DEBTS

Uncollectable amounts due for 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 uncollectables of the receivable. Below is a summary of accounts receivable and allowance for bad debts by funds:

	General Fund	Enterprise Funds	Total
Accounts Receivable	\$ 29,005	\$ 47,359	\$ 76,364
Allowances for Bad Debt	-0-	(27,440)	(27,440)
Total	\$ 29,005	\$ 19,919	\$ 48,924

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

CONTINUED

6. CHANGES IN FIXED ASSETS – PROPRIETARY FUND

A summary of enterprise fund plant and equipment at June 30, 2022, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Gas System	\$ 470,381	\$ -0-	\$ -0-	\$ 470,381
Water System*	1,823,871	-0-	-0-	1,823,871
Sewer System*	2,442,285	-0-	-0-	2,442,285
Total	<u>4,736,537</u>	<u>-0-</u>	<u>-0-</u>	<u>4,736,537</u>
Less: Accumulated Depreciation	(2,640,883)	(108,448)	-0-	(2,749,331)
Net	<u>\$ 2,095,654</u>	<u>\$ (108,448)</u>	<u>\$ -0-</u>	<u>\$ 1,987,206</u>

*Land in the amount of \$38,280 in the Sewer System is not being depreciated.

*Land in the amount of \$1,000 in the Water System is not being depreciated.

7. CHANGES IN GENERAL FIXED ASSETS – GOVERNMENTAL FUNDS

	Beginning Balance	Additions	Deletions	Ending Balance
Fixed Assets*	\$ 2,166,285	\$ -0-	\$ -0-	\$ 2,166,285
Accumulated Depreciation	(1,417,819)	(99,157)	-0-	(1,516,976)
Net Fixed Assets	<u>\$ 748,466</u>	<u>\$ (99,157)</u>	<u>\$ -0-</u>	<u>\$ 649,309</u>

*Land in the amount of \$13,000 is included in the fixed assets and is not being depreciated.

Depreciation expense was charged to governmental functions as follows:

General	\$ 40,668
Fire	460
Police	21,362
Street	36,667
Total Depreciation	<u>\$ 99,157</u>

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022
CONTINUED**

6. LONG-TERM DEBT

The following is a summary of revenue bond transactions and general obligation debt transactions of the Village of Sicily Island for the year ended June 30, 2022.

	Governmental Fund	Enterprise Fund	
	Notes Payable	Sewer Revenue Bonds	
Bonds & Notes Payable - Beginning	\$ 38,903	\$ 41,300	
Additions	-0-	-0-	
Principal Retirements	(21,906)	(17,300)	
Total	\$ 16,997	\$ 24,000	

Bonds payable at June 30, 2022, are comprised of the following issues:

Notes Payable

March 2018 the Village purchased 3 police vehicles due in 60 monthly payments of \$1,919 at an interest rate of 3.893%.	\$ <u>16,997</u>
Total	\$ <u>16,997</u>

Sewer Revenue Bonds

Original: \$393,800 Sewer Revenue Bond dated September 2, 1981, due in annual installments of \$9,000 to \$23,000 through September 2, 2021, with interest rate of 5%.

Modified: Lender waived \$50,000 in principal and all accrued interest. New principal due of \$125,000 due in monthly installments of \$1,500 through December 2, 2023, with an interest rate of 3%.	\$ <u>24,000</u>
Total	\$ <u>40,997</u>

The annual requirements to amortize all debt outstanding as of June 30, 2022, including interest payments, are as follows:

Capital Lease

Year Ending June 30,	Principal	Interest	Total
2023	16,997	277	17,274
2024	-0-	-0-	-0-
2025	-0-	-0-	-0-
Total	\$ 16,997	\$ 277	\$ 17,274

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

CONTINUED

Sewer Revenue Bonds

Year Ending June 30	Principal	Interest	Total
2023	17,428	572	18,000
2024	7,372	81	7,453
2025	-0-	-0-	-0-
2026	-0-	-0-	-0-
Total	\$ 24,800	\$ 653	\$ 25,453

7. USE OF ESTIMATES

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

8. LITIGATION

There is no current on-going litigation.

9. ELECTED OFFICIAL'S SALARIES

Name	Title	Annualized Salary
Walter Krause	Mayor	\$ 4,245
Derrick Fraizer	Alderman	4,245
Emma Hilliard	Alderman	4,245
Mark Krause	Alderman	4,245
Paul Jackson	Chief of Police	\$ 23,677

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

CONTINUED

10. TRANSFERS BETWEEN FUNDS

	Governmental Funds	Enterprise Funds
Transfers In (Out)	\$ <u>45,090</u>	\$ <u>(45,090)</u>

Transfers were made for operational purposes.

11. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date through, November 30, 2022, of the independent auditor's report for potential recognition or disclosure in the financial statements.

Required Supplemental Information

Village of Sicily Island, Louisiana
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General Fund
For the Year Ended June 30, 2022

	<u>Budget Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Differences Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees & Charges	\$ 26,550	20,000	\$ 35,994	\$ 15,994
Taxes	80,000	80,000	92,390	12,390
Fines	120,000	120,000	111,049	(8,951)
Grants	25,000	110,991	120,522	9,531
Other	5,550	12,100	18,162	6,062
Total Revenues	<u>257,100</u>	<u>343,091</u>	<u>378,117</u>	<u>35,026</u>
Expenditures				
General Government	115,450	163,883	172,207	(8,324)
Fire	15,850	15,850	9,216	6,634
Police	132,300	135,353	98,865	36,488
Sanitation	39,600	39,600	35,759	3,841
Street Repair	65,230	68,230	74,557	(6,327)
Capital Outlay	-0-	-0-	11,790	(11,790)
Debt Service	-0-	23,500	23,392	108
Total Expenditures	<u>368,430</u>	<u>446,416</u>	<u>425,786</u>	<u>20,630</u>
Excess (Deficiency) of Revenues Over Under Expenditures	<u>(111,330)</u>	<u>(103,325)</u>	<u>(47,669)</u>	<u>(14,396)</u>
Other Financing Sources (Uses)				
Transfers In/(Out)	<u>115,000</u>	<u>115,000</u>	<u>44,990</u>	<u>70,010</u>
Total Other Financing Sources (Uses)	<u>115,000</u>	<u>115,000</u>	<u>44,990</u>	<u>70,010</u>
Net Change in Fund Balance	<u>\$ 3,670</u>	<u>\$ 11,675</u>	<u>(2,679)</u>	<u>\$ (55,614)</u>
Fund Balances - Beginning			<u>29,010</u>	
Fund Balances - Ending			<u>\$ 26,331</u>	

The accompanying notes are an integral part of this statement.

See independent auditor's report.

Supplemental Information

Village of Sicily Island, Louisiana
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2022

Honorable Walter Krause, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 4,245
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.

**Village of Sicily Island
Sicily Island, Louisiana
Justice System Funding Schedule – Collecting/Disbursing Entity
Year Ended June 30, 2022**

	First Six Months Ended 12/31/2021	Second Six Months Ended 06/30/2022
Beginning Balance of Amounts Collected	\$ -0-	\$ -0-
Add: Collections		
Criminal Court Costs/Fees	44,714	72,113
Criminal Fines – Suspension Fees	3,150	1,350
Service/Collection Fees	1,293	2,362
Subtotal Collections	49,157	75,825
Less: Disbursements to Governments & Nonprofits		
LA Commission on Law Enforcement		
LA Supreme Court Education Fund		
Central LA Juvenile Fund		
LA Chiefs of Police		
Less: Amounts Retained By Collections		
Criminal Court Costs/Fees	44,714	72,113
Criminal Fines – Suspension Fees	3,150	1,350
Service/Collection Fees	1,293	2,362
Subtotal Retained	49,157	75,825
Less: Disbursements to Individuals/3rd Party Collection or Processing Agency		
American Municipal Services-Collection Agency	-0-	-0-
Subtotal Disbursements/Retainage	-0-	-0-
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	-0-	-0-
Ending Balance of “Partial Payments” Collected but not Disbursed	-0-	-0-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected	-0-	-0-
Total Waivers During the Fiscal Period	\$ -0-	\$ -0-

See independent auditor’s report.

Other Reports

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

Village of Sicily Island
101 Sicily Ave.
Sicily Island, LA. 71368

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of the Village of Sicily Island, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Village of Sicily Island’s basic financial statements and have issued our report thereon dated November 30, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item [2022-3 Utility Billing Rates] to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item [2022-4 Small Size of Entity] to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Sicily Island's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items: **2022-1 Unremitted Traffic Ticket Fees and 2022-2 Restricted Cash and Customer Deposits Liability.**

The Village of Sicily Island's Response to Findings

The Village of Sicily Island's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Village of Sicily Island's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

The Vercher Group

Jena, Louisiana
November 30, 2022

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2022**

We have audited the basic financial statements of the Village of Sicily Island, Louisiana, as of and for the year ended June 30, 2022, and have issued our report thereon dated November 30, 2022. We conducted our audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I - Summary of Auditor's Results

Our audit of the financial statements as of June 30, 2022, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes

Significant Deficiencies Yes

Compliance

Compliance Material to Financial Statements Yes

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes

Other Conditions Yes

Type of Opinion on Compliance Unmodified
For Major Programs Disclaimer

Qualified
Adverse

Are the findings required to be reported in accordance with Uniform Guidance?

