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**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**ANNUAL FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2010**  
**AND FOR THE YEAR THEN ENDED**  
**WITH**  
**INDEPENDENT AUDITOR'S REPORT**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/2/11



**SILAS SIMMONS** LLP  
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

VILLAGE OF SICILY ISLAND, LOUISIANA

Annual Financial Statements  
As of and for the Year Ended June 30, 2010

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VILLAGE OF SICILY ISLAND, LOUISIANA

Annual Financial Statements  
As of and for the Year Ended June 30, 2010

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Art Goode, Mayor  
and Members of the Board of Aldermen  
Village of Sicily Island  
Sicily Island, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Sicily Island, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Village's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of Village of Sicily Island, Louisiana's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Sicily Island, Louisiana as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2010, on our consideration of Village of Sicily Island, Louisiana's internal control over financial reporting and our test 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 28 through 29 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.

*Silas Simmons, LLP*

Natchez, Mississippi  
December 17, 2010

**Required Supplemental Information (Part I)**

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2010**

## INTRODUCTION

The management's discussion and analysis of the Village of Sicily Island, Louisiana's financial performance provides an overall narrative review of the Village's financial activities for the year ended June 30, 2010. The intent of this discussion and analysis is to look at the Village's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the Village's financial performance. This discussion and analysis is Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

The Village of Sicily Island, Louisiana is located in northeast Louisiana along Highway 15. The population, according to the 2000 census, is 455. The local economic base is driven mainly by farming.

## FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities by \$2,545,208.
- Total revenues exceeded expenses by \$103,605.
- The total capital assets were \$2,635,315 and debt associated with capital assets totaled \$163,541.

## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village of Sicily Island, Louisiana's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The *Statement of Net Assets* presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *Statement of Activities* presents information showing how the Village's net assets changed during the most recent fiscal year.

The government-wide financial statements outline functions of the Village that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**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 fund financial statements can be found on pages 10 through 16 of this report.

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 27 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budget process.

The Village adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found on pages 28-29 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets serve as a useful indicator of a government's financial position. Assets exceeded liabilities by \$2,545,208 and \$2,441,603 as of June 30, 2010 and 2009, respectively.

The following is a condensed statement of the Village of Sicily Island, Louisiana's net assets as of June 30, 2010 and 2009:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current assets	\$ 206,867	\$ 182,226	\$ 24,641	13.52%
Noncurrent assets	<u>2,635,315</u>	<u>2,584,060</u>	<u>51,255</u>	<u>1.98%</u>
Total assets	<u>\$ 2,842,182</u>	<u>\$ 2,766,286</u>	<u>\$ 75,896</u>	<u>\$ 2.74%</u>
Current liabilities	\$ 98,974	\$ 114,683	\$ (15,709)	\$ -13.70%
Long-term liabilities	<u>198,000</u>	<u>210,000</u>	<u>(12,000)</u>	<u>-5.71%</u>
Total liabilities	<u>\$ 296,974</u>	<u>\$ 324,683</u>	<u>\$ (27,709)</u>	<u>\$ 8.53%</u>
Net assets				
Investment in capital assets, net of related debt	\$ 2,471,774	\$ 2,352,906	\$ 118,868	\$ 5.05%
Restricted for debt service	<u>30,009</u>	<u>10,390</u>	<u>19,619</u>	<u>188.83%</u>
Unrestricted	<u>43,425</u>	<u>78,307</u>	<u>(34,882)</u>	<u>-44.55%</u>
Total net assets	<u>\$ 2,545,208</u>	<u>\$ 2,441,603</u>	<u>\$ 103,605</u>	<u>\$ 4.24%</u>

The following is a summary of the statement of activities for the years ended June 30, 2010 and 2009:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Revenues				
Program revenues	\$ 641,031	\$ 443,275	\$ 197,756	44.61%
General revenues and transfers	<u>61,928</u>	<u>73,091</u>	<u>(11,163)</u>	<u>-15.27%</u>
Total revenues and transfers	<u>\$ 702,959</u>	<u>\$ 516,366</u>	<u>\$ 186,593</u>	<u>\$ 36.14%</u>

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2010**

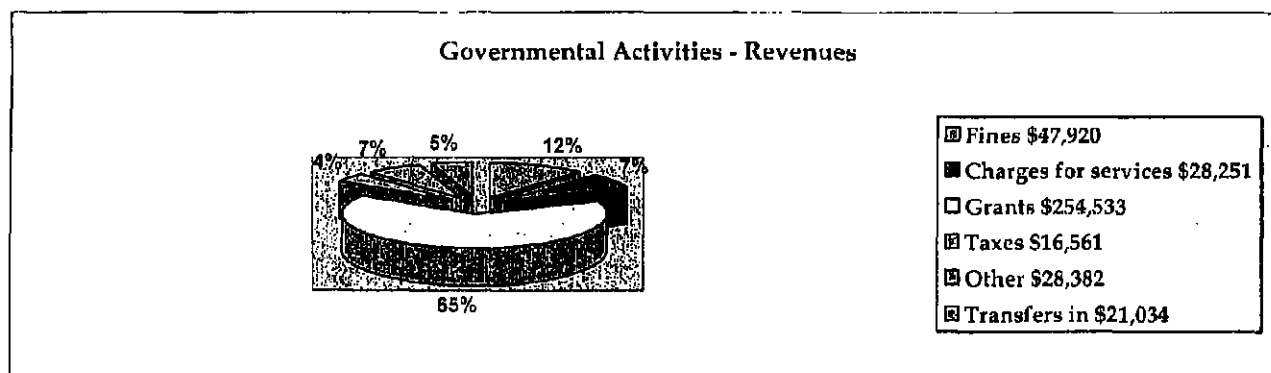
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<b>Expenses</b>				
General and administrative	\$ 130,632	\$ 174,199	\$ (43,567)	-25.00%
<b>Public safety</b>				
Police	104,867	106,783	(1,916)	-1.79%
Fire	9,201	9,856	(655)	-6.65%
Public works - sanitation	29,250	27,506	1,744	6.34%
Interest expense	10,605	11,196	(591)	-5.28%
Utility expenses	314,799	324,367	(9,568)	-2.95%
<b>Total expenses</b>	<u>\$ 599,354</u>	<u>\$ 653,907</u>	<u>\$ (54,553)</u>	<u>\$ -8.34%</u>
 Increase (decrease) in net assets	 \$ 103,605	 \$ (137,541)	 \$ 241,146	 \$ (175.33)%
Net assets - beginning of year	<u>2,441,603</u>	<u>2,579,144</u>	<u>(137,541)</u>	<u>-5.33%</u>
Net assets - end of year	<u>\$ 2,545,208</u>	<u>\$ 2,441,603</u>	<u>\$ 103,605</u>	<u>\$ 4.24%</u>

