

VILLAGE OF LISBON
Lisbon, Louisiana

Financial Statements
With Independent Auditor's Report

As of and for the Year Ended
December 31, 2023

VILLAGE OF LISBON
Lisbon, Louisiana

Financial Statements
With Independent Auditor's Report

As of and for the Year Ended December 31, 2023

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF LISBON
Lisbon, Louisiana

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Lisbon (the "Village"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In my 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, and each major fund of the Village as of December 31, 2023, 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.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide* issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Village and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

MAYOR AND BOARD OF ALDERMEN
Village of Lisbon
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In preparing financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

MAYOR AND BOARD OF ALDERMEN

Village of Lisbon

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- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 11 and the budgetary comparison information on page 30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to Mayor and Board of Aldermen on page 33 and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* on page 34 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing

MAYOR AND BOARD OF ALDERMEN
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standards generally accepted in the United States of America. In my opinion, the Schedule of Compensation, Benefits, and Other Payments to Mayor and Board of Aldermen and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 10, 2024, on my consideration of the Village's internal control over financial reporting and on my tests of the Village's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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's internal control over financial reporting and compliance.



Calhoun, Louisiana
June 10, 2024

VILLAGE OF LISBON
Lisbon, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

Our discussion and analysis of the Village of Lisbon's (hereafter referred to as the "Village") financial performance provides an overview of the Village's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the Village's basic financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 13 and 14 provide information about the activities of the Village as a whole. Fund financial statements that begin on page 15 provide information on how the activities of the Village are financed in the short term as well as what remains for future spending. Fund financial statements report the Village's operations in more detail than the government-wide statements.

**Reporting the Village as a Whole - The Statement of Net Position
and the Statement of Activities**

Our analysis of the Village as a whole begins with the Statement of Net Position and the Statement of Activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Village's *net position* and the changes in net position. Net position - the difference between assets (what the Village owns) and liabilities (what the Village owes) is a way to measure the financial position of the Village. Over time, increases or decreases in the Village's net position is an indicator of whether the Village's financial position is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, the Village is divided into two kinds of activities:

Governmental activities - all of the Village's general government services are reported here.

Business-type activities - the activities of the Village's water system are reported here.

Reporting the Village's Funds - Fund Financial Statements

The fund financial statements provide more detailed information about the Village's funds. The General Fund is the operating fund of the Village and accounts for all of the financial resources

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2023

of the general government. The Water System Enterprise Fund was established by the Village to help it control and manage money for the activities of the water system. The Village's two kinds of funds - governmental and business-type funds use different accounting methods.

Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. Governmental funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Village's operations. Governmental fund information helps to determine whether there are more or fewer financial resources that are available to be spent in the near future. The differences between governmental activities reported in the Statement of Net Position and the Statement of Activities and governmental funds are reported in a reconciliation at the bottom of the fund financial statements.

Business-type activities funds are reported in the same way that the activities are reported in the Statement of Net Position and the Statement of Activities.

COMPARATIVE ANALYSIS OF FINANCIAL DATA

The Village's total net position increased by \$1,111,007 for the year ended December 31, 2023 due to a grant from the United States Department of Treasury passed through the State of Louisiana, Division of Administration in the amount of \$1,101,769 that was used to finance the ongoing water system improvement project. The following presents an analysis of net position and the changes in net position of the Village's governmental and business-type activities:

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2023	2022	2023	2022	2023	2022
Assets						
Current assets	\$84,600	\$82,749	\$960,275	\$20,232	\$1,044,875	\$102,981
Other assets			10	10	10	10
Capital assets	1,000	1,000	1,114,234	1,698	1,115,234	2,698
Total assets	<u>85,600</u>	<u>83,749</u>	<u>2,074,519</u>	<u>21,940</u>	<u>2,160,119</u>	<u>105,689</u>
Liabilities						
Current liabilities	<u>542</u>	<u>598</u>	<u>953,885</u>	<u>10,406</u>	<u>954,427</u>	<u>11,004</u>
Net Position						
Net investment in capital assets	1,000	1,000	1,114,234	1,698	1,115,234	2,698
Unrestricted	<u>84,058</u>	<u>82,151</u>	<u>6,400</u>	<u>9,836</u>	<u>90,458</u>	<u>91,987</u>
Total net position	<u>\$85,058</u>	<u>\$83,151</u>	<u>\$1,120,634</u>	<u>\$11,534</u>	<u>\$1,205,692</u>	<u>\$94,685</u>

