Jana Nace, Mayor
Judy Barrick, Council
Isabelle Evans, Council

Cindy Metro, Council
Ed Racht, Council
Claudia Wilson, Council

VILLAGE OF VOLENTE, TEXAS
AGENDA

NOTICE OF CITY COUNCIL SPECAIL CALLED MEETING
Tuesday, September 1, 2020 at 5:30 PM

Notice is hereby given that the City Council of the Village of Volente, Texas, will hold a REMOTE Special Called Meeting on Tuesday, September 1st, 2020, at which time the following items will be discussed, to-wit:

REMOTE ACCESS ONLY:
In accordance with the order of the Office of the Governor issued March 16, 2020, the City Council of the Village of Volente will conduct a videoconference meeting in order to advance the public health goal of limiting face-to-face meetings (also called "social distancing") to slow the spread of the Coronavirus (COVID19).

The public may participate in this meeting by dialing in to the following toll free number: (346) 248-7799, Meeting ID 763 391 2006, Password: 7B6qDk

If you wish to speak during the meeting, please provide your name, phone number and the item number you wish to speak on to city.secretary@volentetexas.gov by 12:00 Noon on September 1, 2020.

Members of the public who wish to submit their written comments in lieu of speaking shall submit their comments by emailing city.secretary@volentetexas.gov. Comments must be received by 12:00 Noon on September 1, 2020.

I. ITEMS OPENING THE MEETING

A. Call to Order
B. Call Roll and Establish Quorum

II. CITIZEN COMMENTS Any person with business before the Council NOT SCHEDULED on the agenda may speak to the Council. In accordance with the Open Meetings Act, Council is prohibited from acting on or discussing (other than factual responses to specific questions) any items brought before them that are not on the agenda. Citizen comments on items listed on the agenda will be heard at the time each item is discussed by the Council. (There is a four (4) minute time limit (eight (8) minutes if translation is needed) per individual and time can be yielded to other parties.)

III. GENERAL BUSINESS AND ACTION ITEMS

A. Discussion and possible action regarding the presentation by Neffendorf & Knopp for the Village of Volente completed audits for years ending September 30, 2017 and September 30, 2018./Nace

B. Discussion and possible action implementing procedures for Sworn Affidavit of Disclosure, Recusal of Elected Official, or Commissioner and Affidavit for an Applicant Requesting Recusal of an Elected Official, or Commissioner, establishing ethical procedures regarding the use of Village legal services, when there is a conflict of interest established, regarding the process and procedures outlined in the Code of Ordinances as pertaining to the review and consideration of said application./Nace

C. Discussion and possible action for establishing procedures for the Village of Volente regarding the Transparency of all Board Members, Elected Officials, Commissioners and Committee Members Appointed and Volunteers while conducting, discussing or preforming any and all Village business and establishing procedures for conduct, social media and strict confidentiality of residential and village information and the transparency of responding to open records request./Nace/Cristian

D. Discussion and possible action for a request by Ken Beck, on behalf of Thistle Dew Ranch for a Variance in accordance with Village of Volente Code of Ordinances 2009-O-103, Section 9.05.115, (Cut & Fill) to exceed 5' maximum allowed at the location (15502 Mary Street) Lot 1, Thistle Dew Ranch Subdivision, sur 10.23 acres./ Ken Beck Presenting

E. Discussion and possible action for a request by Ken Beck, on behalf of Thistle Dew Ranch for a Variance in accordance with Village of Volente Code of Ordinances 2004-O-36, Section 33.340, (Slope Limits) no construction or land disturbing activities shall be permitted on natural grades with slopes 25% or steeper at the location (15502 Mary Street) Lot 1, Thistle Dew Ranch Subdivision, sur 10.23 acres./ Ken Beck Presenting

F. Discussion and possible action acknowledging and approving legal expenses incurred for. /Nace

1. Legal Expenses
   - Jan: $1335.10
   - Feb: $2167.39
   - Mar: $7613.56
   - April: $3782.10
   - May: $1113.60
   - June: $8702.30
   - July: $8013.94
   - Aug: $8034.07

2. On AT&T Mobile bill: $2,341.66 Phones are Returned

G. Discussion and possible action on adopting Resolution 2020-R-__ authorizing the Mayor to enter into a professional services agreement with Debbie Gold for Interim City Secretary services./Nace

H. Discussion and possible action for a council work session establishing the date and time for the review, edit and discussion of the Comprehensive Plan Update./Barrick

I. Discussion and possible action regarding Public Works/Safety Committees on Travis County Bids, Phase One Signage, Phase Two Signage, Speed Bumps and addressing citizen concerns on Traffic Control, Speeding, Road Racing, Pedestrian Safety, Travis County Sheriff's Patrol and Litter, on all VoV roadways./Wilson/Racht/Nace

J. Discussion on Integritek IT company, Quote #006191 version 1./Metro.

IV. EXECUTIVE SESSION

An Executive Session may be held in accordance with the authority contained in Texas Government Code, Section 551.071 (Consultation with Attorney), 551.074 (Personnel Matters).