**GOVERNMENTAL ACTIVITIES**

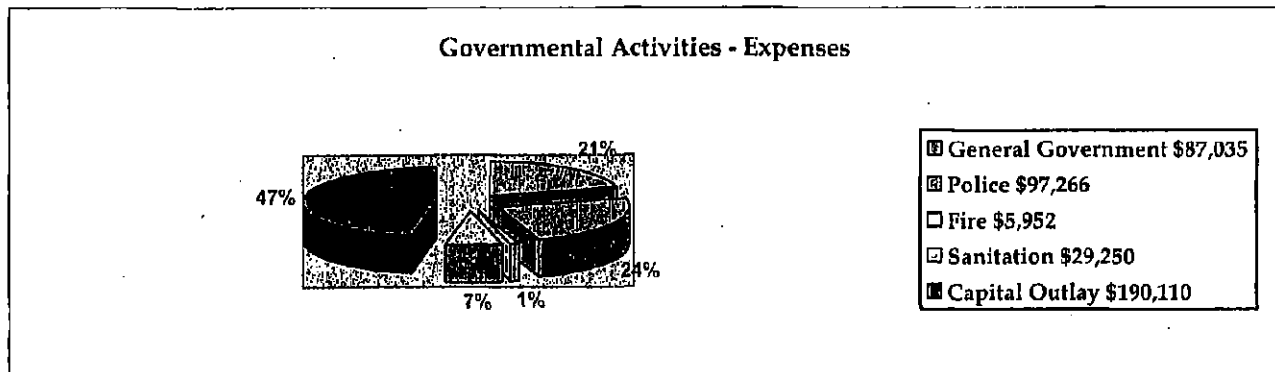
The Village of Sicily Island, Louisiana's governmental activities consist of general government, public safety (police and fire), public works, and payment of interest expense of long-term debt. Since the revenues generated by the general government (e.g. fines, property taxes, garbage fees, occupational licenses, franchise taxes, and federal and state grants) were not sufficient to pay all of the expenses of these activities, cash of \$4,142 was transferred from the business-type activities (utility fund) to help pay the costs.

The following presents in graphs the information from the Statement of Activities for Governmental Activities:



**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2010**

**GOVERNMENTAL ACTIVITIES (continued)**

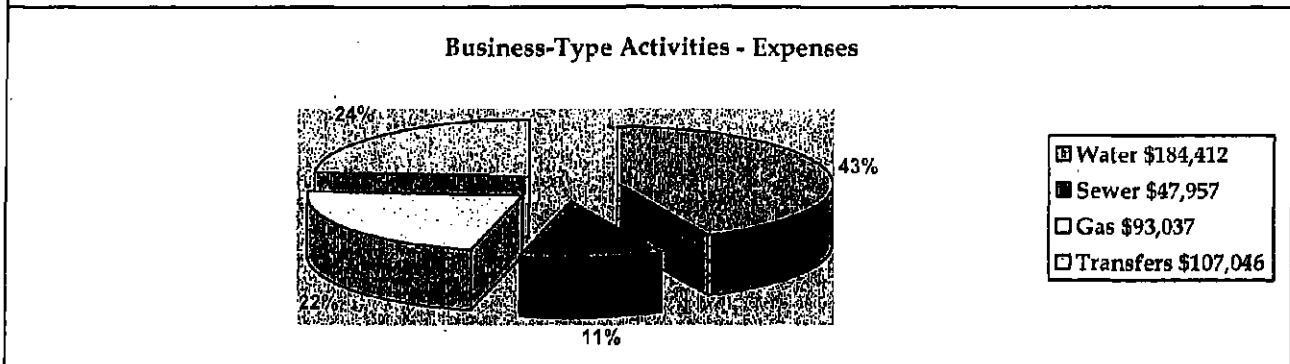
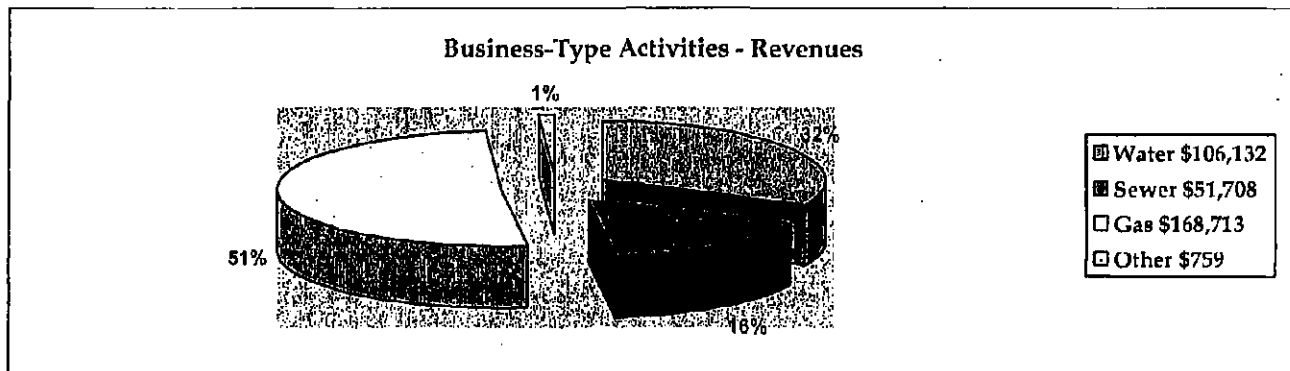


