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THE VERCHER GROUP

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Village of Sicily Island was revised to add additional schedules requested by the Office of Community Development. Schedules were added to break out the LCDBG grants received by the Village. Also, finding 2019-4 Documentation of Expenditures was removed due to the Village providing documentation for the selected sample.

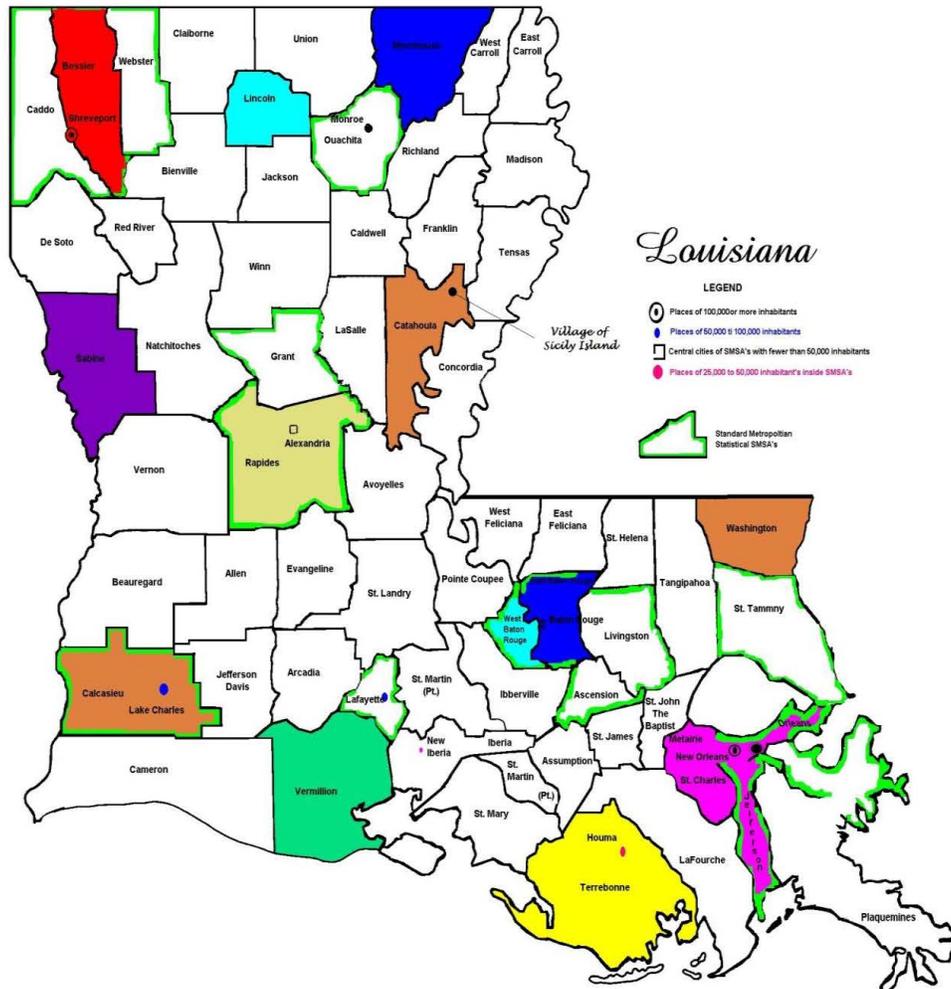
The Vercher Group

VILLAGE OF SICILY ISLAND, LOUISIANA

Annual Financial Statements

JUNE 30, 2019

VILLAGE OF 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, 2019**

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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, 2019, 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, 2019, 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 LCDBG Funds 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 schedules of LCDBG Funds 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 schedules of LCDBG Funds 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 27, 2019, 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

November 27, 2019
Jena, Louisiana

Village of Sicily Island

101 Sicily Ave
Sicily Island, Louisiana 71368
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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, 2019. 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 \$896,020 (*net position*). This is a \$21,366 decrease from last year.
- The Village had total revenue of \$261,457. This is a \$80,506 decrease from last year's revenues, mainly due to a decrease in capital leases in the amount of \$104,493.
- The Village had total expenditures of \$319,116, which is a \$122,358 decrease from last year, mainly due a decrease in capital outlay in the amount of \$108,937.

Enterprise Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$2,217,545 (*net position*). This is a \$228,466 increase from last year.
- The Village had total revenue of \$638,571, including operating revenues of \$268,513, non-operating revenues of \$295, and capital contributions of \$369,763. This is a \$357,466 increase from last year, mainly due to an increase in capital contributions in the amount of \$327,368.
- The Village had total expenses of \$282,292, including operating expenses of \$279,684 and non-operating expenses of \$2,608. This is a \$50,976 increase from last year, mainly due to an increase in cost of sales and service expense in the amount of \$60,058.

