

VILLAGE OF SICILY ISLAND, LOUISIANA

Annual Financial Statements

JUNE 30, 2020

Village of Sicily Island, Louisiana
Table of Contents
June 30, 2020

	Schedule	Page
Independent Auditor's Report.....		1-3
Management's Discussion and Analysis.....		4-9
Basic Financial Statements		
Statement of Net Position.....	A	11
Statement of Activities.....	B	12
Balance Sheet, Governmental Funds.....	C	13
Reconciliation of The Government Funds Balance Sheet to the Government- Wide Financial Statement of Net Position.....	D	14
Statement of Revenues, Expenditures & Changes in Fund Balances – Governmental Funds.....	E	15
Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	F	16
Statement of Net Position, Proprietary Funds.....	G	17
Statement of Revenues, Expenses & Changes in Net Position – Proprietary Funds.....	H	18
Statement of Cash Flows – Proprietary Funds.....	I	19
Statement of Cash Flows – Reconciliation.....	J	20
Notes to the Basic Financial Statements.....		22-31
Required Supplemental Information		
Statement of Revenues, Expenditures, & Changes in Fund Balance – Budget & Actual – General Fund.....	1	33
Other Information		
Schedule of Compensation Benefits and Other Payments to Chief Executive Officer or Agency Head.....		35
Schedules of Capital Grants.....		36-37
Other Reports		
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.....		39-40
Schedule of Findings and Questioned Costs.....		41-45
Management Corrective Actions.....		46-48
Management Letter Comments.....		49
Management's Summary of Prior Year Findings.....		50-51

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Village of Sicily Island, Louisiana, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 Schedules of Capital Grants are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer and Schedule of Capital Grants are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer and Schedule of Capital Grants 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 March 2, 2021, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Sicily Island's internal control over financial reporting and compliance.

The Vercher Group

March 2, 2021
Jena, Louisiana

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, 2020. 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 \$834,282 (*net position*). This is a \$61,738 decrease from last year.
- The Village had total revenue of \$253,175. This is a \$8,282 decrease from last year's revenues, mainly due to a decrease in general revenue in the amount of \$55,535.
- The Village had total expenditures of \$378,354, which is a \$59,238 increase from last year, mainly due to an increase in capital outlay in the amount of \$45,991.

Enterprise Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$2,130,371 (*net position*). This is a \$87,174 decrease from last year.
- The Village had total revenue of \$330,554, including operating revenues of \$330,233, non-operating revenues of \$321, and capital contributions of \$-0-. This is a \$308,017 decrease from last year, mainly due to a decrease in capital contributions in the amount of \$369,763.
- The Village had total expenses of \$318,176, including operating expenses of \$316,054 and non-operating expenses of \$2,122. This is a \$35,884 increase from last year, mainly due to an increase in cost of sales and service expense in the amount of \$22,149.

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, 2020:

	<u>2019</u>	<u>2020</u>	<u>% Change</u>
Current Assets	\$ 81,022	\$ 57,729	-28.8
Restricted Assets	-0-	-0-	0.0
Noncurrent Assets	<u>902,300</u>	<u>848,438</u>	-6.0
Total Assets	<u>983,322</u>	<u>906,167</u>	-7.9
Current Liabilities	25,738	32,982	28.2
Long-term Liabilities	<u>61,564</u>	<u>38,903</u>	-36.8
Total Liabilities	<u>87,302</u>	<u>71,885</u>	-17.7
Net Position			
Net Investment in Capital Assets	820,468	788,464	-3.9
Restricted	-0-	-0-	0.0
Unrestricted	<u>75,552</u>	<u>45,818</u>	-39.4
Total Net Position	<u>\$ 896,020</u>	<u>\$ 834,282</u>	-6.9

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2020:

	<u>2019</u>	<u>2020</u>	<u>% Change</u>
Revenues			
Program Revenues	\$ 28,348	\$ 51,049	80.1
General Revenues	232,661	177,126	-23.9
Capital Grants	448	25,000	5,480.4
Capital Leases	-0-	-0-	0.0
Total Revenues	<u>261,457</u>	<u>253,175</u>	-3.2
Expenditures			
Operating Expenditures	295,724	308,971	4.5
Capital Outlay	-0-	45,991	100.0
Debt Service	<u>23,392</u>	<u>23,392</u>	0.0
Total Expenditures	<u>319,116</u>	<u>378,354</u>	18.6
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,659)	(125,179)	117.1
Other Financing Sources (Uses)			
Transfers In/(Out)	<u>118,056</u>	<u>95,445</u>	-19.2
Total Other Financing Sources (Uses)	<u>118,056</u>	<u>95,445</u>	-19.2
Net Change in Fund Balance	60,397	(29,734)	-149.2
Fund Balance - Beginning	<u>15,155</u>	<u>75,552</u>	398.5
Fund Balance - Ending	<u>\$ 75,552</u>	<u>\$ 45,818</u>	-39.4

MD&A

Enterprise Funds

Comparative Statement of Net Position as of June 30, 2020:

