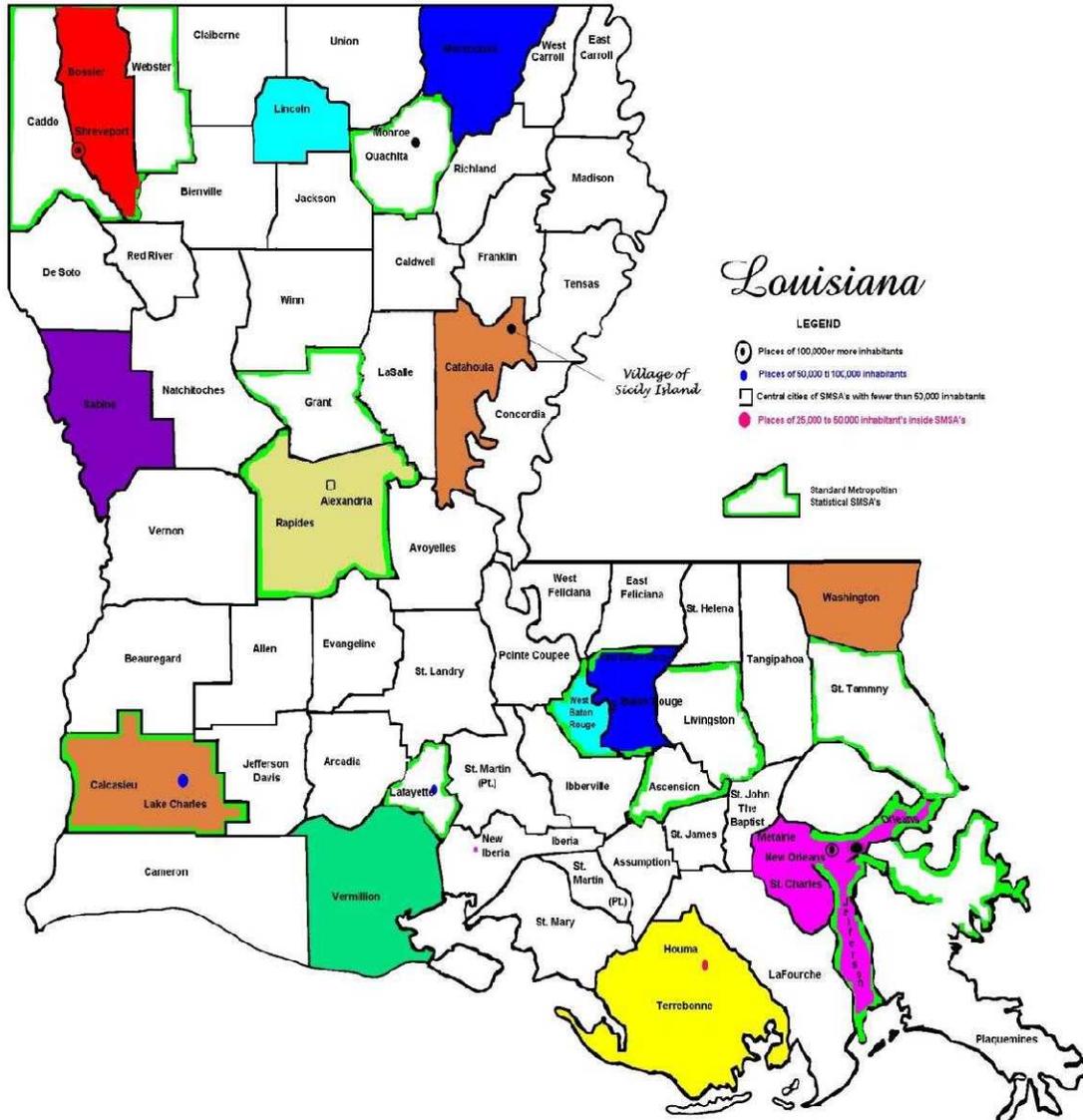


**VILLAGE OF SICILY ISLAND, LOUISIANA**

**Annual Financial Statements**

**JUNE 30, 2021**

# VILLAGE OF SICILY ISLAND SICILY ISLAND, LOUISIANA



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, 2021**

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### MEMBERS

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Society of Louisiana  
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Association of  
Certified Fraud Examiners

## **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, 2021, 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, 2021, 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.

### *Supplemental 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, Justice System Funding Schedule, 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, Justice System Funding Schedule, and Schedule of Capital Grants are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer, Justice System Funding Schedule, 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 November 29, 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*

Jena, Louisiana  
November 29, 2021

# Village of Sicily Island

101 Sicily Ave  
Sicily Island, Louisiana 71368  
Tel: (318) 389-4472  
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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2021. 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 \$738,573 (*net position*). This is a \$95,709 decrease from last year.
- The Village had total revenue of \$308,056. This is a \$54,881 increase from last year's revenues, mainly due to an increase in general revenue in the amount of \$73,939.
- The Village had total expenditures of \$443,446, which is a \$65,092 increase from last year, mainly due to an increase in operating expenditures in the amount of \$111,083.