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, 2019:

	<u>2018</u>	<u>2019</u>	<u>% Change</u>
Current Assets	\$ 29,984	\$ 51,022	70.2
Restricted Assets	-0-	-0-	0.0
Noncurrent Assets	<u>1,003,558</u>	<u>902,300</u>	-10.1
Total Assets	<u>1,033,542</u>	<u>983,322</u>	-4.9
Current Liabilities	14,829	25,738	73.6
Long-term Liabilities	<u>101,327</u>	<u>61,564</u>	-39.3
Total Liabilities	<u>116,156</u>	<u>87,302</u>	-24.8
Net Position			
Net Investment in Capital Assets	902,231	820,468	-9.1
Restricted	-0-	-0-	0.0
Unrestricted	<u>15,155</u>	<u>75,552</u>	398.5
Total Net Position	<u>\$ 917,386</u>	<u>\$ 896,020</u>	-2.3

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2019:

	<u>2018</u>	<u>2019</u>	<u>% Change</u>
Revenues			
Program Revenues	\$ 25,114	\$ 28,348	12.9
General Revenues	212,356	232,661	9.6
Capital Grants	-0-	448	100.0
Capital Leases	<u>104,493</u>	<u>-0-</u>	-100.0
Total Revenues	<u>341,963</u>	<u>261,457</u>	-23.6
Expenditures			
Operating Expenditures	329,371	295,724	-10.2
Capital Outlay	108,937	-0-	-100.0
Debt Service	<u>3,166</u>	<u>23,392</u>	638.9
Total Expenditures	<u>441,474</u>	<u>319,116</u>	-27.7
Excess (Deficiency) of Revenues Over (Under) Expenditures	(99,511)	(57,659)	-42.1
Other Financing Sources (Uses)			
Transfers In/(Out)	<u>98,367</u>	<u>118,056</u>	20.0
Total Other Financing Sources (Uses)	<u>98,367</u>	<u>118,056</u>	20.0
Net Change in Fund Balance	(1,144)	60,397	5,379.5
Fund Balance - Beginning	<u>16,299</u>	<u>15,155</u>	-7.0
Fund Balance - Ending	<u>\$ 15,155</u>	<u>\$ 75,552</u>	398.5

MD&A

Enterprise Funds

Comparative Statement of Net Position as of June 30, 2019:

Assets	2018	2019	% Change
Cash	\$ 17,192	\$ 36,024	109.5
Receivables (Net)	18,140	68,758	279.0
Restricted Assets	30,300	21,004	-30.7
Capital Assets, Net of Accumulated Depreciation	<u>2,075,795</u>	<u>2,333,994</u>	12.4
Total Assets	<u>2,141,427</u>	<u>2,459,780</u>	14.9
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	13,582	100,832	642.4
Customer Deposits	44,102	46,739	6.0
Current Bonds & Interest Payable	13,500	18,000	33.3
Bonds Payable	<u>81,164</u>	<u>76,664</u>	-5.6
Total Liabilities	<u>152,348</u>	<u>242,235</u>	59.0
Net Position			
Net Investment in Capital Assets	1,981,131	2,239,330	13.0
Restricted	-0-	-0-	0.0
Unrestricted	<u>7,948</u>	<u>(21,785)</u>	-374.1
Total Net Position	<u>\$ 1,989,079</u>	<u>\$ 2,217,545</u>	11.5

Comparative Statement of Revenues, Expenses & Changes in Net Position for the year ended June 30, 2019:

Operating Revenues	2018	2019	% Change
Water Sales	\$ 113,934	\$ 148,031	29.9
Sewer Charges	45,692	44,217	-3.2
Gas Sales	<u>78,787</u>	<u>76,265</u>	-3.2
Total Operating Revenues	<u>238,413</u>	<u>268,513</u>	12.6
Operating Expenses			
Cost of Sales & Services	92,214	152,272	65.1
Administration	23,954	15,595	-34.9
Depreciation	<u>112,070</u>	<u>111,817</u>	-0.2
Total Operating Expenses	<u>228,238</u>	<u>279,684</u>	22.5
Operating Income (Loss)	<u>10,175</u>	<u>(11,171)</u>	-209.8
Nonoperating Revenues (Expenses)			
Interest Earnings	297	295	-0.7
Interest Expense	<u>(3,078)</u>	<u>(2,608)</u>	-15.3
Total Nonoperating Revenues (Expenses)	<u>(2,781)</u>	<u>(2,313)</u>	-16.8
Income Before Contributions & Transfers	<u>7,394</u>	<u>(13,484)</u>	-282.4
Transfers In/(Out)	(98,367)	(118,056)	20.0
Capital Contributions	<u>42,395</u>	<u>369,763</u>	772.2
Change in Net Position	(48,578)	238,223	590.4
Prior Period Adjustment	-0-	(9,757)	100.0
Total Net Position - Beginning	<u>2,037,657</u>	<u>1,989,079</u>	-2.4
Total Net Position - Ending	<u>\$ 1,989,079</u>	<u>\$ 2,217,545</u>	11.5

