

VILLAGE OF LISBON
Lisbon, Louisiana

Financial Statements
With Independent Auditor's Report

As of and for the Year Ended
December 31, 2024

VILLAGE OF LISBON
Lisbon, Louisiana

Financial Statements
With Independent Auditor's Report

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M. CARLEEN DUMAS
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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, 2024, 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, 2024, 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.

Member of the American Institute of Certified Public Accountants
Member of the Society of Louisiana of Certified Public Accountants

MAYOR AND BOARD OF ALDERMEN
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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.

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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 31 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, Reimbursements, Benefits, and Other Payments to Mayor and Board of Aldermen on page 34, 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 35, and the Schedule of Prior Audit Findings on page 36 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 standards generally accepted

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in the United States of America. In my opinion, the Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Mayor and Board of Aldermen, the Schedule of Expenditures of Federal Awards, and the Schedule of Prior Audit Findings 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 April 24, 2025, 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.

/s Carleen Dumas
Calhoun, Louisiana
April 24, 2025

VILLAGE OF LISBON
Lisbon, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2024

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, 2024. 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

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 \$1,684,048 for the year ended December 31, 2024 due to a grant from the United States Department of Treasury passed through the State of Louisiana, Division of Administration in the amount of \$1,555,244 that was used to finance the ongoing water system improvement project and a \$104,129 increase in net position due to the merger with Middle Fork Water System, Inc. The following presents an analysis of net position and the changes in net position of the Village's governmental and business-type activities:

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2024	2023	2024	2023	2024	2023
Assets						
Current assets	\$76,502	\$84,600	\$192,669	\$960,275	\$269,171	\$1,044,875
Other assets			10	10	10	10
Capital assets	30,955	1,000	2,669,335	1,114,234	2,700,290	1,115,234
Total assets	<u>107,457</u>	<u>85,600</u>	<u>2,862,014</u>	<u>2,074,519</u>	<u>2,969,471</u>	<u>2,160,119</u>
Liabilities						
Current liabilities	<u>695</u>	<u>542</u>	<u>79,036</u>	<u>953,885</u>	<u>79,731</u>	<u>954,427</u>
Net Position						
Net investment in capital assets	30,955	1,000	2,669,335	1,114,234	2,700,290	1,115,234
Restricted			94,349		94,349	
Unrestricted	<u>\$75,807</u>	<u>\$84,058</u>	<u>\$19,294</u>	<u>\$6,400</u>	<u>\$95,101</u>	<u>\$90,458</u>
Total net position	<u><u>\$106,762</u></u>	<u><u>\$85,058</u></u>	<u><u>\$2,782,978</u></u>	<u><u>\$1,120,634</u></u>	<u><u>\$2,889,740</u></u>	<u><u>\$1,205,692</u></u>

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2024	2023	2024	2023	2024	2023
Program revenue:						
Charges for services	\$3,505	\$2,370	\$75,693	\$57,884	\$79,198	\$60,254
Capital grants and contributions			1,555,244	1,101,769	1,555,244	1,101,769
General revenue, transfers and special items:						
Franchise taxes	4,016	3,338			4,016	3,338
Insurance premium tax	8,559	7,995			8,559	7,995
Occupational licenses	435	435			435	435
Investment earnings	608	370			608	370
Miscellaneous	1,522	1,105		1,705	1,522	2,810
Sale of equipment			4,500		4,500	
Insurance proceeds	36,534				36,534	
Transfers	(12,830)		12,830			
Special item - merger with Middle Fork Water System, Inc.			104,129		104,129	
Total revenue, transfers, and special items	42,349	15,613	1,752,396	1,161,358	1,794,745	1,176,971
Program expenses						
General government	20,645	13,706			20,645	13,706
Water			90,052	52,258	90,052	52,258
Total expenses	20,645	13,706	90,052	52,258	110,697	65,964
Change in net position	21,704	1,907	1,662,344	1,109,100	1,684,048	1,111,007
Net position - beginning	85,058	83,151	1,120,634	11,534	1,205,692	94,685
Net position - ending	<u>\$106,762</u>	<u>\$85,058</u>	<u>\$2,782,978</u>	<u>\$1,120,634</u>	<u>\$2,889,740</u>	<u>\$1,205,692</u>