V. ADJOURNMENT

I certify that the above notice of the August 29, 2020 City Council Special Called Meeting was posted on the Municipal Building Window, 16100 Wharf Cove, Volente, Texas 78641 on Saturday, August 29, 2020, by 4:30 P.M. and the Village website and will remain posted continuously until said meeting is convened.

_____

Debbie Gold, Interim City Secretary

The City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices,) and 551.086 (Economic Development).

The Village of Volente is committed to compliance with the Americans with Disabilities Act (ADA). Reasonable accommodations and equal access to communications will be provided to those who provide notice to the City Secretary at (512) 250-2075 at least 48 hours in advance.

VILLAGE OF VOLENTE, TEXAS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018

VILLAGE OF VOLENTE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Honorable Mayor and Council
Village of Volente, Texas
Volente, TX 78641

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Volente, Texas, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Volente, Texas, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–7 and 20-21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Neffendorf & Knopp, P.C.
NEFFENDORF & KNOPP, P.C.
Fredericksburg, Texas

July 1, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village of Volente, we offer readers of the Village's financial statements this narrative overview and analysis of the financial statements of the Village for the year ended September 30, 2018. Please read it in conjunction with the independent auditors' report on page 1, and Village's Basic Financial Statements which begin on page 8.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by $1,399,972 (net position). Of this amount, $730,591 (unrestricted net position) may be used to meet the Village's ongoing obligations to citizen's and creditors.

- The Village's net position increased by $154,890 as a result of this year's operations.

- At September 30, 2018, the Village's governmental funds reported an ending fund balance of $951,245, an increase of $152,912 in comparison with the prior year. The increase in fund balance was due to the revenues exceeded the expenditures.

- At September 30, 2018, the unreserved fund balance of the general fund was $719,635 or 282 percent of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 8 and 9). These provide information about the activities of the Village as a whole and present a longer-term view of the Village's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (on pages 10 & 12) report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements (starting on page 14) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedule (operating fund) is presented as required supplementary information on page 20.

Reporting the Village as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the Village's overall financial condition and operations begins on page 8. Its primary purpose is to show whether the Village is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the Village's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the Village's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the Village's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the Village's net position and changes in them. The Village's net position (the difference between assets and liabilities) provide one measure of the Village's financial health, or financial position. Over time, increases or decreases in the Village's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the Village, however, you should consider other factors as well, such as changes in the Village's customers or its property tax base and the condition of the Village's facilities.

In the Statement of Net Position and the Statement of Activities, the Village has one kind of activity:

➢ Governmental activity - The Village's basic services are reported here, including the public safety, public works, and administration. Property taxes, user charges, sales tax and franchise tax finance most of these activities.

Reporting the Village's Most Significant Funds

Fund Financial Statements

The fund financial statements on pages 10 & 12 provide detailed information about the most significant funds - not the Village as a whole. Governmental fund types include the general fund.

➢ Governmental funds - All of the Village's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the Village's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Note I to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the Village's governmental activities.

Net position of the Village's governmental activities increased from $1,203,082, to $1,399,972. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was $730,591 at September 30, 2018. This increase in governmental net position was the result of three factors. First, the Village's revenues exceeded the expenditures by $152,912. Second, the Village recorded capital expenditures in the amount of $23,525 and depreciation in the amount of $21,112. Third, a prior period adjustment in the amount of $42,000 was recorded.