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Funds

At June 30, 2019, the Village had \$902,300 invested in capital assets, including the following:

Capital Assets at Year-End		
	2018	2019
Land (Not Depreciated) *	\$ 13,000	\$ 13,000
Capital Assets	2,107,294	2,107,294
Accumulated Depreciation	(1,116,736)	(1,217,994)
Total	\$ 1,003,558	\$ 902,300

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

Capital Assets – Enterprise Funds

At June 30, 2019, the Village had \$2,333,994 invested in capital assets, including the following:

Capital Assets at Year-End		
	2018	2019
Gas System	\$ 470,381	\$ 470,381
Water System*	1,861,781	1,823,871
Sewer System*	2,030,738	2,438,411
Accumulated Depreciation	(2,287,105)	(2,398,669)
Total	\$ 2,075,795	\$ 2,333,994

*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, 2019.

	Long-Term Notes	Sewer Revenue Bonds
Bonds & Notes Payable - Beginning	\$ 101,327	\$ 94,664
Additions	-0-	-0-
Principal Retirements	(19,495)	-0-
Total	\$ 81,832	\$ 94,664

MD&A

Bonds payable at June 30, 2019, 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%.	\$ 81,832

Total	\$ 81,832

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%.	\$ 94,664

Total	\$ 94,664

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, 2019

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Assets			
Cash & Cash Equivalents	\$ 56,634	\$ 36,024	\$ 92,658
Receivables (Net of Allowances)	24,388	68,758	93,146
Restricted Assets	-0-	21,004	21,004
Capital Assets (Net of Accumulated Depreciation)	902,300	2,333,994	3,236,294
Total Assets	<u>983,322</u>	<u>2,459,780</u>	<u>3,443,102</u>
Current Liabilities			
Accounts, Salaries, & Other Payables	5,470	100,832	106,302
Customer Deposits	-0-	46,739	46,739
Bonds & Interest Payable	20,268	18,000	38,268
Total Current Liabilities	<u>25,738</u>	<u>165,571</u>	<u>191,309</u>
Non Current Liabilities			
Revenue Bonds & Notes Payable	-0-	76,664	76,664
Capital Lease	61,564	-0-	61,564
Total Non Current Liabilities	<u>61,564</u>	<u>76,664</u>	<u>138,228</u>
Total Liabilities	<u>87,302</u>	<u>242,235</u>	<u>329,537</u>
Net Position			
Net Investment in Capital Assets	820,468	2,239,330	3,059,798
Restricted	-0-	-0-	-0-
Unrestricted	75,552	(21,785)	53,767
Total Net Position	<u>\$ 896,020</u>	<u>\$ 2,217,545</u>	<u>\$ 3,113,565</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, 2019

	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	\$ (167,206)	\$ 18,084	\$ -0-	\$ 448	\$ (148,674)	\$ (148,674)		\$ (148,674)
Fire	(8,234)	8,503	-0-	-0-	269	269		269
Public Safety	(133,005)	-0-	-0-	-0-	(133,005)	(133,005)		(133,005)
Sanitation	(35,814)	-0-	-0-	-0-	(35,814)	(35,814)		(35,814)
Street Repair	(52,723)	1,761	-0-	-0-	(50,962)	(50,962)		(50,962)
Interest on Long-Term Debt	(3,897)	-0-	-0-	-0-	(3,897)	(3,897)		(3,897)
Total Governmental Activities	<u>(400,879)</u>	<u>28,348</u>	<u>-0-</u>	<u>448</u>	<u>(372,083)</u>	<u>(372,083)</u>		<u>(372,083)</u>
Business Type Activities								
Water	(170,104)	148,031	-0-	-0-	(22,073)		\$ (22,073)	(22,073)
Sewer	(48,684)	44,217	-0-	369,763	365,296		365,296	365,296
Gas	(60,896)	76,265	-0-	-0-	15,369		15,369	15,369
Interest on Long-Term Debt	(2,608)	-0-	-0-	-0-	(2,608)		(2,608)	(2,608)
Total Business Type Activities	<u>(282,292)</u>	<u>268,513</u>	<u>-0-</u>	<u>369,763</u>	<u>355,984</u>		<u>355,984</u>	<u>355,984</u>
Total Primary Government	<u>\$ (683,171)</u>	<u>\$ 296,861</u>	<u>\$ -0-</u>	<u>\$ 370,211</u>	<u>\$ (16,099)</u>			<u>(16,099)</u>
				General Revenues				
				Taxes		77,467	-0-	77,467
				Fines		138,375	-0-	138,375
				Other		16,819	295	17,114
				Transfers In (Out)		118,056	(118,056)	-0-
				Total General Revenues		<u>350,717</u>	<u>(117,761)</u>	<u>232,956</u>
				Change in Net Position		(21,366)	238,223	216,857
				Prior Period Adjustment		-0-	(9,757)	(9,757)
				Net Position – Beginning		917,386	1,989,079	2,906,465
				Net Position – Ending		<u>\$ 896,020</u>	<u>\$ 2,217,545</u>	<u>\$ 3,113,565</u>