#### *Enterprise Funds*

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$1,994,063 (*net position*). This is a \$136,308 decrease from last year.
- The Village had total revenue of \$328,213, including operating revenues of \$328,101, non-operating revenues of \$112, and capital contributions of \$0. This is a \$2,341 decrease from last year, mainly due to a decrease in water sales in the amount of \$51,604.
- The Village had total expenses of \$320,798, including operating expenses of \$319,618 and non-operating expenses of \$1,180. This is a \$2,622 increase from last year, mainly due to an increase in cost of administration expense in the amount of \$13,551.

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## **MD&A**

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### **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.

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## MD&A

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### Governmental Funds

#### Comparative Statement of Net Position as of June 30, 2021:

	<u>2020</u>	<u>2021</u>	<u>% Change</u>
Current Assets	\$ 57,729	\$ 78,336	35.7
Restricted Assets	-0-	-0-	0.0
Noncurrent Assets	848,438	748,466	-11.8
<b>Total Assets</b>	<u>906,167</u>	<u>826,802</u>	-8.8
Current Liabilities	32,982	71,232	116.0
Long-term Liabilities	38,903	16,997	-56.3
<b>Total Liabilities</b>	<u>71,885</u>	<u>88,229</u>	22.7
<b>Net Position</b>			
Net Investment in Capital Assets	788,464	709,563	-10.0
Restricted	-0-	-0-	0.0
Unrestricted	45,818	29,010	-36.7
<b>Total Net Position</b>	<u>\$ 834,282</u>	<u>\$ 738,573</u>	-11.5

#### Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2021:

	<u>2020</u>	<u>2021</u>	<u>% Change</u>
<b>Revenues</b>			
Program Revenues	\$ 51,049	\$ 31,925	-37.5
General Revenues	177,126	251,065	41.7
Capital Grants	25,000	25,066	0.3
<b>Total Revenues</b>	<u>253,175</u>	<u>308,056</u>	21.7
<b>Expenditures</b>			
Operating Expenditures	308,971	420,054	36.0
Capital Outlay	45,991	-0-	-100.0
Debt Service	23,392	23,392	0.0
<b>Total Expenditures</b>	<u>378,354</u>	<u>443,446</u>	17.2
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(125,179)	(135,390)	8.2
<b>Other Financing Sources (Uses)</b>			
Transfers In/(Out)	95,445	118,582	24.2
<b>Total Other Financing Sources (Uses)</b>	<u>95,445</u>	<u>118,582</u>	24.2
<b>Net Change in Fund Balance</b>	(29,734)	(16,808)	-43.5
<b>Fund Balance - Beginning</b>	<u>75,552</u>	<u>45,818</u>	-39.4
<b>Fund Balance - Ending</b>	<u>\$ 45,818</u>	<u>\$ 29,010</u>	-36.7

## MD&A

### Enterprise Funds

Comparative Statement of Net Position as of June 30, 2021:

Assets	2020	2021	% Change
Cash	\$ 36,766	\$ 7,534	-79.5
Receivables (Net)	49,098	20,166	-58.9
Restricted Assets	16,085	20,207	25.6
Capital Assets, Net of Accumulated Depreciation	2,211,480	2,095,653	-5.2
<b>Total Assets</b>	<b>2,313,429</b>	<b>2,143,560</b>	<b>-7.3</b>
<b>Liabilities &amp; Net Position</b>			
Accounts, Salaries, & Other Payables	82,838	63,375	-23.5
Customer Deposits	40,600	44,822	10.4
Current Bonds & Interest Payable	16,378	16,895	3.2
Bonds Payable	43,242	24,405	-43.6
<b>Total Liabilities</b>	<b>183,058</b>	<b>149,497</b>	<b>-18.3</b>
<b>Net Position</b>			
Net Investment in Capital Assets	2,151,860	2,054,353	-4.5
Restricted	-0-	-0-	0.0
Unrestricted	(21,489)	(60,290)	180.6
<b>Total Net Position</b>	<b>\$ 2,130,371</b>	<b>\$ 1,994,063</b>	<b>-6.4</b>

Comparative Statement of Revenues, Expenses & Changes in Net Position for the year ended June 30, 2021:

Operating Revenues	2020	2021	% Change
Water Sales	\$ 204,762	\$ 153,158	-25.2
Sewer Charges	48,740	42,460	-12.9
Gas Sales	76,731	132,483	72.7
<b>Total Operating Revenues</b>	<b>330,233</b>	<b>328,101</b>	<b>-0.6</b>
<b>Operating Expenses</b>			
Cost of Sales & Services	174,421	174,995	0.3
Administration	15,245	28,796	88.9
Depreciation	126,388	115,827	-8.4
<b>Total Operating Expenses</b>	<b>316,054</b>	<b>319,618</b>	<b>1.1</b>
<b>Operating Income (Loss)</b>	<b>14,179</b>	<b>8,483</b>	<b>-40.2</b>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Earnings	321	112	-65.1
Interest Expense	(2,122)	(1,180)	-44.4
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(1,801)</b>	<b>(1,068)</b>	<b>-40.7</b>
<b>Income Before Contributions &amp; Transfers</b>	<b>12,378</b>	<b>7,415</b>	<b>-40.1</b>
<b>Transfers In/(Out)</b>	<b>(95,445)</b>	<b>(118,582)</b>	<b>24.2</b>
<b>Capital Contributions</b>	<b>-0-</b>	<b>-0-</b>	<b>0.0</b>
<b>Change in Net Position</b>	<b>(83,067)</b>	<b>(111,167)</b>	<b>33.8</b>
Prior Period Adjustment	(4,107)	(25,141)	512.1
<b>Total Net Position - Beginning</b>	<b>2,217,545</b>	<b>2,130,371</b>	<b>-3.9</b>
<b>Total Net Position - Ending</b>	<b>\$ 2,130,371</b>	<b>\$ 1,994,063</b>	<b>-6.4</b>

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## MD&A

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### CAPITAL ASSETS

#### *Capital Assets – Governmental Funds*

At June 30, 2021, the Village had \$748,466 invested in capital assets, including the following:

<b>Capital Assets at Year-End</b>		
	<u>2020</u>	<u>2021</u>
Land*	\$ 13,000	\$ 13,000
Capital Assets	2,153,285	2,153,285
Accumulated Depreciation	(1,317,847)	(1,417,819)
<b>Total</b>	<u>\$ 848,438</u>	<u>\$ 748,466</u>

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

#### *Capital Assets – Enterprise Funds*

At June 30, 2021, the Village had \$2,095,654 invested in capital assets, including the following:

<b>Capital Assets at Year-End</b>		
	<u>2020</u>	<u>2021</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	(2,525,057)	(2,640,883)
<b>Total</b>	<u>\$ 2,211,480</u>	<u>\$ 2,095,654</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, 2021.

	<u>Governmental Fund</u>	<u>Enterprise Fund</u>
	<u>Capital Lease</u>	<u>Sewer Revenue Bonds</u>
Bonds & Notes Payable - Beginning	\$ 59,974	\$ 59,620
Additions	-0-	-0-
Principal Retirements	(21,071)	(18,320)
<b>Total</b>	<u>\$ 38,903</u>	<u>\$ 41,300</u>

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**MD&A**

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Bonds payable at June 30, 2021, are comprised of the following issues:

*Capital Lease*

March 2018 the Village purchased 3 police vehicles due in 60 monthly payments of \$1,919 at an interest rate of 3.893%.	\$ <u>38,903</u>
<b>Total</b>	\$ <u>38,903</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>41,300</u>
<b>Total</b>	\$ <u>41,300</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, 2021**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS- TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>Assets</b>			
Cash & Cash Equivalents	\$ 35,475	\$ 7,534	\$ 43,009
Receivables (Net of Allowances)	42,861	20,166	63,027
Restricted Assets	-0-	20,207	20,207
Capital Assets (Net of Accumulated Depreciation)	748,466	2,095,653	2,844,119
<b>Total Assets</b>	<u>826,802</u>	<u>2,143,560</u>	<u>2,970,362</u>
<b>Current Liabilities</b>			
Accounts, Salaries, & Other Payables	49,326	63,375	112,701
Customer Deposits	-0-	44,822	44,822
Capital Lease	21,906	-0-	21,906
Revenue Bonds Payable	-0-	16,895	16,895
<b>Total Current Liabilities</b>	<u>71,232</u>	<u>125,092</u>	<u>196,324</u>
<b>Non Current Liabilities</b>			
Revenue Bonds Payable	-0-	24,405	24,405
Capital Lease	16,997	-0-	16,997
<b>Total Non Current Liabilities</b>	<u>16,997</u>	<u>24,405</u>	<u>41,402</u>
<b>Total Liabilities</b>	<u>88,229</u>	<u>149,497</u>	<u>237,726</u>
<b>Net Position</b>			
Net Investment in Capital Assets	709,563	2,054,353	2,763,916
Restricted	-0-	-0-	-0-
Unrestricted	29,010	(60,290)	(31,280)
<b>Total Net Position</b>	<u>\$ 738,573</u>	<u>\$ 1,994,063</u>	<u>\$ 2,732,636</u>

The accompanying notes are an integral part of this statement.