The notes to the financial statements should be read to have a full understanding of the data in the government-wide financial statements.

**Business-Type Activities**

The Business-Type Activities of the Village are those revenues resulting from fees charged to customers. The Village has three Business-Type Activities, (water, gas, and sewer) which are accounted for in the utility funds.

The following presents in graphs the information from the Statement of Activities for the Business-Type Activities:



**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2010**

**GOVERNMENTAL ACTIVITIES (continued)**

The notes to the financial statements should be read to have a full understanding of the data in the government-wide financial statements.

**Comments on General Fund Budget**

The Village adopts an annual budget for its general fund. The final budgeted expenditures were \$221,940 compared to total expenditures of \$281,534. Revenues were budgeted at \$215,400 compared to total revenues of \$247,568. Additional information is available on Pages 28 and 29 of these financial statements.

**CAPITAL ASSETS AND DEBT**

As of June 30, 2010, the Village had \$724,924 invested in capital assets in the general fund and \$1,910,391 in the proprietary fund. This year there were additions of \$62,031 in the general fund, \$795 in the water fund, and \$128,079 in the sewer fund. The following capital assets were purchased in this year:

General fund:

1.	Police car with siren/lights	\$ 25,331
2.	Fire equipment	4,876
3.	Generator	1,529
4.	Trailer	6,850
5.	Dump truck	8,500
6.	Lawn mower	8,567
7.	City Hall improvements	6,378
		<u>\$ 62,031</u>

Sewer fund:

1.	Construction in progress	<u>\$ 128,079</u>
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Water fund:

1.	Computer software	<u>\$ 795</u>
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At the end of the current fiscal year, the Village had outstanding bonded debt of \$210,000. Principle payments of \$12,000 are due to be paid during the next fiscal year. This debt was incurred in 1981 with an original balance of \$393,000 with an interest rate of 5%.

**REQUEST FOR INFORMATION**

This financial report is designed to provide 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. Any questions about this report or request for additional information may be directed to Mary Muñoz, Town Clerk for the Village of Sicily Island, Louisiana.

**Basic Financial Statements**

**Government-Wide Financial Statements**

## VILLAGE OF SICILY ISLAND, LOUISIANA

## STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 80,971	\$ 35,995	\$ 116,966
Receivables (net of allowances for uncollectibles)	53,915	5,808	59,723
Restricted assets	-	30,009	30,009
Accrued interest income	-	169	169
Capital assets (net)	<u>724,924</u>	<u>1,910,391</u>	<u>2,635,315</u>
Total assets	<u>\$ 859,810</u>	<u>\$ 1,982,372</u>	<u>\$ 2,842,182</u>
<b><u>LIABILITIES</u></b>			
Bank overdraft	\$ 2,041	\$ -	\$ 2,041
Accounts, salaries, and other payables	14,724	3,789	18,513
Payable from restricted assets	-	8,659	8,659
Meter deposits	-	38,030	38,030
Compensated absences payable	1,885	-	1,885
Line of credit	17,846	-	17,846
Bonds payable, due within one year	-	12,000	12,000
Bonds payable, beyond one year	<u>-</u>	<u>198,000</u>	<u>198,000</u>
Total liabilities	<u>\$ 36,496</u>	<u>\$ 260,478</u>	<u>\$ 296,974</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	\$ 724,924	\$ 1,746,850	\$ 2,471,774
Restricted for debt service	-	30,009	30,009
Unrestricted	<u>98,390</u>	<u>(54,965)</u>	<u>43,425</u>
Total net assets	<u>\$ 823,314</u>	<u>\$ 1,721,894</u>	<u>\$ 2,545,208</u>

See accompanying notes to the basic financial statements.

## VILLAGE OF SICILY ISLAND, LOUISIANA

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses), Revenues and Changes	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business- Type Activities
<b><u>GOVERNMENTAL ACTIVITIES</u></b>						
General government	\$ 130,632	\$ -	\$ 197,742	\$ 67,110	\$ -	\$ 67,110
Public safety						
Police	104,867	-	-	(56,947)	-	(56,947)
Fire	9,201	-	-	(1,200)	-	(1,200)
Public works						
Sanitation	29,250	-	-	31,565	-	31,565
Total governmental activities	\$ 273,949	\$ -	\$ 197,742	\$ 40,529	\$ -	\$ 40,529
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>						
Water	\$ 184,412	\$ -	\$ -	\$ (78,280)	\$ (78,280)	\$ (78,280)
Gas	93,037	-	-	75,676	75,676	75,676
Sewer	47,956	-	-	3,752	3,752	3,752
Total business-type activities	\$ 325,405	\$ -	\$ -	\$ 1,148	\$ 1,148	\$ 1,148
Total	\$ 599,354	\$ 443,289	\$ 197,742	\$ 41,677	\$ 1,148	\$ 41,677
General Revenues:						
Taxes:						
Ad valorem				\$ 10,967	\$ -	\$ 10,967
Franchise taxes				5,594	-	5,594
Occupational licenses				17,018	-	17,018
Investment earnings				758	759	1,517
Other general revenues				26,832	-	26,832
Transfers				(107,045)	107,045	-
Total general revenues and transfers				\$ (45,876)	\$ 107,804	\$ 61,928
Change in net assets				\$ (5,347)	\$ 108,952	\$ 103,605
Net assets - beginning				828,661	1,612,942	2,441,603
Net assets - ending				\$ 823,314	\$ 1,721,894	\$ 2,545,208

See accompanying notes to the basic financial statements.

