VILLAGE OF VARNADO, LOUISIANA

Financial Statements
As of and for the Year
Ended December 31, 2025

With Supplemental Information Schedules

Minda B. Raybourn

Certified Public Accountant
Limited Liability Company

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(985) 839-4413
FAX (985) 839-4402

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CONTENTS

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MEMBER
AICPA

MEMBER
LCPA

Mayor and Board of Aldermen
Village of Varnado, Louisiana

Management is responsible for the accompanying financial statements of the governmental activities, of the Village of Varnado, Louisiana as of and for the year ended December 31, 2025, and related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require management's discussion and analysis and the budgetary comparison schedule 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. This information is the representation of management. Management has omitted management's discussion and analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. This information was subject to my compilation engagement; however, I have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

The supplementary information contained in the Other-Supplemental Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. I have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information

I am not independent with respect to the Village of Varnado.

Minda Raybourn

Minda B. Raybourn
Certified Public Accountant
May 26, 2026

FINANCIAL STATEMENTS

STATEMENT A

VILLAGE OF VARNADO
Varnado, Louisiana
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2025

	Governmental Activities
ASSETS:	
Cash and cash equivalents	$ 506,897
Investments	60,000
Receivables:	
Tax	7,240
Intergovernmental	12,000
Video bingo	6,289
Prepaid Insurance	9,443
Capital assets, net of depreciation	186,270
Land	21,570
Utility deposits	475
Total Assets	810,184
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	27,898
Total Deferred Outflows of Resources	27,898
LIABILITIES:	
Accounts payable	1,763
Payroll payable	1,669
Net pension liability	23,211
Total Liabilities	26,643
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	3,508
Total Deferred Inflows of Resources	3,508
NET ASSETS:	
Invested in capital assets, net of related debt	207,840
Restricted	281,978
Unrestricted	318,113
Total Net Assets	$ 807,931

See accompanying notes and accountant's compilation report.

Varnado, Louisiana
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

GOVERNMENTAL ACTIVITIES:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues
General Government	$ 60,736	$ 14,166	$ -	$ -	$ (46,570)
Public Safety	59,481	5,465	997	-	(53,019)
Streets & Sanitation	18,715	-	-	-	(18,715)
Total Governmental Activities	138,932	19,631	997	-	(118,304)
General Revenues:					
Property taxes					4,293
Sales taxes					57,802
Intergovernmental revenues					11,300
Interest					1,956
Video bingo					83,774
Total General Revenues					159,125
Change In Net Assets					40,821
Net Position, Beginning of Year					767,110
Net Position, End of Year					$ 807,931

See accompanying notes and accountant's compilation report.

VILLAGE OF VARNADO, LOUISIANA
BALANCE SHEET
All Governmental Fund Types
December 31, 2025

	Government Fund Types		
	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 274,196	$ 232,701	$ 506,897
Investments	25,000	35,000	60,000
Accounts Receivable:			
Taxes	643	6,597	7,240
Intergovernmental	12,000	-	12,000
Video bingo	6,289	-	6,289
Interfund Assets:			
Due from Sales Tax Fund	-	8,480	8,480
Prepaid Insurance	9,443	-	9,443
Utility Deposits	475	-	475
Total Assets	$ 328,046	$ 282,778	$ 610,824
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts Payable	963	800	1,763
Payroll Payable	1,669	-	1,669
Interfund Liabilities:			
Due to General Fund	8,480	-	8,480
Total Liabilities	11,112	800	11,912
Fund Balance:			
Nonspendable	9,443	-	9,443
Restricted Fund Balances	-	281,978	281,978
Unassigned Fund Balances	307,491	-	307,491
Total Fund Balances	316,934	281,978	598,912
Total Liabilities & Fund Balances	$ 328,046	$ 282,778	$ 610,824

RECONCILATION:	
Total Governmental Funds Balance	$ 598,912
Capital Assets-Net of Depreciation	186,270
Land	21,570
Pension Related Deferred Outflows of Resources	27,898
Pension Related Deferred Inflows of Resources	(3,508)
Net Pension Liability	(23,211)
Net Position of Governmental Activities	$ 807,931

See accompanying notes and accountant's compilation report.

