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VILLAGE OF LISBON  
Lisbon, Louisiana

General Purpose Financial Statements  
With Accountant's Compilation Report  
As of and For the Year Ended  
December 31, 1966  
With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, as reviewer; county and other appropriate public officials. This report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date \_\_\_\_\_

VILLAGE OF LISBON  
Lisbon, Louisiana  
ANNUAL SWORN FINANCIAL STATEMENTS  
AND CERTIFICATION OF REVENUES \$50,000 OR LESS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1996

A F F I D A V I T

Personally came and appeared before the undersigned authority Bygones Clements, who, duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Village of Lisbon as of December 31, 1996, and the results of operations for the year then ended, in accordance with basis of accounting described within the accompanying financial statements.

In addition, Bygones Clements, who, duly sworn, deposes and says that the Village of Lisbon received \$50,000 or less in revenues and other sources for the fiscal year ending December 31, 1996, and, accordingly, is not required to have an audit for the previously mentioned fiscal year-end.

*Bygones Clements, Clerk*  
Village of Lisbon

Sworn to and subscribed before me, this 14 day of March, 1997.

*[Signature]*  
NOTARY PUBLIC

Agency: Village of Lisbon  
Address: Post Office Box 248  
Lisbon, Louisiana 70048  
Telephone: (318) 583-6643

VILLAGE OF LISBON

Lisbon, Louisiana

General Purpose Financial Statements  
 With Accountant's Compilation Report  
 As of and For the Year Ended December 31, 1995  
 With Supplemental Information Schedules

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*M. Carlton Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

300 HUNTERDOME BLVD. • COLLEEN, LOUISIANA 71225 • TELEPHONE 318/644-8326

**Accountant's Compilation Report**

MAYOR AND BOARD  
OF ALDERMEN  
VILLAGE OF LISBON  
Lisbon, Louisiana

I have compiled the general purpose financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Village of Lisbon as of December 31, 1996, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and schedules information that is the representation of management. I have not audited or reviewed the accompanying financial statements and schedules and, accordingly, do not express an opinion or any other form of assurance on them.



Colleen, Louisiana  
February 6, 1997

GENERAL PURPOSE FINANCIAL STATEMENTS  
(OVERVIEW)

VILLAGE OF LISBON  
Lisbon, Louisiana  
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 1996

	GOVERNMENTAL FUND TYPE - GENERAL FUND	PROPRIETARY FUND TYPE - WATER SYSTEM IMPROVEMENT FUND	ACCOUNT GROUP - GENERAL FIXED- ASSETS	TOTAL MEMORANDUM (0617)
<b>ASSETS</b>				
Cash	\$7,474	\$19,702		\$27,176
Investments	24,254			24,254
Receivables:				
Tobacco taxes	216			216
Water sales		2,955		2,955
Property, plant and equipment (net of accumulated depreciation)		45,336	\$84,762	130,088
Other assets		10		10
<b>TOTAL ASSETS</b>	<u>\$32,444</u>	<u>\$67,993</u>	<u>\$84,762</u>	<u>\$185,199</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	534	\$2,768		\$3,302
Bonds payable		40,000		40,000
Customer deposits		7,471		7,471
<b>Total Liabilities</b>	<u>534</u>	<u>\$22,236</u>	<u>None</u>	<u>\$27,771</u>
<b>Fund Equity:</b>				
Investment in general fixed assets			\$84,762	\$84,762
Contributed capital		3,857		3,857
Retained earnings - unreserved		13,900		13,900
Fund balance - unreserved - undesignated	32,410			32,410
<b>Total Fund Equity</b>	<u>32,410</u>	<u>17,757</u>	<u>\$84,762</u>	<u>134,929</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$32,444</u>	<u>\$67,993</u>	<u>\$84,762</u>	<u>\$185,199</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF LISBON  
Lisbon, Louisiana  
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget  
(GAAP Basis) and Actual  
For the Year Ended December 31, 1996

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Franchise taxes	\$2,500	\$2,036	\$534
Licenses and permits	3,530	3,174	(396)
Intergovernmental			
State funds	1,400	1,438	36
Local funds	2,600	2,665	65
Use of money and property:			
Interest earnings	130	1,179	1,049
Rent	300	400	100
Royalties	20	41	21
Other revenue	80	15	(67)
Total revenues	<u>10,500</u>	<u>10,894</u>	<u>464</u>
<b>EXPENDITURES</b>			
General government			
Current:			
Personal services	1,000	1,000	
Operating services	6,000	5,340	651
Total expenditures	<u>7,000</u>	<u>6,340</u>	<u>651</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>3,500</b>	<b>4,615</b>	<b>1,115</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>27,795</u>	<u>27,795</u>	
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$31,295</u>	<u>\$32,410</u>	<u>\$1,115</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF LISBON  
Lisbon, Louisiana  
PROPRIETARY FUND TYPE -  
WATER SYSTEM ENTERPRISE FUND