VILLAGE OF LISBON
Lisbon, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2023	2022	2023	2022	2023	2022
Program revenue:						
Charges for services	\$2,370	\$3,280	\$57,884	\$59,588	\$60,254	\$62,868
Capital grants and contributions			1,101,769		1,101,769	
General revenue:						
Franchise taxes	3,338	4,286			3,338	4,286
Insurance premium tax	7,995	8,167			7,995	8,167
Occupational licenses	435	435			435	435
Investment earnings	370	79			370	79
Miscellaneous	1,105		1,705		2,810	
Total revenue	<u>15,613</u>	<u>16,247</u>	<u>1,161,358</u>	<u>59,588</u>	<u>1,176,971</u>	<u>75,835</u>
Program expenses						
General government	13,706	13,366			13,706	13,366
Water			52,258	72,681	52,258	72,681
Total expenses	<u>13,706</u>	<u>13,366</u>	<u>52,258</u>	<u>72,681</u>	<u>65,964</u>	<u>86,047</u>
Change in net position	1,907	2,881	1,109,100	(13,093)	1,111,007	(10,212)
Net position - beginning (restated)	83,151	80,270	11,534	24,627	94,685	104,897
Net position - ending	<u>\$85,058</u>	<u>\$83,151</u>	<u>\$1,120,634</u>	<u>\$11,534</u>	<u>\$1,205,692</u>	<u>\$94,685</u>

The Village's total revenue increased \$1,101,136 from prior year total revenue due to federal grant revenue that was used to finance the ongoing water system improvement project. The Village's total expenses decreased \$20,083 primarily due to a decrease in maintenance and repairs expense for the business-type activities.

Governmental Activities

Total revenue for governmental activities decreased \$634 and expenses of the governmental activities increased \$340.

VILLAGE OF LISBON
Lisbon, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

Business-Type Activities

The Village's charges for services for its business-type activities were \$1,704 less than in the prior year. Capital grants and contributions increased \$1,101,769. Total expenses decreased approximately \$20,423 due to decrease in maintenance and repairs expense.

OVERALL FINANCIAL POSITION

The Village's net position increased \$1,111,007 as a result of this year's operations. The business-type activities had an increase in net position of \$1,109,100 and the governmental activities had an increase of \$1,907. Unrestricted net position (those assets available to finance the daily operations of the Village) was \$90,458 at year end. The decrease in unrestricted net position was \$4,227 from the prior year amount. The net investment in capital assets was \$1,115,234 at year end.

VILLAGE'S FUNDS

At the end of the year, the Village's General Fund reported an unassigned fund balance of \$84,058. General Fund fund balance increased \$1,907 for the year. The Water System Enterprise Fund reported total net position of \$1,120,634 at year end. The increase in net position was \$1,109,100 for the year due to an increase in federal grant revenue that was used to finance the ongoing water system improvement project.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village amended its General Fund budget one time during the year ended December 31, 2023. At year end, actual revenue was \$603 more than budgeted revenue and actual expenditures were \$2,181 more than budgeted expenditures. The Village prepared its General Fund budget on the modified accrual basis of accounting.

CAPITAL ASSETS

At the end of the year, the Village had capital assets (net of accumulated depreciation) totaling \$1,115,234. Capital assets include land, buildings, equipment, water system and improvements, and construction in progress costing \$1,000 or more. The Village has elected not to report major general infrastructure assets such as roads, bridges, sidewalks, etc., that were purchased or constructed prior to January 1, 2002.

VILLAGE OF LISBON

Lisbon, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2023

During the year ended December 31, 2023, the Water System Enterprise fund incurred construction costs totaling \$1,110,974 in connection with an ongoing water system improvement project that is reported in the financial statements as construction in progress. Additional information about the Village's capital assets is presented in the notes to the financial statements.