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Balance Sheet, Governmental Funds
June 30, 2019

	GENERAL
Assets	
Cash & Cash Equivalents	\$ 56,634
Receivables (Net of Allowances for Uncollectables)	24,388
Total Assets	81,022
 Liabilities	
Accounts, Salaries, & Other Payables	5,470
Total Liabilities	5,470
 Fund Balance	
Unassigned	75,552
Total Fund Balance	75,552
 Total Liabilities & Fund Balance	 \$ 81,022

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, 2019

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

Fund Balance, Total Governmental Funds (Statement C)	\$ 75,552
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	902,300
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>(81,832)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 896,020</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, 2019

	GENERAL
Revenues	
Fees & Charges	\$ 28,348
Taxes	77,467
Fines	138,375
Capital Grants	448
Miscellaneous	16,819
Total Revenues	261,457
Expenditures	
General Government	65,948
Fire	8,234
Public Safety	133,005
Sanitation	35,814
Street Repair	52,723
Capital Outlay	-0-
Debt Service	23,392
Total Expenditures	319,116
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,659)
Other Financing Sources (Uses)	
Transfers In/(Out)	118,056
Total Other Financing Sources (Uses)	118,056
Net Change in Fund Balance	60,397
Fund Balances - Beginning	15,155
Fund Balances - Ending	\$ 75,552

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2019

	Business-Type Activities-Enterprise Fund			Totals
	Water	Sewer	Gas	
Current Assets				
Cash & Cash Equivalents	\$ 28,930	\$ 3,231	\$ 3,863	\$ 36,024
Receivables (Net of Allowances for Uncollectibles)	17,924	47,604	3,230	68,758
Total Current Assets	<u>46,854</u>	<u>50,835</u>	<u>7,093</u>	<u>104,782</u>
Non-Current Assets				
Restricted Assets	21,004	-0-	-0-	21,004
Capital Assets (Net of Accumulated Depreciation)	760,939	1,481,144	91,911	2,333,994
Total Non-Current Assets	<u>781,943</u>	<u>1,481,144</u>	<u>91,911</u>	<u>2,354,998</u>
Total Assets	<u>828,797</u>	<u>1,531,979</u>	<u>99,004</u>	<u>2,459,780</u>
Current Liabilities				
Accounts, Salaries, & Other Payables	23,257	47,075	30,500	100,832
Total Current Liabilities	<u>23,257</u>	<u>47,075</u>	<u>30,500</u>	<u>100,832</u>
Current Liabilities Payable From Restricted Assets				
Customer Deposits	46,739	-0-	-0-	46,739
Current Bonds & Interest Payable	-0-	18,000	-0-	18,000
Total Current Liabilities Payable From Restricted Assets	<u>46,739</u>	<u>18,000</u>	<u>-0-</u>	<u>64,739</u>
Total Current Liabilities	<u>69,996</u>	<u>65,075</u>	<u>30,500</u>	<u>165,571</u>
Non-Current Liabilities				
Revenue Bonds & Notes Payable	-0-	76,664	-0-	76,664
Total Non-Current Liabilities	<u>-0-</u>	<u>76,664</u>	<u>-0-</u>	<u>76,664</u>
Total Liabilities	<u>69,996</u>	<u>141,739</u>	<u>30,500</u>	<u>242,235</u>
Net Position				
Net Investment in Capital Assets	760,939	1,386,480	91,911	2,239,330
Restricted	-0-	-0-	-0-	-0-
Unrestricted	(2,138)	3,760	(23,407)	(21,785)
Total Net Position	<u>\$ 758,801</u>	<u>\$ 1,390,240</u>	<u>\$ 68,504</u>	<u>\$ 2,217,545</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 Funds
June 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
Operating Revenues				
Charges for Services:				
Water Sales	\$ 148,031	\$ -0-	\$ -0-	\$ 148,031
Sewer Charges	-0-	44,217	-0-	44,217
Gas Sales	-0-	-0-	76,265	76,265
Total Operating Revenues	<u>148,031</u>	<u>44,217</u>	<u>76,265</u>	<u>268,513</u>
Operating Expenses				
Cost of Sales & Services	108,113	4,204	39,955	152,272
Administration	5,907	4,844	4,844	15,595
Depreciation	56,084	39,636	16,097	111,817
Total Operating Expenses	<u>170,104</u>	<u>48,684</u>	<u>60,896</u>	<u>279,684</u>
Operating Income (Loss)	(22,073)	(4,467)	15,369	(11,171)
Nonoperating Revenues (Expenses)				
Interest Earnings	295	-0-	-0-	295
Interest Expense	-0-	(2,608)	-0-	(2,608)
Total Nonoperating Revenues (Expenses)	<u>295</u>	<u>(2,608)</u>	<u>-0-</u>	<u>2,313</u>
Income Before Contributions & Transfers	<u>(21,778)</u>	<u>(7,075)</u>	<u>15,369</u>	<u>(13,484)</u>
Transfers In/(Out)	(39,270)	(32,111)	(46,675)	(118,056)
Capital Contributions	-0-	369,763	-0-	369,763
Change in Net Position	(61,048)	330,577	(31,306)	238,223
Prior Period Adjustment	(36,246)	37,910	(11,421)	(9,757)
Total Net Position - Beginning	<u>856,095</u>	<u>1,021,753</u>	<u>111,231</u>	<u>1,989,079</u>
Total Net Position - Ending	<u>\$ 758,801</u>	<u>\$ 1,390,240</u>	<u>\$ 68,504</u>	<u>\$ 2,217,545</u>