Statement of Revenues, Expenses, and  
Changes in Retained Earnings  
For the Year Ended December 31, 1996

<b>OPERATING REVENUES</b>	
Water sales	<u>\$94,058</u>
<b>OPERATING EXPENSES</b>	
Salaries and related benefits	8,783
Utilities	5,838
Materials and supplies	2,216
Maintenance and repairs	2,965
Labor	516
Insurance	1,000
Office supplies and expense	958
Depreciation	1,515
Total operating expenses	<u>29,492</u>
<b>OPERATING INCOME</b>	6,566
<b>NON-OPERATING REVENUES (Expenses)</b>	
Earnings on bank deposits	170
Interest expense	<u>(2,100)</u>
Net operating revenues (expenses)	<u>(1,930)</u>
<b>NET INCOME</b>	4,636
<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<u>7,172</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<u>\$12,808</u>

See accompanying notes and accountant's compilation report.



VILLAGE OF LISBON  
Lisbon, Louisiana  
PROPRIETARY FUND TYPE -  
WATER SYSTEM ENTERPRISE FUND

Statement of Cash Flows  
For the Year Ended December 31, 1996

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$37,040
Cash paid to suppliers, employees, etc.	(9,305)
Cash paid for services, taxes, etc.	<u>(11,895)</u>
Net cash provided by operating activities	<u>15,840</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Principal and interest on bonded debt	<u>(4,300)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned on bank deposits	<u>370</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>12,096</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>7,446</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$19,542</u>
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Net operating income	<u>\$8,558</u>
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation	2,513
Decrease in accounts receivable	1,864
Increase in accounts payable	1,814
Increase in customer deposits	<u>1,125</u>
Total adjustments	<u>7,328</u>
Net cash provided by operating activities	<u>\$15,886</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF LISBON

Lisbon, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 1996

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Lisbon was incorporated under the provisions of the Louisiana Act. The village is governed by the mayor-board of aldermen form of government. The mayor and aldermen serve four-year terms which expire on December 31, 1996.

**A. BASIS OF PRESENTATION**

The accompanying general purpose financial statements of the Village of Lisbon have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles.

**B. REPORTING ENTITY**

As the governing authority of the village, for reporting purposes, the Village of Lisbon is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Village of Lisbon for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the village to impose its will on that organization and/or

## VILLAGE OF LEBON

Lebon, Louisiana

### Notes to the Financial Statements (Continued)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the village.
2. Organizations for which the village does not appoint a voting majority but are fiscally dependent on the village.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the village has determined that there are no component units that should be considered as part of the village reporting entity. The village has no potential component units.

### C. FUND ACCOUNTING

The village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "Funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The village's current operations require the use of governmental and proprietary fund types described as follows:

## VILLAGE OF LISBON

Lisbon, Louisiana

Notes to the Financial Statements (Continued)

### Governmental Fund Type - General Fund

The General Fund is the general operating fund of the village. It accounts for all financial resources, except those required to be accounted for in the Water System Enterprise Fund.

### Proprietary Fund Type - Water System Enterprise Fund

The Water System Enterprise Fund accounts for the operations of the village water system. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

## D. FIXED ASSETS AND LONG-TERM OBLIGATIONS

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed asset account group, rather than in the General Fund. All purchased fixed assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Approximately 94 per cent of fixed assets are valued at actual cost, while the remaining 6 per cent are valued at estimated cost based on the actual cost of like items. Donated fixed assets are valued at their estimated fair market value on the date received. No depreciation has been provided on general fixed assets. There are no general long-term obligations at December 31, 1995.

The fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations are charged as an expense against operations. Depreciation is computed using the straight-line method over a 60 year (estimated) useful life. Long-term obligations of the proprietary fund type are accounted for within the fund.

## E. BASIS OF ACCOUNTING

The financial and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial

## VILLAGE OF LISBON

Lisbon, Louisiana

Notes to the Financial Statements (Continued)

resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The village uses the following practices in recognizing and reporting revenues and expenditures:

### Revenues

Franchise taxes and intergovernmental revenues are recorded when the village is entitled to the funds.

Interest income on time deposits is recorded when the interest has been earned and the amount is determinable.

Interest income on demand deposits is recorded in the month earned and credited to the account.

Substantially all other revenues are recorded when they become available to the village.

Based on the above criteria, franchise taxes and intergovernmental revenues have been treated as susceptible to accrual.

### Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The Water System Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. The Water System Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are

VILLAGE OF LISBON

Lisbon, Louisiana

Notes to the Financial Statements (Continued)

recognized as the time liabilities are incurred. Water sales are recognized in the period the service is provided to the customer. Salaries and other expenses are recognized when incurred.

**F. 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.

Fiscal budgetary integration is not employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements reflect the original adopted budget amounts and all budget amendments.