ECONOMIC FACTORS

The Village expects its General Fund revenue and expenditures for the year ending December 31, 2024, to be approximately the same as its General Fund revenue and expenditures for the year ended December 31, 2023. The Village expects the operating revenue and expenses of the Water System Enterprise Fund to be approximately the same for the year ending December 31, 2024, as they were for the year ended December 31, 2023. The Village expects to receive approximately \$2,236,466 in federal grant revenue during the year ending December 31, 2024, in connection with its ongoing water system improvement project.

BASIC FINANCIAL STATEMENTS

VILLAGE OF LISBON
Lisbon, Louisiana

STATEMENT OF NET POSITION
December 31, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash	\$43,833	\$22,804	\$66,637
Investments	39,958		39,958
Receivables	809	3,702	4,511
Due from grantor		933,769	933,769
Utility deposit		10	10
Capital assets (net)	<u>1,000</u>	<u>1,114,234</u>	<u>1,115,234</u>
TOTAL ASSETS	<u>85,600</u>	<u>2,074,519</u>	<u>2,160,119</u>
LIABILITIES			
Accounts payable	542	951	1,493
Contracts payable		933,769	933,769
Legal fees payable		9,205	9,205
Customer deposits		<u>9,960</u>	<u>9,960</u>
TOTAL LIABILITIES	<u>542</u>	<u>953,885</u>	<u>954,427</u>
NET POSITION			
Net investment in capital assets	1,000	1,114,234	1,115,234
Unrestricted	<u>84,058</u>	<u>6,400</u>	<u>90,458</u>
TOTAL NET POSITION	<u>\$85,058</u>	<u>\$1,120,634</u>	<u>\$1,205,692</u>

See accompanying notes and independent auditor's report.

VILLAGE OF LISBON
Lisbon, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	...Program Revenue...		Net (Expense) Revenue andChanges in Net Position.....		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business- Type Activities
GOVERNMENTAL ACTIVITIES:					
General government	\$13,706	\$2,370		(\$11,336)	(\$11,336)
BUSINESS-TYPE ACTIVITIES:					
Water	52,258	57,884	\$1,101,769		\$1,107,395
Total government	<u>\$65,964</u>	<u>\$60,254</u>	<u>\$1,101,769</u>	<u>(11,336)</u>	<u>1,107,395</u>
General Revenue:					
Franchise taxes				3,338	3,338
Insurance premium taxes				7,995	7,995
Occupational licenses				435	435
Investment earnings				370	370
Miscellaneous				1,105	1,705
Total general revenue				<u>13,243</u>	<u>1,705</u>
CHANGE IN NET POSITION				1,907	1,109,100
NET POSITION - BEGINNING (Restated)				<u>83,151</u>	<u>11,534</u>
NET POSITION - ENDING				<u>\$85,058</u>	<u>\$1,120,634</u>

See accompanying notes and independent auditor's report.

VILLAGE OF LISBON
Lisbon, Louisiana

BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2023

	<u>General Fund</u>
ASSETS	
Cash	\$43,833
Investments	39,958
Receivables	<u>809</u>
TOTAL ASSETS	<u><u>\$84,600</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities - accounts payable	\$542
Fund balance - unassigned	<u>84,058</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$84,600</u></u>
Reconciliation of the Balance Sheet of Governmental Fund To the Statement of Net Position:	
Fund balance - unassigned - General Fund	\$84,058
Amount reported for net position of governmental activities in the Statement of Net Position (Statement A) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	<u>1,000</u>
Net position of governmental activities (Statement A)	<u><u>\$85,058</u></u>

See accompanying notes and independent auditor's report.

VILLAGE OF LISBON
Lisbon, Louisiana

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2023

	<u>General Fund</u>
REVENUE	
Franchise taxes	\$3,338
Insurance premium taxes	7,995
Occupational licenses	435
Rent	2,320
Investment earnings	370
Other	<u>1,155</u>
Total revenue	<u>15,613</u>
EXPENDITURES	
General government:	
Current:	
Personal services	1,722
Operating services	11,385
Materials and supplies	<u>599</u>
Total expenditures	<u>13,706</u>
NET CHANGE IN FUND BALANCE	1,907
FUND BALANCE AT BEGINNING OF YEAR (Restated)	<u>82,151</u>
FUND BALANCE AT END OF YEAR	<u><u>\$84,058</u></u>
 Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities:	
Net change in fund balance - General Fund	\$1,907
Amount reported for governmental activities in the Statement of Activities (Statement B) is different because:	
Change in net position of governmental activities (Statement B)	<u><u>NONE</u></u> <u><u>\$1,907</u></u>

See accompanying notes and independent auditor's report.