**Fund Financial Statements**

**Governmental Funds**

VILLAGE OF SICILY ISLAND, LOUISIANA

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>Major Fund</u> <u>General Fund</u>	<u>Capital</u> <u>Project Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 80,970	\$ 1	\$ 80,971
Receivables (net of allowances for uncollectibles)	<u>53,915</u>	<u>-</u>	<u>53,915</u>
Total assets	<u>\$ 134,885</u>	<u>\$ 1</u>	<u>\$ 134,886</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Bank overdraft	\$ 2,041	\$ -	\$ 2,041
Accounts, salaries, and other payables	14,724	-	14,724
Line of credit	<u>17,846</u>	<u>-</u>	<u>17,846</u>
Total liabilities	<u>\$ 34,611</u>	<u>\$ -</u>	<u>\$ 34,611</u>
Fund balances:			
Unreserved, reported in:			
General Fund	<u>\$ 100,274</u>	<u>\$ 1</u>	<u>\$ 100,275</u>
Total fund balances	<u>\$ 100,274</u>	<u>\$ 1</u>	<u>\$ 100,275</u>
Total liabilities and fund balances	<u>\$ 134,885</u>	<u>\$ 1</u>	<u>\$ 134,886</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2010

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 100,275
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	724,924
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences	<u>(1,885)</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 823,314</u>

See accompanying notes to the basic financial statements.

## VILLAGE OF SICILY ISLAND, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Major Fund</u> <u>General Fund</u>	<u>Capital</u> <u>Project Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b><u>REVENUES</u></b>			
Taxes:			
Ad valorem	\$ 10,967	\$ -	\$ 10,967
Franchise	5,594	-	5,594
Occupational licenses	17,018	-	17,018
Intergovernmental revenues	126,454	128,079	254,533
Fines and forfeitures	47,920	-	47,920
Charges for services	28,251	-	28,251
Investment earnings	758	-	758
Other revenues	10,606	-	10,606
	<u>\$ 247,568</u>	<u>\$ 128,079</u>	<u>\$ 375,647</u>
Total revenues			
<b><u>EXPENDITURES</u></b>			
General government	\$ 87,035	\$ -	\$ 87,035
Public safety:			
Police	97,266	-	97,266
Fire	5,952	-	5,952
Public works:			
Sanitation	29,250	-	29,250
Capital outlay	62,031	128,079	190,110
	<u>\$ 281,534</u>	<u>\$ 128,079</u>	<u>\$ 409,613</u>
Total expenditures			
Revenues under expenditures	<u>\$ (33,966)</u>	<u>\$ -</u>	<u>\$ (33,966)</u>
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers in	\$ 21,034	\$ -	\$ 21,034
	<u>\$ 21,034</u>	<u>\$ -</u>	<u>\$ 21,034</u>
Total other financing sources			
Net change in fund balance	\$ (12,932)	\$ -	\$ (12,932)
Fund balances - beginning	113,206	1	113,207
Fund balances - ending	<u>\$ 100,274</u>	<u>\$ 1</u>	<u>\$ 100,275</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2010**

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

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$	(12,932)
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Changes in compensated absences reported in total governmental activities		483
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the capital projects fund expenditures for sewer plant construction were transferred to the proprietary fund.

Amount by which capital outlays exceeded depreciation in the current period		135,181
Capital outlay transferred to proprietary fund		<u>(128,079)</u>

Change in Net Assets of Governmental Activities (Statement B)	\$	<u>(5,347)</u>
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See accompanying notes to the basic financial statements.

**Proprietary Funds**

## VILLAGE OF SICILY ISLAND, LOUISIANA

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

JUNE 30, 2010

	Major Fund			
	Water	Sewer	Gas	Totals
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 30,792	\$ 114	\$ 5,089	\$ 35,995
Receivables (net of allowances for uncollectibles)	2,078	1,729	2,001	5,808
Accrued interest income	169	-	-	169
Total current assets	\$ 33,039	\$ 1,843	\$ 7,090	\$ 41,972
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	\$ 12,295	\$ 17,714	\$ -	\$ 30,009
Capital assets (net of accumulated depreciation)	648,046	1,024,810	237,535	1,910,391
Total noncurrent assets	\$ 660,341	\$ 1,042,524	\$ 237,535	\$ 1,940,400
Total assets	\$ 693,380	\$ 1,044,367	\$ 244,625	\$ 1,982,372
<b>LIABILITIES</b>				
Current liabilities				
Accounts, salaries, and other payables	\$ 3,789	\$ -	\$ -	\$ 3,789
Meter deposits	38,030	-	-	38,030
Total current liabilities	\$ 41,819	\$ -	\$ -	\$ 41,819
Current liabilities payable from restricted assets				
Accrued interest payable from restricted assets	\$ -	\$ 8,659	\$ -	\$ 8,659
Current portion of long-term debt	-	12,000	-	12,000
Total current liabilities payable from restricted assets	\$ -	\$ 20,659	\$ -	\$ 20,659
Noncurrent liabilities				
Long-term debt	\$ -	\$ 198,000	\$ -	\$ 198,000
Total noncurrent liabilities	\$ -	\$ 198,000	\$ -	\$ 198,000
Total liabilities	\$ 41,819	\$ 218,659	\$ -	\$ 260,478
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 686,908	\$ 806,151	\$ 253,791	\$ 1,746,850
Restricted for debt services	12,295	17,714	-	30,009
Unrestricted	(47,642)	1,843	(9,166)	(54,965)
Total net assets	\$ 651,561	\$ 825,708	\$ 244,625	\$ 1,721,894

See accompanying notes to the basic financial statements.