Assets	2019	2020	% Change
Cash	\$ 36,024	\$ 36,766	2.1
Receivables (Net)	68,758	49,098	-28.6
Restricted Assets	21,004	16,085	-23.4
Capital Assets, Net of Accumulated Depreciation	2,333,994	2,211,480	-5.3
Total Assets	<u>2,459,780</u>	<u>2,313,429</u>	-6.0
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	100,832	82,838	-17.9
Customer Deposits	46,739	40,600	-13.1
Current Bonds & Interest Payable	18,000	16,378	-9.0
Bonds Payable	76,664	43,242	-43.6
Total Liabilities	<u>242,235</u>	<u>183,058</u>	-24.4
Net Position			
Net Investment in Capital Assets	2,239,330	2,151,860	-3.9
Restricted	-0-	-0-	0.0
Unrestricted	(21,785)	(21,489)	-1.4
Total Net Position	<u>\$ 2,217,545</u>	<u>\$ 2,130,371</u>	-3.9

Comparative Statement of Revenues, Expenses & Changes in Net Position for the year ended June 30, 2020:

Operating Revenues	2019	2020	% Change
Water Sales	\$ 148,031	\$ 204,762	38.3
Sewer Charges	44,217	48,740	10.2
Gas Sales	76,265	76,731	0.6
Total Operating Revenues	<u>268,513</u>	<u>330,233</u>	23.0
Operating Expenses			
Cost of Sales & Services	152,272	174,421	14.6
Administration	15,595	15,245	-2.3
Depreciation	111,817	126,388	13.0
Total Operating Expenses	<u>279,684</u>	<u>316,054</u>	13.0
Operating Income (Loss)	<u>(11,171)</u>	<u>14,179</u>	226.9
Nonoperating Revenues (Expenses)			
Interest Earnings	295	321	8.8
Interest Expense	(2,608)	(2,122)	-18.6
Total Nonoperating Revenues (Expenses)	<u>(2,313)</u>	<u>(1,801)</u>	-22.1
Income Before Contributions & Transfers	<u>(13,484)</u>	<u>12,378</u>	191.8
Transfers In/(Out)	(118,056)	(95,445)	-19.2
Capital Contributions	<u>369,763</u>	<u>-0-</u>	-100.0
Change in Net Position	238,223	(83,067)	-134.9
Prior Period Adjustment	(9,757)	(4,107)	-57.9
Total Net Position - Beginning	1,989,079	2,217,545	11.5
Total Net Position - Ending	<u>\$ 2,217,545</u>	<u>\$ 2,130,371</u>	-3.9

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Funds

At June 30, 2020, the Village had \$848,438 invested in capital assets, including the following:

Capital Assets at Year-End		
	<u>2019</u>	<u>2020</u>
Land*	\$ 13,000	\$ 13,000
Capital Assets	2,107,294	2,153,285
Accumulated Depreciation	(1,217,994)	(1,317,847)
Total	<u>\$ 902,300</u>	<u>\$ 848,438</u>

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

Capital Assets – Enterprise Funds

At June 30, 2020, the Village had \$2,211,480 invested in capital assets, including the following:

Capital Assets at Year-End		
	<u>2019</u>	<u>2020</u>
Gas System	\$ 470,381	\$ 470,381
Water System*	1,823,871	1,823,871
Sewer System*	2,438,411	2,442,285
Accumulated Depreciation	(2,398,669)	(2,525,057)
Total	<u>\$ 2,333,994</u>	<u>\$ 2,211,480</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.

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, 2020.

	<u>Long-Term Note</u>	<u>Sewer Revenue Bonds</u>
Bonds & Notes Payable - Beginning	\$ 81,832	\$ 94,664
Additions	-0-	-0-
Principal Retirements	(21,858)	(35,044)
Total	<u>\$ 59,974</u>	<u>\$ 59,620</u>

MD&A

Bonds payable at June 30, 2020, are comprised of the following issues:

Long-Term Note

March 2018 the Village purchased 3 police vehicles due in 60 monthly payments of \$1,919 at an interest rate of 3.893%.	\$ 59,974
	<u>59,974</u>
Total	\$ <u>59,974</u>

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%.	\$ 59,620
	<u>59,620</u>
Total	\$ <u>59,620</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, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Assets			
Cash & Cash Equivalents	\$ 45,106	\$ 36,766	\$ 81,872
Receivables (Net of Allowances)	12,623	49,098	61,721
Restricted Assets	-0-	16,085	16,085
Capital Assets (Net of Accumulated Depreciation)	848,438	2,211,480	3,059,918
Total Assets	<u>906,167</u>	<u>2,313,429</u>	<u>3,219,596</u>
Current Liabilities			
Accounts, Salaries, & Other Payables	11,911	82,838	94,749
Customer Deposits	-0-	40,600	40,600
Bonds & Interest Payable	21,071	16,378	37,449
Total Current Liabilities	<u>32,982</u>	<u>139,816</u>	<u>172,798</u>
Non Current Liabilities			
Revenue Bonds & Notes Payable	-0-	43,242	43,242
Capital Lease	38,903	-0-	38,903
Total Non Current Liabilities	<u>38,903</u>	<u>43,242</u>	<u>82,145</u>
Total Liabilities	<u>71,885</u>	<u>183,058</u>	<u>254,943</u>
Net Position			
Net Investment in Capital Assets	788,464	2,151,860	2,940,324
Restricted	-0-	-0-	-0-
Unrestricted	45,818	(21,489)	24,329
Total Net Position	<u>\$ 834,282</u>	<u>\$ 2,130,371</u>	<u>\$ 2,964,653</u>