VILLAGE OF LISBON
Lisbon, Louisiana

STATEMENT OF NET POSITION - BUSINESS-TYPE ACTIVITIES
December 31, 2023

	Water System Enterprise Fund
ASSETS	
Current assets:	
Cash	\$22,804
Accounts receivable (net of allowance for doubtful accounts)	3,702
Due from grantor	933,769
Total current assets	<u>960,275</u>
Noncurrent assets:	
Utility deposit	10
Capital assets (net of accumulated depreciation)	1,114,234
Total assets	<u>2,074,519</u>
LIABILITIES	
Current liabilities:	
Accounts payable	951
Contracts payable	933,769
Legal fees payable	9,205
Customer deposits	9,960
Total current liabilities	<u>953,885</u>
NET POSITION	
Net investment in capital assets	1,114,234
Unrestricted	6,400
Total net position	<u>\$1,120,634</u>

See accompanying notes and independent auditor's report.

VILLAGE OF LISBON
Lisbon, Louisiana

STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION - BUSINESS-TYPE ACTIVITIES
For the Year Ended December 31, 2023

	Water System Enterprise Fund
OPERATING REVENUE	
Water sales	\$57,134
Meter installations	750
Total operating revenue	<u>57,884</u>
OPERATING EXPENSES	
Postage	815
Maintenance and repairs	6,338
Utilities and telephone	9,019
Salaries	25,013
Payroll taxes	2,001
Insurance	5,470
Dues and fees	3,175
Depreciation	143
Sales tax	284
Total operating expenses	<u>52,258</u>
OPERATING INCOME	<u>5,626</u>
NON-OPERATING INCOME	
Federal grant	1,101,769
Donation of land	1,705
Total non-operating income	<u>1,103,474</u>
CHANGE IN NET POSITION	1,109,100
NET POSITION - BEGINNING (Restated)	<u>11,534</u>
NET POSITION - ENDING	<u>\$1,120,634</u>

See accompanying notes and independent auditor's report.

VILLAGE OF LISBON
Lisbon, Louisiana

STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES
For the Year Ended December 31, 2023

	<u>Water System Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$58,429
Customer deposits, net	150
Payments to suppliers	(26,746)
Payments to employees	(26,163)
Net cash provided by operating activities	<u>5,670</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Federal grant	168,000
Construction of capital assets	(168,000)
Net cash provided by investing activities	<u>NONE</u>
NET INCREASE IN CASH	5,670
CASH AT BEGINNING OF YEAR	<u>17,134</u>
CASH AT END OF YEAR	<u><u>\$22,804</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	<u>\$5,626</u>
Adjustments:	
Depreciation	143
Increase in accounts receivable	(604)
Increase in accounts payable	355
Increase in customer deposits	150
Total adjustments	<u>44</u>
Net cash provided by operating activities	<u><u>\$5,670</u></u>

See accompanying notes and independent auditor's report.

VILLAGE OF LISBON
Lisbon, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2023

INTRODUCTION

The Village of Lisbon (“the Village”) was incorporated under the provisions of the Lawrason Act. The Village is governed by the mayor-board of aldermen form of government. The mayor and three aldermen serve four-year terms which expire on December 31, 2024. The Village has three part-time employees.

GASB Statement No. 14, *The Reporting Entity* and No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*, 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 Village 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 and local governments. As used in GASB Statement No. 14 and 39, 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. The Village has no component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Village. Governmental activities, which normally are supported by taxes and intergovernmental revenue, 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 revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 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, licenses, and other items not properly included among program revenue are reported instead as general revenue.

VILLAGE OF LISBON
Notes to the Financial Statements

Separate financial statements are provided for governmental funds and business-type activities funds. All individual governmental funds and 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 business-type fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. Revenue is recognized as soon as it is both measurable and available. Revenue is 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, revenue is considered to be available if it is 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.