**Village of Sicily Island, Louisiana**  
**Balance Sheet, Governmental Funds**  
**June 30, 2021**

	<b>GENERAL</b>
<b>Assets</b>	
Cash & Cash Equivalents	\$ 35,475
Receivables (Net of Allowances for Uncollectables)	42,861
<b>Total Assets</b>	78,336
 <b>Liabilities</b>	
Accounts, Salaries, & Other Payables	49,326
<b>Total Liabilities</b>	49,326
 <b>Fund Balance</b>	
Unassigned	29,010
<b>Total Fund Balance</b>	29,010
 <b>Total Liabilities &amp; Fund Balance</b>	\$ 78,336

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, 2021**

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

Fund Balance, Total Governmental Funds (Statement C)	\$ 29,010
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	748,466
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>(38,903)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 738,573</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, 2021**

	<b>GENERAL</b>
<b>Revenues</b>	
Fees & Charges	\$ 31,925
Taxes:	
Ad Valorem Taxes	10,582
Franchise Taxes	4,575
Garbage Taxes	59,696
Road Taxes	23,879
Other Taxes	3,242
Fines	125,386
Capital Grants	25,066
Miscellaneous	23,705
<b>Total Revenues</b>	<b>308,056</b>
 <b>Expenditures</b>	
General Government	129,227
Public Safety:	
Fire	16,988
Police	128,063
Sanitation	38,881
Street Repair	106,895
Capital Outlay	-0-
Debt Service	23,392
<b>Total Expenditures</b>	<b>443,446</b>
 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(135,390)</b>
 <b>Other Financing Sources (Uses)</b>	
Transfers In/(Out)	118,582
<b>Total Other Financing Sources (Uses)</b>	<b>118,582</b>
 <b>Net Change in Fund Balance</b>	<b>(16,808)</b>
 <b>Fund Balances - Beginning</b>	<b>45,818</b>
<b>Fund Balances - Ending</b>	<b>\$ 29,010</b>

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, 20201**

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ (16,808)
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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.

Capital Purchases	-0-	
Depr. Expense	(100,165)	
	(100,165)	(100,165)

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.

Debt Issued	-0-	
Principal Paid	21,071	
	21,071	21,071

Changes in Net Position of Governmental Activities, statement B	\$ <u>(95,902)</u>
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The accompanying notes are an integral part of this statement.

**Village of Sicily Island, Louisiana**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2021**

	<b>Business-Type Activities-Enterprise Fund</b>			<b>Totals</b>
	<b>Water</b>	<b>Sewer</b>	<b>Gas</b>	
<b>Current Assets</b>				
Cash & Cash Equivalents	\$ 6,364	\$ 276	\$ 894	\$ 7,534
Receivables (Net of Allowances for Uncollectibles)	13,628	3,389	3,149	20,166
<b>Total Current Assets</b>	<u>19,992</u>	<u>3,665</u>	<u>4,043</u>	<u>27,700</u>
<b>Non-Current Assets</b>				
Restricted Assets	20,207	-0-	-0-	20,207
Capital Assets (Net of Accumulated Depreciation)	661,593	1,372,912	61,148	2,095,653
<b>Total Non-Current Assets</b>	<u>681,800</u>	<u>1,372,912</u>	<u>61,148</u>	<u>2,115,860</u>
<b>Total Assets</b>	<u>701,792</u>	<u>1,376,577</u>	<u>65,191</u>	<u>2,143,560</u>
<b>Current Liabilities</b>				
Accounts, Salaries, & Other Payables	4,931	110	58,334	63,375
<b>Total Current Liabilities</b>	<u>4,931</u>	<u>110</u>	<u>58,334</u>	<u>63,375</u>
<b>Current Liabilities Payable from Restricted Assets</b>				
Customer Deposits	44,822	-0-	-0-	44,822
Current Bonds	-0-	16,895	-0-	16,895
<b>Total Current Liabilities Payable from Restricted Assets</b>	<u>44,822</u>	<u>16,895</u>	<u>-0-</u>	<u>61,717</u>
<b>Total Current Liabilities</b>	<u>49,753</u>	<u>17,005</u>	<u>58,334</u>	<u>125,092</u>
<b>Non-Current Liabilities</b>				
Revenue Bonds & Notes Payable	-0-	24,405	-0-	24,405
<b>Total Non-Current Liabilities</b>	<u>-0-</u>	<u>24,405</u>	<u>-0-</u>	<u>24,405</u>
<b>Total Liabilities</b>	<u>49,753</u>	<u>41,410</u>	<u>58,334</u>	<u>149,497</u>
<b>Net Position</b>				
Net Investment in Capital Assets	661,593	1,331,612	61,148	2,054,353
Restricted	-0-	-0-	-0-	-0-
Unrestricted	(9,554)	3,555	(54,291)	(60,290)
<b>Total Net Position</b>	<u>\$ 652,039</u>	<u>\$ 1,335,167</u>	<u>\$ 6,857</u>	<u>\$ 1,994,063</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, 2021**