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Statement of Activities
For the Year Ended June 30, 2020

	PROGRAM REVENUES					NET REVENUES (EXPENSES) & CHANGES OF PRIMARY GOVERNMENT		
	Expenses	Charges for Services	Operating Grants	Capital Grants	Net (Expenses) Revenue	Governmental Activities	Business Type Activities	Total
Governmental Activities								
General Government	\$ (140,358)	\$ 39,064	\$ -0-	\$ -0-	\$ (101,294)	\$ (101,294)		\$ (101,294)
Fire	(9,222)	8,770	-0-	-0-	(452)	(452)		(452)
Public Safety	(125,403)	-0-	-0-	-0-	(125,403)	(125,403)		(125,403)
Sanitation	(42,715)	-0-	-0-	-0-	(42,715)	(42,715)		(42,715)
Street Repair	(90,195)	5,283	-0-	25,000	(59,912)	(59,912)		(59,912)
Interest on Long-Term Debt	(2,465)	-0-	-0-	-0-	(2,465)	(2,465)		(2,465)
Total Governmental Activities	<u>(410,358)</u>	<u>53,117</u>	<u>-0-</u>	<u>25,000</u>	<u>(332,241)</u>	<u>(332,241)</u>		<u>(332,241)</u>
Business Type Activities								
Water	(186,680)	204,762	-0-	-0-	18,082		\$ 18,082	18,082
Sewer	(59,944)	48,740	-0-	3,874	(7,330)		(7,330)	(7,330)
Gas	(69,430)	76,731	-0-	-0-	7,301		7,301	7,301
Interest on Long-Term Debt	(2,122)	-0-	-0-	-0-	(2,122)		(2,122)	(2,122)
Total Business Type Activities	<u>(318,176)</u>	<u>330,233</u>	<u>-0-</u>	<u>3,874</u>	<u>15,931</u>		<u>15,931</u>	<u>15,931</u>
Total Primary Government	\$ <u>(728,534)</u>	\$ <u>383,350</u>	\$ <u>-0-</u>	\$ <u>28,874</u>	\$ <u>(316,310)</u>			<u>(316,310)</u>
					General Revenues			
					Taxes			
					Ad Valorem Taxes	12,963	-0-	12,963
					Franchise Taxes	5,092	-0-	5,092
					Garbage Taxes	44,235	-0-	44,235
					Other Taxes	16,051	-0-	16,051
					Fines	95,952	-0-	95,952
					Other	765	321	1,086
					Transfers In (Out)	95,445	(95,445)	-0-
					Total General Revenues	<u>270,503</u>	<u>(95,124)</u>	<u>175,379</u>
					Change in Net Position	(61,738)	(79,193)	(140,931)
					Prior Period Adjustment	-0-	(7,981)	(7,981)
					Net Position – Beginning	896,020	2,217,545	3,113,565
					Net Position – Ending	\$ <u>834,282</u>	\$ <u>2,130,371</u>	\$ <u>2,964,653</u>

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Balance Sheet, Governmental Funds
June 30, 2020

	GENERAL
Assets	
Cash & Cash Equivalents	\$ 45,106
Receivables (Net of Allowances for Uncollectables)	12,623
Total Assets	57,729
 Liabilities	
Accounts, Salaries, & Other Payables	11,911
Total Liabilities	11,911
 Fund Balance	
Unassigned	45,818
Total Fund Balance	45,818
 Total Liabilities & Fund Balance	\$ 57,729

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, 2020

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

Fund Balance, Total Governmental Funds (Statement C)	\$ 45,818
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	848,438
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>(59,974)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 834,282</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, 2020

	GENERAL
Revenues	
Fees & Charges	\$ 51,049
Taxes:	
Ad Valorem Taxes	12,963
Franchise Taxes	5,092
Garbage Taxes	44,235
Other Taxes	16,051
Fines	95,952
Capital Grants	25,000
Miscellaneous	2,833
Total Revenues	253,175
 Expenditures	
General Government	99,117
Public Safety:	
Fire	8,115
Police	104,041
Sanitation	42,715
Street Repair	54,983
Capital Outlay	45,991
Debt Service	23,392
Total Expenditures	378,354
 Excess (Deficiency) of Revenues Over (Under) Expenditures	(125,179)
 Other Financing Sources (Uses)	
Transfers In/(Out)	95,445
Total Other Financing Sources (Uses)	95,445
 Net Change in Fund Balance	(29,734)
 Fund Balances - Beginning	75,552
Fund Balances - Ending	\$ 45,818

