

VILLAGE OF SICILY ISLAND, LOUISIANA

Annual Financial Statements

JUNE 30, 2014

Village of Sicily Island, Louisiana
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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, 2014, 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, 2014, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2014, 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

October 14, 2014
Jena, Louisiana

Village of Sicily Island

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village, we offer readers of the Village of Sicily Island's financial statements, this narrative overview, and analysis of the financial activities of the Village for the fiscal year ended June 30, 2014. 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 \$1,282,557 (*net position*). This is a \$179,848 increase from last year.
- The Village had total revenue of \$413,358. This is a \$42,072 decrease from last year's revenues, mainly due to a decrease in grant monies in the amount of \$54,330.
- The Village had total expenditures of \$482,446, which is a \$28,628 decrease from last year, mainly due a decrease in capital outlay in the amount of \$49,993.

Enterprise Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$1,757,288 (*net position*). This is a \$103,291 decrease from last year.
- The Village had total revenue of \$320,336. This is a \$50,193 increase from last year, mainly due to an increase in Sales of Services in the amount of \$50,354.
- The Village had total expenses of \$357,468. This is a \$51,336 increase from last year, mainly due to an increase in Cost of Sales of Services in the amount of \$73,945.

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, 2014:

	<u>2013</u>	<u>2014</u>	<u>% Change</u>
Current Assets	\$ 213,224	\$ 55,158	-74.1
Restricted Assets	-0-	-0-	0.0
Noncurrent Assets	<u>1,052,447</u>	<u>1,235,224</u>	17.4
Total Assets	<u>1,265,671</u>	<u>1,290,382</u>	2.0
Current Liabilities	162,962	7,825	-95.2
Long-term Liabilities	-0-	-0-	0.0
Total Liabilities	<u>162,962</u>	<u>7,825</u>	-95.2
Net Position			
Invested in Capital Assets, Net of Related Debt	1,052,447	1,235,224	17.4
Restricted	-0-	-0-	0.0
Unrestricted	<u>50,262</u>	<u>47,333</u>	-5.8
Total Net Position	\$ <u>1,102,709</u>	\$ <u>1,282,557</u>	16.3

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2014:

	<u>2013</u>	<u>2014</u>	<u>% Change</u>
Revenues			
Program Revenues	\$ 37,640	\$ 46,914	24.6
General Revenues	<u>107,064</u>	<u>110,048</u>	2.8
Total Revenues	<u>144,704</u>	<u>156,962</u>	8.5
Expenditures			
Operating Expenditures	200,901	222,266	10.6
Capital Outlay	<u>310,173</u>	<u>260,180</u>	-16.1
Total Expenditures	<u>511,074</u>	<u>482,446</u>	-5.6
Excess (Deficiency) of Revenues Over (Under) Expenditures	(366,370)	(325,484)	-11.2
Other Financing Sources (Uses)			
Transfers In/(Out)	<u>52,435</u>	<u>66,159</u>	26.2
Total Other Financing Sources (Uses)	<u>52,435</u>	<u>66,159</u>	26.2
Capital Contributions	310,726	256,396	-17.5
Net Change in Fund Balance	(3,209)	(2,929)	-8.7
Fund Balance - Beginning	53,471	50,262	-6.0
Fund Balance - Ending	\$ <u>50,262</u>	\$ <u>47,333</u>	-5.8

MD&A

Enterprise Funds

Comparative Statement of Net Position as of June 30, 2014:

Assets	2013	2014	% Change
Cash	\$ 17,612	\$ 13,420	-23.8
Receivables (Net)	23,382	15,939	-31.8
Restricted Assets	46,499	43,193	-7.1
Capital Assets, Net of Accumulated Depreciation	2,032,805	1,939,045	-4.6
Total Assets	2,120,298	2,011,597	-5.1
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	10,944	10,892	-0.5
Customer Deposits	42,800	44,120	3.1
Current Bonds & Interest Payable	29,375	37,297	27.0
Bonds Payable	176,600	162,000	-8.3
Total Liabilities	259,719	254,309	-2.1
Net Position			
Invested in Capital Assets, Net of Related Debt	1,826,830	1,739,748	-4.8
Restricted	-0-	-0-	0.0
Unrestricted	33,749	17,540	-48.0
Total Net Position	\$ 1,860,579	\$ 1,757,288	-5.6

Comparative Statement of Revenues, Expenses & Changes in Net Position for the year ended June 30, 2014.