Franchise taxes and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following governmental fund:

General Fund

The General fund is the general operating fund of the Village and accounts for all financial resources of the general government.

The Village reports the following business-type activity fund:

Water System Enterprise Fund

The Water System Enterprise fund accounts for the operations of the Village water system.

VILLAGE OF LISBON
Notes to the Financial Statements

The Village applies all applicable GASB pronouncements in accounting and reporting for its government-wide and business-type activities and its Water System Enterprise Fund as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins.

As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

Amounts reported as program revenue includes charges to customers for goods, services, or privileges provided. General revenue includes franchise taxes, insurance premium taxes, occupational licenses, investment income, and other miscellaneous revenue.

Business-type activities funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the fund's ongoing operations. The Water System Enterprise Fund's operating revenue consists of charges for water sales and meter installation fees. Operating expenses for the Water System Enterprise Fund include the cost of services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting these definitions are reported as nonoperating revenue and expenses, if applicable.

C. Deposits and Investments

Cash includes amounts in non-interest bearing demand deposits. State law limits the Village's credit risk by restricting the Village's investments to collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 2023, the Village's investments consist of a nonnegotiable certificate of deposit with an original maturity that exceeds 90 days that is reported in the accompanying financial statements at cost. The Village's interest rate risk is limited by the investment of funds for no longer than one year.

D. Receivables

All receivables are generally shown net of an allowance for uncollectible amounts. These statements contain no provision for uncollectible accounts. The Village is of the opinion that such an allowance would be immaterial in relation to the financial statements

VILLAGE OF LISBON
Notes to the Financial Statements

taken as a whole. Past due accounts are written off when they are considered uncollectible by management.

E. Capital Assets

Capital assets, which include the original water system and improvements, construction in progress, land, buildings, and equipment 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. Approximately 99 percent of the Village's capital assets have been capitalized at cost and the remaining 1 percent have been capitalized at estimated cost based on the historical cost of similar assets. Donated assets are recorded at fair market value on the date of donation. The Village maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. The Village has elected not to report general infrastructure assets such as roads, bridges, sidewalks, etc., constructed prior to January 1, 2002.

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

	<u>Estimated Lives</u>
Infrastructure - water system and improvements	25 years
Buildings	40 years
Equipment	5-15 years

F. Net Position/Fund Balance

For the government-wide statement of net position, net position is reported as restricted when constraints are placed on net position by either of the following ways:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which funds can be spent. Fund balance should be reported as restricted when constraints on the use of the funds meet the same criteria as restricted net position in the government-wide statement of net position as noted in the previous paragraph. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the board of aldermen are reported as committed

VILLAGE OF LISBON

Notes to the Financial Statements

fund balance. Assigned fund balance are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The board of aldermen is authorized to assign amounts to a specific purpose. Unassigned fund balance is the residual classification and represents fund balance that has not been restricted, committed, or assigned to a specific purpose.

At December 31, 2023, the Village had only unassigned fund balance in the General Fund.

G. 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 certain reported amounts of assets and liabilities, disclosures, and revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Information

The Village uses the following budget practices:

The proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is formally adopted by the mayor and board of aldermen at the December board meeting each year. The budget is established and controlled by the mayor and board of aldermen at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Encumbrance accounting is not utilized by the Village. Budgeted amounts included in the accompanying financial statement include the original adopted budget and one subsequent budget amendment.

The General Fund's actual expenditures exceeded budgeted expenditures for the year ended December 31, 2023 as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	<u>\$12,475</u>	<u>\$11,525</u>	<u>\$13,706</u>	<u>\$2,181</u>

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2023, the Village has cash and investments (book balances) as follows:

VILLAGE OF LISBON
Notes to the Financial Statements

Checking accounts	\$66,637
Investments - certificates of deposit	<u>39,958</u>
Total	<u>\$106,595</u>

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. At December 31, 2023, the Village has \$106,740 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance.