## VILLAGE OF SICILY ISLAND, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Major Fund			
	Business-Type Activities - Enterprise Fund			
	Water	Sewer	Gas	Totals
<b>OPERATING REVENUES</b>				
Charges for services	\$ 101,581	\$ 47,019	\$ 155,159	\$ 303,759
Other operating revenue	4,551	4,689	13,554	22,794
Total operating revenues	\$ 106,132	\$ 51,708	\$ 168,713	\$ 326,553
<b>OPERATING EXPENSES</b>				
Salaries and payroll taxes	\$ 46,922	\$ 7,748	\$ 7,749	\$ 62,419
Contract services	12,484	-	-	12,484
Legal and accounting	4,125	-	-	4,125
Materials and supplies	6,539	-	69,032	75,571
Repairs and maintenance	3,644	-	-	3,644
Insurance	12,368	-	-	12,368
Depreciation	38,862	29,603	16,256	84,721
Utilities and telephone	40,951	-	-	40,951
Miscellaneous	18,517	-	-	18,517
Total operating expenses	\$ 184,412	\$ 37,351	\$ 93,037	\$ 314,800
Operating income (loss)	\$ (78,280)	\$ 14,357	\$ 75,676	\$ 11,753
<b>Non-operating revenues (expenses)</b>				
Interest earnings	\$ 726	\$ 33	\$ -	\$ 759
Interest expense	-	(10,605)	-	(10,605)
Total non-operating revenues (expenses)	\$ 726	\$ (10,572)	\$ -	\$ (9,846)
Income (loss) before transfers	\$ (77,554)	\$ 3,785	\$ 75,676	\$ 1,907
Transfer in/(out)	58,594	123,937	(75,486)	107,045
Change in net assets	\$ (18,960)	\$ 127,722	\$ 190	\$ 108,952
Total net assets - beginning	670,521	697,986	244,435	1,612,942
Total net assets - ending	\$ 651,561	\$ 825,708	\$ 244,625	\$ 1,721,894

See accompanying notes to the basic financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Enterprise Fund</u> <u>Utility Fund</u>
<b><u>Cash Flows From Operating Activities</u></b>	
Receipts from customers and users	\$ 328,006
Payments to suppliers	(195,460)
Payments to employees	(62,420)
Net cash provided by operating activities	<u>\$ 70,126</u>
<b><u>Cash Flows From Noncapital Financing Activities</u></b>	
Transfers from other funds	<u>\$ 107,045</u>
Net cash provided by noncapital financing activities	<u>\$ 107,045</u>
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>	
Principal paid on capital debt	\$ (12,000)
Interest paid on capital debt	(11,100)
Net cash used for capital and related financing activities	<u>\$ (23,100)</u>
<b><u>Cash Flows from Investing Activities</u></b>	
Purchase of capital assets	\$ (128,874)
Interest on temporary investments	740
Net cash used for investing activities	<u>\$ (128,134)</u>
Net increase in cash and cash equivalents	\$ 25,937
Cash and cash equivalents, beginning of year	<u>40,067</u>
Cash and cash equivalents, end of year	<u>\$ 66,004</u>
<b><u>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</u></b>	
Operating income	<u>\$ 11,753</u>
<b><u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u></b>	
Depreciation	\$ 84,721
Change in assets and liabilities	
Decrease in:	
Accounts receivable - customers	1,453
Accounts payable	(13,626)
Customer deposits	(14,175)
Total adjustments	<u>\$ 58,373</u>
Net cash provided by operating activities	<u>\$ 70,126</u>

See accompanying notes to the basic financial statements.

**Notes to the Basic Financial Statements**

VILLAGE OF SICILY ISLAND, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010

## INTRODUCTION

Village of Sicily Island, Louisiana is a municipal corporation governed by an elected mayor. The Village was incorporated August 21, 1955, under provisions of the Lawrason Act. The purpose of the municipality is to provide utility services, public safety (police and fire), sanitation, and general administrative services. The Board of Aldermen consists of three elective members. The Village is located in the northeastern portion of Catahoula Parish, Louisiana. The population of Sicily Island is 455 persons. The Village has 5 full-time employees. Village of Sicily Island, Louisiana has approximately 314 utility customers.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 meeting 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### B. *Measurement Focus, Basis of Accounting, and 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 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.

VILLAGE OF SICILY ISLAND, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**B. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*** (continued)

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 fund:

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

The municipality reports the following major proprietary fund:

The Utility Fund is used to account for the provision of gas and water utilities, as well as sewer services to residents of the Village and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing and collection.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. 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. 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**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. 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 non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources, as they are needed.

**C. Deposits and Investments**

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

**D. Receivables and Payables**

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

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and customer's utility receivables are recognized through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

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

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

For the year ended June 30, 2010, taxes of 7.80 mills were levied on property with assessed valuations totaling \$1,402,389, after abatements and exemptions and were dedicated as follows:

General corporate purposes	7.80 mills
Total taxes levied were	\$ 10,939

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Inventories**

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the year ending June 30, 2010, these amounts were considered to be immaterial.