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Statement of Cash Flows
Proprietary Funds
June 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
Cash Flows From Operating Activities				
Receipts From Customers & Users	\$ 143,946	\$ 358	\$ 76,228	\$ 220,532
Payments to Suppliers	(90,001)	42,145	(27,176)	(75,032)
Payments to Employees	(5,907)	(4,844)	(4,844)	(15,595)
Net Cash Provided (Used) by Operating Activities	<u>48,038</u>	<u>37,659</u>	<u>44,208</u>	<u>129,905</u>
Cash Flows From NonCapital Financing Activities				
Transfers (to)/from Other Funds	(39,270)	(32,111)	(46,675)	(118,056)
Other Revenue	-0-	-0-	-0-	-0-
Net Cash Provided (Used) by NonCapital Financing Activities	<u>(39,270)</u>	<u>(32,111)</u>	<u>(46,675)</u>	<u>(118,056)</u>
Cash Flows From Capital & Related Financing Activities				
Capital Contributions	-0-	369,763	-0-	369,763
Principal on Capital Debt	-0-	-0-	-0-	-0-
Interest Paid on Capital Debt	-0-	(2,608)	-0-	(2,608)
Purchase of Capital Assets	-0-	(369,763)	-0-	(369,763)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>-0-</u>	<u>(2,608)</u>	<u>-0-</u>	<u>(2,608)</u>
Cash Flows From Investing Activities				
Interest and Dividends Received	295	-0-	-0-	295
Net Cash Provided (Used) by Investing Activities	<u>295</u>	<u>-0-</u>	<u>-0-</u>	<u>295</u>
Net Increase (Decrease) in Cash & Cash Equivalents	9,063	2,940	(2,467)	9,536
Cash & Cash Equivalents, Beginning of Year	<u>40,871</u>	<u>291</u>	<u>6,330</u>	<u>47,492</u>
Cash & Cash Equivalents, End of Year	<u>49,934</u>	<u>3,231</u>	<u>3,863</u>	<u>57,028</u>
Reconciliation to Balance Sheet				
Cash and Cash Equivalents	28,930	3,231	3,863	36,024
Restricted Cash	21,004	-0-	-0-	21,004
Total Cash and Cash Equivalents	<u>\$ 49,934</u>	<u>\$ 3,231</u>	<u>\$ 3,863</u>	<u>\$ 57,028</u>

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Statement of Cash Flows
Year Ended June 30, 2019