Yes

c. Identification of Major Programs:

CFDA Number (s)

Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs:

\$

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance?

Yes No

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2022**

Section II - Financial Statement Findings

2022-1 Unremitted Traffic Ticket Fees (Compliance)

Condition: The Village has not remitted certain fees collected for traffic tickets on behalf of different state agencies for several months.

Criteria: The Louisiana Legislature imposes additional fees on traffic violations which are collected by municipalities and then remitted to the appropriate State agencies.

Cause of Condition: Nonpayment of fees collected on behalf of various State agencies.

Effect of Condition: Before adjusting entries were made, fines and forfeitures were overstated and accounts payable was understated.

Recommendation: We recommend that the Village report and remit traffic fees in a timely manner.

Client Response: Management will work on this for fiscal year 2023.

2022-2 Restricted Cash and Customer Deposits Liability (Compliance)

Condition: The Village currently has a customer liability of \$47,037 and cash set aside, or restricted, for the liability in the amount of \$22,496.

Criteria: The Village should have enough restricted cash in an amount equal to the customer liability.

Cause of Condition: Spending the restricted cash in past years or depositing customer deposits into wrong accounts.

Effect of Condition: Not having sufficient cash to cover customer deposit liability.

Recommendation: The Village should continue setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

Client Response: The Village will continue setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

2022-3 Utility Billing Rates (Internal Control)

Condition: The Village has not updated the gas utility rates on the Village's utility billing computer per Ordinance No. 148.

Criteria: Village Ordinance Number 148 states that the gas utility rate charged to customers will be \$1.25 per MCF above the rate the Village pays for gas (per MCF) from its supplier, changing on a monthly basis.

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2022**

Section II - Financial Statement Findings (Continued)

Cause of Condition: Not charging the correct utility rates for ordinance.

Effect of Condition: Loss of revenue to the Village.

Recommendation: The Village should change the billing rates on the billing computer to match the Village's ordinances.

Client Response: The Village has changed the billing rates on the billing computer to match the Village's ordinances.

2022-4 Small Size of Entity (Internal Control)

Condition: Because of the small size of the Village and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2022**

Section III – Federal Awards Findings and Questioned Costs

Not applicable.

VILLAGE OF SICILY ISLAND, LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS

FINDINGS:

2022-1 Unremitted Traffic Ticket Fees

Findings: The Village has not remitted certain fees collected for traffic tickets on behalf of different state agencies for several months. The Louisiana Legislature imposes additional fees on traffic violations which are collected by municipalities and then remitted to the appropriate State agencies.

Corrective Action: Management will work on this for fiscal year 2023.

Contact Person: Walter Krause

Anticipated Completion Date: June 30, 2023

2022-2 Restricted Cash and Customer Deposits Liability

Finding: The Village currently has a customer liability of \$47,037 and cash set aside, or restricted, for the liability in the amount of \$22,496. The Village should have enough restricted cash in an amount equal to the customer liability.

Corrective Action: The Village will continue setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

Contact Person: Walter Krause

Anticipated Completion Date: June 30, 2023

2022-3 Utility Billing Rates

Finding: The Village has not updated the gas utility rates on the Village's utility billing computer per Ordinance No. 148. Village Ordinance Number 148 states that the gas utility rate charged to customers will be \$1.25 per MCF above the rate the Village pays for gas (per MCF) from its supplier, changing on a monthly basis.

Corrective Action: The Village will change the billing rates on the billing computer to match the Village's ordinances.

Contact Person: Walter Krause

Anticipated Completion Date: June 30, 2023

VILLAGE OF SICILY ISLAND, LOUISIANA

**MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS**

FINDINGS (CONTINUED):

2022-4 Small Size of Entity

Finding: Because of the small size of the Village and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's cash.

Corrective Action: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Contact Person: Walter Krause

Anticipated Completion Date: N/A

VILLAGE OF SICILY ISLAND, LOUISIANA

MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are situations that may be improved (if any) and recommendations for improvements.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

2022-5 Past Due Amount to Vendor

Condition: The Village past due on amount owed the Louisiana Municipal Gas Association (LMGA) in the amount of \$62,887.

Criteria: Being current on accounts payable prevents delinquent penalties and negative equity balances on the entity's financial statement.