**F. Restricted Assets - Utility Fund**

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Village typically depletes the available restricted resources before consuming unrestricted resources. Restricted assets were applicable to the following at June 30, 2010:

Meter deposits - checking	\$	4,669
Meter deposits - CD		7,625
Depreciation Fund		1,132
Reserve Fund		1,414
Sinking Fund		15,169
		<u>\$ 30,009</u>

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$500 or more for capitalizing capital assets used in the governmental funds.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental activities:	
Land improvements	30 years
Buildings	40 years
Machinery and equipment	5-15 years
Vehicles	5-15 years

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Capital Assets (continued)**

<u>Description</u>	<u>Estimated Lives</u>
Business-type activities/Enterprise Fund:	
Buildings	25 years
Infrastructure	20-50 years
Machinery and equipment	10-20 years
Vehicles	5 years

**H. Compensated Absences**

Each full-time employee is credited with ten days of vacation leave each year worked. The employee's vacation leave will begin to accumulate upon finishing a six-month probation period. After his or her first anniversary, the employee shall earn sick leave at the rate of one-half day per month. In accordance with GASB Statement No. 16, the Village had accrued compensated absences of \$1,885 as of June 30, 2010.

**I. Long-Term Obligations**

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Fund Equity**

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

**K. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Reconciliations of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgets and Budgetary Accounting

The Village follows procedures established by Louisiana Revised Statute in the preparation and adoption of its annual operating budgets as follows:

1. The Village prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At June 30, 2010, the Village had cash and cash equivalents (book balances) totaling \$146,975 as follows:

Demand deposits	\$	58,537
Interest-bearing demand deposits		25,027
Time deposits		62,959
Cash on hand		<u>452</u>
Total	\$	<u>146,975</u>

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 3 - CASH AND CASH EQUIVALENTS (continued)**

These deposits are stated at cost, which approximates market. 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.

At June 30, 2010, the municipality had \$151,175 in deposits (collected bank balances). These deposits are secured from risk by \$151,175 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 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 municipality that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 4 - RECEIVABLES**

The receivables of \$59,723 at June 30, 2010, were as follows:

Class of Receivable	General Fund	Enterprise Fund	Total
Taxes:			
Ad valorem	\$ 862	\$ -	\$ 862
Sales and use	5,732	-	5,732
Accounts	38,037	16,699	54,736
Other	10,707	-	10,707
Allowance for uncollectibles	(1,423)	(10,891)	(12,314)
Total	<u>\$ 53,915</u>	<u>\$ 5,808</u>	<u>\$ 59,723</u>

Uncollectible 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 uncollectibility of the receivable.

**NOTE 5 - INTERFUND RECEIVABLES/PAYABLES**

There were no interfund receivables or payables at June 30, 2010.

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 6 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2010, were as follows:

	Beginning Balance July 1, 2009	Increases	Decreases	Ending Balance June 30, 2010
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 13,000	\$ -	\$ -	\$ 13,000
Total capital assets, not being depreciated	\$ 13,000	\$ -	\$ -	\$ 13,000
<b>Capital assets being depreciated</b>				
Buildings and structures	\$ 69,009	\$ 6,378	\$ -	\$ 75,387
Improvements other than buildings	24,723	-	-	24,723
Machinery and equipment	139,423	21,822	-	161,245
Street improvements	635,557	-	-	635,557
Vehicles	248,968	33,831	-	282,799
Total capital assets being depreciated	\$ 1,117,680	\$ 62,031	\$ -	\$ 1,179,711
<b>Less accumulated depreciation for:</b>				
Buildings and structures	\$ (29,876)	\$ (3,975)	\$ -	\$ (33,851)
Improvements other than buildings	(5,558)	(739)	-	(6,297)
Machinery and equipment	(69,292)	(9,219)	-	(78,511)
Street improvements	(87,532)	(11,646)	-	(99,178)
Vehicles	(220,600)	(29,350)	-	(249,950)
Total accumulated depreciation	\$ (412,858)	\$ (54,929)	\$ -	\$ (467,787)
Total capital assets being depreciated, net	\$ 704,822	\$ 7,102	\$ -	\$ 711,924
Total capital assets, net	\$ 717,822	\$ 7,102	\$ -	\$ 724,924
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 39,280	\$ -	\$ -	\$ 39,280
Total capital assets, not being depreciated	\$ 39,280	\$ -	\$ -	\$ 39,280
<b>Capital assets being depreciated</b>				
Buildings	\$ 24,383	\$ -	\$ -	\$ 24,383
Infrastructure	3,038,060	128,079	-	3,166,139
Machinery, equipment, and vehicles	190,751	795	-	191,546
Total capital assets being depreciated	\$ 3,253,194	\$ 128,874	\$ -	\$ 3,382,068
<b>Less accumulated depreciation for:</b>				
Buildings	\$ (24,383)	\$ (1,448)	\$ -	\$ (25,831)
Infrastructure	(1,224,075)	(72,712)	-	(1,296,787)
Machinery, equipment, and vehicles	(177,778)	(10,561)	-	(188,339)
Total accumulated depreciation	\$ (1,426,236)	\$ (84,721)	\$ -	\$ (1,510,957)
Total capital assets being depreciated, net	\$ 1,826,958	\$ 44,153	\$ -	\$ 1,871,111
Total capital assets, net	\$ 1,866,238	\$ 44,153	\$ -	\$ 1,910,391

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 6 - CAPITAL ASSETS (continued)**

Depreciation expense of \$54,929 for the year ended June 30, 2010, was charged to the following governmental functions:

General government	\$	44,079
Public safety:		
Police		7,601
Fire		<u>3,249</u>
Total	\$	<u>54,929</u>

**NOTE 7 - INTERFUND TRANSFERS**

Interfund transfers during the year ended June 30, 2010, were as follows:

	<u>Operating Transfers</u>	
	<u>In</u>	<u>Out</u>
General fund	\$ 21,034	\$ 128,079
Water fund	58,594	-
Gas fund	-	75,486
Sewer fund	<u>128,079</u>	<u>4,142</u>
Totals	<u>\$ 207,707</u>	<u>\$ 207,707</u>

Transfers are primarily used to move funds from the Proprietary Funds to the General Fund to cover expenses of general operations.