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2020

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

Net Change in Fund Balances, Total Governmental Funds, Statement E		\$ (29,734)									
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Capital Purchases</td> <td style="width: 20%; text-align: right;">45,991</td> <td style="width: 20%;"></td> </tr> <tr> <td>Depr. Expense</td> <td style="text-align: right;">(99,853)</td> <td></td> </tr> <tr> <td></td> <td style="border-top: 1px dashed black; text-align: right;"></td> <td style="text-align: right; border-top: 1px dashed black;">(53,862)</td> </tr> </table>	Capital Purchases	45,991		Depr. Expense	(99,853)				(53,862)	
Capital Purchases	45,991										
Depr. Expense	(99,853)										
		(53,862)									
<p>The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Debt Issued</td> <td style="width: 20%; text-align: right;">-0-</td> <td style="width: 20%;"></td> </tr> <tr> <td>Principal Paid</td> <td style="text-align: right;">21,858</td> <td></td> </tr> <tr> <td></td> <td style="border-top: 1px dashed black; text-align: right;"></td> <td style="text-align: right; border-top: 1px dashed black;">21,858</td> </tr> </table>	Debt Issued	-0-		Principal Paid	21,858				21,858	
Debt Issued	-0-										
Principal Paid	21,858										
		21,858									
Changes in Net Position of Governmental Activities, statement B		\$ <u>(61,738)</u>									

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2020

	Business-Type Activities-Enterprise Fund			Totals
	Water	Sewer	Gas	
Current Assets				
Cash & Cash Equivalents	\$ 33,586	\$ 1,670	\$ 1,510	\$ 36,766
Receivables (Net of Allowances for Uncollectibles)	42,942	3,780	2,376	49,098
Total Current Assets	<u>76,528</u>	<u>5,450</u>	<u>3,886</u>	<u>85,864</u>
Non-Current Assets				
Restricted Assets	16,085	-0-	-0-	16,085
Capital Assets (Net of Accumulated Depreciation)	706,657	1,429,010	75,813	2,211,480
Total Non-Current Assets	<u>722,742</u>	<u>1,429,010</u>	<u>75,813</u>	<u>2,227,565</u>
Total Assets	<u>799,270</u>	<u>1,434,460</u>	<u>79,699</u>	<u>2,313,429</u>
Current Liabilities				
Accounts, Salaries, & Other Payables	20,734	-0-	62,104	82,838
Total Current Liabilities	<u>20,734</u>	<u>-0-</u>	<u>62,104</u>	<u>82,838</u>
Current Liabilities Payable from Restricted Assets				
Customer Deposits	40,600	-0-	-0-	40,600
Current Bonds & Interest Payable	-0-	16,378	-0-	16,378
Total Current Liabilities Payable from Restricted Assets	<u>40,600</u>	<u>16,378</u>	<u>-0-</u>	<u>56,978</u>
Total Current Liabilities	<u>61,334</u>	<u>16,378</u>	<u>62,104</u>	<u>139,816</u>
Non-Current Liabilities				
Revenue Bonds & Notes Payable	-0-	43,242	-0-	43,242
Total Non-Current Liabilities	<u>-0-</u>	<u>43,242</u>	<u>-0-</u>	<u>43,242</u>
Total Liabilities	<u>61,334</u>	<u>59,620</u>	<u>62,104</u>	<u>183,058</u>
Net Position				
Net Investment in Capital Assets	706,657	1,369,390	75,813	2,151,860
Restricted	-0-	-0-	-0-	-0-
Unrestricted	31,279	5,450	(58,218)	(21,489)
Total Net Position	<u>\$ 737,936</u>	<u>\$ 1,374,840</u>	<u>\$ 17,595</u>	<u>\$ 2,130,371</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, 2020

	Business-Type Activities-Enterprise Fund			
	Water	Sewer	Gas	Total
Operating Revenues				
Charges for Services:				
Water Sales	\$ 204,762	\$ -0-	\$ -0-	\$ 204,762
Sewer Charges	-0-	48,740	-0-	48,740
Gas Sales	-0-	-0-	76,731	76,731
Total Operating Revenues	<u>204,762</u>	<u>48,740</u>	<u>76,731</u>	<u>330,233</u>
Operating Expenses				
Cost of Sales & Services	124,903	61	49,457	174,421
Administration	7,495	3,875	3,875	15,245
Depreciation	54,282	56,008	16,098	126,388
Total Operating Expenses	<u>186,680</u>	<u>59,944</u>	<u>69,430</u>	<u>316,054</u>
Operating Income (Loss)	18,082	(11,204)	7,301	14,179
Nonoperating Revenues (Expenses)				
Interest Earnings	321	-0-	-0-	321
Interest Expense	-0-	(2,122)	-0-	(2,122)
Total Nonoperating Revenues (Expenses)	<u>321</u>	<u>(2,122)</u>	<u>-0-</u>	<u>(1,801)</u>
Income Before Contributions & Transfers	<u>18,403</u>	<u>(13,326)</u>	<u>7,301</u>	<u>12,378</u>
Transfers In/(Out)	(31,287)	(5,948)	(58,210)	(95,445)
Capital Contributions	-0-	3,874	-0-	3,874
Change in Net Position	(12,884)	(15,400)	(50,909)	(79,193)
Prior Period Adjustment	(7,981)	-0-	-0-	(7,981)
Total Net Position - Beginning	<u>758,801</u>	<u>1,390,240</u>	<u>68,504</u>	<u>2,217,545</u>
Total Net Position - Ending	<u>\$ 737,936</u>	<u>\$ 1,374,840</u>	<u>\$ 17,595</u>	<u>\$ 2,130,371</u>