STATEMENT D

VILLAGE OF VARNADO, LOUISIANA
ALL GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2025

	General Fund	Special Revenue Fund	Total
Revenues			
Ad Valorem Taxes	$ 4,293	$ -	$ 4,293
Sales Taxes	-	57,802	57,802
Fines	5,465	-	5,465
Landfill Rebate	11,300	-	11,300
Interest Income	1,952	4	1,956
Occupational Fees	14,066	-	14,066
American Rescue Plan	-		-
Building Permit	100	-	100
Video Bingo	83,774	-	83,774
Insurance Proceeds	-	-	-
Miscellaneous	-	-	-
Total Revenues	120,950	57,806	178,756
Expenditures			
General Government	58,797	-	58,797
Public Safety	47,705	-	47,705
Streets & Sanitation	-	12,031	12,031
Capital Outlay	-	-	-
Total Expenditures	106,502	12,031	118,533
Revenues over (under expenditures)	14,448	45,775	60,223
Other financing sources (uses)			
Transfers In/(Out)	12,400	(12,400)	-
Net change in fund balances	26,848	33,375	60,223
Fund Balance - Beginnig of Year	290,086	248,603	538,689
Fund Balance - End of Year	$ 316,934	$ 281,978	$ 598,912

RECONCILATION:	
Change in Fund Balance-Funds Statement	$ 60,223
Capital Outlay	-
Depreciation Expense-Government-Wide Statement	(20,582)
Pension Expense	183
Revenues-Other Sources-Pension Related	997
Change in Net Position	$ 40,821

See accompanying notes and accountant's compilation report.

NOTES TO FINANCIAL STATMENTS

Introduction

The Village of Varnado, Louisiana, was incorporated in 1947, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Alderman form of government. The governing body of the Village is elected by the registered voters, residing in the Village. Elected officials include the mayor, three aldermen, and a police chief. These positions are compensated. All funds, of the Village, are administered by the Mayor and Board of Aldermen. Varnado is located approximately 10 miles south of the Mississippi state line. The Village is approximately 1,321 acres in size and services a population of approximately 330. The Village employs one part-time office clerk and two part-time police officers.

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Village is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. There are no other component units which the Village has an oversight relationship.

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements (i.e., The Statement of Net Position and The Statement of Activities) report information on all of the governmental activities of the Village. The effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of governmental and proprietary fund financial statements is on "Major" funds. Funds statements present in separate columns the General Fund, followed by Major Funds, with Non-Major Funds aggregated and displayed in a separate column. Governmental Accounting Standards Board Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of Major Funds. In addition to the funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users may be reported as a Major Fund. All of the Village's funds were determined to be Major Funds and were reported in the governmental funds statement. The proprietary fund is reported separately.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available as they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The *General Fund* is the Village's primary operating fund. It accounts for all financial resources, except those required to be accounted for in other funds.

The *Special Revenue Fund* accounts for the proceeds of sales tax revenue that are legally restricted to expenditures for specified purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the Village's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of 90 days or less. State law and the Village's investment policy allow the Village to invest in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the Village are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to" or "due from" other funds (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible accounts.

Property taxes are levied on January 1 and become due on December 1, of each year. They become delinquent after December 31, and in June of each year the Village has a tax sale of property on which taxes have not been paid. For the year ended December 31, 2025, taxes of 3.50 mills were levied for general governmental purposes, on property.

F. Inventories and Prepaid Items

Purchase of various operating supplies are considered expenditures at the time purchased and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Restricted Assets

Certain proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes are classified as restricted assets because their use is limited to specified expenditures.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items.) are reported, in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost, or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of $500 or more for capitalizing capital assets.

The cost 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated on the government-wide financial statements using the straight-line method over the following useful lives:

Description	Lives
General Government:	
Buildings	40 years
Streets	15 years
Bridges	30 years
Vehicles	5 years
Machinery & Equipment	7-10 years

I. Compensated Absences

The Village only employs part-time employees and does not have a formal leave policy.

