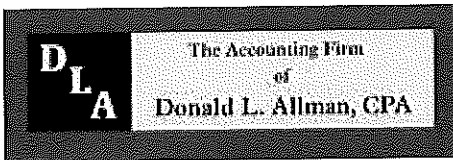


**VILLAGE OF VOLENTE**  
**AUDITED BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL SCHEDULES**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**VILLAGE OF VOLENTE**

**TABLE OF CONTENTS**

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 8
Statement of Net Position	9
Statement of Activities	10
Balance Sheet – Governmental Funds	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12 - 13
Notes to Financial Statements	14-20
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) General Fund	21
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	22



CERTIFIED PUBLIC ACCOUNTANT

## Independent Auditor's Report

To the Honorable Mayor and Members of the Village Council  
Village of Volente, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Volente, Texas as of and for the year ended September 30, 2021, 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, 2021, 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 3-8 and 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Volente, Texas' basic financial statements.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024, on our consideration of the Village of Volente, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Volente, Texas' internal control over financial reporting and compliance.



Donald L. Allman, CPA, P.C.

Georgetown, TX

January 29, 2024

**VILLAGE OF VOLENTE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Within this section of the Village of Volente's annual financial report, the Village's management provides narrative discussion and analysis of the financial activities of the Village for the fiscal year ended September 30, 2021. The Village's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the Village's primary government, unless otherwise noted.

**FINANCIAL HIGHLIGHTS**

The Village's assets exceeded its liabilities by \$2,052,406 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$1,811,317, an increase of \$241,089.

On a Governmental Funds basis, the Village's net position increased \$219,481, from \$1,402,433 to \$1,621,914.

Total revenues for the Village increased from \$508,178 in 2020 to \$581,512 in 2021, an increase of \$73,334. Total expenses increased from \$272,127 in 2020 to \$340,323 in 2021, an increase of \$68,296.

**Overview of the Financial Statements**

*Management's Discussion and Analysis* introduces the Village's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

**Government-wide Financial Statements**

The Village's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Village's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the Village-wide statement of financial position presenting information that includes all of the Village's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village as a whole is improving or deteriorating. Evaluation of the overall economic health of the Village

**VILLAGE OF VOLENTE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the Village infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Village's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Village's activities or functions on revenues provided by the Village's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the Village that are principally supported by taxes, and business-type activities that are intended to cover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, and public services. Business-type activities include water utilities.

**Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The Village has two kinds of funds.

*Governmental Funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Village's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provides a reconciliation to the government-wide financial statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. These statements demonstrate compliance with the Village's adopted and final revised budget.

**VILLAGE OF VOLENTE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

*Notes to the Financial Statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

**Financial Analysis of the Village as a Whole**

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Village as a whole.

The Village's net position at fiscal year-end is \$2,052,406. This is an increase of \$241,089 over last year's net position of \$1,811,317. The following table provides a summary of the Village's net position at September 30:

**Table 1  
Summary of Net Position**

	<u>2021</u>	<u>2020</u>
Cash and Current Assets	\$ 1,659,498	\$ 1,438,733
Capital Assets	<u>430,177</u>	<u>399,610</u>
Total Assets	2,089,675	1,838,343
Current Liabilities	<u>37,269</u>	<u>27,026</u>
Total Liabilities	37,269	27,026
Net Position:		
Net Investment in Capital Assets	430,177	399,610
Restricted	425,689	324,999
Unrestricted	<u>1,196,540</u>	<u>1,086,708</u>
Total Net Position	<u>2,052,406</u>	<u>1,811,317</u>

The Village reported positive balances in net position for both governmental funds and government-wide activities. Net position increased \$241,089. The Village's overall financial position improved during fiscal year 2021.

**VILLAGE OF VOLENTE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Table 2 compares the 2021 change in net position to the 2020 change in net position.

**Table 2  
Summary of Changes in Net Position**

	2021	2020
Program Revenues:		
Charges for Services	\$ 20,555	\$ 31,354
General Revenues:		
Property Taxes	231,324	230,584
Franchise Taxes	31,061	32,482
Local Sales Taxes	284,733	204,352
Other Taxes	13,435	9,166
Miscellaneous revenue	216	-
Interest Income	188	240
Total Revenues	\$ 581,512	\$ 508,178
Program Expenses		
General Government	\$ 340,323	\$ 272,027
Court	100	100
Public Works	-	-
Streets	-	-
Total Expenses	\$ 340,423	\$ 272,127
 Change in Net Position	 \$ 241,089	 \$ 236,051
 Beginning Net Position	 \$ 1,811,317	 \$ 1,575,266
Ending Net Position	\$ 2,052,406	\$ 1,811,317

**Financial Analysis of the Village's Funds**

*Governmental Funds*

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$1,621,914. \$61,250 of that amount is restricted for Parkland Funds, \$364,439 of that is restricted for Road Improvements, \$467,601 of that is Committed for Road Maintenance, and the unassigned fund balance is \$728,624.