Operating Revenues	2013	2014	% Change
Water Sales	\$ 108,180	\$ 122,841	13.6
Sewer Charges	45,876	48,837	6.5
Gas Sales	115,788	148,520	28.3
Total Operating Revenues	269,844	320,198	18.7
Operating Expenses			
Cost of Sales & Services	126,807	200,752	58.3
Administration	75,320	55,034	-26.9
Depreciation	95,055	93,760	-1.4
Total Operating Expenses	297,182	349,546	17.6
Operating Income (Loss)	(27,338)	(29,348)	7.4
Nonoperating Revenues (Expenses)			
Interest Earnings	299	138	-53.9
Interest Expense	(8,950)	(7,922)	-11.5
Total Nonoperating Revenues (Expenses)	(8,651)	(7,784)	-10.0
Income Before Contributions & Transfers	(35,989)	(37,132)	-3.2
Transfers In/(Out)	(52,435)	(66,159)	26.2
Capital Contributions	-0-	-0-	0.0
Change in Net Position	(88,424)	(103,291)	16.8
Total Net Position - Beginning	1,949,003	1,860,579	-4.5
Total Net Position - Ending	\$ 1,860,579	\$ 1,757,288	-5.6

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Funds

At June 30, 2014, the Village had \$1,235,224 invested in capital assets, including the following:

Capital Assets at Year-End		
	<u>2013</u>	<u>2014</u>
Land (Not Depreciated)*	\$ 13,000	\$ 13,000
Capital Assets	1,705,482	1,965,662
Accumulated Depreciation	(666,035)	(743,438)
Total	<u>\$ 1,052,447</u>	<u>\$ 1,235,224</u>

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

Capital Assets – Enterprise Funds

At June 30, 2014, the Village had \$1,939,045 invested in capital assets, including the following:

Capital Assets at Year-End		
	<u>2013</u>	<u>2014</u>
Gas System	\$ 470,381	\$ 470,381
Water System*	1,317,243	1,317,243
Sewer System*	2,030,738	2,030,738
Accumulated Depreciation	(1,785,557)	(1,879,317)
Total	<u>\$ 2,032,805</u>	<u>\$ 1,939,045</u>

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

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

CHANGES IN LONG-TERM DEBT

Long-term Debt

The following is a summary of revenue bond transactions of the Village of Sicily Island for the year ended June 30, 2014.

	<u>Sewer Revenue Bonds</u>
Bonds & Notes Payable - Beginning	\$ 189,600
Additions	-0-
Principal Retirements	(14,600)
Total	<u>\$ 175,000</u>

MD&A

Bonds payable at June 30, 2014, are comprised of the following issues:

Revenue Bonds

S393,800 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%.	\$ 175,000
Total	\$ 175,000

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 Margie Price at the Village Hall, phone number (318) 389-4472.

Basic Financial Statements

Village of Sicily Island, Louisiana
Statement of Net Position
June 30, 2014

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets			
Cash & Cash Equivalents	\$ 42,027	\$ 13,420	\$ 55,447
Receivables (Net of Allowances)	13,131	15,939	29,070
Restricted Assets	-0-	43,193	43,193
Capital Assets (Net of Accumulated Depreciation)	1,235,224	1,939,045	3,174,269
Total Assets	1,290,382	2,011,597	3,301,979
Current Liabilities			
Accounts, Salaries, & Other Payables	7,825	10,892	18,717
Customer Deposits	-0-	44,120	44,120
Bonds & Interest Payable	-0-	37,297	37,297
Total Current Liabilities	7,825	92,309	100,134
Non Current Liabilities			
Revenue Bonds & Notes Payable	-0-	162,000	162,000
Total Non Current Liabilities	-0-	162,000	162,000
Total Liabilities	7,825	254,309	262,134
Net Position			
Invested in Capital Assets, Net of Related Debt	1,235,224	1,739,748	2,974,972
Restricted	-0-	-0-	-0-
Unrestricted	47,333	17,540	64,873
Total Net Position	\$ 1,282,557	\$ 1,757,288	\$ 3,039,845