J. Sales Taxes

Proceeds of the 1% sales and use tax levied by the Village are dedicated to "constructing and improving public roads, streets, bridges and crossings, and the extension and maintenance of sewerage and water works and other works of permanent public improvement".

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Leases

In 2023, the Village adopted GASB 87, *Leases*. The Village acting as lessee, leases certain underlying assets under long-term, non-cancelable lease agreements and records a lease liability and right-to-use lease asset in its financial statements. These lease agreements define the lease term and some provide for options to renew, resulting in various expiration dates across the portfolio. The Village initially calculates the lease liability based on the present value of expected payments during the lease term, reducing it as payments are made. The value of the leased asset is determined similarly, then adjusted for prepayments and initial direct costs, and is amortized over the shorter of the asset's useful life or the lease term. Key estimates and judgments related to leases include the determination of the discount rate used to calculate the present value of future lease payments, lease term, and lease payments. The Village monitors changes that may impact lease liabilities and adjusts asset and liability values accordingly. Assets are reported along-side capital assets, and liabilities with long-term debts. During the fiscal year of December 31, 2025, the Village had no leases that met the conditions of this standard.

M. Net Position and Fund Equity

In the government-wide financial statements, net position is classified in the following categories:

- **Invested in capital assets, net of related debt** – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or indebtedness attributable to acquisition, construction, or improvement of those assets. If there are significant unspent proceeds at year-end, the portion of the debt attributable to unspent proceed in not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net asset calculation as unspent proceeds.

- **Restricted** – This component of net position consists of constraints placed on the asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments or constraints imposed by law though constitutional provisions or enabling legislation.

- **Unrestricted** – This component of net position consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. Governmental funds are classified as follows:

- **Nonspendable** -These are amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

- **Restricted** -These are amounts that can be spent only for specific purpose because of constitutional provisions, enabling legislation, or externally imposed constraints by creditors, grantor, contributors or the laws or regulations of other governments.

- **Committed** -These are amounts that can be used for specific purpose determined by a formal decision by the Board Members, which are the highest level of decision-making authority for the Village.

- **Assigned** -These are amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purpose.

- **Unassigned** -These are all other spendable amounts.

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Village, which are either unusual in nature or infrequent in occurrence.

O. Estimates

The preparation of financial statements in conformance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount 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 reported period. Actual results could differ from those estimates.

P. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position is presented in Statement C of the basic financial statements. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities is presented in Statement D of the basic financial statements.

2. Stewardship, Compliance, and Accountability

The Village uses the following budget practices.

The proposed budget for December 31, 2025, was made available for public inspection at the administrative building. The budget was adopted at regular meeting on December 2024. The proposed budget was prepared on modified accrual basis of accounting.

All expenditure appropriations lapse at end of fiscal year.

Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balances.

The budget was amended at the Village's regular meeting on December 2025.

General fund and special revenue fund revenues were within the 5% threshold. The special revenue fund expenditures were within the 5% threshold. The general fund expenditures were over the 5% threshold.

3. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at December 31, 2025 in noninterest bearing demand deposit accounts:

Demand Deposits	$	506,897
Total Cash	$	506,897

The cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities may be considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. The Village does not have a formal policy for custodial risk. At December 31, 2025, the Village had deposits (collected bank balances) of $511,406. The funds are insured by FDIC coverage and collateralized with letters of credit issued by the bank. The Village is exposed to custodial credit risk because the amount is not secured enough by letters of credit and such letters of credit are in the name of the fiscal agent bank (GASB Category 3).

4. Investments

At December 31, 2025, the Village had the following investments consisting of certificate of deposits in the following funds:

General Fund	$	25,000
Sales Tax Fund		35,000
Total	$	60,000

These deposits are secured from risk by $250,000 of federal deposit insurance. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available.

5. Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based on historical trends and the period aging and write-off of accounts receivable. Major receivables balances for the governmental activities include sales taxes, ad valorem taxes and due from government.