Reconciliation

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
Operating Income (Loss)	\$ (22,073)	\$ (4,467)	\$ 15,369	\$ (11,171)
Depreciation Expense	56,084	39,636	16,097	111,817
(Increase) Decrease in Accounts Receivable	(6,722)	(43,859)	(37)	(50,618)
Increase (Decrease) in Accounts Payable	18,112	46,349	12,779	77,240
Increase (Decrease) in Customer Deposits	2,637	-0-	-0-	2,637
TOTAL ADJUSTMENTS	<u>70,111</u>	<u>42,126</u>	<u>28,839</u>	<u>141,076</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>48,038</u>	<u>37,659</u>	<u>44,208</u>	<u>129,905</u>
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, 2019

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, 2019

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 funds:

- Water Fund
- Sewer Fund
- Gas Fund

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, 2019

CONTINUED

Proprietary funds distinguish 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, 2019

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, 2019**

CONTINUED

		Sicily Island State Bank
Bank Balances	\$	105,786
<i>Secured As Follows</i>		
FDIC (<i>Category 1</i>)		105,786
Securities (<i>Category 2</i>)		-0-
Uncollateralized (<i>Category 3</i>)		-0-
Total	\$	105,786

All deposits were fully secured as of June 30, 2019.

E. 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.

F. 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	\$ 24,388	\$ 69,976	\$ 94,364
Allowances for Bad Debt	-0-	(1,218)	(1,218)
Total	\$ 24,388	\$ 68,758	\$ 93,146

2. AD VALOREM TAXES

For the year ended June 30, 2019, taxes of 7.63 mills were levied on property with assessed valuations totaling, \$1,279,673 and were dedicated as follows:

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

Total taxes levied were \$9,764. Taxes are due October 15 of each year and become delinquent on January 1.

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019
CONTINUED**

3. RESTRICTED ASSETS – PROPRIETARY FUND TYPES

Restricted assets were applicable to the following at June 30, 2019:

	<u>Sewer</u>	<u>Water</u>	<u>Gas</u>	<u>Total</u>
Customer Deposits	\$ -0-	\$ 46,739	\$ -0-	\$ 46,739
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>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 46,739</u>

4. CHANGES IN FIXED ASSETS – PROPRIETARY FUNDS

A summary of enterprise fund plant and equipment at June 30, 2019, 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*	1,861,781	-0-	(37,910)	1,823,871
Sewer System*	2,030,738	407,673	-0-	2,438,411
Total	<u>4,362,900</u>	<u>407,673</u>	<u>(37,910)</u>	<u>4,732,663</u>
Less: Accumulated Depreciation	<u>(2,287,105)</u>	<u>(111,817)</u>	<u>253</u>	<u>(2,398,669)</u>
Net	<u>\$ 2,075,795</u>	<u>\$ 295,856</u>	<u>\$ (37,657)</u>	<u>\$ 2,333,994</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.

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

5. CHANGES IN GENERAL FIXED ASSETS – GOVERNMENTAL FUNDS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Fixed Assets*	\$ 2,120,294	\$ -0-	\$ -0-	\$ 2,120,294
Accumulated Depreciation	<u>(1,116,736)</u>	<u>(101,258)</u>	<u>-0-</u>	<u>(1,217,994)</u>
Net Fixed Assets	<u>\$ 1,003,558</u>	<u>\$ (101,258)</u>	<u>\$ -0-</u>	<u>\$ 902,300</u>

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

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

CONTINUED

Capital assets are capitalized at historical costs. The Village maintains a threshold level of \$1,500 or more for capitalizing capital assets. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives as follows:

Vehicles and Equipment	5-10 years
Parking Lot	20 years

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, 2019.

	Long-Term Notes	Sewer Revenue Bonds
Bonds & Notes Payable - Beginning	\$ 101,327	\$ 94,664
Additions	-0-	-0-
Principal Retirements	(19,495)	-0-
Total	\$ 81,832	\$ 94,664

Bonds payable at June 30, 2019, 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%.	\$ <u>81,832</u>
Total	\$ <u>81,832</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 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>94,664</u>
Total	\$ <u>94,664</u>

VILLAGE OF SICILY ISLAND, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

CONTINUED

The annual requirements to amortize all debt outstanding as of June 30, 2019, including interest payments, are as follows:

Long-Term Notes

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 19,495	\$ 3,537	\$ 23,032
2020	20,268	2,764	23,032
2021	21,071	1,961	23,032
2022	21,906	1,126	23,032
2023	18,587	608	19,195
Total	\$ 101,327	\$ 9,996	\$ 111,323

Revenue Bonds

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 15,392	\$ 2,608	\$ 18,000
2020	15,878	2,122	18,000
2021	16,378	1,622	18,000
2022	16,895	1,105	18,000
2023	17,428	572	18,000
2024	12,693	807	13,500
Total	\$ 94,664	\$ 8,836	\$ 103,500

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.