Table I
VILLAGE OF VOLENTE

NET POSITION
in thousands

	Governmental Activities	
	2018	2017
Current and Other Assets	$ 992	$ 819
Capital Assets	438	435
Total Assets	$ 1,430	$ 1,254
Other Liabilities	$ 30	$ 51
Total Liabilities	$ 30	$ 51
Net Position:		
Net Investment in Capital Assets	$ 438	$ 435
Restricted	231	74
Unrestricted	731	694
Total Net Assets	$ 1,400	$ 1,203

Table II
VILLAGE OF VOLENTE

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2018	2017
Revenues:		
Maintenance & Operations Taxes	$ 211	$ 198
Other Taxes	208	166
Charges for Services	12	
Grants		15
Miscellaneous		10
Total Revenue	$ 431	$ 389
Expenses:		
General Government	$ 253	$ 218
Public Works	5	12
Judicial	3	
Highways and Streets	15	
Total Expenses	$ 276	$ 230
Increase in Net Position Before	$ 155	$ 159
Net Position, Beginning	1,203	1,014
Prior Period Adjustment	42	30
Net Position, Ending	$ 1,400	$ 1,203

The cost of all governmental activities this year was $276,713. Total revenues for the Village were $431,603 which consisted of property taxes ($211,517), other taxes ($207,454), charges for services ($12,154), interest earnings ($378) and miscellaneous ($100).

THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a total fund balance of $951,245, which is more than last year's total of $756,333.

The Village adopted the General Fund budget. Actual revenues were less than the budgeted amount by $767 while actual expenditures were more than the budgeted amount by $19,237.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2018, the Village had $568,479 invested in capital assets, including buildings, equipment and other improvements. Capital assets increased by $23,525 or 4% over the prior year.

More detailed information about the Village's capital assets is presented in Note C to the financial statements.

DEBT

At year-end, the Village had no outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village's elected and appointed officials considered many factors when setting the fiscal-year 2019 budget and tax rates. The major factors are the assessed property values and population growth. These indicators were taken into account when adopting the General Fund budget for 2019. Amounts available for appropriation in the General Fund budget are $330,399 and expenditures are estimated to be $494,991 (including a transfer out to the Road Maintenance Fund).

If these estimates are realized, the Village's budgetary General fund balance is expected to decrease by the close of fiscal year 2019.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village's business office, at Village of Volente, Volente, Texas.

BASIC FINANCIAL STATEMENTS

EXHIBIT A-1

VILLAGE OF VOLENTE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 952,068
Taxes Receivable, Net	10,956
Accounts Receivable Net	25,118
Prepaid Items	3,763
Capital Assets:	
Infrastructure, Net	424,101
Buildings, Net	7,414
Furniture and Equipment, Net	6,256
Total Assets	1,429,676
LIABILITIES	
Accounts Payable	29,704
Total Liabilities	29,704
NET POSITION	
Net Investment in Capital Assets	437,771
Restricted for:	
Restricted for Parkland Fees	61,250
Restricted for Special Revenue	170,360
Unrestricted	730,591
Total Net Position	$ 1,399,972

The notes to the financial statements are an integral part of this statement.

VILLAGE OF VOLENTE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT B-1

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	$ 253,543	$ -	$ -	$ (253,543)
Judicial	2,726	-	-	(2,726)
Public Works	4,893	12,154	-	7,261
Highways and Streets	15,551	-	-	(15,551)
TOTAL PRIMARY GOVERNMENT	$ 276,713	$ 12,154	$ -	(264,559)

General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	211,517
General Sales and Use Taxes	163,618
Franchise Tax	34,012
Other Taxes	9,824
Miscellaneous Revenue	100
Investment Earnings	378
Total General Revenues	419,449
Change in Net Position	154,890
Net Position-- Beginning	1,203,082
Prior Period Adjustment	42,000
Net Position--Ending	$ 1,399,972

The notes to the financial statements are an integral part of this statement.

EXHIBIT C-1

VILLAGE OF VOLENTE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Road Maintenance Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 791,543	$ 160,525	$ 952,068
Taxes Receivable	10,956	-	10,956
Accounts Receivable Net	15,283	9,835	25,118
Prepaid Items	3,763	-	3,763
Total Assets	$ 821,545	$ 170,360	$ 991,905
LIABILITIES			
Accounts Payable	$ 29,704	$ -	$ 29,704
Total Liabilities	29,704	-	29,704
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	10,956	-	10,956
Total Deferred Inflows of Resources	10,956	-	10,956
FUND BALANCES			
Restricted Fund Balance:			
Restricted for Parkland Fees	61,250	-	61,250
Other Restricted Fund Balance	-	170,360	170,360
Unassigned Fund Balance	719,635	-	719,635
Total Fund Balances	780,885	170,360	951,245
Total Liabilities, Deferred Inflows & Fund Balances	$ 821,545	$ 170,360	$ 991,905

The notes to the financial statements are an integral part of this statement.