	<b>Business-Type Activities-Enterprise Fund</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Gas</b>	<b>Total</b>
<b>Operating Revenues</b>				
Charges for Services:				
Water Sales	\$ 153,158	\$ -0-	\$ -0-	\$ 153,158
Sewer Charges	-0-	42,460	-0-	42,460
Gas Sales	-0-	-0-	132,483	132,483
<b>Total Operating Revenues</b>	<u>153,158</u>	<u>42,460</u>	<u>132,483</u>	<u>328,101</u>
<b>Operating Expenses</b>				
Cost of Sales & Services	125,993	4,505	44,497	174,995
Administration	21,046	3,875	3,875	28,796
Depreciation	45,064	56,098	14,665	115,827
<b>Total Operating Expenses</b>	<u>192,103</u>	<u>64,478</u>	<u>63,037</u>	<u>319,618</u>
<b>Operating Income (Loss)</b>	(38,945)	(22,018)	69,446	8,483
<b>Nonoperating Revenues (Expenses)</b>				
Interest Earnings	112	-0-	-0-	112
Interest Expense	-0-	(1,180)	-0-	(1,180)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>112</u>	<u>(1,180)</u>	<u>-0-</u>	<u>(1,068)</u>
<b>Income Before Contributions &amp; Transfers</b>	<u>(38,833)</u>	<u>(23,198)</u>	<u>69,446</u>	<u>7,415</u>
Transfers In/(Out)	(21,923)	(16,475)	(80,184)	(118,582)
Capital Contributions	-0-	-0-	-0-	-0-
<b>Change in Net Position</b>	(60,756)	(39,673)	(10,738)	(111,167)
Prior Period Adjustment	(25,141)	-0-	-0-	(25,141)
<b>Total Net Position - Beginning</b>	<u>737,936</u>	<u>1,374,840</u>	<u>17,595</u>	<u>2,130,371</u>
<b>Total Net Position - Ending</b>	<u>\$ 652,039</u>	<u>\$ 1,335,167</u>	<u>\$ 6,857</u>	<u>\$ 1,994,063</u>

The accompanying notes are an integral part of this statement.

**Village of Sicily Island, Louisiana**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**June 30, 2021**

	<b>Business-Type Activities-Enterprise Fund</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Gas</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers & Users	\$ 161,553	\$ 42,851	\$ 131,710	\$ 336,114
Payments to Suppliers	(141,796)	(4,395)	(48,267)	(194,458)
Payments to Employees	(21,046)	(3,875)	(3,875)	(28,796)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(1,289)</u>	<u>34,581</u>	<u>79,568</u>	<u>112,860</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers (to)/from Other Funds	(21,923)	(16,475)	(80,184)	(118,582)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(21,923)</u>	<u>(16,475)</u>	<u>(80,184)</u>	<u>(118,582)</u>
<b>Cash Flows from Capital &amp; Related Financing Activities</b>				
Capital Contributions	-0-	-0-	-0-	-0-
Principal on Capital Debt	-0-	(18,320)	-0-	(18,320)
Interest Paid on Capital Debt	-0-	(1,180)	-0-	(1,180)
Purchase of Capital Assets	-0-	-0-	-0-	-0-
<b>Net Cash Provided (Used) by Capital &amp; Related Financing Activities</b>	<u>-0-</u>	<u>(19,500)</u>	<u>-0-</u>	<u>(19,500)</u>
<b>Cash Flows from Investing Activities</b>				
Interest and Dividends Received	112	-0-	-0-	112
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>112</u>	<u>-0-</u>	<u>-0-</u>	<u>112</u>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	(23,100)	(1,394)	(616)	(25,110)
<b>Cash &amp; Cash Equivalents, Beginning of Year</b>	49,671	1,670	1,510	52,851
<b>Cash &amp; Cash Equivalents, End of Year</b>	<u>26,571</u>	<u>276</u>	<u>894</u>	<u>27,741</u>
<b>Reconciliation to Balance Sheet</b>				
Cash and Cash Equivalents	6,364	276	894	7,534
Restricted Cash	20,207	-0-	-0-	20,207
<b>Total Cash and Cash Equivalents</b>	<u>\$ 26,571</u>	<u>\$ 276</u>	<u>\$ 894</u>	<u>\$ 27,741</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, 2021**

**Reconciliation**

<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>Business-Type Activities-Enterprise Fund</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Gas</b>	<b>Total</b>
Operating Income (Loss)	\$ (38,945)	\$ (22,018)	\$ 69,446	\$ 8,483
Depreciation Expense	45,064	56,098	14,665	115,827
(Increase) Decrease in Accounts Receivable	4,173	391	(773)	3,791
Increase (Decrease) in Accounts Payable	(15,803)	110	(3,770)	(19,463)
Increase (Decrease) in Customer Deposits	4,222	-0-	-0-	4,222
<b>TOTAL ADJUSTMENTS</b>	<b>37,656</b>	<b>56,599</b>	<b>10,122</b>	<b>104,377</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(1,289)</b>	<b>34,581</b>	<b>79,568</b>	<b>112,860</b>
<b>LISTING OF NONCASH INVESTING, CAPITAL, &amp; FINANCIAL ACTIVITIES</b>				
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, 2021

### 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, 2021**

**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, 2021

### 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, 2021**

**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 Town'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, 2021**

**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:

	<b>General Fund</b>	<b>Enterprise Funds</b>	<b>Total</b>
Accounts Receivable	\$ 42,861	\$ 47,590	\$ 90,451
Allowances for Bad Debt	-0-	(27,424)	(27,424)
<b>Total</b>	\$ 42,861	\$ 20,166	\$ 63,027

**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, 2021  
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.

		<b>Sicily Island State Bank</b>
<b>Bank Balances</b>	\$	108,285
<b><i>Secured As Follows</i></b>		
FDIC ( <i>Category 1</i> )		108,285
Securities ( <i>Category 2</i> )		-0-
Uncollateralized ( <i>Category 3</i> )		-0-
<b>Total</b>	\$	108,285

All deposits were fully secured as of June 30, 2021.