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Statement of Cash Flows
Proprietary Fund
June 30, 2020

	Business-Type Activities-Enterprise Fund			
	Water	Sewer	Gas	Total
Cash Flows from Operating Activities				
Receipts from Customers & Users	\$ 173,605	\$ 92,564	\$ 77,585	\$ 343,754
Payments to Suppliers	(127,426)	(47,136)	(17,853)	(192,415)
Payments to Employees	(7,495)	(3,875)	(3,875)	(15,245)
Net Cash Provided (Used) by Operating Activities	<u>38,684</u>	<u>41,553</u>	<u>55,857</u>	<u>136,094</u>
Cash Flows from Noncapital Financing Activities				
Transfers (to)/from Other Funds	(31,287)	(5,948)	(58,210)	(95,445)
Other Revenue	-0-	-0-	-0-	-0-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(31,287)</u>	<u>(5,948)</u>	<u>(58,210)</u>	<u>(95,445)</u>
Cash Flows from Capital & Related Financing Activities				
Capital Contributions	-0-	3,874	-0-	3,874
Principal on Capital Debt	-0-	(35,044)	-0-	(35,044)
Interest Paid on Capital Debt	-0-	(2,122)	-0-	(2,122)
Purchase of Capital Assets	-0-	(3,874)	-0-	(3,874)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>-0-</u>	<u>(37,166)</u>	<u>-0-</u>	<u>(37,166)</u>
Cash Flows from Investing Activities				
Interest and Dividends Received	321	-0-	-0-	321
Net Cash Provided (Used) by Investing Activities	<u>321</u>	<u>-0-</u>	<u>-0-</u>	<u>321</u>
Net Increase (Decrease) in Cash & Cash Equivalents	7,718	(1,561)	(2,353)	3,804
Cash & Cash Equivalents, Beginning of Year	<u>41,953</u>	<u>3,231</u>	<u>3,863</u>	<u>49,047</u>
Cash & Cash Equivalents, End of Year	<u>49,671</u>	<u>1,670</u>	<u>1,510</u>	<u>52,851</u>
Reconciliation to Balance Sheet				
Cash and Cash Equivalents	33,586	1,670	1,510	36,766
Restricted Cash	16,085	-0-	-0-	16,085
Total Cash and Cash Equivalents	<u>\$ 49,671</u>	<u>\$ 1,670</u>	<u>\$ 1,510</u>	<u>\$ 52,851</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, 2020

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)	\$ 18,082	\$ (11,204)	\$ 7,301	\$ 14,179
Depreciation Expense	54,282	56,008	16,098	126,388
(Increase) Decrease in Accounts Receivable	(25,018)	43,824	854	19,660
Increase (Decrease) in Accounts Payable	(2,523)	(47,075)	31,604	(17,994)
Increase (Decrease) in Customer Deposits	(6,139)	-0-	-0-	(6,139)
TOTAL ADJUSTMENTS	20,602	52,757	48,556	121,915
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	38,684	41,553	55,857	136,094
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, 2020

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, 2020**

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

VILLAGE OF SICILY ISLAND, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2020

CONTINUED

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, 2020**

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)

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.

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.

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

CONTINUED

		Sicily Island State Bank	
Bank Balances	\$	96,896	
Secured As Follows			
FDIC (Category 1)		96,896	
Securities (Category 2)		-0-	
Uncollateralized (Category 3)		-0-	
Total	\$	96,896	

All deposits were fully secured as of June 30, 2020.

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. 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	\$ 12,623	\$ 93,622	\$ 106,245
Allowances for Bad Debt	-0-	(1,009)	(1,009)
Total	\$ 12,623	\$ 92,613	\$ 105,236

H. 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

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020
CONTINUED**

2. AD VALOREM TAXES

For the year ended June 30, 2020, taxes of 7.63 mills were levied on property with assessed valuations totaling, \$1,262,103 and were dedicated as follows:

General Corporate Purposes	7.63
----------------------------	------

Total taxes levied were \$9,630. Taxes are due October 15 of each year and become delinquent on January 1.