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Balance Sheet, Governmental Funds
June 30, 2014

	GENERAL
Assets	
Cash & Cash Equivalents	\$ 42,027
Receivables (Net of Allowances for Uncollectables)	13,131
Total Assets	55,158
 Liabilities	
Accounts, Salaries, & Other Payables	7,825
Total Liabilities	7,825
 Fund Balance	
Unassigned	47,333
Total Fund Balance	47,333
 Total Liabilities & Fund Balance	\$ 55,158

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, 2014

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

Fund Balance, Total Governmental Funds (Statement C)	\$ 47,333
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,235,224
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	-0-
Other	----- -0-
Net Position of Governmental Activities (Statement A)	\$ <u>1,282,557</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, 2014

	GENERAL
Revenues	
Fees & Charges	\$ 46,914
Taxes	91,148
Fines	14,403
Miscellaneous	4,497
Total Revenues	156,962
Expenditures	
General Government	102,626
Fire	11,208
Public Safety	64,799
Sanitation	28,710
Street Repair	14,923
Capital Outlay	260,180
Total Expenditures	482,446
Excess (Deficiency) of Revenues Over (Under) Expenditures	(325,484)
Other Financing Sources (Uses)	
Transfers In/(Out)	66,159
Total Other Financing Sources (Uses)	66,159
Capital Contributions	256,396
Net Change in Fund Balance	(2,929)
Fund Balances - Beginning	50,262
Fund Balances - Ending	\$ 47,333

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2014

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

Net Change in Fund Balances, Total governmental Funds, Statement E	\$	(2,929)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Purchases	260,180		
Depr. Expense	(77,403)		
			182,777

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt Issued	-0-		
Principal Paid	-0-		
			-0-

Changes in Net Position of Governmental Activities, statement B	\$	<u>179,848</u>
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The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2014

	Business-Type Activities-Enterprise Fund			Totals
	Water	Sewer	Gas	
Current Assets				
Cash & Cash Equivalents	\$ 12,755	\$ 410	\$ 255	\$ 13,420
Receivables (Net of Allowances For Uncollectibles)	8,572	4,036	3,331	15,939
Total Current Assets	<u>21,327</u>	<u>4,446</u>	<u>3,586</u>	<u>29,359</u>
Non-Current Assets				
Restricted Assets	29,935	13,258	-0-	43,193
Capital Assets (Net of Accumulated Depreciation)	494,818	1,271,651	172,576	1,939,045
Total Non-Current Assets	<u>524,753</u>	<u>1,284,909</u>	<u>172,576</u>	<u>1,982,238</u>
Total Assets	<u>546,080</u>	<u>1,289,355</u>	<u>176,162</u>	<u>2,011,597</u>
Current Liabilities				
Accounts, Salaries, & Other Payables	9,609	-0-	1,283	10,892
Total Current Liabilities	<u>9,609</u>	<u>-0-</u>	<u>1,283</u>	<u>10,892</u>
Current Liabilities Payable From Restricted Assets				
Customer Deposits	44,120	-0-	-0-	44,120
Current Bonds & Interest Payable	-0-	37,297	-0-	37,297
Total Current Liabilities Payable From Restricted Assets	<u>44,120</u>	<u>37,297</u>	<u>-0-</u>	<u>81,417</u>
Total Current Liabilities	<u>53,729</u>	<u>37,297</u>	<u>1,283</u>	<u>92,309</u>
Non Current Liabilities				
Revenue Bonds & Notes Payable	-0-	162,000	-0-	162,000
Total Non-Current Liabilities	<u>-0-</u>	<u>162,000</u>	<u>-0-</u>	<u>162,000</u>
Total Liabilities	<u>53,729</u>	<u>199,297</u>	<u>1,283</u>	<u>254,309</u>
Net Position				
Invested in Capital Assets Net of Related Debt	494,818	1,072,354	172,576	1,739,748
Restricted	-0-	-0-	-0-	-0-
Unrestricted	(2,467)	17,704	2,303	17,540
Total Net Position	<u>\$ 492,351</u>	<u>\$ 1,090,058</u>	<u>\$ 174,879</u>	<u>\$ 1,757,288</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, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
Operating Revenues				
Charges for Services:				
Water Sales	\$ 122,841	\$ -0-	\$ -0-	\$ 122,841
Sewer Charges	-0-	48,837	-0-	48,837
Gas Sales	-0-	-0-	148,520	148,520
Total Operating Revenues	<u>122,841</u>	<u>48,837</u>	<u>148,520</u>	<u>320,198</u>
Operating Expenses				
Cost of Sales & Services	139,842	-0-	60,910	200,752
Administration	39,532	7,751	7,751	55,034
Depreciation	37,906	39,636	16,218	93,760
Total Operating Expenses	<u>217,280</u>	<u>47,387</u>	<u>84,879</u>	<u>349,546</u>
Operating Income (Loss)	(94,439)	1,450	63,641	(29,348)
Nonoperating Revenues (Expenses)				
Interest Earnings	123	15	-0-	138
Interest Expense	-0-	(7,922)	-0-	(7,922)
Total Nonoperating Revenues (Expenses)	<u>123</u>	<u>(7,907)</u>	<u>-0-</u>	<u>(7,784)</u>
Income Before Contributions & Transfers	<u>(94,316)</u>	<u>(6,457)</u>	<u>63,641</u>	<u>(37,132)</u>
Transfers In/(Out)	46,240	(30,988)	(81,411)	(66,159)
Capital Contributions	-0-	-0-	-0-	-0-
Change in Net Position	(48,076)	(37,445)	(17,770)	(103,291)
Total Net Position - Beginning	<u>540,427</u>	<u>1,127,503</u>	<u>192,649</u>	<u>1,860,579</u>
Total Net Position - Ending	<u>\$ 492,351</u>	<u>\$ 1,090,058</u>	<u>\$ 174,879</u>	<u>\$ 1,757,288</u>