**NOTE 8 - ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$18,513 at June 30, 2010, were as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Withholdings	\$ 13,378	\$ -	\$ 13,378
Accounts	<u>1,346</u>	<u>3,789</u>	<u>5,135</u>
Total	<u>\$ 14,724</u>	<u>\$ 3,789</u>	<u>\$ 18,513</u>

**NOTE 9 - CONSTRUCTION COMMITMENTS**

The Village has one active construction project as of June 30, 2010. The commitment with contractors was as follows:

	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Sewer addition project:	<u>\$ 128,079</u>	<u>\$ 315,999</u>

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 10 - LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2010:

	Bonded Debt	Compensated Absences	Total
Long-term obligations at beginning of year	\$ 222,000	\$ 1,885	\$ 223,885
Additions	-	-	-
Deductions	(12,000)	-	(12,000)
Long-term obligations at end of year	<u>\$ 210,000</u>	<u>\$ 1,885</u>	<u>\$ 211,885</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2010:

	Bonded Debt	Compensated Absences	Total
Current portion	\$ 12,000	\$ 1,885	\$ 13,885
Long-term portion	198,000	-	198,000
Total	<u>\$ 210,000</u>	<u>\$ 1,885</u>	<u>\$ 211,885</u>

Long-term debt consisted of a \$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%.

A schedule of maturities of long-term debt follows for the years ended June 30:

Year ended	Principal	Interest	Total
2011	\$ 12,000	\$ 10,500	\$ 22,500
2012	13,000	9,900	22,900
2013	14,000	9,250	23,250
2014	15,000	8,550	23,550
2015	16,000	7,800	23,800
2016-2021	140,000	29,400	169,400
	<u>\$ 210,000</u>	<u>\$ 75,400</u>	<u>\$ 285,400</u>

Interest incurred in connection with long-term debt totaled \$10,605 and the entire balance has been presented as a direct expense of the Village sewer system.

**NOTE 11 - LINE OF CREDIT**

The Village has a line of credit with Sicily Island State Bank for borrowings to a maximum balance of \$25,295, interest rate of 7%, and maturity date of July 14, 2010. At June 30, 2010, the balance on the line of credit was \$17,846. The line of credit has been subsequently extended to have a new maturity date of July 14, 2011.

**NOTE 12 - INTERGOVERNMENTAL REVENUES**

Amounts paid from intergovernmental agencies at June 30, 2010, consisted of the following:

State of Louisiana	\$ 197,742
Catahoula Parish	
Hard surface road tax	16,226
Sanitation tax	40,565
Total	<u>\$ 254,533</u>

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 13 - RETIREMENT SYSTEM**

Beginning in February 2004, Village of Sicily Island offers its employees a voluntary savings plan under Section 457(b) of the Internal Revenue Code. The plan, available to all employees, permits them to defer a portion of their salary until future years. Distributions are available if the employee terminates employment, becomes disabled, retires, or dies. Distributions are also available to meet immediate and unexpected financial hardship needs. The Village also established a 401(a) plan, which allows matching up to 3% of the employees' gross compensation, only if the employee participated in the 457(b) plan. To be eligible for this plan, the employee must have completed at least 90 days of service. Elected officials are not permitted to participate in the 401(a) plan. As of June 30, 2010, Village of Sicily Island has accrued \$10,677 in matching contributions.

**NOTE 14 - COMPENSATION OF THE GOVERNING BOARD**

The Governing Board of Village of Sicily Island, Louisiana consists of a Mayor and three Board of Aldermen. For the fiscal year ended June 30, 2010, the following compensations were paid:

	<u>Salary</u>
Art Goode, Mayor	\$ 4,245
Derrick Frazier, Alderman	4,245
Donald Ashley, Alderman	4,245
Walter Krause, Alderman	<u>4,245</u>
Totals	<u>\$ 16,980</u>

**NOTE 15 - RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 16 - CONTINGENT LIABILITIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

**NOTE 17 - DATE OF MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through December 17, 2010, the date on which the financial statements were available to be issued.

**Required Supplemental Information (Part II)**

## VILLAGE OF SICILY ISLAND, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL

## GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance With Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 15,300	\$ 16,100	\$ 16,561	\$ 461
Licenses and permits	14,000	14,000	17,018	3,018
Intergovernmental revenues	61,500	61,500	126,454	64,954
Fines and forfeitures	70,000	86,000	47,920	(38,080)
Charges for services	23,200	26,200	28,251	2,051
Other	11,300	11,600	11,364	(236)
Total revenues	\$ 195,300	\$ 215,400	\$ 247,568	\$ 32,168
<b>Expenditures</b>				
Current				
General government	\$ 134,425	\$ 78,365	\$ 87,035	\$ (8,670)
Public safety:				
Police	107,600	104,970	97,266	7,704
Fire	6,760	8,700	5,952	2,748
Public works:				
Sanitation	29,105	29,905	29,250	655
Capital outlays	-	-	62,031	(62,031)
Total expenditures	\$ 277,890	\$ 221,940	\$ 281,534	\$ (59,594)
Revenue over(under) expenditures	\$ (82,590)	\$ (6,540)	\$ (33,966)	\$ (27,426)
<b>Other Financing Sources</b>				
Transfers in	\$ 82,590	\$ 27,340	\$ 21,034	\$ (6,306)
Total other financing sources	\$ 82,590	\$ 27,340	\$ 21,034	\$ (6,306)
Net Change in Fund Balance	\$ -	\$ 20,800	\$ (12,932)	\$ (33,732)
Fund Balance - beginning	113,206	113,206	113,206	-
Fund Balance - ending	\$ 113,206	\$ 134,006	\$ 100,274	\$ (33,732)

See Independent Auditor's report.