**VILLAGE OF VOLENTE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**General Fund Budgetary Highlights**

The adopted General Fund budget for revenues for fiscal year 2021 was approximately \$459,338 and the budget for expenditures was \$605,818. Actual revenues for fiscal year 2021 were \$582,769 and expenditures for fiscal year 2021 were approximately \$370,990, a surplus of approximately \$211,779.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Village's investment in capital assets, net of accumulated depreciation, for governmental activities as of September 30, 2021, was \$430,177. The overall increase was \$30,567, for the Village as a whole. Depreciation was \$21,098 and improvements of \$51,665 were added.

**Capital Assets  
Net of Accumulated Depreciation**

	<u>2021</u>	<u>2020</u>
Non-depreciable Assets		
Land	\$ -	\$ -
Depreciable Assets:		
Buildings & Improvements	544,343	502,666
Furniture & Equipment	78,199	68,211
Accumulated Depreciation	<u>(192,365)</u>	<u>(171,267)</u>
Totals:	<u>\$ 430,177</u>	<u>\$ 399,610</u>

**VILLAGE OF VOLENTE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**Debt Administration**

At the end of September 2021, the Village had no outstanding debt.

**Economic Environment and Next Year's Budgets and Rates**

No material changes in the economic environment, Village budget expenditures, and revenues are expected in the next fiscal year.

**Contacting the Village's Financial Management**

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations, and demonstrate the Village's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Village's should be addressed to the Village of Volente, 16201 Dodd Street, Suite 101 Volente, TX 78641.

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF VOLENTE**  
**STATEMENT OF NET POSITION**  
**September 30, 2021**

**Primary Government**

	<b>Governmental</b>		<b>Total</b>
	<u>Activities</u>		<u></u>
<b><u>ASSETS:</u></b>			
Current assets:			
Cash and Cash Equivalents	\$ 1,566,514	\$	1,566,514
Receivables (net)	78,889		78,889
Deposits & Prepaids	14,095		14,095
Total Current Assets	\$ 1,659,498	\$	1,659,498
Capital Assets:			
Land	\$ -	\$	-
Buildings & Improvements	420,749		420,749
Net of Accumulated Depreciation			
Machinery, Furniture & Equipment, net of Acc. Depr.	9,428		9,428
Total Capital Assets	\$ 430,177	\$	430,177
<b>Total Assets:</b>	<b>\$ 2,089,675</b>	<b>\$</b>	<b>2,089,675</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 37,269	\$	37,269
Total Current Liabilities	\$ 37,269	\$	37,269
<b>Total Liabilities:</b>	<b>\$ 37,269</b>	<b>\$</b>	<b>37,269</b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	\$ 430,177	\$	430,177
Restricted for: Special Revenue	425,689		425,689
Unrestricted (deficit)	1,196,540		1,196,540
<b>Total Net Position</b>	<b>\$ 2,052,406</b>	<b>\$</b>	<b>2,052,406</b>

VILLAGE OF VOLENTE  
 STATEMENT OF ACTVIITIES  
 September 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue</u>
<b>Primary Government</b>			
Governmental Activities:			
General Government	\$ 340,323	\$ -	\$ (340,323)
Public Works	-	-	-
Streets	-	-	-
Court	100	-	(100)
Total Governmental Activities	<u>\$ 340,423</u>	<u>\$ -</u>	<u>\$ (340,423)</u>
Total Primary Government	<u>\$ 340,423</u>	<u>\$ -</u>	<u>\$ (340,423)</u>
<b>General Revenues:</b>			
Taxes:			
Property Taxes		\$ 231,324	
Franchise Taxes		31,061	
Local Sales and Use Taxes		284,733	
Charges for Services		20,555	
Interest Income		188	
Other taxes		13,435	
Miscellaneous		216	
Total General Revenues:		<u>\$ 581,512</u>	
Change in Net Position		\$ 241,089	
Net Position - Beginning		\$ 1,811,317	
Net Position - Ending		<u>\$ 2,052,406</u>	

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF VOLENTE**  
**BALANCE SHEET GOVERNMENTAL FUNDS**  
**September 30, 2021**