The Village's total revenue, transfers and special items increased \$617,774 from prior year total revenue due to a \$453,475 increase in federal grant revenue that was used to finance the ongoing water system improvement project and a \$104,129 increase in net position due to the merger with Middle Fork Water System, Inc. The Village's total expenses increased \$44,733 primarily due to increases in repairs and maintenance expenses and professional fees.

Governmental Activities

Total revenue for governmental activities increased \$39,566 due to insurance proceeds received and expenses of the governmental activities increased \$6,939 due to increases in insurance and repairs and maintenance expenses.

Business-Type Activities

The Village's charges for services for its business-type activities were \$17,809 more than in the prior year due to the merger with Middle Fork Water System, Inc. Capital grants and contributions increased \$453,475. Total expenses increased approximately \$37,794 due to increases in professional fees and maintenance and repairs expense.

OVERALL FINANCIAL POSITION

The Village's net position increased \$1,684,048 as a result of this year's operations. The business-type activities had an increase in net position of \$1,662,344 and the governmental activities had an increase of \$21,704. Unrestricted net position (those assets available to finance the daily operations of the Village) was \$95,101 at year end. The increase in unrestricted net position was \$4,643 from the prior year amount. Net position restricted for capital improvements was \$94,349 and the net investment in capital assets was \$2,700,290 at year end.

VILLAGE'S FUNDS

At the end of the year, the Village's General Fund reported an unassigned fund balance of \$75,807. General Fund fund balance decreased \$8,251 due primarily to transfers made to the Water System Enterprise Fund. The Water System Enterprise Fund reported total net position of \$2,782,978 at year end. The increase in net position was \$1,662,344 for the year due to an increase in federal grant revenue that was used to finance the ongoing water system improvement project and the merger with Middle Fork Water System, Inc.

GENERAL FUND BUDGETARY HIGHLIGHTS

At year end, actual General Fund revenue and other financing sources was \$40,169 more than budgeted revenue and other financing sources and actual expenditures and other financing uses was \$50,205 more than budgeted expenditures and other financing uses due to the Village's failure to budget for the roof repairs and the transfers to the Water System Enterprise Fund. 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 \$2,700,290. 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. During the year ended December 31, 2024, the Village made major roof repairs that were capitalized and reported as capital assets of its governmental activities.

During the year ended December 31, 2024, the Water System Enterprise fund incurred construction costs totaling \$1,555,244 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, 2025, to be approximately the same as its General Fund revenue and expenditures for the year ended December 31, 2024, except for a decrease in roof repair expenses and transfers to the Water System Enterprise Fund. The Village expects the operating revenue and expenses of the Water System Enterprise Fund to increase for the year ending December 31, 2025, due to the merger with the Middle Fork Water System, Inc. The Village expects to receive significantly less in federal grant revenue during the year ending December 31, 2025, as the ongoing water system improvement project should be completed in early 2025.

BASIC FINANCIAL STATEMENTS

VILLAGE OF LISBON
Lisbon, Louisiana

STATEMENT OF NET POSITION
December 31, 2024

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$44,835	\$45,464	\$90,299
Investments	30,536		30,536
Receivables	1,131	9,128	10,259
Restricted assets:			
Cash		96,899	96,899
Due from grantor		41,178	41,178
Utility deposit		10	10
Capital assets (net)	30,955	2,669,335	2,700,290
TOTAL ASSETS	<u>107,457</u>	<u>2,862,014</u>	<u>2,969,471</u>
LIABILITIES			
Accounts payable	695	4,443	5,138
Legal fees payable		9,205	9,205
Customer deposits		21,660	21,660
Liabilities payable from restricted assets - contracts payable		43,728	43,728
TOTAL LIABILITIES	<u>695</u>	<u>79,036</u>	<u>79,731</u>
NET POSITION			
Net investment in capital assets	30,955	2,669,335	2,700,290
Restricted for capital improvements		94,349	94,349
Unrestricted	75,807	19,294	95,101
TOTAL NET POSITION	<u><u>\$106,762</u></u>	<u><u>\$2,782,978</u></u>	<u><u>\$2,889,740</u></u>

See accompanying notes and independent auditor's report.