VILLAGE OF SICILY ISLAND, LOUISIANA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2010

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. *Basis of Presentation*

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

2. *Budget Amendments and Revisions*

The budget is adopted by the Board of Aldermen. Amendments can be made on the approval of the Board of Aldermen. No amendments have been made from the original adopted budget. A budgetary comparison is presented for the General Fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America. There were no major special revenue funds.

See Independent Auditor's report.

**Reports on Internal Control and Compliance**



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

The Honorable Art Goode, Mayor  
and Members of the Board of Aldermen  
Village of Sicily Island  
Sicily Island, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Sicily Island, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise Village of Sicily Island, Louisiana's basic financial statements, and have issued our report thereon dated December 17, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Sicily Island, Louisiana's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Sicily Island, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of Village of Sicily Island, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control described in the accompanying schedule of findings as item 10-02 to be material weakness.

Internal Control Over Financial Reporting (continued)

A significant deficiency in internal control is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness in internal control, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control described in the accompanying schedule of findings as items 10-04 and 10-05 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Sicily Island, Louisiana's financial statements are free of 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 tests 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 as items 10-01, 10-03, and 10-06.

This report is intended for the information of the Mayor, Members of the Board of Aldermen, Management of Village of Sicily Island, Louisiana, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Silas Simmons, LLP*

Natchez, Mississippi  
December 17, 2010.

VILLAGE OF SICILY ISLAND, LOUISIANA

CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2010

Reference No.	Description of Finding	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<b>Section I - Internal Control and Compliance Material to the Financial Statements:</b>				
10-01	We noted the Village had budgeted expenditures of \$221,940 and actual expenditures of \$281,534. The variance was 27% in excess of the budgeted amount. Louisiana Revised Statute 39:1311 requires expenditures to be within 5% of the amount budgeted.	The Village will closely monitor expenditures during the year so that expenditures do not exceed the budget by more than 5%.	Mary Munoz Village clerk	June 30, 2011
10-02	From the understanding of the Village's internal control structure, we have determined that the small size of the Village and its limited number of personnel do not allow for the adequate segregation of duties among employees.	Management will continue to develop and implement control procedures to minimize this inherent problem associated with being a small entity.	Mary Munoz Village clerk	None
10-03	In review of the 1981 Sewer Revenue bond agreement, we noted that the Village is not in compliance with its loan covenants.	Management plans to create a permanent schedule of loan covenants and insure that these covenants are met.	Mary Munoz Village clerk	June 30, 2011
10-04	The Village is not matching or remitting the employees' retirement withholding to the retirement program set up for employees considered full time. During our audit, we were unable to determine the amount that was withheld on the liability.	Management plans to start matching and remitting the employees' retirement to Life Insurance Co. of Southwestern. They also are going to keep up with each employees' retirement account.	Mary Munoz Village clerk	June 30, 2011
10-05	The Village has not been participating in the 457(b) plan. They have also withheld money from employees, but did not send in to the policy holder, LSW. During our audit, we were unable to determine the amount withheld from the employees.	Management plans to reconcile the amount of employee withholdings for the 457(b) and then repay to the appropriate individuals.	Mary Munoz Village clerk	June 30, 2011
10-06	The Village has almost depleted restricted cash to pay some of the operative costs sustained. These accounts were partially restored during the current year.	Management plans to fund these accounts until fully restored.	Mary Munoz Village clerk	June 30, 2011

**Section II - Internal Control and Compliance Material to Federal Awards:**

Not applicable.

**Section III - Management Letter:**

No management letter issued.

VILLAGE OF SICILY ISLAND, LOUISIANA

STATUS OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2010

Reference No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action/Partial Corrective Action Taken
Section I - Internal Control and Compliance Material to the Financial Statements:				
03-02	6-30-03	From the understanding of the Village's internal control structure, we have determined that the small size of the Village and its limited number of personnel do not allow for the adequate segregation of duties among employees.	No	Management will continue to develop and implement control procedures to minimize this inherent problem associated with being a small entity.
04-01	6-30-04	In review of the 1981 Sewer Revenue bond agreement, we noted that the Village is not in compliance with its loan covenants.	No	Management plans to create a permanent schedule of loan covenants and insure that these covenants are met.
05-05	6-30-05	The Village has been consistently late on filing and depositing its payroll taxes. The IRS has charged substantial penalties that could have been avoided.	Yes	Management has filed returns and made deposits on time.
06-03	6-30-06	The Village is not matching or remitting the employees' retirement withholding to the retirement program set up for employees considered full time. During our audit, we were unable to determine the amount that was withheld on the liability.	No	Management plans to start matching and remitting the employees' retirement to Life Insurance Co. of Southwestern. They also are going to keep up with each employees' retirement amount.
07-02	6-30-07	The Village has almost depleted restricted cash to pay some of the operating costs sustained, and has yet to reimburse the accounts.	No	Management has made deposits to the restricted accounts, but has not fully reimbursed the accounts.
07-03	6-30-07	The Village has not been participating in the 457(b) plan. They have also withheld money from employees, but did not send in to the policy holder, LSW. During our audit, we were unable to determine the amount withheld from the employees.	No	Management plans to reconcile the amount of employee withholdings for the 457(b) and then repay to the appropriate individuals.

Section II - Internal Control and Compliance Material to Federal Awards:

Not applicable.

Section III - Management Letter:

No management letter issued.