**G. CASH AND INVESTMENTS**

Cash includes amounts in demand deposits and interest-bearing demand deposits. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with banks organized under the laws of the State of Louisiana and the laws of any other state in the union, or the laws of the United States.

Under state law, the district may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 1986 the village had investments totaling \$24,754, stated at cost which approximates market. The investments consist of certificates of deposit with original maturities that exceed 90 days. The investments are fully secured from risk by federal deposit insurance.

At December 31, 1986, the district has cash (book balances) totaling \$27,176 as follows:

Demand deposits:	
Non-interest bearing	\$3,671
Interest bearing	<u>23,505</u>
Total	<u>\$27,176</u>

## VILLAGE OF LISBON

Lisbon, Louisiana

### Notes to the Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Cash (bank balances) at December 31, 1996, are \$27,176 and are fully secured from risk by federal deposit insurance.

### III. CONTRIBUTED CAPITAL

Grants, entitlements, or stored revenues that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such cost funds.

### IV. TOTAL COLUMN ON THE BALANCE SHEET

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position net results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

### 2. FIXED ASSETS

Prior to December 31, 1992, the village did not maintain records of its general fixed assets. During 1992, the town clerk inventoried all fixed assets and prepared an inventory listing as of December 31, 1992. The following schedule presents December 31, 1996 balances:

Land	\$1,000
Buildings	77,900
Plant and equipment	<u>6,262</u>
Total	<u>\$84,712</u>

There were no changes in general fixed assets for the year ended December 31, 1996.

A summary of plant and equipment used in the Water System Enterprise Fund follows:

**VILLAGE OF LISBON**

Lisbon, Louisiana

**Notes to the Financial Statements (Continued)**

Water system	5100,588
Accumulated depreciation	<u>(35,262)</u>
Plant and equipment, net	<u>5065,326</u>

**3. BONDS PAYABLE**

On July 14, 1993, the village issued water revenue bonds in the amount of \$74,000 to construct the village water system. The bonds bear interest at the rate of five per cent per annum and are due January 1 of each year. Principal and interest payments are made solely from revenues derived from operation of the water system.

The following is a summary of changes in bonds payable for the year ended December 31, 1996:

Bonds payable at January 1, 1996	542,000
Retirements	<u>(70,000)</u>
Bonds payable at December 31, 1996	<u>472,000</u>

The annual requirements to retire the bonds, including interest payments of \$15,300, are as follows:

Year	
1997	34,000
1998	3,900
1999	4,800
2000	4,650
2001	4,500
2002-2006	20,250
2007-2009	<u>13,200</u>
Total	<u>\$85,300</u>

**4. RETAINED EARNINGS - RESERVED**

The terms of the bond issue described in Note 3 above, require the village to establish a reserve account to accumulate funds for the purpose of making up any deficiencies arising from the operation of the water system, paying principal and interest on maturing bonds, making major renewals, replacements, extensions, betterments and improvements to the water system, or retiring bonds prior to maturity. The terms of the bond issue require that the village set aside any funds derived from operation of the water system in excess of what is required for operation of the water system and the payment of bond principal



**VILLAGE OF LISBON**

Lisbon, Louisiana

Notes to the Financial Statements (Continued)

and interest, into the reserve account until there is a balance of \$10,000 in the account. The village has not been able to set aside \$10,000 to fund the reserve account; therefore, the entire Water System Fund retained earnings at December 31, 1986 is reserved.

**5. LITIGATION AND CLAIMS**

The village is not involved in any litigation at December 31, 1986, nor is it aware of any asserted claims.

**SUPPLEMENTAL INFORMATION SCHEDULES**

VILLAGE OF LISBON  
Lisbon, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULE  
As of and For the Year Ended December 31, 1986

COMPENSATION PAID MAYOR AND ALDERMEN

The schedule of per diem paid the mayor and aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and aldermen is included in personal services expenditures of the General Fund. In accordance with Louisiana Revised Statute 13:405, the mayor and aldermen receive \$50 for attendance of each meeting of the Board of Aldermen.

VILLAGE OF LISBON  
Lisbon, Louisiana  
Schedule of Per Diem Paid Mayor and Aldermen  
For the Year Ended December 31, 1996

B. J. McAdams, Mayor	\$200
Wayne Tancor	200
B. H. McAdams	200
Paul Win	<u>200</u>
Total	<u>\$800</u>

VILLAGE OF LISBON  
Lisbon, Louisiana  
Proprietary Fund Type -  
Water System Enterprise Fund

Proposed Operating Budget  
For the Year Ending December 31, 1997

**OPERATING REVENUES**

Water sales \$27,000

**OPERATING EXPENSES**

Salaries and wages 8,150  
Utilities 6,800  
Supplies 1,000  
Office expense 1,000  
Maintenance and labor 3,000  
Taxes 1,613  
Insurance 2,000  
Bond payments (principal and interest) 4,100  
Other 115  
Total operating expenses 27,000

**NET INCOME**

None