VILLAGE OF LISBON
Lisbon, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

	...Program Revenue...			Net (Expense) Revenue andChanges in Net Position.....	
	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
	<u>Expenses</u>				
Governmental Activities:					
General government	\$20,645	\$3,505	(\$17,140)		(\$17,140)
Business-type Activities:					
Water	90,052	75,693	\$1,555,244	\$1,540,885	1,540,885
Total government	<u>\$110,697</u>	<u>\$79,198</u>	<u>\$1,555,244</u>	<u>1,540,885</u>	<u>1,523,745</u>
General Revenue, Transfers, and Special Items:					
Revenue:					
Franchise taxes			4,016		4,016
Insurance premium taxes			8,559		8,559
Occupational licenses			435		435
Investment earnings			608		608
Miscellaneous			1,522		1,522
Sale of equipment				4,500	4,500
Insurance proceeds			36,534		36,534
Transfers (net)			(12,830)	12,830	
Special item - merger with Middle Fork Water System, Inc.				104,129	104,129
Total general revenue, transfers, and special items			<u>38,844</u>	<u>121,459</u>	<u>160,303</u>
CHANGE IN NET POSITION			21,704	1,662,344	1,684,048
NET POSITION - BEGINNING			85,058	1,120,634	1,205,692
NET POSITION - ENDING			<u>\$106,762</u>	<u>\$2,782,978</u>	<u>\$2,889,740</u>

See accompanying notes and independent auditor's report.

VILLAGE OF LISBON
Lisbon, Louisiana

BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2024

	<u>General Fund</u>
ASSETS	
Cash	\$44,835
Investments	30,536
Receivables	<u>1,131</u>
TOTAL ASSETS	<u><u>\$76,502</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities - accounts payable	\$695
Fund balance - unassigned	<u>75,807</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$76,502</u></u>
Reconciliation of the Balance Sheet of Governmental Fund To the Statement of Net Position:	
Fund balance - unassigned - General Fund	\$75,807
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>30,955</u>
Net position of governmental activities (Statement A)	<u><u>\$106,762</u></u>

See accompanying notes and independent auditor's report.

Statement D

VILLAGE OF LISBON
Lisbon, Louisiana

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2024

	<u>General Fund</u>
REVENUE	
Franchise taxes	\$4,016
Insurance premium taxes	8,559
Occupational licenses	435
Rent	3,505
Investment earnings	608
Other	1,522
Total revenue	<u>18,645</u>
EXPENDITURES	
General government:	
Current:	
Personal services	1,938
Operating services	16,999
Materials and supplies	1,303
Capital outlay	30,360
Total expenditures	<u>50,600</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(31,955)</u>
OTHER FINANCING SOURCES (USES)	
Insurance proceeds	36,534
Transfer to Water System Enterprise Fund	(12,830)
Total other financing sources (uses)	<u>23,704</u>
NET CHANGE IN FUND BALANCE	(8,251)
FUND BALANCE AT BEGINNING OF YEAR	84,058
FUND BALANCE AT END OF YEAR	<u><u>\$75,807</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	(\$8,251)
Amount reported for governmental activities in the Statement of Activities (Statement B) is different because:	
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 as depreciation expense. This is the	
amount by which capital outlay expenditures exceeded depreciation	
expense in the current period.	<u>29,955</u>
Change in net position of governmental activities (Statement B)	<u><u>\$21,704</u></u>
See accompanying notes and independent auditor's report.	