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Statement of Cash Flows
Proprietary Funds
June 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
Cash Flows From Operating Activities				
Receipts From Customers & Users	\$ 130,732	\$ 49,068	\$ 149,164	\$ 328,964
Payments to Suppliers	(140,088)	-0-	(60,719)	(200,807)
Payments to Employees	(39,532)	(7,751)	(7,751)	(55,034)
Net Cash Provided (Used) by Operating Activities	<u>(48,888)</u>	<u>41,317</u>	<u>80,694</u>	<u>73,123</u>
Cash Flows From NonCapital Financing Activities				
Transfers to Other Funds	46,240	(30,988)	(81,411)	(66,159)
Net Cash Provided (Used) by NonCapital Financing Activities	<u>46,240</u>	<u>(30,988)</u>	<u>(81,411)</u>	<u>(66,159)</u>
Cash Flows From Capital & Related Financing Activities				
Capital Contributions	-0-	-0-	-0-	-0-
Principal on Capital Debt	-0-	(14,600)	-0-	(14,600)
Interest Paid on Capital Debt	-0-	-0-	-0-	-0-
Purchase of Capital Assets	-0-	-0-	-0-	-0-
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>-0-</u>	<u>(14,600)</u>	<u>-0-</u>	<u>(14,600)</u>
Cash Flows From Investing Activities				
Interest and Dividends Received	123	15	-0-	138
Net Cash Provided (Used) by Investing Activities	<u>123</u>	<u>15</u>	<u>-0-</u>	<u>138</u>
Net Increase (Decrease) in Cash & Cash Equivalents	(2,525)	(4,256)	(717)	(7,498)
Cash & Cash Equivalents, Beginning of Year	45,215	17,924	972	64,111
Cash & Cash Equivalents, End of Year	<u>42,690</u>	<u>13,668</u>	<u>255</u>	<u>56,613</u>
Reconciliation to Balance Sheet				
Cash and Cash Equivalents	12,755	410	255	13,420
Restricted Cash	29,935	13,258	-0-	43,193
Total Cash and Cash Equivalents	<u>\$ 42,690</u>	<u>\$ 13,668</u>	<u>\$ 255</u>	<u>\$ 56,613</u>

The accompanying notes are an integral part of this statement.