VILLAGE OF SICILY ISLAND, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

CONTINUED

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	\$22,800

10. TRANSFERS BETWEEN FUNDS

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Transfers In (Out)	\$ <u>118,056</u>	\$ <u>(118,056)</u>

Transfers were made for operational purposes.

11. PRIOR PERIOD ADJUSTMENT

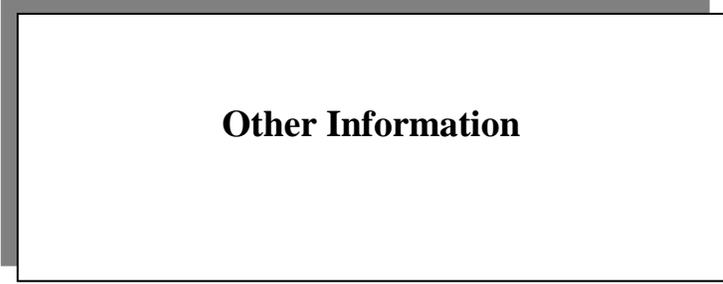
A prior period adjustment was made to correct accounts payable in the Enterprise Fund (Gas Fund).

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, 2019

	Budget Amounts		Actual Amounts Budgetary Basis	Differences Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees & Charges	\$ 247,205	\$ 225,000	\$ 28,348	\$ 196,652
Taxes	-0-	-0-	77,467	(77,467)
Fines	-0-	-0-	138,375	(138,375)
Leases	-0-	-0-	-0-	-0-
Other	-0-	-0-	17,267	(17,267)
Total Revenues	247,205	225,000	261,457	36,457
Expenditures				
General Government	335,465	325,638	65,948	259,690
Fire	-0-	-0-	8,234	(8,234)
Public Safety	-0-	-0-	13,005	(13,005)
Sanitation	-0-	-0-	35,814	(35,814)
Street Repair	-0-	-0-	52,723	(52,723)
Capital Outlay	-0-	-0-	-0-	-0-
Debt Service	-0-	-0-	23,392	(23,392)
Total Expenditures	335,465	325,638	319,116	6,522
Excess (Deficiency) of Revenues Over Under Expenditures	(88,260)	(100,638)	(57,659)	42,979
Other Financing Sources (Uses)				
Transfers In/(Out)	88,260	100,638	118,056	17,418
Total Other Financing Sources (Uses)	88,260	100,638	118,056	17,418
Net Change in Fund Balance	\$ -0-	\$ -0-	60,397	\$ 60,397
Fund Balances - Beginning			15,155	
Fund Balances - Ending			\$ 75,552	

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, 2019

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
LCDBG Funds
For the Year Ended June 30, 2019**

		LCDBG FUNDS
ASSETS		
Cash	\$	-0-
Grant Revenues Receivable		43,742
TOTAL ASSETS		<u>43,742</u>
 LIABILITIES & FUND EQUITY		
Accounts Payable		43,742
Due To Village		-0-
Unearned Revenue		-0-
TOTAL LIABILITIES		<u>43,742</u>
 FUND BALANCE		 <u>-0-</u>
 TOTAL LIABILITIES & FUND BALANCE	 \$	 <u><u>-0-</u></u>

See independent auditor's report.

**Village of Sicily Island, Louisiana
Schedule of Revenues, Expenditures &
Changes in Fund Balances
LCDBG Funds
For the Year Ended June 30, 2019**

	LCDBG FUNDS
REVENUES	
LCDBG Program	\$ 369,764
TOTAL REVENUES	369,764
EXPENDITURES	
Administrative Services	14,630
Engineering Services	20,660
Project Construction	334,474
TOTAL EXPENDITURES	369,764
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-0-
FUND BALANCES--BEGINNING	-0-
FUND BALANCES--ENDING	\$ -0-

See independent auditor's report.

Other Reports

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of the Village of Sicily Island, Louisiana, as of and for the year ended June 30, 2019, 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 27, 2019.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies (**2019-1 Small Size of Entity**).

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: **2019-2 Default on Enterprise Bond Debt, 2019-3 Restricted Cash and Customer Deposits Liability and 2019-4 Default on Gas Supply Agreement.**

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

November 27, 2019

Jena, Louisiana

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2019**

Section II - Financial Statement Findings

2019-1 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.

2019-2 Default on Enterprise Bond Debt (Compliance)

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.

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.

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2019**

Section II - Financial Statement Findings (Continued)

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

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 (Compliance)

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.

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:

2019-1 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

2019-2 Default on Enterprise Bond Debt

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

Corrective Action: 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.