Statement E**VILLAGE OF LISBON**
Lisbon, Louisiana**STATEMENT OF NET POSITION - BUSINESS-TYPE ACTIVITIES**
December 31, 2024

	<u>Water System Enterprise Fund</u>
ASSETS	
Current assets:	
Cash	\$45,464
Accounts receivable (net of allowance for doubtful accounts)	9,128
Restricted assets:	
Cash	96,899
Due from grantor	<u>41,178</u>
Total current assets	192,669
Noncurrent assets:	
Utility deposit	10
Capital assets (net of accumulated depreciation)	<u>2,669,335</u>
Total assets	<u>2,862,014</u>
LIABILITIES	
Current liabilities:	
Accounts payable	4,443
Legal fees payable	9,205
Customer deposits	21,660
Payable from restricted assets - contracts payable	<u>43,728</u>
Total current liabilities	<u>79,036</u>
NET POSITION	
Net investment in capital assets	2,669,335
Restricted for capital improvements	94,349
Unrestricted	<u>19,294</u>
Total net position	<u><u>\$2,782,978</u></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, 2024

	Water System Enterprise Fund
OPERATING REVENUE	
Water sales	<u>\$75,693</u>
OPERATING EXPENSES	
Postage	1,526
Office supplies	404
Maintenance and repairs	17,320
Utilities and telephone	14,040
Salaries	29,969
Payroll taxes	2,295
Contract labor	2,350
Insurance	7,632
Dues and fees	12,955
Depreciation	143
Sales tax	<u>1,418</u>
Total operating expenses	<u>90,052</u>
OPERATING INCOME (Loss)	<u>(14,359)</u>
NON-OPERATING INCOME	
Federal grant	1,555,244
Sale of equipment	<u>4,500</u>
Total non-operating income	<u>1,559,744</u>
INCOME BEFORE TRANSFERS AND SPECIAL ITEMS	1,545,385
TRANSFER FROM GENERAL FUND	12,830
SPECIAL ITEM - Merger with Middle Fork Water System, Inc.	<u>104,129</u>
CHANGE IN NET POSITION	1,662,344
NET POSITION - BEGINNING	<u>1,120,634</u>
NET POSITION - ENDING	<u><u>\$2,782,978</u></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, 2024

	Water System Enterprise Fund
	<u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$70,267
Customer deposits, net	175
Payments to suppliers	(56,448)
Payments to employees	<u>(29,969)</u>
Net cash used by operating activities	<u>(15,975)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfer from General Fund	<u>12,830</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Federal grant	2,447,835
Construction of capital assets	(2,445,285)
Sale of equipment	4,500
Merger with Middle Fork Water System, Inc.	115,654
Increase in restricted cash	<u>(96,899)</u>
Net cash provided by investing activities	<u>25,805</u>
NET INCREASE IN CASH	22,660
CASH AT BEGINNING OF YEAR	<u>22,804</u>
CASH AT END OF YEAR	<u><u>\$45,464</u></u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Operating Income (Loss)	<u>(\$14,359)</u>
Adjustments:	
Depreciation	143
Increase in accounts receivable	(5,426)
Increase in accounts payable	3,492
Increase in customer deposits	<u>175</u>
Total adjustments	<u>(1,616)</u>
Net cash used by operating activities	<u><u>(\$15,975)</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, 2024

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, 2024, 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. Restricted Assets

Funds that are set aside as required by the merger agreement with Middle Fork Water System, Inc., as well as assets that are restricted by constraints placed by grantors are classified as restricted assets on the statement of net position because their use is limited.

F. 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	25-40 years
Equipment	5-15 years

G. 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.

VILLAGE OF LISBON
Notes to the Financial Statements

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 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, 2024, the Village had only unassigned fund balance in the General Fund.

H. 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 generally 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. There were no budget amendments during the year.