Village of Sicily Island, Louisiana
Statement of Cash Flows
Year Ended June 30, 2014

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)	\$ (94,439)	\$ 1,450	\$ 63,638	\$ (29,351)
Depreciation Expense	37,906	39,636	16,218	93,760
(Increase) Decrease in Accounts Receivable	6,571	231	644	7,446
Increase (Decrease) in Accounts Payable	(246)	-0-	194	(52)
Increase (Decrease) in Customer Deposits	1,320	-0-	-0-	1,320
TOTAL ADJUSTMENTS	<u>45,551</u>	<u>39,867</u>	<u>17,056</u>	<u>102,474</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(48,888)</u>	<u>41,317</u>	<u>80,694</u>	<u>73,123</u>
LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES				
Contributions of Capital Assets From Government	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

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, 2014

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.

Impact of Recently Issued Accounting Principles

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011, and has been implemented in fiscal year 2012. The adoption of GASBS No. 62 does not have any impact on the Authority's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The Statement of Net Assets is renamed the Statement of Net Position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This Statement is effective for periods beginning after December 15, 2011, and has been implemented in fiscal year 2012. The adoption of GASBS No. 63 does not have any impact on the Authority's financial statements.

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:

VILLAGE OF SICILY ISLAND, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2014

CONTINUED

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.

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.

VILLAGE OF SICILY ISLAND, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

CONTINUED

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.

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.

The Village has a policy of applying expenses to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

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:

VILLAGE OF SICILY ISLAND, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

CONTINUED

- *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.

	<u>Sicily Island State Bank</u>
Bank Balances	\$ 109,482
<i>Secured As Follows</i>	
FDIC (<i>Category 1</i>)	109,482
Securities (<i>Category 2</i>)	-0-
Uncollateralized (<i>Category 3</i>)	-0-
Total	\$ <u>109,482</u>

All deposits were fully secured as of June 30, 2014.

D. 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.

E. 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:

	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
Accounts Receivable	\$ 13,131	\$ 16,737	\$ 29,868
Allowances for Bad Debt	-0-	(798)	(798)
Total	\$ <u>13,131</u>	\$ <u>15,939</u>	\$ <u>29,070</u>

2. AD VALOREM TAXES

For the year ended June 30, 2014, taxes of 7.63 mills were levied on property with assessed valuations totaling, \$1,214,386 and were dedicated as follows:

General Corporate Purposes	7.63
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Total taxes levied were \$9,266. 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, 2014
CONTINUED**

3. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

Restricted assets were applicable to the following at June 30, 2014:

	<u>Sewer</u>	<u>Water</u>	<u>Gas</u>	<u>Total</u>
Customer Deposits	\$ -0-	\$ 29,935	\$ -0-	\$ 29,935
Bond Reserve Account	1,230	-0-	-0-	1,230
Depreciation Reserve Account	4,350	-0-	-0-	4,350
Revenue Sinking	7,678	-0-	-0-	7,678
Total	<u>\$ 13,258</u>	<u>\$ 29,935</u>	<u>\$ -0-</u>	<u>\$ 43,193</u>

4. CHANGES IN FIXED ASSETS – PROPRIETARY FUNDS

A summary of enterprise fund plant and equipment at June 30, 2014, 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*	1,317,243	-0-	-0-	1,317,243
Sewer System*	2,030,738	-0-	-0-	2,030,738
Total	3,818,362	-0-	-0-	3,818,362
Less: Accumulated Depreciation	(1,785,557)	(93,760)	-0-	(1,879,317)
Net	<u>\$ 2,032,805</u>	<u>\$ (93,760)</u>	<u>\$ -0-</u>	<u>\$ 1,939,045</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.

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	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*	\$ 1,718,482	\$ 260,180	\$ -0-	\$ 1,978,662
Accumulated Depreciation	(666,035)	(77,403)	-0-	(743,438)
Net Fixed Assets	<u>\$ 1,052,447</u>	<u>\$ 182,777</u>	<u>\$ -0-</u>	<u>\$ 1,235,224</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, 2014**

CONTINUED

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. CHANGES IN 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, 2014.