EXHIBIT C-2

VILLAGE OF VOLENTE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Total Fund Balances - Governmental Funds	$	951,245
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase net position.		435,358
Current year capital outlays are expenditures in the fund financial statements,but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2018 capital outlays is to increase net position.		23,525
The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(21,112)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase net position.		10,956
Net Position of Governmental Activities	$	1,399,972

The notes to the financial statements are an integral part of this statement.

EXHIBIT C-3

VILLAGE OF VOLENTE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Road Maintenance Fund	Total Governmental Funds
REVENUES:			
Taxes:			
Property Taxes	$ 211,952	$ -	$ 211,952
General Sales and Use Taxes	88,347	75,271	163,618
Franchise Tax	34,012	-	34,012
Other Taxes	9,824	-	9,824
Licenses and Permits	12,154	-	12,154
Investment Earnings	378	-	378
Other Revenue	100	-	100
Total Revenues	356,767	75,271	432,038
EXPENDITURES:			
Current:			
General Government	247,982	-	247,982
Judicial	2,726	-	2,726
Public Works	4,893	-	4,893
Highways and Streets	-	23,525	23,525
Total Expenditures	255,601	23,525	279,126
Excess of Revenues Over Expenditures	101,166	51,746	152,912
OTHER FINANCING SOURCES (USES):			
Transfers In	-	105,538	105,538
Transfers Out (Use)	(105,538)	-	(105,538)
Total Other Financing Sources (Uses)	(105,538)	105,538	-
Net Change in Fund Balances	(4,372)	157,284	152,912
Fund Balance - October 1 (Beginning)	743,257	13,076	756,333
Prior Period Adjustment	42,000	-	42,000
Fund Balance - September 30 (Ending)	$ 780,885	$ 170,360	$ 951,245

The notes to the financial statements are an integral part of this statement.

EXHIBIT C-4

VILLAGE OF VOLENTE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Total Net Change in Fund Balances - Governmental Funds	$	152,912
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2018 capital outlays is to increase the change in net position.		23,525
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(21,112)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to decrease the change in net position.		(435)
Change in Net Position of Governmental Activities	$	154,890

The notes to the financial statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Volente, Texas, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The *Government Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the Village's accounting policies are described below:

A. Reporting Entity

The Village was duly incorporated as a municipality on February 3, 2002. The Village is a general law Village, which operates under a council form of government. The Mayor is the chief administrative officer of the Village. The Village provides the following services: Community Development, Public Improvements, and General Administrative Services.

In evaluating how to define the Village, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, there were no component units identified that would require inclusion in this report.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Village of Volente nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, sales tax, franchise tax, municipal court fines, charges for services and other miscellaneous revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the Village operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the Village. The "grants and contributions" column includes amounts paid by organizations outside the Village to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the Village's functions. Taxes are always general revenues.

The fund financial statements provide reports on the financial condition and results of operations for governmental funds. The Village considers both governmental funds major and reports their financial condition and results of operations in a separate column.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The Village considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept; that is, when they are both measurable and available. The Village considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the Village to refund all or part of the unused amount.

D. Fund Accounting

The Village reports the following major governmental funds:

1. **The General Fund** - The general fund is the Village's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

E. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position

1. Capital assets, which include land, buildings, furniture, equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

   The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

   Buildings, furniture and equipment of the Village are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	15-30
Infrastructure	20
Improvements	10-20
Machinery & Equipment	5-7

Pursuant to GASB Statement Number 34, an extended period of deferral is available before the requirement to record and depreciate infrastructure assets (e.g., roads, bridges, and similar items) acquired before the implementation date becomes effective. Therefore, infrastructure assets acquired prior to October 1, 2001 have not yet been capitalized.

2. Beginning with fiscal year end September 30, 2011, the Village implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

   - Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
   - Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
   - Committed fund balance – amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.
   - Assigned fund balance – amounts the Village intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
   - Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

   The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

3. Implementation of new GASB Accounting Standard:

   The Village has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as well as the early implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Under GASB 63 and 65, amounts previously reported as deferred charges as a part of total assets have been reported in a separate section as deferred outflows of resources and amounts previously reported as deferred revenue as a part of total liabilities have been reported in a separate section as deferred inflows of resources.

4. When the Village incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

5. The original budget is adopted by the Village Council prior to the beginning of the fiscal year through passage of an ordinance. The budget includes proposed expenditures and the means of financing them.