The General Fund's actual expenditures and other financing uses exceeded budgeted expenditures for the year ended December 31, 2024 as follows:

VILLAGE OF LISBON
Notes to the Financial Statements

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	<u>\$13,225</u>	<u>\$13,225</u>	<u>\$63,430</u>	<u>\$50,205</u>

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2024, the Village has cash, restricted cash, and investments (book balances) as follows:

Checking accounts	\$187,198
Investments - certificates of deposit	<u>30,536</u>
Total	<u>\$217,734</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, 2024, the Village has \$219,978 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, 2024:

	<u>General Fund</u>	<u>Water System Enterprise Fund</u>	<u>Total</u>
Franchise taxes	\$906		\$906
Rent	225		225
Billed water sales		\$7,152	7,152
Unbilled water sales		1,976	1,976
Allowance for doubtful accounts	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Total	<u>\$1,131</u>	<u>\$9,128</u>	<u>\$10,259</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

VILLAGE OF LISBON
Notes to the Financial Statements

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. During the year ended December 31, 2024, the Village requested a total of \$1,555,244 under the agreement. The Village received \$1,514,066 during the year ended December 31, 2024, resulting in \$41,178 being due from DOA at year end.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2024, is as follows:

	Balance at January 1, 2024	Increases	Decreases	Balance at December 31, 2024
Governmental activities:				
Capital assets not being depreciated - land	\$1,000	NONE	NONE	\$1,000
Capital assets being depreciated - buildings	77,500	\$30,360		107,860
Less accumulated depreciation for buildings	77,500	405		77,905
Total assets being depreciated, net	NONE	29,955	NONE	29,955
Total capital assets (net)	<u>\$1,000</u>	<u>\$29,955</u>	<u>NONE</u>	<u>\$30,955</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$1,705			\$1,705
Construction in progress	1,110,974	\$1,555,244		2,666,218
Total assets not being depreciated	<u>\$1,112,679</u>	<u>1,555,244</u>	<u>NONE</u>	<u>2,667,923</u>
Capital assets being depreciated:				
Water system and improvements	104,163	NONE	NONE	104,163
Less accumulated depreciation for:				
Water system and improvements	102,608	143		102,751
Total assets being depreciated, net	<u>1,555</u>	<u>(143)</u>	<u>NONE</u>	<u>1,412</u>
Total capital assets (net)	<u>\$1,114,234</u>	<u>\$1,555,101</u>	<u>NONE</u>	<u>\$2,669,335</u>

VILLAGE OF LISBON
Notes to the Financial Statements

Depreciation expense was charged to the functions of governmental and business-type activities as follows:

Governmental activities - general government	\$405
Business-type activities - water	\$143

During 2024, the Village made major roof repairs to its building and incurred \$1,555,244 in costs associated with it's ongoing water system improvement project. The roof repairs were paid from insurance proceeds and the water system improvements were paid from grant funds.

7. INTERFUND TRANSFERS

The following is a summary of interfund transfers during the year ended December 31, 2024:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund		\$12,830
Water System Enterprise Fund	<u>\$12,830</u>	
Total	<u>\$12,830</u>	<u>\$12,830</u>

The transfers were for \$2,830 in legal fees paid by the General Fund on behalf of the Water System Enterprise Fund and a \$10,000 transfer from the General Fund to the Water System Enterprise Fund to cover operating expenses.

8. 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. The total amount of these contracts was increased to \$2,468,264 due to change orders approved during 2024. As of December 31, 2024, the Village has incurred a total of \$2,343,243 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. As of December 31, 2024, the Village has incurred a total of \$313,770 in engineering costs associated with the project that is reported as construction in progress in the financial statements. At December 31, 2024, the Village owes \$38,738 to the construction contractors and \$4,990 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.