4. RECEIVABLES

The following is a summary of receivables at December 31, 2023:

	General Fund	Water System Enterprise Fund	Total
Franchise taxes	\$809		\$809
Reimbursement of expenses		\$1,150	1,150
Billed water sales		1,588	1,588
Unbilled water sales		964	964
Allowance for doubtful accounts	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Total	<u>\$809</u>	<u>\$3,702</u>	<u>\$4,511</u>

5. DUE FROM GRANTOR

On April 12, 2022, the Village entered into a cooperative endeavor agreement with the State of Louisiana, Division of Administration (DOA) to provide funding for the Village's water system improvement project. The United States Treasury's Coronavirus State and Local Fiscal Recovery Fund program directs funds to the states, who are tasked with allocating and making funds available for, among other purposes, water infrastructure projects. The agreement with DOA provides that it will disburse a total of \$3,338,235 to the Village for its water system improvement project. Funds are disbursed by DOA based on monthly pay applications that are submitted by the Village. At December 31, 2023, the Village had requested a total of \$1,101,769 under the agreement. The Village received \$168,000 during the year ended December 31, 2023, resulting in \$933,769 being due from DOA at year end.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2023, is as follows:

VILLAGE OF LISBON
Notes to the Financial Statements

	Balance at January 1, 2023	Increases	Decreases	Balance at December 31, 2023
Governmental activities:				
Capital assets not being depreciated - land	\$1,000	NONE	NONE	\$1,000
Capital assets being depreciated - buildings	77,500			77,500
Less accumulated depreciation for buildings	77,500			77,500
Total assets being depreciated, net	NONE	NONE	NONE	NONE
Total capital assets (net)	<u>\$1,000</u>	<u>NONE</u>	<u>NONE</u>	<u>\$1,000</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	NONE	\$1,705		\$1,705
Construction in progress	NONE	1,110,974		1,110,974
Total assets not being depreciated	NONE	1,112,679	NONE	1,112,679
Capital assets being depreciated:				
Water system and improvements	104,163	NONE	NONE	104,163
Less accumulated depreciation for:				
Water system and improvements	102,465	143		102,608
Total assets being depreciated, net	1,698	(143)	NONE	1,555
Total capital assets (net)	<u>\$1,698</u>	<u>\$1,112,536</u>	<u>NONE</u>	<u>\$1,114,234</u>

Depreciation expense of \$143 for the year ended December 31, 2023 was charged to the business-type activities. The Village received a land donation valued at \$1,705 and incurred \$1,110,974 in costs associated with an ongoing water system improvement project.

7. COMMITMENTS UNDER CONTRACTS

During 2023, the Village entered into three construction contracts totaling \$2,410,629 in connection with its water system improvement project funded under a cooperative endeavor agreement with the State of Louisiana, DOA as discussed in Note 5 above. During the year ended December 31,

VILLAGE OF LISBON
Notes to the Financial Statements

2023, the Village incurred \$871,709 in costs under the construction contracts that are reported as construction in progress in the financial statements. In addition, the Village has a \$375,000 engineering contract for the project. During the year ended December 31, 2023, the Village incurred a total of \$230,060 in engineering costs associated with the project that is reported as construction in progress in the financial statements. At December 31, 2023, the Village owes \$871,709 to the construction contractors and \$62,060 to the engineer that is reported as contracts payable in the financial statements. In addition, the Village owes \$9,205 in legal fees associated with the project.

8. RESTATEMENT OF BEGINNING FUND BALANCE/NET POSITION

Beginning fund balance/net position for the following opinion types are being restated in order to correct errors reported in the prior year financial statements:

Net Position.....			
	Fund Balance - General Fund	Governmental Activities	Business-Type Activities	Water System Enterprise Fund
Balance at December 31, 2022, as previously reported	\$81,732	\$82,732	\$11,121	\$11,121
Adjustments for error corrections:				
Accounts receivable understated	1,017	1,017	806	806
Accounts payable understated	(598)	(598)	(596)	(596)
Customer deposits overstated			203	203
Balance at January 1, 2023, restated	<u>\$82,151</u>	<u>\$83,151</u>	<u>\$11,534</u>	<u>\$11,534</u>

9. CONTINGENCIES

As discussed in Note 5 above, the Village expended a total of \$1,101,769 in Coronavirus State and Local Fiscal Recovery Fund funding under a cooperative endeavor agreement with the State of Louisiana, DOA. These expenses are subject to audit and adjustment by grantor agencies; therefore, to the extent that the Village has not complied with the rules and regulations governing the grant funds, refunds of any money received may be required. In the opinion of the Village's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grant funds; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