Budgeted amounts for expenditures from the various funds may not exceed the beginning balances of those funds plus the anticipated revenues for the fiscal year. The final amended budget has been presented in this report. Unencumbered appropriations lapse at the end of each year.

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

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At September 30, 2018, the carrying amount of the Village's deposits was $952,068 and the bank balance was $965,588. The Village's cash deposits at September 30, 2018 and during the year ended September 30, 2018 were covered by FDIC insurance or by pledged collateral held by the Village's agent bank in the Village's name.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Village to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the Village to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the Village to have independent auditors perform test procedures related to investment practices as provided by the Act. As of September 30, 2018 the City was not in compliance with the Public Funds Investment Act.

Policies Governing Deposits and Investments

In compliance with GASB Statement No. 45, the Village discloses the following:

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2018 were covered by depository insurance or by pledged collateral held by the Village's agent bank in the Village's name.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2018, the District was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

B. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the Village in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they

become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the Village fiscal year.

The Travis County Appraisal District appraises and collects taxes for the Village. For 2018, the Village of Volente had property with an assessed valuation of $194,872,092. The tax rate was $.1085 per $100 valuation (general fund only). A summary of taxes receivable by years follows:

Tax Roll	Taxes Receivable 01/10/17	Taxes Assessed	Collections and Adjustments	Taxes Receivable 09/30/18
2017	$	$ 211,544	$ 209,295	$ 2,249
2016	3,139		2,012	1,127
2015	1,124		170	954
2014	1,374		215	1,159
2013	1,336		242	1,094
2012	1,061			1,061
2011	609		11	598
2010	479		11	468
2009	407		11	396
2008	379		11	368
2007 & Prior	1,482		-	1,482
TOTAL	$ 11,390	$ 211,544	$ 211,978	$ 10,956

C. Capital Asset Activity

Capital asset activity for the Village for the year ended September 30, 2018, was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Buildings and Improvements	$ 479,141	$ 23,525	$	$ 502,666
Furniture & Equipment	65,813			65,813
	-	-	-	-
Totals at Historic Cost	$ 544,954	$ 23,525	$ -	$ 568,479
Less Accumulated Depreciation for:				
Buildings and Improvements	(54,499)	(16,652)		(71,151)
Furniture & Equipment	(55,097)	(4,460)		(59,557)
Total Accumulated Depreciation	$ (109,596)	$ (21,112)	$ -	$ (130,708)
Governmental Activities Capital Assets, Net	$ 435,358	$ 2,413	$ -	$ 437,771

D. Long-Term Liability – Capital Metropolitan Transportation Authority

A special election was held to vote on the removal of the Village from Capital Metropolitan Transportation Authority and the recapture of the 1% sales and use tax. The vote passed for removal and recapture of the 1% sales and use tax.

In accordance with Transportation Code Chapter 451 Metropolitan Rapid Transit Authorities subchapter M (withdrawal of territory from authority) the Village is liable for the Village's apportioned share of the authority's outstanding obligations minus the Village's apportioned share of the unencumbered assets of the authority. The apportioned share is calculated by multiplying the total obligations and assets of the authority at the time of withdrawal by a fraction. The numerator of which is the number of inhabitants of the Village and the denominator of which is the number of inhabitants of the authority (including the number of inhabitants of the Village). The balance of this liability was repaid during the fiscal year through the application of the 1% sales and use tax collections.

E. Risk Management

The Village of Volente is exposed to various risks of loss relating to general liability, accidental loss of real and personal property, damage to assets, errors and omissions, acts of God and personnel risks which relate to workers compensation.

The Village contracts with the Texas Municipal League (TML) to provide insurance coverage for identified risks. TML is a multi-government group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are sent annually to TML. Liability by the Village is generally limited to the contributed amounts. Contributions for the year ended September 30, 2018 were $1,935.

F. Contingent Liabilities

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

G. Prior Period Adjustment

A prior period adjustment in the amount of $12,000 was necessary to adjust liabilities for prior year accounts payable and an adjustment in the amount of $30,000 was necessary to correct posting of the prior year Capital Metro receivable. The restated beginning fund balance of the general fund is $785,257 and the restated beginning balance of the governmental activities net position is $1,245,082.

H. Excess of Expenditures Over Appropriations

Actual expenditures exceeded budgeted amounts in several line items and in total.