The following is a summary of receivables:

Class of Receivable	General Fund	Sales Tax Fund	Total
Taxes	$ 643	$ 6,597	$ 7,240
Video Bingo	6,289	-	6,289
Intergovernmental	12,000	-	12,000
	$ 18,932	$ 6,597	$ 25,529

6. Inter-fund Receivables and Payables

The following is a detailed list of inter-fund balances reported in the fund financial statements:

	General Fund	Sales Tax Fund	Total
Interfund Receivables	$ -	$ 8,480	$ 8,480
Interfund Payables	$ 8,480	$ -	$ 8,480

8. Accounts and Other Payables

The following is a summary of payables:

	General Fund	Sales Tax Fund	Total
Accounts payable	$ 963	$ 800	$ 1,763
Payroll taxes	1,669	-	1,669
Other	-	-	-
	$ 2,632	$ 800	$ 3,432

7. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended December 31, 2025:

Description	Balance 12/31/2024	Increase	Decrease	Balance 12/31/2025
Land	$ 21,570	$ -	$ -	$ 21,570
Capital Assets				
Streets	578,758	-	-	578,758
Bridges	21,260	-	-	21,260
Buildings	62,563	-	-	62,563
Tractor and Equipment	49,536	-	-	49,536
Police Vehicles and Equipments	126,311	-	-	126,311
Total	838,428	-	-	838,428
Less Accumulated Depreciation				
Streets	(457,329)	(4,375)		(461,704)
Bridges	(12,531)	(650)		(13,181)
Buildings	(38,235)	(1,939)		(40,174)
Tractor and Equipment	(45,662)	(1,660)		(47,322)
Police Vehicles and Equipments	(77,818)	(11,959)	-	(89,777)
		-		
Total	(631,575)	(20,583)	-	(652,158)
Capital Assets, Net	$ 228,423	$ (20,583)	$ -	$ 207,840

The Village recorded depreciation expense of $20,583.

8. Pensions

Some of the police department employees of the Village of Varnado are members of the following statewide retirement systems: Municipal Police Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees.

The Village implemented Governmental Accounting Standards Board (GASB) Statement 68 on *Accounting and Financial Reporting for Pensions* and Statement 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date* –an amended of GASB 68. These standards require the Village to record its proportional share of each of the pension plans' net pension liability and report the following disclosures:

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability, and survivor benefits to municipal police officers in Louisiana.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing he does not have to pay social security and providing he meets the statutory criteria.

Retirement Benefits:

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or $200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% and 2½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statues, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or $200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments:

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of-living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan:

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage

point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's

investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan:

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

The System issued a stand-alone audit report on its financial statements for the year ended June 30, 2024. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Funding Policy. According to state statute, the Village of Varnado is required to contribute at an actuarially determined rate but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2025, the employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 33.475% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.475% and 8%, respectively. The employer and employee contribution rates for members whose earnable compensation is less than or equal to poverty guidelines issued by the U.S. Department of Health and Human Services were 38.10% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions and considered support from a non-contributing entity. This tax is appropriated by the legislature each year based on an actuarial study. This additional source of income is used as additional employer contributions and considered support from non-employer contributing entities, but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2025. During the year ending December 31, 2024, the Village recognized revenue as a result of support received from non-employer contributing entities of $0 for its participation in MPERS.

The Village of Varnado contributions to the System under Plan B for the years ending December 31, 2025 and 2024 were $6,301 and $1,427, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2025, the Town reported a liability of $23,211 its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2025, the Town's proportion was 0.00336094%, which was an increase of 0.00336094% from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the Town recognized pension expense for the MPERS System of $6,120 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to the MPERS pension system from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	1,125	(614)
Changes of assumptions	-	(1,066)
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	23,462	-
Net differences between projected and actual earnings on plan investments	-	(1,828)
Employer contributions subsequent to measurement d:	3,311	-
Total	27,898	(3,508)

The Town reported a total of $3,311 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2025 which will be recognized as a reduction in net pension liability in the year ended December 31, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2026	8,889
2027	4,875
2028	5,373
2029	(1,066)
Total	18,073