VILLAGE OF LISBON

Notes to the Financial Statements

10. RISK MANAGEMENT

The Village purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

11. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through June 10, 2024, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF LISBON
Lisbon, Louisiana

SCHEDULE OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2023

	BudgetedAmounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUE				
Franchise taxes	\$3,000	\$3,000	\$3,338	\$338
Insurance premium taxes	8,000	9,000	7,995	(1,005)
Occupational licenses	350	400	435	35
Rent	2,500	2,500	2,320	(180)
Investment earnings	115	110	370	260
Other			1,155	1,155
Total revenue	<u>13,965</u>	<u>15,010</u>	<u>15,613</u>	<u>603</u>
EXPENDITURES				
General government:				
Personal services	1,725	1,725	1,722	3
Operating services	10,400	9,300	11,385	(2,085)
Materials and supplies	350	500	599	(99)
Total expenditures	<u>12,475</u>	<u>11,525</u>	<u>13,706</u>	<u>(2,181)</u>
NET CHANGE IN FUND BALANCE	1,490	3,485	1,907	(1,578)
FUND BALANCE AT BEGINNING OF	<u>82,685</u>	<u>81,732</u>	<u>82,151</u>	<u>419</u>
FUND BALANCE AT END OF YEAR	<u>\$84,175</u>	<u>\$85,217</u>	<u>\$84,058</u>	<u>(\$1,159)</u>

There was one budget amendment for the year ended December 31, 2023.

OTHER SUPPLEMENTAL INFORMATION SCHEDULE

VILLAGE OF LISBON
Lisbon, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended December 31, 2023

**COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO MAYOR AND BOARD OF ALDERMEN**

The Schedule of Compensation, Benefits, and Other Payments to Mayor and Board of Aldermen is presented in compliance Louisiana Revised Statute 24:513 A (3) and House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and aldermen is included in personal services of the General Fund. In accordance with Louisiana Revised Statute 33:405, the mayor receives \$550 each year and the aldermen receive \$350 each year.

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

The Schedule of Expenditure of Federal Awards is presented as required by Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

VILLAGE OF LISBON
Lisbon, LouisianaSCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO MAYOR AND
BOARD OF ALDERMEN
For the Year Ended December 31, 2023**SALARIES**

Wayne Tanner - Mayor	\$550
Aldermen:	
Jerry Clements	350
Eric Gaston	350
Andy Roberts	<u>350</u>
Total	<u>\$1,600</u>

VILLAGE OF LISBON
Lisbon, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

Federal Agency Name	Pass Through Agency/Identifying Number	Federal Program Title	Assistance Listing Number	Federal Expenditures
Department of Treasury	State of Louisiana - Division of Administration LAWSP10621	COVID-19-Related Award: Coronavirus State and Local Recovery Funds	21.027	<u>\$1,101,769</u>

Note to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal funds activity of the Village, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations*. Expenditures in this schedule represent only the federally funded portions of the program. The Village's records should be consulted to determine the amounts expended from non-federal sources.

Note 2 - Indirect Cost Rate

The Village has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Independent Auditor's Report
Required by *Government Auditing Standards* and the Uniform Guidance

The following independent auditor's report on internal control over financial reporting and on compliance and other matters is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States.

The following independent auditor's report on compliance for each major federal program and report on internal control over compliance is presented in compliance with the requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, referred to as the Uniform Guidance.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**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***

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF LISBON
Lisbon, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor, the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Lisbon (the "Village"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued my report thereon dated June 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, I do not express an opinion on the effectiveness of the Village'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.

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF LISBON

Lisbon, Louisiana

Internal Control Over Financial Reporting
and on Compliance and Other Matters, etc.

December 31, 2023

My 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. I identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, that I consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, I performed tests of the Village's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the findings identified in my audit and described in the accompanying Schedule of Findings and Questioned Costs. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Calhoun, Louisiana

June 10, 2024

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**Independent Auditor's Report on Compliance for
Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance**

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF LISBON
Lisbon, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Village of Lisbon's (the "Village") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement, that could have a direct and material effect on the Village's major federal program for the year ended December 31, 2023. The Village's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In my opinion, the Village complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grant agreements applicable to the Village's federal programs.