Contact Person: Walter Krause

Anticipated Completion Date: June 30, 2020

2019-3 Restricted Cash and Customer Deposits Liability

Finding: 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. 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, 2020

VILLAGE OF SICILY ISLAND, LOUISIANA

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

FINDINGS (CONTINUED):

2019-4 Default on Gas Supply Agreement

Finding: 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. 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.

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

Contact Person: Walter Krause

Anticipated Completion Date: June 30, 2020

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

2019-5 Utility Rate Study

Condition: The Village is in arrears paying its utility long-term debt and accounts payable.

Criteria: Negative cash flows in utility funds will cause a financial hardship on utility funds and other operations of the Village.

Cause of Condition: Revenue inadequate to meet expenses.

Effect of Condition: Poor financial condition of the Village.

Recommendation: The Village should have a rate study performed on the water, sewer, and gas funds.

Client Response: The Village will consider having a rate study performed on its utilities.

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
JUNE 30, 2019**

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, 2018.

Prior Year Findings

2018-1 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.

2018-2 Restricted Cash and Customer Deposits Liability (Unresolved)

Condition: The Village currently has a customer liability of \$44,102 and cash set aside, or restricted, for the liability in the amount of \$30,300.

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

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

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

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
JUNE 30, 2019**

MANAGEMENT’S SUMMARY OF 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: The Village will continue setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability. Discussed with Mayor, clerk, and council at meeting.

2018-3 Annual Filing of Financial Statements (Resolved)

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

Criteria: LSA-RS 24:514, 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.

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: 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.

2018-4 Budget Variance (Resolved)

Condition: The Village had an unfavorable expenditure variance of \$90,246 or 25.69% in its general fund budget for the year ended June 30, 2018.

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 variance in revenue or expenditures of more than 5%.

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AGREED-UPON PROCEDURES REPORT

Village of Sicily Island, Louisiana

Independent Accountant's Report

On Applying Agreed-Upon Procedures

For the Period of July 1, 2018- June 30, 2019

Village of Sicily Island
Sicily Island, Louisiana

We have performed the procedures enumerated below, which were agreed to by Village of Sicily Island (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
 - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Observation: We inspected the Village's policies and procedures manual and found that it addressed all of the above categories except Disaster Recovery/Business Continuity.

Exception: The Village's policies and procedures manual did not address Disaster Recovery/Business Continuity.

Management's Response: The Village will update its policies and procedures to address Disaster Recovery/Business Continuity.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Observations:

A) The council meets monthly when it has a quorum.

B) Budget-to-actual comparisons on the general fund are not presented at monthly meetings.

Exception: Budget-to-actual comparisons on the general fund are not presented at monthly meetings.

Management's Response: The entity's accounting system does not allow a budget to actual comparison to be prepared.

C) The prior year audit report did not show a deficit fund balance in the general fund.

Bank Reconciliations

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

Observations: We obtained as listing of bank accounts for the fiscal period from management and management's representation that the listing is complete. We randomly selected the month of February 2019 for the general fund account, street repair, payroll, sewer revenue and water meter deposit accounts and observed the following:

- A) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date.
- B) Bank reconciliations do not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.
- C) The payroll account had outstanding items that were more than 12 months old.

Exception: Bank reconciliations do not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

One bank account did not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Management's Response: Future bank reconciliations will include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation and management will have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections (excluding EFTs)

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

Observation: We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Observations:

- A) Employees that are responsible for cash collections do share cash drawers/registers.**

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

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

- B) Each employee responsible for collecting cash, on some occasions, is responsible for preparing/making bank deposits.**

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

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

- C) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger.**

- D) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions can be responsible for collecting cash.**

Exception: The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions can be responsible for collecting cash.

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

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Observation: Inquiry found that all employees who have access to cash are covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Observation: We randomly selected the February 11th and 22nd and observed:

- A) Receipts are sequentially pre-numbered.
- B) We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- C) We traced the deposit slip total to the actual deposit per the bank statement.
- D) Deposits were not made within one business day of receipt at collection location.

Exception: Deposits were not made within one business day of receipt at collection location.

Management's Response: It is not always practical to make deposits each day. All cash is locked in a secure location in the office.

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

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

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

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

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

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

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

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

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

Observation: We obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period and management’s representation that the list is complete. The entity has one debit card.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

Observation: We selected the one debit card and the month of August 2018 (the only month with a charge in the fiscal year) and:

A) Payment was made requiring dual signatures.

B) There were no finance charges or late fees on the statement.

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

Observation: There was one transaction and it was supported with written documentation of the individual and the business/public purpose.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense

documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

Payroll and Personnel

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

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

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

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

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

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

The Vercher Group

Jena, Louisiana
November 27, 2019