	<u>General</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,170,368	396,146	\$ 1,566,514
Receivables (net)	49,346	29,543	78,889
Deposits and Prepaids	14,095	-	14,095
<b>Total Assets:</b>	<u>\$ 1,233,809</u>	<u>425,689</u>	<u>\$ 1,659,498</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts Payable and Accrued Expenses	\$ 29,567	-	\$ 29,567
Deferred Revenue	8,017	-	8,017
<b>Total Liabilities</b>	<u>\$ 37,584</u>	<u>-</u>	<u>\$ 37,584</u>
<b>Liabilities and Fund Balances</b>			
Restricted: Parkland Funds	\$ -	61,250	\$ 61,250
Restricted: Roads	-	364,439	364,439
Committed: Maintenance	\$ 467,601	-	\$ 467,601
Unreserved	728,624	-	728,624
<b>Total Fund Balances</b>	<u>\$ 1,196,225</u>	<u>425,689</u>	<u>\$ 1,621,914</u>
<b>Total Liabilities &amp; Fund Balances</b>	<u>\$ 1,233,809</u>	<u>425,689</u>	<u>\$ 1,659,498</u>

Total Fund Balance - Total governmental Funds \$ 1,621,914

Amounts reported for governmental activities in the statement of net assets are different because:

Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected. 315

Capital assets of \$430,177 net of accumulated depreciation, are not financial resources, and therefore, are not reported in the funds. See Note 3.A.3. for additional detail. 430,177

Long-term liabilities of \$0.00 are not due and payable in the current period and are not reported in the funds. See Note 3.B.1. for detail. -

Net Position of Governmental Activities \$ 2,052,406

The accompanying notes are an integral part of the financial statements.

	<u>General</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>			
Property Taxes	\$ 232,581		\$ 232,581
Franchise Taxes	31,061		31,061
Local Sales and Use Tax	142,366	142,367	284,733
General Government	20,555		20,555
Interest Income	188		188
Other taxes	13,435		13,435
Miscellaneous	216		216
<b>Total General Revenues</b>	<b>\$ 440,402</b>	<b>142,367</b>	<b>\$ 582,769</b>
<b><u>Expenditures</u></b>			
General Government	\$ 319,225		\$ 319,225
Public Works	-		-
Streets	-		-
Court	100		100
Interest on Long-term Debt	-		-
Capital Outlay	9,988	41,677	51,665
<b>Total Expenditures</b>	<b>\$ 329,313</b>	<b>41,677</b>	<b>\$ 370,990</b>
<b>Excess (deficiency) of Revenues &amp; Expenditures</b>	<b>\$ 111,089</b>	<b>100,690</b>	<b>\$ 211,779</b>
Prior period adjustment for deferred revenues	7,702		7,702
Transfers In	-	-	-
Transfers Out	-		-
<b>Net Changes in Fund Balances</b>	<b>\$ 118,791</b>	<b>100,690</b>	<b>\$ 219,481</b>
<b>Fund Balances - Beginning</b>	<b>\$ 1,077,434</b>	<b>324,999</b>	<b>\$ 1,402,433</b>
<b>Fund Balances - Ending</b>	<b>\$ 1,196,225</b>	<b>425,689</b>	<b>\$ 1,621,914</b>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF VOLENTE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Amounts reported for governmental activities in the statement of net assets are different because:

Prior period adjustment to record deferred property tax revenues in government wide fs (7,702)

Governmental funds report capital outlays as expenditures, and capital asset retirements as inflows. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount which capital outlays exceeded capital asset retirements in the current period. \$ 51,665

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds. \$ (21,098)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes Not Collected	\$ 8,017
Less Prior Year	<u>(9,274)</u>
	\$ (1,257)

The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the amount of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal Payments	\$ -
Loan Issuance	<u>-</u>
	\$ -

Changes in Net Position of Governmental Activities \$ 241,089

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF VOLENTE**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**A. INTRODUCTION**

The Village of Volente (The Village) was formed in 2002 by an election of its inhabitants which voted in favor of incorporation. The Village operates under an election Mayor/Council form of government.

**B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION**

B. 1. Government-wide financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Village as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Village general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges for services which report fees, fines and forfeitures, and other charges to users of the Village's services. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

**B. 2. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The financial statements of the Village are prepared in accordance with generally accepted accounting principles (GAAP). The Village's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Village's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.