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF LISBON

Lisbon, Louisiana

Independent Auditor's Report
on Compliance for Each Major
Federal Program and on Internal
Control Over Compliance, etc.
December 31, 2023

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of its major program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF LISBON

Lisbon, Louisiana

Independent Auditor's Report
on Compliance for Each Major
Federal Program and on Internal
Control Over Compliance, etc.
December 31, 2023

Other Matters

The results of my auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control Over Compliance

My consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I did identify a certain deficiency in internal control over compliance that I consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.


A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 to be a material weakness.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the internal control over compliance findings identified in my compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The Village's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF LISBON
Lisbon, Louisiana
Independent Auditor's Report
on Compliance for Each Major
Federal Program and on Internal
Control Over Compliance, etc.
December 31, 2023

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Calhoun, Louisiana
June 10, 2024

VILLAGE OF LISBON
Lisbon, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued - Unmodified opinion.
2. Internal control over financial reporting:

Material weakness(es) identified? - Yes
Significant deficiency(ies) identified? - None reported
3. Noncompliance material to financial statements noted? - No

Federal Awards

4. Internal control over major programs:

Material weakness(es) identified? - Yes
Significant deficiency(ies) identified? - None reported
5. Type of auditor's report issued on compliance for major programs - Unmodified opinion.
6. Any audit findings disclosed that are required to be reported in under Section 200.516 paragraph (a) of the Uniform Guidance - Yes
7. Identification of major program:

Department of Treasury
ALN: 21.027 Coronavirus State and Local Recovery Funds
8. Dollar threshold used to distinguish between type A and type B programs - \$750,000.
9. Auditee qualified as low-risk auditee? - No

Section II - Financial Statement Findings

2023-001. Inadequate Segregation of Accounting Duties

Criteria: Proper internal controls require that accounting duties be performed by separate individuals so that one individual could not perpetrate and conceal errors or irregularities without them being detected by another individual who was performing his or her assigned duties.

Condition: One employee is responsible for performing all accounting duties for the Village.

Cause: Small size of the Village and its limited revenues.

Effect: Errors or irregularities may not be detected within a timely period.

Recommendation: None.

Management's Response: It is not economically feasible to correct this deficiency based on the size of the Village.

Section III - Federal Award Findings

2023-002. Failure to Maintain Complete Accounting Records for Federal Awards

Criteria: Title 2 U. S. *Code of Federal Regulations* (CFR) Section 200.303, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that the Village establish and maintain internal control over federal awards that provide reasonable assurance that the Village is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award. One of the objectives of internal control over compliance is to ensure that federal transactions are properly recorded and accounted for in order to permit the preparation of reliable financial statements, including the Schedule of Expenditures of Federal Awards.

Condition: The federal award transactions were not recorded in the Village's accounting records.

VILLAGE OF LISBON

Lisbon, Louisiana

Schedule of Findings and Questioned Costs

December 31, 2023

- Cause:** The accounting software that the Village uses to maintain its other accounting records was not compatible with establishing and maintaining the accounting records for the federal awards transactions.
- Effect:** Federal award transactions could possibly be excluded from the financial statements and the Schedule of Expenditures of Federal Awards.
- Recommendation:** All future federal award transactions should be recorded as transactions of the Water System Enterprise Fund in the accounting software.
- Management's Response:** The Village of Lisbon will include all future federal award transactions as part of the Water System Enterprise Fund in the accounting software.

CORRECTIVE ACTION PLAN

Village of Lisbon

P.O. Box 248
Lisbon, Louisiana 71048

Corrective Action Plan
For the Year Ended December 31, 2023

Finding No. 2023-001

Corrective Action Planned: None. It is not economically feasible to correct this deficiency based on the size of the Village.

Person Responsible for Corrective Action: N/A

Anticipated Completion Date: N/A

Finding No. 2023-002

Corrective Action Planned: The Village of Lisbon will include all future federal award transactions as part of the Water System Enterprise Fund in the accounting software.

Person Responsible for Corrective Action: Alisha Middleton, Clerk

Anticipated Completion Date: June 14, 2024