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, 2021  
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, 2021, taxes of 7.73 mills were levied against property having a valuation of some \$1,402,780 which produced some \$10,843 in revenue.

Ad Valorem Taxes are broken down as follows:

	<u>Mills</u>
General Alimony	7.73
<b>Total</b>	<u>7.73</u>

**4. RESTRICTED ASSETS – PROPRIETARY FUND TYPES**

Restricted assets were applicable to the following at June 30, 2021:

	<u>Sewer</u>	<u>Water</u>	<u>Gas</u>	<u>Total</u>
Customer Deposits	\$ -0-	\$ 20,207	\$ -0-	\$ 20,207
Bond Reserve Account	-0-	-0-	-0-	-0-
Depreciation Reserve Account	-0-	-0-	-0-	-0-
Revenue Sinking	-0-	-0-	-0-	-0-
<b>Total</b>	<u>\$ -0-</u>	<u>\$ 20,207</u>	<u>\$ -0-</u>	<u>\$ 20,207</u>

**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:

	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
Accounts Receivable	\$ 42,861	\$ 47,590	\$ 90,451
Allowances for Bad Debt	-0-	(27,424)	(27,424)
<b>Total</b>	<u>\$ 42,861</u>	<u>\$ 20,166</u>	<u>\$ 63,027</u>

**VILLAGE OF SICILY ISLAND, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021  
CONTINUED**

**6. CHANGES IN FIXED ASSETS – PROPRIETARY FUND**

A summary of enterprise fund plant and equipment at June 30, 2021, 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*	2,442,285	-0-	-0-	2,442,285
<b>Total</b>	<u>4,736,537</u>	<u>-0-</u>	<u>-0-</u>	<u>4,736,537</u>
Less: Accumulated Depreciation	<u>(2,525,057)</u>	<u>(115,826)</u>	<u>-0-</u>	<u>(2,640,883)</u>
<b>Net</b>	<u>\$ 2,211,480</u>	<u>\$ (115,826)</u>	<u>\$ -0-</u>	<u>\$ 2,095,654</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**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Fixed Assets*	\$ 2,166,285	\$ -0-	\$ -0-	\$ 2,166,285
Accumulated Depreciation	<u>(1,317,654)</u>	<u>(100,165)</u>	<u>-0-</u>	<u>(1,417,819)</u>
<b>Net Fixed Assets</b>	<u>\$ 848,631</u>	<u>\$ (100,165)</u>	<u>\$ -0-</u>	<u>\$ 748,466</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	\$ 40,674
Fire	618
Police	21,362
Street	37,511
<b>Total Depreciation</b>	<u>\$ 100,165</u>

**VILLAGE OF SICILY ISLAND, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021  
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, 2021.

	<u>Governmental Fund</u>		<u>Enterprise Fund</u>
	<u>Capital Lease</u>		<u>Sewer Revenue Bonds</u>
Bonds & Notes Payable - Beginning	\$ 59,974	\$	59,620
Additions	-0-		-0-
Principal Retirements	(21,071)		(18,320)
<b>Total</b>	<u>\$ 38,903</u>	<u>\$</u>	<u>41,300</u>

Bonds payable at June 30, 2021, are comprised of the following issues:

**Capital Lease**

March 2018 the Village purchased 3 police vehicles due in 60 monthly payments of \$1,919 at an interest rate of 3.893%.	\$ <u>38,903</u>
<b>Total</b>	<u>\$ 38,903</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>41,300</u>
<b>Total</b>	<u>\$ 41,300</u>

The annual requirements to amortize all debt outstanding as of June 30, 2021, including interest payments, are as follows:

**Capital Lease**

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 21,906	\$ 1,126	\$ 23,032
2023	16,997	277	17,274
2024	-0-	-0-	-0-
2025	-0-	-0-	-0-
2026	-0-	-0-	-0-
<b>Total</b>	<u>\$ 38,903</u>	<u>\$ 1,403</u>	<u>\$ 40,306</u>

**VILLAGE OF SICILY ISLAND, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

CONTINUED

**Sewer Revenue Bonds**

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	16,895	1,105	18,000
2023	17,428	572	18,000
2024	6,977	81	7,058
2025	-0-	-0-	-0-
2026	-0-	-0-	-0-
<b>Total</b>	\$ 41,300	\$ 1,758	\$ 43,058

**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**

<b>Name</b>	<b>Title</b>	<b>Annualized Salary</b>
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, 2021

CONTINUED

10. TRANSFERS BETWEEN FUNDS

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Transfers In (Out)	\$ 118,582	\$ (118,582)

Transfers were made for operational purposes.

11. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to correct prior year depreciation in the General Fund and a prior period adjustment was made to correct bad debts in the Enterprise Fund.

12. EXCESS EXPENDITURES OVER APPROPRIATION

The Village over spent it's budget by \$62,311 or 16% 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, November 29, 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, 2021**

	<u>Budget Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Differences Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fees & Charges	\$ 20,550	\$ 20,550	\$ 31,925	\$ 11,375
Taxes	87,100	87,100	101,974	14,874
Fines	110,000	110,000	125,386	15,386
Grants	46,000	46,000	25,066	(20,934)
Other	6,700	6,700	23,705	17,005
<b>Total Revenues</b>	<u>270,350</u>	<u>270,350</u>	<u>308,056</u>	<u>37,706</u>
<b>Expenditures</b>				
General Government	103,585	103,585	129,227	(25,642)
Fire	13,400	13,400	16,988	(3,588)
Police	107,500	107,500	128,063	(20,563)
Sanitation	40,150	40,150	38,881	1,269
Street Repair	62,000	62,000	106,895	(44,895)
Capital Outlay	31,000	31,000	-0-	31,000
Debt Service	23,500	23,500	23,392	108
<b>Total Expenditures</b>	<u>381,135</u>	<u>381,135</u>	<u>443,446</u>	<u>(62,311)</u>
<b>Excess (Deficiency) of Revenues Over Under Expenditures</b>	<u>(110,785)</u>	<u>(110,785)</u>	<u>(135,390)</u>	<u>(24,605)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In/(Out)	<u>112,000</u>	<u>112,000</u>	<u>118,582</u>	<u>6,582</u>
<b>Total Other Financing Sources (Uses)</b>	<u>112,000</u>	<u>112,000</u>	<u>118,582</u>	<u>6,582</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,215</u>	<u>\$ 1,215</u>	<u>(16,808)</u>	<u>\$ (18,023)</u>
<b>Fund Balances - Beginning</b>			<u>45,818</u>	
<b>Fund Balances - Ending</b>			<u>\$ 29,010</u>	

The accompanying notes are an integral part of this statement.

## **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, 2021**

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  
Sicily Island, Louisiana  
Justice System Funding Schedule – Collecting/Disbursing Entity  
Year Ended June 30, 2021**

	<b>First Six Months Ended 12/31/2020</b>	<b>Second Six Months Ended 06/30/2021</b>
<b>Beginning Balance of Amounts Collected</b>	\$ -0-	\$ -0-
<b>Add: Collections</b>		
Criminal Court Costs/Fees	42,167	73,378
Criminal Fines – Suspension Fees	750	3,850
Service/Collection Fees	1,247	2,659
<b>Subtotal Collections</b>	<u>44,164</u>	<u>79,887</u>
<b>Less: Disbursements to Governments &amp; Nonprofits</b>		
LA Commission on Law Enforcement	-0-	-0-
LA Supreme Court Education Fund	-0-	-0-
Central LA Juvenile Fund	-0-	-0-
LA Chiefs of Police	-0-	-0-
<b>Less: Amounts Retained By Collections</b>		
Criminal Court Costs/Fees	42,167	73,378
Criminal Fines – Suspension Fees	750	3,850
Service/Collection Fees	1,247	2,659
<b>Subtotal Retained</b>	<u>44,164</u>	<u>79,887</u>
<b>Less: Disbursements to Individuals/3<sup>rd</sup> Party Collection or Processing Agency</b>		
American Municipal Services-Collection Agency	-0-	-0-
<b>Subtotal Disbursements/Retainage</b>	<u>-0-</u>	<u>-0-</u>
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained</b>	<u>-0-</u>	<u>-0-</u>
<b>Ending Balance of “Partial Payments” Collected but not Disbursed</b>	-0-	-0-
<b>Other Information:</b>		
<b>Ending Balance of Total Amounts Assessed but not yet Collected</b>	-0-	-0-
<b>Total Waivers During the Fiscal Period</b>	\$ -0-	\$ -0-

See independent auditor’s report.

**Village of Sicily Island, Louisiana**  
**Schedule of Assets, Liabilities, & Equity**  
**Capital Grants**  
**For the Year Ended June 30, 2021**

	<u>LCDBG</u>	<u>LGAP</u>	<u>CWEF</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Grant Revenues Receivable	-0-	-0-	-0-	-0-
<b>TOTAL ASSETS</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>LIABILITIES &amp; FUND EQUITY</b>				
Accounts Payable	-0-	-0-	-0-	-0-
Due To Village	-0-	-0-	-0-	-0-
Unearned Revenue	-0-	-0-	-0-	-0-
<b>TOTAL LIABILITIES</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>FUND BALANCE</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