3. RESTRICTED ASSETS – PROPRIETARY FUND TYPES

Restricted assets were applicable to the following at June 30, 2020:

	<u>Sewer</u>	<u>Water</u>	<u>Gas</u>	<u>Total</u>
Customer Deposits	\$ -0-	\$ 16,085	\$ -0-	\$ 16,085
Bond Reserve Account	-0-	-0-	-0-	-0-
Depreciation Reserve Account	-0-	-0-	-0-	-0-
Revenue Sinking	-0-	-0-	-0-	-0-
Total	<u>\$ -0-</u>	<u>\$ 16,085</u>	<u>\$ -0-</u>	<u>\$ 16,085</u>

4. CHANGES IN FIXED ASSETS – PROPRIETARY FUND

A summary of enterprise fund plant and equipment at June 30, 2020, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Gas System	\$ 470,381	\$ -0-	\$ -0-	\$ 470,381
Water System*	1,823,871	-0-	-0-	1,823,871
Sewer System*	2,438,411	3,874	-0-	2,442,285
Total	<u>4,732,663</u>	<u>3,874</u>	<u>-0-</u>	<u>4,736,537</u>
Less: Accumulated Depreciation	<u>(2,398,669)</u>	<u>(126,388)</u>	<u>-0-</u>	<u>(2,525,057)</u>
Net	<u>\$ 2,333,994</u>	<u>\$ (122,514)</u>	<u>\$ -0-</u>	<u>\$ 2,211,480</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.

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020
CONTINUED**

5. CHANGES IN GENERAL FIXED ASSETS – GOVERNMENTAL FUNDS

	Beginning Balance	Additions	Deletions	Ending Balance
Fixed Assets*	\$ 2,120,294	\$ 45,991	\$ -0-	\$ 2,166,285
Accumulated Depreciation	(1,217,994)	(99,853)	-0-	(1,317,847)
Net Fixed Assets	\$ 902,300	\$ (53,862)	\$ -0-	\$ 848,438

*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	\$	42,172
Fire		1,107
Police		21,362
Street		35,212
Total Depreciation	\$	99,853

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, 2020.

	Long-Term Note	Sewer Revenue Bonds
Bonds & Notes Payable - Beginning	\$ 81,832	\$ 94,664
Additions	-0-	-0-
Principal Retirements	(21,858)	(35,044)
Total	\$ 59,974	\$ 59,620

Bonds payable at June 30, 2020, are comprised of the following issues:

Long-Term Note

March 2018 the Village purchased 3 police vehicles due in 60 monthly payments of \$1,919 at an interest rate of 3.893%.

Total	\$ 59,974
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VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

CONTINUED

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%.

\$ 59,620

Total

\$ 59,620

The annual requirements to amortize all debt outstanding as of June 30, 2020, including interest payments, are as follows:

Long-Term Notes

Year Ending June 30,	Principal	Interest	Total
2021	\$ 21,071	\$ 1,961	\$ 23,032
2022	21,906	1,126	23,032
2023	16,995	277	17,272
2024	-0-	-0-	-0-
2025	-0-	-0-	-0-
Total	\$ 59,972	\$ 3,364	\$ 63,336

Revenue Bonds

Year Ending June 30,	Principal	Interest	Total
2021	16,378	1,622	18,000
2022	16,895	1,105	18,000
2023	17,428	572	18,000
2024	9,000	81	9,081
2025	-0-	-0-	-0-
Total	\$ 59,701	\$ 3,380	\$ 63,081

VILLAGE OF SICILY ISLAND, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

CONTINUED

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

<u>Name</u>	<u>Title</u>	<u>Annualized Salary</u>
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

10. TRANSFERS BETWEEN FUNDS

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Transfers In (Out)	\$ 95,445	\$ (95,445)

Transfers were made for operational purposes.

11. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to correct restricted assets in the Enterprise Fund.

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

CONTINUED

12. EXCESS EXPENDITURES OVER APPROPRIATION

The Village over spent it's budget by \$52,716 or 16.2% because expenditures for street improvements were not budgeted.

13. CONTINGENCIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public place and businesses. The coronavirus and actions taken to mitigate it have had and are expected to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Village operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Village anticipates this could negatively affect its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

14. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date through, March 2, 2021, 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, 2020

	Budget Amounts		Actual Amounts Budgetary Basis	Differences Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees & Charges	\$ 16,600	\$ 23,000	\$ 51,049	\$ 28,049
Taxes	80,600	80,500	78,341	(2,159)
Fines	135,000	120,000	95,952	(24,048)
Grants	-0-	-0-	25,000	25,000
Other	8,400	2,100	2,833	733
Total Revenues	240,600	225,600	253,175	27,575
Expenditures				
General Government	82,650	72,375	99,117	(26,742)
Fire	7,240	10,875	8,115	2,760
Public Safety	154,713	127,025	104,041	22,984
Sanitation	39,600	39,600	42,715	(3,115)
Street Repair	67,025	52,375	54,983	(2,608)
Capital Outlay	-0-	-0-	45,991	(45,991)
Debt Service	-0-	23,388	23,392	(4)
Total Expenditures	351,225	325,638	378,354	(52,716)
Excess (Deficiency) of Revenues Over Under Expenditures	(110,628)	(100,038)	(125,179)	(25,141)
Other Financing Sources (Uses)				
Transfers In/(Out)	110,000	110,000	95,445	(14,555)
Total Other Financing Sources (Uses)	110,000	110,000	95,445	(14,555)
Net Change in Fund Balance	\$ (628)	\$ 9,962	(29,734)	\$ (39,696)
Fund Balances - Beginning			75,552	
Fund Balances - Ending			\$ 45,818	

The accompanying notes are an integral part of this statement.