**VILLAGE OF VOLENTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Property tax revenues are recognized in the year for which they are levied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 30 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, franchise taxes, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods and services and include administrative expenses and depreciation of capital assets.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as needs. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

**B.3. FUND TYPES AND MAJOR FUNDS**

**Governmental Funds**

The Village reports the following major governmental funds:

**VILLAGE OF VOLENTE**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund – reports as the primary fund of the Village. This fund is used to account for all financial resources not reported in other funds.

**C. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY**

**C.1. Cash and Investments**

The Village maintains and controls three major cash and investment accounts in which funds of the primary government share. Each fund’s portion of a pool is displayed on its respective balance sheet or statement of fund net assets as “pooled cash and cash equivalents.” In addition, non-pooled cash and investments are separately held and reflected in respective funds as “non-pooled cash” and investments, some of which are restricted assets. The Village considers highly liquid investments with an original maturity of three months or less to be cash equivalents. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value.

**C.2. Capital Assets and Depreciation**

The Village’s property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from their respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives for depreciable assets are as follows:

- Buildings and road improvements - 50 year life
- Water utility assets and infrastructure – 20 year life
- Mobile equipment, furniture, machinery, and equipment - 5 year life

**VILLAGE OF VOLENTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C.3. Long-Term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. The Village has no long-term debt.

C.4. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation legally restricted for specified purposes.

**D. REVENUES, EXPENDITURES, AND EXPENSES**

Revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues are recorded when received in cash. General property taxes, franchise taxes and investment earnings are recorded when they are both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The proprietary fund is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses recognized when they are incurred.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

B.1. BUDGET POLICY AND PRACTICE

The Budget is presented to the Council for review, and public hearings are held to address priorities and the allocation of resources. Once approved, the Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

B.2. BASIS OF BUDGETING

The budgets for the operating funds and proprietary fund operations are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the applicable expenses are incurred. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment.

**NOTE 3 – DETAILED NOTES ON FUNDS**

3.A. ASSETS

**VILLAGE OF VOLENTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

NOTE 3 – DETAILED NOTES ON FUNDS (Continued)

3.A.1. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village’s deposits may not be returned or the Village will not be able to recover collateral securities in the possession of an outside party. The Village’s policy requires deposits to be 100% secured by collateral valued at market or par, or covered by FDIC insurance. Deposits of the Village’s reporting entity are insured or collateralized with securities held by the Village, its agent, or by the pledging financial institution’s trust department or agent in the name of the Village or applicable public trust.

As of September 30, 2021, the Village had the following investments:

	<u>Balance</u> <u>September 30, 2021</u>	<u>Insured</u>	<u>Collateralized</u>	<u>Balance</u> <u>Uncollateralized</u>
General Fund - Cash	\$ 1,566,514	\$ 250,000	\$ 1,316,514	\$ -
General Fund-Invest	-	-	-	-
Total	<u>\$ 1,566,514</u>	<u>\$ 250,000</u>	<u>\$ 1,316,514</u>	<u>\$ -</u>

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investing is performed in accordance with investment policies adopted by the Council complying with State Statutes and the Village charter. Village funds may be invested in (1) direct obligations of the United States Government, its agencies or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged, or obligations to the payment of which the full faith and credit of the State of Texas is pledged; (2) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings banks, and credit unions located in the State when secured by appropriate collateral; (3) money market funds regulated by the Securities and Exchange Commission and which investments consist of the authorized investments (domestic securities) with restrictions as specified in state law.

**VILLAGE OF VOLENTE**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

NOTE 3 – DETAILED NOTES ON FUNDS (Continued)

3.A.2. RECEIVABLES

Receivables consist of revenues earned within the accounting period and not received. Revenues attributable to the year ended September 30, 2021 and received within 30 days after year end consisted of \$78,889.

3.A.3. CAPITAL ASSETS

Primary Government	Balance <u>Sept. 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Sept. 30, 2021</u>
Land	\$ -	\$ -	\$ -	\$ -
Buildings & Improvements	502,666	41,677	-	544,343
Furniture & Equipment	68,211	9,988	-	78,199
Accumulated Depreciation	<u>(171,267)</u>	<u>(21,098)</u>	<u>-</u>	<u>(192,365)</u>
Total	<u>\$ 399,610</u>	<u>\$ 30,567</u>	<u>\$ -</u>	<u>\$ 430,177</u>

**VILLAGE OF VOLENTE**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

NOTE 3 – DETAILED NOTES ON FUNDS (Continued)

3.B. LIABILITIES

3.B.1. LONG-TERM DEBT

The Village of Volente has no long-term debt as of September 30, 2021.