	Sewer Revenue Bonds
Bonds & Notes Payable - Beginning	\$ 189,600
Additions	-0-
Principal Retirements	(14,600)
Total	\$ 175,000

Bonds payable at June 30, 2014, are comprised of the following issues:

Revenue Bonds

\$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%.	\$ 175,000
Total	\$ 175,000

The annual requirements to amortize all debt outstanding as of June 30, 2014, including interest payments, are as follows:

Year Ending June 30,	Principle	Interest	Total
2015	\$ 16,000	\$ 7,400	\$ 23,400
2016	16,000	6,600	22,600
2017	16,000	6,600	22,600
2018	16,000	6,600	22,600
2019	16,000	6,600	22,600
2020-2021	83,900	1,400	85,300
Total	\$ 163,900	\$ 35,200	\$ 199,100

VILLAGE OF SICILY ISLAND, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

CONTINUED

7. USE OF ESTIMATES

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

8. LITIGATION

The Village of Sicily Island is involved in no litigation at June 30, 2014, which is not covered by the Village's applicable insurance policies or is considered to be significant to the Village's financial statements.

9. ELECTED OFFICIAL'S SALARIES

<u>Name</u>	<u>Title</u>	<u>Annualized Salary</u>
Margie Price	Mayor	\$4,245
Derrick Fraizer	Alderman	\$4,245
Linda Kerry	Alderman	\$4,245
Walter Krause	Alderman	\$4,245

10. TRANSFERS BETWEEN FUNDS

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Transfers In (Out)	\$ <u>66,159</u>	\$ <u>(66,159)</u>

Transfers were made for operational purposes.

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, 2014

	<u>Budget Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Differences Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees & Charges	\$ 43,000	\$ 45,700	\$ 43,872	\$ (1,828)
Taxes	83,800	92,500	91,148	(1,352)
Fines	15,000	15,000	14,403	(597)
Grants	-0-	410,000	412,038	2,038
Other	3,125	4,725	4,497	(228)
Total Revenues	<u>144,925</u>	<u>567,925</u>	<u>565,958</u>	<u>(1,967)</u>
Expenditures				
General Government	80,000	101,101	102,120	(1,019)
Fire	11,750	11,000	11,208	(208)
Public Safety	69,750	66,375	64,799	1,576
Sanitation	28,955	28,800	28,710	90
Street Repair	10,775	12,855	14,923	(2,068)
Capital Outlay	-0-	419,170	415,822	3,348
Total Expenditures	<u>201,230</u>	<u>639,301</u>	<u>637,582</u>	<u>1,719</u>
Excess (Deficiency) of Revenues Over Under Expenditures	<u>(56,305)</u>	<u>(71,376)</u>	<u>(71,624)</u>	<u>(248)</u>
Other Financing Sources (Uses)				
Transfers In/(Out)	<u>56,250</u>	<u>63,156</u>	<u>66,159</u>	<u>3,003</u>
Total Other Financing Sources (Uses)	<u>56,250</u>	<u>63,156</u>	<u>66,159</u>	<u>3,003</u>
Net Change in Fund Balance	<u>\$ (55)</u>	<u>\$ (8,220)</u>	<u>(5,465)</u>	<u>\$ 2,755</u>
Fund Balances - Beginning			<u>50,262</u>	
Fund Balances - Ending			<u>\$ 44,797</u>	

The accompanying notes are an integral part of this statement.

Village of Sicily Island

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014

Budgetary Comparison Schedule

1. Basis of Presentation

The budgetary comparison schedule presents the original legally adopted budget, the actual data on the cash basis, and variances between the final budget and the actual data.

2. Budget/GAAP Reconciliation

The major differences between the budgetary basis and the GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles net change in fund balances on the budgetary basis schedules to the GAAP basis financial statements for the general fund.

	<u>General Fund</u>
Net change in fund balance – budget basis	\$ (5,465)
Increase (decrease)	
Net adjustments for revenue accruals	(152,600)
Net adjustments for expenditure accruals	155,136
Net change in fund balance – GAAP basis	\$ <u>(2,929)</u>

The accompanying notes are an integral part of this statement.

Other Reports

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Certified Public Accountants

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, 2014, 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 October 14, 2014.

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. However, material weaknesses may exist that have not been identified. 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. **(2014-I-1 Old Outstanding Checks; 2014-I-2 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 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 and Questioned Costs as items:

2014-C-1 Maintenance of Bond Sinking Fund

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

October 14, 2014

Jena, Louisiana

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2014**

Section II - Financial Statement Findings

2014-I-1 Old Outstanding Checks

Condition: The Village has \$4,345 in outstanding checks that are more than a year old.