Other 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, 2020**

Honorable Walter Krause, Mayor

Purpose	Amount
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, Louisiana
Schedule of Assets, Liabilities, & Equity
Capital Grants
For the Year Ended June 30, 2020**

		LCDBG FUNDS
ASSETS		
Cash	\$	-0-
Grant Revenues Receivable		-0-
TOTAL ASSETS		-0-
LIABILITIES & FUND EQUITY		
Accounts Payable		-0-
Due To Village		-0-
Unearned Revenue		-0-
TOTAL LIABILITIES		-0-
FUND BALANCE		-0-
TOTAL LIABILITIES & FUND BALANCE	\$	-0-

LCDBG – Louisiana Community Development Block Grant

See independent auditor’s report.

**Village of Sicily Island, Louisiana
Schedule of Revenues, Expenditures &
Changes in Fund Balances
Capital Grants
For the Year Ended June 30, 2020**

	LCDBG FUNDS
REVENUES	
LCDBG Program	\$ 3,874
TOTAL REVENUES	3,874
EXPENDITURES	
Administrative Services	3,874
Engineering Services	-0-
Project Construction	-0-
TOTAL EXPENDITURES	3,874
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-0-
FUND BALANCES--BEGINNING	-0-
FUND BALANCES--ENDING	\$ -0-

LCDBG – Louisiana Community Development Block Grant

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, 2020, 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 March 2, 2021.

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 [2020-3 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 accompany Schedule of Findings and Questioned Costs as item **[2020-1 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: **2020-2 Budget Variance, 2020-4 Restricted Cash and Customer Deposits Liability, 2020-5 Annual Filing of Financial Statements, 2020-6 Certified Gas Operator, and 2020-7 Financial Disclosures and Ethics Training.**

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

March 2, 2021

Jena, Louisiana

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2020**

We have audited the basic financial statements of the Village of Sicily Island, Louisiana, as of and for the year ended June 30, 2020, and have issued our report thereon dated March 2, 2021. 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, 2020, 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, 2020**

Section II - Financial Statement Findings

2020-1 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.

2020-2 Budget Variance (Compliance)

Condition: The Village had an unfavorable expenditure variance of \$52,716 or 16.19% in its general fund budget for the year ended June 30, 2020.

Criteria: The Budget Act requires that budgets be amended when the variance exceeds 5%.

Cause of Condition: Under budgeting expenditures.

Effect of Condition: Violating the Budget Act.

Recommendation: The Village should amend its budget when there is an unfavorable variance in revenue or expenditures of more than 5%.

Client Response: The Village will amend its budget when there is an unfavorable revenue or expenditure variance of more than 5%.

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2020**

Section II - Financial Statement Findings (Continued)

2020-3 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. 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: The Village will change the billing rates on the billing computer to match the Village's ordinances.

2020-4 Restricted Cash and Customer Deposits Liability (Compliance)

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.

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

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2020**

Section II - Financial Statement Findings (Continued)

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.

2020-5 Annual Filing of Financial Statements (Compliance)

Condition: The Village did not file their financial statements with the Legislative Auditor on a timely basis.

Criteria: LSA-RS 24, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable, require that governmental units file their financial statements annually with the Legislative Auditor's Office within six months of the entity's year end closing.

Cause of Condition: Not having the financial statements completed on time.

Potential Effect of Condition: Compliance finding and a freeze on grant funding.

Recommendation: The Village should have their audit completed in time to file with the Legislative Auditor's Office within six months of the Village's year end closing.

Client Response: Because of the challenges brought on by the corona virus and turnover in the Village clerk's office, the Village was behind getting their books and records in order. The Village will have their audit completed in time to file with the Legislative Auditor's Office within six months of the Village's year end closing.

2020-6 Certified Gas Operator (Compliance)

Condition: The Village operates a utility gas system but does not have a certified gas operator.

Criteria: Municipalities that operate a utility gas system are required to have a certified gas operator to manage the system.

Cause of Condition: Gas operator not certified.

Potential Effect of Condition: Noncompliance with State requirements.

Recommendation: The Village should have its gas operator certified.

Client Response: The Village is in the process of having its gas operator certified.

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2020**

Section II - Financial Statement Findings (Continued)

2020-7 Financial Disclosures and Ethics Training (Compliance)

Condition: Some of the town elected officials did not perform financial disclosures and ethics training in 2020.

Criteria: Elected officials are required to file financial disclosures and obtain ethics training each year.

Cause of Condition: The challenges of COVID 19 epidemic.

Potential Effect of Condition: Compliance violation.

Recommendation: The Village elected officials should perform financial disclosures and ethics training each year.

Client Response: The Village elected officials will perform financial disclosures and ethics training each year.