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2025 is as follows:

Valuation Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.750%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.50%
Salary increases, including inflation and merit	
1-2 years of service	13.00%
Over 2 years of service	4.75%
Mortality	For annuitants and beneficiaries, the Pub-2016 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale was used. For disabled lives, the Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale was used. For employees, the Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 125% for males and 125% for

	females, each with full generational projection using the MP2021 scale was used.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2019 through June 30, 2024 and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	51.00%	3.20%
Fixed Income	35.00%	1.21%
Alternative	14.00%	1.04%
System Total	100.00%	5.45%
Inflation		2.67%
Expected Arithmetic Return		8.12%

The discount rate used to measure the total pension liability was 6.750% for the year ended June 30, 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.750%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2025:

1% decrease	5.75%	38,075
Current discount rate	6.75%	23,211
1% increase	7.75%	10,764

9. Litigation and Claims

The Village is involved in a matter related to unpaid retirement contributions associated with prior periods beginning in January 2009. As of the reporting date, the Village has not recorded a liability related to this matter because management concluded that the applicable criteria for accrual had not been met. Management determined that either (a) a loss was not probable as of the reporting date or (b) the amount of loss could not be estimated beyond amounts presently identified.

Based on information currently available, the Village's estimated possible loss associated with this matter is $78,513.66. If facts and circumstances change, the Village may record a liability in a future period. At this time, no amount has been recognized in the accompanying financial statements for this contingency.

10. Related Party Transactions

There were no related party transactions requiring disclosure in the financial statements.

11. Subsequent Events

Subsequent events have been evaluated by management through May 26, 2026, the date the financial statements were available to be issued and these financial statements considered subsequent events through such date. No events were noted that required recording or disclosure in the financial statements for the fiscal year ending December 31, 2025.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF VARNADO, LOUISIANA
ALL GOVERNMENTAL FUND TYPES
Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2025

	General Fund				Sales Tax Fund			
	Original Budget	Amended Budget	Actual	Variance	Original Budget	Amended Budget	Actual	Variance
Revenues								
Ad Valorem Taxes	$ 5,000	$ 4,700	$ 4,293	$ (407)	$ -	$ -	$ -	-
Sale Taxes	-	-	-	-	74,700	56,000	57,802	1,802
Fines	6,900	5,900	5,465	(435)	-		-	-
Franchise Fees			-	-	-	-	-	-
Occupational Licenses	26,000	16,250	14,066	(2,184)	-	-	-	-
Operating Grant			-	-	-	-	-	-
Builidng Permits	50	50	100	50	-	-	-	-
Garbage Taxes	-	12,000	11,300	(700)	-	-	-	-
Video Bingo	81,000	86,000	83,774	(2,226)	-	-	-	-
Interest Income	160	2,000	1,952	(48)	-	-	4	4
Insurance Proceeds			-	-	-	-	-	
Miscellaneous	15,000	1,451	-	(1,451)	-	-	-	-
Total Revenues	134,110	128,351	120,950	(7,401)	74,700	56,000	57,806	1,806
Expenditures								
General Government	56,700	50,735	58,797	(8,062)	-			-
Public Safety	56,930	43,795	47,705	(3,910)	-			-
Streets & Sanitation	-	-	-	-	21,690	13,500	12,031	1,469
Capital Outlay	-	-	-	-		-	-	-
Total Expenditures	113,630	94,530	106,502	(11,972)	21,690	13,500	12,031	1,469
Revenues over (under) expenditures	20,480	33,821	14,448	(19,373)	53,010	42,500	45,775	3,275
Transfers In/(Out)	-	12,190	12,400	(210)	-	(12,190)	(12,400)	(210)
Net change in fund balances	20,480	46,011	26,848	(19,583)	53,010	30,310	33,375	3,065
Fund Balance - Beginning of Year	290,086	290,086	290,086	-	248,603	248,603	248,603	-
Fund Balance - End of Year	$ 310,566	$ 336,097	$ 316,934	$ (19,583)	$ 301,613	$ 278,913	$ 281,978	$ 3,065

See accountant's compilation report.