3.C. PROPERTY TAXES

The Appraisal District of Travis County was created by authority of Senate Bill 621 known as the Property Tax Code, of the 66<sup>th</sup> Legislature of the State of Texas. The District is controlled by a Board of Directors, whose members are elected by the governing bodies of various taxing units within Travis County. Under the Property Tax Code, the Appraisal District is required to appraise all real and personal property in Travis County and may provide other services such as preparation of tax rolls and billings and tax collection services. A taxing unit may assess and collect taxes only from the appraisal roll prepared by the Appraisal District. Taxing units are charged a proportionate amount of the District's budget for services rendered to the taxing unit.

The Village of Volente has contracted with the Appraisal District of Travis County, Texas to collect ad valorem taxes on behalf of the Village.

The 2020/2021 adjusted tax base for the Village of Volente was \$257,026,667 with an effective tax rate of .09/\$100, and a proposed tax rate of .09/\$100, resulting in property taxes of \$231,324.

Property taxes receivable at 9/30/21 consisted of \$8,017, with the current portion \$3,925 and delinquent \$4,092.

**NOTE 4 – CONTINGENCIES**

As of September 30, 2021, the Village of Volente did not have any pending litigation or potential non-disclosed liabilities that would have a material effect on these financial statements.

**NOTE 5 – SUBSEQUENT EVENTS**

No subsequent events of audit significance were noted for the fiscal year ended September 30, 2021.

**NOTE 6 – PRIOR PERIOD ADJUSTMENT**

A prior period adjustment in the amount of \$7,702 was made affecting pages 12, 13 and 21 of this report. Deferred property tax revenues were not recorded in government wide financial statements in prior years. The prior period adjustment is necessary to reconcile government wide and governmental funds financial statements.

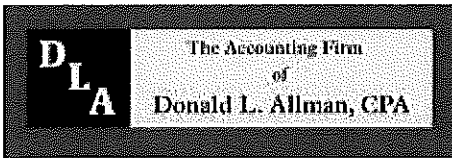
VILLAGE OF VOLENTE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL

September 30, 2021

Variance With  
Final Budget  
Positive (Negative)

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenue</b>				
Property Taxes	\$ 225,588	\$ 225,588	\$ 232,581	\$ 6,993
Franchise Taxes	32,000	32,000	31,061	(939)
Sales Taxes	180,000	180,000	284,733	104,733
Service charges	11,500	11,500	20,555	9,055
Interest Earnings	250	250	188	(62)
Other Taxes	10,000	10,000	13,435	3,435
Other	-	-	216	216
<b>Total Revenues</b>	<b>\$ 459,338</b>	<b>\$ 459,338</b>	<b>\$ 582,769</b>	<b>\$ 123,431</b>
<b>Expenditures:</b>				
Operations	\$ 39,600	\$ 39,600	\$ 62,075	\$ 22,475
Municipal Court	1,000	1,000	100	(900)
Facilities	44,000	44,000	42,398	(1,602)
Community Events	5,500	5,500	216	(5,284)
Public Works	60,200	60,200	48,441	(11,759)
Public Safety	-	-	-	-
Outside Services	130,000	130,000	72,103	(57,897)
Contract Labor	23,000	23,000	13,535	(9,465)
Compensation & Benefits	103,518	103,518	80,457	(23,061)
Capital outlay	199,000	199,000	51,665	(147,335)
<b>Total Expenditures</b>	<b>\$ 605,818</b>	<b>\$ 605,818</b>	<b>\$ 370,990</b>	<b>\$ (234,828)</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>\$ (146,480)</b>	<b>\$ (146,480)</b>	<b>\$ 211,779</b>	<b>\$ 358,259</b>
<b>Net Changes in Fund Balances</b>	<b>\$ (146,480)</b>	<b>\$ (146,480)</b>	<b>\$ 211,779</b>	
<b>Fund Balances - Beginning</b>	<b>\$ 1,145,610</b>	<b>\$ 1,145,610</b>	<b>\$ 1,402,433</b>	
prior period adjustment			7,702	
<b>Fund Balances - Ending</b>	<b>\$ 999,130</b>	<b>\$ 999,130</b>	<b>\$ 1,621,914</b>	



CERTIFIED PUBLIC ACCOUNTANT

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  
To the Honorable Mayor and Members of the Village Council  
Village of Volente, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Volente, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Village of Volente, Texas' basic financial statements, and have issued our report thereon dated January 29, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Village of Volente, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Volente, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Volente, Texas' internal control. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donald L. Allman, CPA, PC  
Georgetown, TX  
January 29, 2024