9. MERGER WITH MIDDLE FORK WATER SYSTEM, INC.

On August 1, 2024, the Village entered into a merger agreement with Middle Fork Water System, Inc., (MFWS) whereby upon the closing of the merger, the Village's water system would begin assuming and performing all the day to day actions and operations of MFWS for all of the MFWS members and

VILLAGE OF LISBON
Notes to the Financial Statements

customers, as well as the Village maintaining, repairing, replacing, and upgrading the physical portions of the MFWS water system. Upon closing of the merger, all assets, debts, liabilities, obligations, restrictions, and duties of MFWS became the assets, debts, liabilities, obligations, restrictions, and duties of the Village. Under the terms of the agreement, any MFWS funds remaining after all indebtedness of MFWS is paid, shall be irrevocably committed to be held in escrow and spent on the Village's booster station improvement project. The following is a summary of the transactions related to the merger:

Funds received and deposited into Meter Security	
Deposits account on 10/28/24	\$12,912
Funds received and deposited into Escrow	
Account on 10/28/24	102,742
Meter security deposit liability assumed by Village	<u>(11,525)</u>
Amount reported as Special Item - merger with Middle Fork Water System, Inc., in accompanying financial statements	<u><u>\$104,129</u></u>
	Escrow
	<u>Account</u>
Deposit made by Village to open Escrow Account	\$100
Funds received from MFWS and deposited into Escrow	
Account on 10/28/24	102,742
Reductions:	
MFWS expenses incurred prior to merger closing paid by the Village	(2,453)
Audit fees incurred by the Village in 2024 due to the receipt of federal funding for the booster station improvement project	<u>(6,000)</u>
Balance in Escrow Account at December 31, 2024	<u><u>\$94,389</u></u>

10. CONTINGENCIES

As discussed in Note 5 above, the Village expended a total of \$1,555,244 in Coronavirus State and Local Fiscal Recovery Fund funding under a cooperative endeavor agreement with the State of Louisiana, DOA during the year ended December 31, 2024. 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.

11. 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.

12. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through April 24, 2025, 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, 2024

	BudgetedAmounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Franchise taxes	\$3,000	\$3,000	\$4,016	\$1,016
Insurance premium taxes	9,000	9,000	8,559	(441)
Occupational licenses	400	400	435	35
Rent	2,500	2,500	3,505	1,005
Investment earnings	110	110	608	498
Other			1,522	1,522
Total revenue	<u>15,010</u>	<u>15,010</u>	<u>18,645</u>	<u>3,635</u>
EXPENDITURES				
General government:				
Personal services	1,725	1,725	1,938	(213)
Operating services	11,000	11,000	16,999	(5,999)
Materials and supplies	500	500	1,303	(803)
Capital outlay			30,360	(30,360)
Total expenditures	<u>13,225</u>	<u>13,225</u>	<u>50,600</u>	<u>(37,375)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>1,785</u>	<u>1,785</u>	<u>(31,955)</u>	<u>(33,740)</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds			36,534	36,534
Transfer to Water System Enterprise Fund			(12,830)	(12,830)
Total other financing sources (uses)	<u>NONE</u>	<u>NONE</u>	<u>23,704</u>	<u>23,704</u>
NET CHANGE IN FUND BALANCE	1,785	1,785	(8,251)	(10,036)
FUND BALANCE AT BEGINNING OF	<u>90,317</u>	<u>90,317</u>	<u>84,058</u>	<u>(6,259)</u>
FUND BALANCE AT END OF YEAR	<u>\$92,102</u>	<u>\$92,102</u>	<u>\$75,807</u>	<u>(\$16,295)</u>

There were no budget amendments during the year ended December 31, 2024.

OTHER SUPPLEMENTAL INFORMATION SCHEDULE

VILLAGE OF LISBON
Lisbon, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended December 31, 2024

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

The Schedule of Compensation, Reimbursements, 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*.

SCHEDULE OF PRIOR AUDIT FINDINGS

The follow-up and corrective action taken on all prior audit findings is presented in Schedule 4.

VILLAGE OF LISBON
Lisbon, Louisiana

**SCHEDULE OF COMPENSATION, REIMBURSEMENTS,
BENEFITS, AND OTHER PAYMENTS TO MAYOR AND
BOARD OF ALDERMEN**
For the Year Ended December 31, 2024

SALARIES

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

VILLAGE OF LISBON
Lisbon, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024

Federal Agency Name	Pass Through Agency/Identifying Number	Federal Program Title	Assistance Listing Number	Federal Expenditures
	State of Louisiana - Division of Administration	COVID-19-Related Award:		
Department of Treasury	LAWSP10621	Coronavirus State and Local Recovery Funds	21.027	<u><u>\$1,555,244</u></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.