VILLAGE OF VARNADO
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY MPERS
LAST 10 FISCAL YEARS*

Municipal Police Employees Retirement System

Schedule 2.1

Year	Employer's Proportion of the Net Pension Liab (Asset)	Employer's Proportionate Share of the Net Pension Liab (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liab (Asset) as a % of its Covered Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2025	0.00336094%	$23,211	$8,400	276.32%	81.94%

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year. Schedule is intended to show information for 10 years.

VILLAGE OF VARNADO
SCHEDLE OF THE TOWN'S CONTRIBUTIONS – MPERS
FOR THE YEAR ENDED DECEMBER 31, 2025

Municipal Police Employees Retirement System

Schedule 2 2

Year	Contractually Required Contribution	Contributions in Relation to Contracturally Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2025	$6,301	$6,301	$0	$16,800	37.51%

Schedule is intended to show information for 10 years.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION

SCHEDULE 3

VILLAGE OF VARNADO, LOUISIANA
Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2025

BOARD MEMBER	POSITION	COMPENSATION	
Paris Sumrall 63318 Fornea Road, Varnado, La 70467	Mayor	$	6,175
Kimberly Kennedy 63345 Fornea Road, Varnado, La 70467	Alderman		4,875
Chris Jones 63377 Fornea Raod, Angie, LA 70426	Alderman		4,875
Dustin Sumrall 63318 Fornea Road, Angie, LA 70426	Alderman		4,875
Total		$	20,800

See accountant's compilation report.

SCHEDULE 4

VILLAGE OF VARNADO, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments to Agency Head

Year Ended December 31, 2025

Agency Head,: Paris Sumrall, Mayor

Purpose	Amount
Salary	$ 6,175
Reimbursements	818
Total	$ 6,993

See accountant's compilation report.

Schedule 5

VILLAGE OF VARNADO, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Cash Basis Presentation	First Six Month Period Ended 06/30/25	Second Six Month Period Ended 12/31/25
Beginning Balance of Amounts Collected (i.e. cash on hand)	$ (0)	$ 0
Add: Collections		
Criminal Fines - Other	1,940	3,525
Subtotal Collections	**1,940**	**3,525**
Less: Disbursements To Governments & Nonprofits:		
La Commission on Law Enforcement	22	45
Louisiana Judicial College	7	12
Louisiana Dept of health-Trauma Head & Spinal Court Injury Trust	55	115
Less: Amounts Retained by Collecting Agency		
Village of Varnado-Criminal Fines-Other	1,856	3,354
Subtotal Disbursements/Retainage	1,940	3,526
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	$ 0	$ (0)

See accountant's compilation report.

VILLAGE OF VARNADO, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESOPNES
DECEMBER 31, 2025

Section 1-Compliance and Other Matters

2025-001 Local Government Budget Act- Budget Amendments

CRITERIA: Louisiana Revised Statutes R.S. 39:1311 requires the amendment of a budget when expenditures and other uses are 5% or more of the original budget.

CONDITION: The general fund actual expenditures and other uses were more than 5% of the amended budget.

CAUSE: General fund expenditures and other uses were more than expected after the amended budget was prepared.

EFFECT: The Village did not comply with the Local Budget Government Act.

RECOMMENDATION: The Village should ensure that the amended budget is reviewed at year end before adoption.

MANAGEMENT'S RESPONSE: The Village will review budget amendments more thoroughly to ensure compliance.

VILLAGE OF VARNADO
SCHEDULE OF PRIOR YEAR FINDINGS AND STATUS
DECEMBER 31, 2025

Finding 2024-1 - Budget Amendments

Condition: The Village did not appropriately amend the budget.
Status: Not resolved.

Finding 2024-2 Contributions to MPERS

Condition: The Village did not appropriately enroll its elected police chief into MPERS.
Status: Resolved.

2024-3 Audit Law

Condition: The review was submitted after the statutory deadline; but before the requested extended deadline.
Status: Resolved.