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:

2020-1 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

2020-2 Budget Variance

Finding: The Village had an unfavorable expenditure variance of \$52,716 or 16.19% in its general fund budget for the year ended June 30, 2020. The Budget Act requires that budgets be amended when the variance exceeds 5%.

Corrective Action: The Village will amend its budget when there is an unfavorable revenue or expenditure variance of more than 5%.

Contact Person: Walter Krause

Anticipated Completion Date: June 30, 2021

VILLAGE OF SICILY ISLAND, LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS

FINDINGS (CONTINUED):

2020-3 Utility Billing Rates

Finding: The Village has not updated the gas utility rates on the Village's utility billing computer per Ordinance No. 118. 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. Village Ordinance Number 118 states that the gas utility rate charged to customers will be \$4.50 per MCF above the rate the Village pays for gas (per MCF) from its supplier, changing on a monthly basis. Village Ordinance No. 149 for water usage states that a base fee of \$0.00 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.

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, 2021

2020-4 Restricted Cash and Customer Deposits Liability

Finding: 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. 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, 2021

VILLAGE OF SICILY ISLAND, LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS

FINDINGS (CONTINUED):

2020-5 Annual Filing of Financial Statements

Finding: The Village did not file their financial statements with the Legislative Auditor on a timely basis. LSA-RS 24, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable, require that governmental units file their financial statements annually with the Legislative Auditor's Office within six months of the entity's year end closing.

Corrective Action: Because of the challenges brought on by the corona virus and turnover in the Village clerk's office, the Village was behind getting their books and records in order. The Village will have their audit completed in time to file with the Legislative Auditor's Office within six months of the Village's year end closing.

Contact Person: Walter Krause

Anticipated Completion Date: June 30, 2021

2020-6 Certified Gas Operator (Compliance)

Finding: The Village operates a utility gas system but does not have a certified gas operator. Municipalities that operate a utility gas system is required to have a certified gas operator to manage the system.

Corrective Action: The Village is in the process of having its gas operator certified.

Contact Person: Walter Krause

Anticipated Completion Date: June 30, 2021

2020-7 Financial Disclosures and Ethics Training (Compliance)

Finding: Some of the town elected officials did not perform financial disclosures and ethics training in 2020. Elected officials are required to file financial disclosures and obtain ethics training each year.

Corrective Action: The Village elected officials will perform financial disclosures and ethics training each year.

Contact Person: Walter Krause

Anticipated Completion Date: June 30, 2021

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

2020-8 Cooperative Endeavor Agreement or Written Policy

Condition: Village police officers take police vehicles out of village limits and go on calls with the sheriff's department.

Criteria: Good policies and procedures require the Village to have a cooperative agreement with the sheriff's office or a written policy of when police vehicles can be used outside of the village limits.

Cause of Condition: Providing safety services to other law enforcement agencies with out a policy in place.

Potential Effect of Condition: Police vehicles used for personal or other unauthorized purposes.

Recommendation: We recommend the Village to get a cooperative agreement with the sheriff's office or a written policy of when police vehicles can be used outside of village limits.

Client Response: The Village will get a cooperative agreement with the sheriff's office or a written policy of when police vehicles can be used outside of village limits.

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
JUNE 30, 2020**

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, 2019.

Prior Year Findings

2019-1 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: 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.

2019-2 Default on Enterprise Bond Debt (Resolved)

Condition: The Village is delinquent approximately \$22,500 servicing the enterprise bond debt.

Criteria: Principal due of \$94,664 and accrued interest of \$3,334 to U.S. Bank National Association due in monthly installments of \$1,500 through December 2, 2023, with an interest rate of 3%.

Cause of Condition: Lack of funds to service debt.

Effect of Condition: Total debt may be called in the short term.

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
JUNE 30, 2020**

MANAGEMENT’S SUMMARY OF PRIOR YEAR FINDINGS (CONTINUED...)

Recommendation: The Village should make payment to the bond company and remain current in making monthly payments per its amortization schedule.

Client Response: The Village will make payment to the bond company and remain current in making monthly payments per its amortization schedule when funds are available to do so.

2019-3 Restricted Cash and Customer Deposits Liability (Unresolved)

Condition: The Village currently has a customer liability of \$46,739 and cash set aside, or restricted, for the liability in the amount of \$21,004.

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.

2019-4 Default on Gas Supply Agreement (Resolved)

Condition: The Village is in default of an agreement with its gas purchasing distributor. The Village owes \$30,499.73 to its gas distributor as of June 30, 2019.

Criteria: On June 13, 2018, the Village entered into a written agreement with its gas purchasing distributor to pay each “monthly billing statement” submitted to the Village by LMGA pursuant to Article V, Section 5.3 of the “Gas Supply, Transportation, Storage and Loan Management Agreement”. In addition, the Village agrees to pay an additional sum of \$4,000 until the Village is current.

Cause of Condition: Poor financial condition and lack of funds by the Village.

Effect of Condition: Gas purchases cut off.

Recommendation: The Village should look to additional funding sources that will allow the Village to become current with its gas supplier.

Client Response: The Village will look for additional funding sources that will allow the Village to become current with its gas supplier.