VILLAGE OF LISON
Lisbon, LouisianaSCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2024

<u>Finding Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Status of Finding</u>
2023-001	2023	Inadequate Segregation of Accounting Duties	Unresolved - see 2024-001 in current year findings.
2023-002	2023	Failure to Maintain Complete Accounting Records for Federal Awards	Unresolved - see 2024-003 in current year findings.

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. 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, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued my report thereon dated April 24, 2025.

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.

Member of the American Institute of Certified Public Accountants
Member of the Society of Louisiana of Certified Public Accountants

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF LISBON
Lisbon, Louisiana
Internal Control Over Financial Reporting
and on Compliance and Other Matters, etc.
December 31, 2024

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 certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-003, that I consider to be material weaknesses.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as items 2024-002.

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.

/s Carleen Dumas
Calhoun, Louisiana
April 24, 2025

M. CARLEEN DUMAS
Certified Public Accountant
369 Donaldson Road. Calhoun, Louisiana. 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, 2024. 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, 2024.

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.

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 opinion on compliance for the major federal program. My audit does not provide a legal determination of the Village's, compliance with the compliance requirements referred to above.

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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.

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 material noncompliance resulting from fraud is higher than for that 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 of 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.

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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.

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 2024-003 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

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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.

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.

/s Carleen Dumas
Calhoun, Louisiana
April 24, 2025

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2024

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? - Yes

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

2024-001. 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.

2024-002. Noncompliance with Local Government Budget Act

Criteria: Louisiana Revised Statute (R.S.) 39:1311 requires the governing authority of the Village to amend its General Fund budget when actual expenditures exceed budgeted expenditures by five percent or more. R.S. 39:1309 requires that all action necessary to adopt and finalize the General Fund budget be completed prior to January 1 of the ensuing fiscal year.

Condition: General Fund actual expenditures and other financing uses exceeded budgeted expenditures and other financing uses by \$50,205 (380%). The General Fund budget for 2024 was adopted by the Board of Aldermen on February 13, 2024.

Cause: The Village failed to amend its budget for emergency roof repairs and transfers to the Water System Enterprise Fund. The failure to adopt the 2024 budget prior to January 1, 2024 was due to oversight.

Effect: Noncompliance with state law.

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Recommendation: The Village should adopt its General Fund budget prior to January 1 of the ensuing fiscal year and should monitor its expenditures and adopt a budget amendment when actual expenditures plus projected expenditures exceed budgeted expenditures by five percent or more.

Management's Response: The General Fund budget for 2025 will be amended as needed and the proposed General Fund budget for 2026 will be adopted at the December 2025 Board of Aldermen meeting.

Section III - Federal Award Findings

2024-003. 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: Expenditures from federal grant revenue were not recorded in the Village's accounting records and there were several posting errors related to the recording of the federal grant revenue.

Cause: Oversight.

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 revenue and expenditures should be recorded as transactions of the Water System Enterprise Fund in the accounting software.

Management's Response: The accounting records for the federal award revenues and expenditures have been properly maintained for calendar year 2025.

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Corrective Action Plan
For the Year Ended December 31, 2024

Finding No. 2024-001

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. 2024-002

Corrective Action Planned: The General Fund budget for 2025 will be amended as needed and the proposed General Fund budget for 2026 will be adopted at the December 2025 Board of Aldermen meeting.

Person Responsible for Corrective Action: Alisha Middleton, Clerk

Anticipated Completion Date: December 31, 2025

Finding No. 2024-003

Corrective Action Planned: The accounting records for the federal award revenues and expenditures have been properly maintained for 2025.

Person Responsible for Corrective Action: Alisha Middleton, Clerk

Anticipated Completion Date: December 31, 2025