I. Subsequent Events

The Village has evaluated subsequent events through July 1, 2020, the date which the financial statements were available to be issued. The Village is not aware of any subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G-1

VILLAGE OF VOLENTE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	$ 211,905	$ 211,905	$ 211,952	$ 47
General Sales and Use Taxes	60,829	94,829	88,347	(6,482)
Franchise Tax	30,000	34,000	34,012	12
Other Taxes	3,500	3,500	9,824	6,324
Development Fees and Permits	12,500	13,000	12,154	(846)
Intergovernmental Revenue and Grants	500		-	-
Investment Earnings	300	300	378	78
Other Revenue			100	100
Total Revenue	319,534	357,534	356,767	(767)
EXPENDITURES:				
Current:				
GENERAL GOVERNMENT				
Staff				
Salaries	88,093	37,572	37,314	258
Payroll Taxes	7,906	3,368	3,018	350
Benefits	16,941	7,500	6,407	1,093
Total Staff	112,940	48,440	46,739	1,701
Professional Services				
Attorney	70,000	70,000	82,283	(12,283)
Financial Services	3,000	3,000	3,052	(52)
Engineer Services	7,000	7,000	6,861	139
Zoning & Code Enforcement	4,000	4,000	1,610	2,390
Audit	6,000	6,000		6,000
Payroll Services			14	(14)
Contract Labor	12,270	6,000	16,627	(10,627)
Special Consultant/Legislative	33,730	33,730	33,730	(0)
Travis CAD	2,500	2,500	995	1,505
Total Professional Services	138,500	132,230	145,171	(12,941)
Operations				
Elections		1,200	1,528	(328)
Events	5,500	1,300	234	1,066
Books and Publications			294	(294)
Facilities - Repairs and Maintenance	4,000	4,000	4,656	(656)
Office Supplies & Postage	9,650	3,650	2,694	956
Mileage Reimbursement		-	614	(614)
Equipment Lease	5,500	5,500	6,267	(767)
Website Maintenance	2,900	2,525	797	1,728
Dues, Fees & Subscriptions			1,487	(1,487)
Rent	25,100	21,600	22,050	(450)
Utilities & Telephone	6,025	5,500	5,605	(105)
Insurance			1,894	(1,894)
Training & Education		1,250	1,331	(81)

The notes to the Financial Statements are an integral part of this statement.

EXHIBIT G-1(Cont)

VILLAGE OF VOLENTE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
Operations (Continued)				
Travel - Meals			880	(880)
Advertising			2,177	(2,177)
Computer Software and Hardware	3,550	3,550	2,734	816
Miscellaneous (Burglar Alarm, Misc, Delivery Services)		500	831	(331)
Total Operations	62,225	50,575	56,072	(5,497)
JUDICIAL				
Municipal Court	250	250	2,726	(2,476)
Total Judicial	250	250	2,726	(2,476)
PUBLIC WORKS				
Mowing	4,485	1,100	1,063	37
Road and ROW	12,090	3,000	2,900	100
Street Signs	1,170	270	270	-
Professional Services			212	(212)
Park Maintenance	1,755	500	450	50
Total Public Works	19,500	4,870	4,894	(24)
CAPITAL OUTLAY				
Roads				-
Total Capital Outlay	-	-	-	-
Total Expenditures	333,415	236,365	255,602	(19,237)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(49,000)	(184,050)	(105,538)	78,512
Total Other Financing Sources (Uses)	(49,000)	(184,050)	(105,538)	78,512
Net Change in Fund Balances	(62,881)	(62,881)	(4,372)	58,509
Fund Balance - October 1 (Beginning)	743,257	743,257	743,257	
Prior Period Adjustment	42,000	42,000	42,000	-
Fund Balance - September 30 (Ending)	$ 722,376	$ 722,376	$ 780,885	$ 58,509

The notes to the Financial Statements are an integral part of this statement.

NEFFENDORF & KNOPP, P.C.

Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

July 1, 2020

Honorable Mayor and Council
Village of Volente, Texas
Volente, TX 78641

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Volente, Texas for the year ended September 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 21, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Volente, Texas are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2018. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 1, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Prior Year Recommendations

The City is required to comply with the Public Funds Investment Act (Government Code Chapter 2256 of the Local Government Code). The City is required to present the investment policy to the governing body for review and approval annually. This requirement was not met. They are also required under the act to designate an investment officer and that person is required to attend training that meets with the requirements of the act. This requirement was also not met. We again recommend the City comply with the requirements of the Public Funds Investment Act.

This information is intended solely for the use of the Council and management of Village of Volente and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Neffendorf & Knopp, P.C.
NEFFENDORF & KNOPP, P.C.
Fredericksburg, Texas