Criteria: Not clearing old outstanding checks on a regular basis can result in the issuance of financial statements that are not materially correct.

Cause of Condition: Not correcting the bank reconciliation.

Effect of Condition: Possible material understatement of cash.

Recommendation: The old outstanding checks should be added back to the books and bank balance.

Client Response: The Village will have their fee accountant make the necessary adjustments.

2014-I-2 Small Size of Entity

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

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

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

Effect of Condition: Significant deficiency in internal controls.

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

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

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2014**

Section II - Financial Statement Findings (continued...)

2014-C-1 Maintenance of Bond Sinking Fund

Condition: The Village is not adequately maintaining its bond sinking fund to ensure that enough cash will be available to service its annual sewer bond debt payment.

Criteria: The Village's bond agreement calls for the Village to establish a "sinking fund" and deposit monthly 1/12 of the annual debt payment of the sewer bonds.

Cause of Condition: The Village is not depositing monthly 1/12 of the annual debt payment into the sinking fund.

Potential Effect of Condition: Inability of the Village to make its annual bond payment.

Recommendation: The Village must make monthly deposits into its bond sinking fund in the amount of 1/12 of the annual debt service of its sewer bonds.

Client Response: The Village will make monthly deposits into its bond sinking fund in the amount of 1/12 of the annual debt service of its sewer bonds.

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:

2014-I-1 Old Outstanding Checks

Finding: The Village has \$4,345 in outstanding checks that are more than a year old

Corrective Action: The Village will have their fee accountant make the necessary adjustments.

Contact Person: Mary Munoz

Anticipated Completion Date: June 30, 2015

2014-I-2 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: Mary Munoz

Anticipated Completion Date: June 30, 2015

2014-C-1 Maintenance of Bond Sinking Fund

Finding: The Village is not adequately maintaining its bond sinking fund to ensure that enough cash will be available to service its annual sewer bond debt payment.

Corrective Action: The Village will make monthly deposits into its bond sinking fund in the amount of 1/12 of the annual debt service of its sewer bonds.

Contact Person: Mary Munoz

Anticipated Completion Date: June 30, 2015

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

There are no current year management letter comments.

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
JUNE 30, 2014**

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, 2013.

Prior Year Findings

2013-I-1 Old Outstanding Checks (Unresolved)

Condition: The Village has \$4,345 in outstanding checks that are more than a year old.

Criteria: Not clearing old outstanding checks on a regular basis can result in the issuance of financial statements that are not materially correct.

Cause of Condition: Not correcting the bank reconciliation.

Effect of Condition: Possible material understatement of cash.

Recommendation: The old outstanding checks should be added back to the books and bank balance.

Client Response: The Village will have their fee accountant make the necessary adjustments.

**VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
JUNE 30, 2014**

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

2013-I-2 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.

2013-C-1 Maintenance of Bond Sinking Fund (Unresolved)

Condition: The Village is not adequately maintaining its bond sinking fund to ensure that enough cash will be available to service its annual sewer bond debt payment.

Criteria: The Village's bond agreement calls for the Village to establish a "sinking fund" and deposit monthly 1/12 of the annual debt payment of the sewer bonds.

Cause of Condition: The Village is not depositing monthly 1/12 of the annual debt payment into the sinking fund.

Potential Effect of Condition: Inability of the Village to make its annual bond payment.

Recommendation: The Village must make monthly deposits into its bond sinking fund in the amount of 1/12 of the annual debt service of its sewer bonds.

Client Response: The Village will make monthly deposits into its bond sinking fund in the amount of 1/12 of the annual debt service of its sewer bonds.

VILLAGE OF SICILY ISLAND
SICILY ISLAND, LOUISIANA
JUNE 30, 2014

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

2013-C-2 Budget Variances (Resolved)

Condition: The Village had an unfavorable expenditure budget variance of \$98,912 or 24% for the year.

Criteria: The Budget Act requires budgets to be amended when variances exceed 5%.

Cause of Condition: Not amending budget when unfavorable variances exceed 5%.

Potential Effect of Condition: Compliance violation

Recommendation: Budgets should be amended when there is a revenue or expenditure variance of more than 5%.

Client Response: Budgets will be amended when there is an unfavorable revenue or expenditure variance of more than 5%.