Cause of Condition: Not charging village customers the correct gas rates.

Potential Effect of Condition: Delinquent penalties and poor financial condition.

Recommendation: The Village should institute a policy or plan to bring the amount owed LMGA to current status.

Client Response: The Village will institute a policy or plan to bring the amount owed LMGA to current status.

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
JUNE 30, 2022**

MANAGEMENT’S SUMMARY OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Village of Sicily Island, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2021.

Prior Year Findings

2021-1 Small Size of Entity (Unresolved)

Condition: Because of the small size of the Village and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village’s cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response and Corrective Action: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
JUNE 30, 2022**

MANAGEMENT’S SUMMARY OF PRIOR YEAR FINDINGS

2021-2 Utility Billing Rates (Resolved)

Condition: The Village has not updated the gas utility rates on the Village’s utility billing computer per Ordinance No. 148. The Village’s billing rate for water is a flat rate of \$40.00 per month instead of a flat rate of \$40 plus \$4.70 per 1,000 gallons of usage above \$4,000 gallons as required by Ordinance No. 149.

The Village’s billing rate for sewer is a flat rate of \$16.00 per month instead of a flat rate of \$16.00 per month for a minimum usage of 2,000 gallons with \$22.00 per month of maximum usage as required by Ordinance No. 130.

Criteria: Village Ordinance Number 148 states that the gas utility rate charged to customers will be \$1.25 per MCF above the rate the Village pays for gas (per MCF) from its supplier, changing on a monthly basis, plus a \$10.50 monthly flat fee. Village Ordinance No. 149 for water usage states that a base fee of \$40.00 per month for minimum usage of 4,000 gallons and \$4.70 per 1,000 gallons for each 1,000 gallons above minimum usage. Village Ordinance No. 130 states that the sewerage rate be a base fee of \$16.00 per month for minimum usage of 2,000 gallons with \$22.00 for maximum usage.

Cause of Condition: Not charging the correct utility rates for ordinance.

Effect of Condition: Loss of revenue to the Village.

Recommendation: The Village should continue change the billing rates on the billing computer to match the Village’s ordinances.

Client Response and Corrective Action: The Village will change the billing rates on the billing computer to match the Village’s ordinances.

2021-3 Restricted Cash and Customer Deposits Liability (Unresolved)

Condition: The Village currently has a customer liability of \$40,600 and cash set aside, or restricted, for the liability in the amount of \$16,085.

Criteria: The Village should have enough restricted cash in an amount equal to the customer liability.

Cause of Condition: Spending the restricted cash in past years or depositing customer deposits into wrong accounts.

Effect of Condition: Not having sufficient cash to cover customer deposit liability.

VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
JUNE 30, 2022

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Prior Year Findings (Continued):

Recommendation: The Village should continue setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

Client Response and Corrective Action: The Village will continue setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Sicily Island
101 Sicily Ave
Sicily Island, LA 71368

We have performed the procedures enumerated below, which were agreed to by the Village of Sicily Island (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period July 31, 2021 to June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties,

reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

There were no exceptions performing these procedures.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to*

public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

There were no exceptions performing these procedures.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

There were no exceptions performing these procedures.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Observations: The Village Hall.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Exception: Employees that are responsible for cash collections do not share cash drawers/registers.

Managements' Response: The entity is too small to implement this procedure.

Exception: Each employee responsible for collecting cash, on some occasions, is responsible for preparing/making bank deposits.

Management's Response: The entity is too small to implement this procedure.

- 5. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

There were no exceptions performing these procedures.

- 6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Exception: Deposits are not made within one business day of receipt.

Management's response: It is not practical to implement this procedure. Receipts are stored in a secure location.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Observations: The village hall.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

There were no exceptions performing these procedures.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

There were no exceptions performing these procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We obtained a list.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

There were no exceptions performing these procedures.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

There were no exceptions performing these procedures.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Management represented there were none.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Management represented there were none.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We obtained the listing.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

There were no exceptions performing these procedures.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Management represented there were none.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Management represented that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Exception: Not all employees in the sample had completed ethics training during the year.

Management's response: All employees will be required to complete ethics training next year.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

There were no exceptions performing these procedures.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

There were no exceptions performing these procedures.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedures and discussed the results with management.

Sexual Harassment

- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Exception: Not all employees in the sample had completed sexual harassment training during the year.

Management's response: All employees will be required to complete sexual harassment training next year.

- 27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

There were no exceptions performing these procedures.

- 28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Exception: The required report was not prepared.

Management's response: The report will be prepared in the future.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

The Vercher Group

November 30, 2022

Jena, Louisiana