LCDBG – Louisiana Community Development Block Grant

LGAP – Local Government Assistance Program

CWEF – Community Water Environment Fund

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, 2021**

	<b>LCDBG</b>	<b>LGAP</b>	<b>CWEF</b>	<b>TOTAL</b>
<b>REVENUES</b>				
Capital Grants	\$ -0-	\$ 25,000	\$ -0-	\$ 25,000
<b>TOTAL REVENUES</b>	-0-	25,000	-0-	25,000
<b>EXPENDITURES</b>				
Administrative Services	-0-	25,000	-0-	25,000
Engineering Services	-0-	-0-	-0-	-0-
Project Construction	-0-	-0-	-0-	-0-
<b>TOTAL EXPENDITURES</b>	-0-	25,000	-0-	25,000
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-0-	-0-	-0-	-0-
<b>FUND BALANCES--BEGINNING</b>	-0-	-0-	-0-	-0-
<b>FUND BALANCES--ENDING</b>	\$ -0-	\$ -0-	\$ -0-	\$ -0-

LCDBG – Louisiana Community Development Block Grant

LGAP – Local Government Assistance Program

CWEF – Community Water Environment Fund

See independent auditor’s report.

## **Other Reports**

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### MEMBERS

American Institute of  
Certified Public Accountants

Society of Louisiana  
Certified Public Accountants

Association of  
Certified Fraud Examiners

### **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, 2021, 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 29, 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 [2021-4 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 [2021-5 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: **2021-1 Unremitted Traffic Ticket Fees, 2021-2 Restricted Cash and Customers Deposits Liability, and 2021-3 Budget Variance.**

### **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 29, 2021

**VILLAGE OF SICILY ISLAND  
SICILY ISLAND, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
For the Year Ended June 30, 2021**

We have audited the basic financial statements of the Village of Sicily Island, Louisiana, as of and for the year ended June 30, 2021, and have issued our report thereon dated November 29, 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, 2021, 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, 2021**

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**Section II - Financial Statement Findings**

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**2021-1 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 2022.

**2021-2 Restricted Cash and Customer Deposits Liability (Compliance)**

**Condition:** The Village currently has a customer liability of \$44,822 and cash set aside, or restricted, for the liability in the amount of \$20,207.

**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.

**2021-3 Budget Variance (Compliance)**

**Condition:** The Village had an unfavorable expenditure variance of \$62,311 or 16% in its general fund budget for the year ended June 30, 2021.

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

**Cause of Condition:** Under budgeting expenditures.

**VILLAGE OF SICILY ISLAND  
SICILY ISLAND, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)  
For the Year Ended June 30, 2021**

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**Section II - Financial Statement Findings (Continued)**

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**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%.

**2021-4 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.

**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 will change the billing rates on the billing computer to match the Village's ordinances.

**2021-5 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.

**VILLAGE OF SICILY ISLAND  
SICILY ISLAND, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)  
For the Year Ended June 30, 2021**

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**Section II - Financial Statement Findings (Continued)**

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**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.

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**Section III – Federal Awards Findings and Questioned Costs**

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Not applicable.

VILLAGE OF SICILY ISLAND, LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION  
FOR CURRENT YEAR AUDIT FINDINGS

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**FINDINGS:**

**2021-1 Unremitted Traffic Ticket Fees**

*Finding* 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 2022.

*Contact Person:* Walter Krause

*Anticipated Completion Date:* June 30, 2022

**2021-2 Restricted Cash and Customer Deposits Liability**

*Finding:* The Village currently has a customer liability of \$44,822 and cash set aside, or restricted, for the liability in the amount of \$20,207. 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, 2022

**2021-3 Budget Variance**

*Finding:* The Village had an unfavorable expenditure variance of \$62,311 or 16% in its general fund budget for the year ended June 30, 2021. 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, 2022

VILLAGE OF SICILY ISLAND, LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION  
FOR CURRENT YEAR AUDIT FINDINGS

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**FINDINGS (CONTINUED):**

**2021-4 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, 2022

**2021-5 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

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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

##### 2021-6 Past Due Amount to Vendor

**Condition:** The Village past due on amount owed the Louisiana Municipal Gas Association (LMGA) in the amount of \$58,334.

**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, 2021**

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**MANAGEMENT’S SUMMARY OF PRIOR YEAR FINDINGS**

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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, 2020.

**Prior Year Findings**

**2020-1 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.

**2020-2 Budget Variance (Unresolved)**

**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%.

**VILLAGE OF SICILY ISLAND  
SICILY ISLAND, LOUISIANA  
JUNE 30, 2021**

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**MANAGEMENT’S SUMMARY OF PRIOR YEAR FINDINGS**

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**Prior Year Findings (Continued):**

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

**2020-3 Utility Billing Rates (Unresolved)**

**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.

**2020-4 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  
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MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

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**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.

**2020-5 Annual Filing of Financial Statements (Resolved)**

**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 (Resolved)**

**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.

**VILLAGE OF SICILY ISLAND  
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**MANAGEMENT’S SUMMARY OF PRIOR YEAR FINDINGS**

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**Prior Year Findings (Continued):**

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

**2020-7 Financial Disclosures and Ethics Training (Resolved)**

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

**2020-8 Cooperative Endeavor Agreement or Written Policy (Resolved)**

**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 without 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 and Corrective Action:** 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.