

VILLAGE OF VARNADO, LOUISIANA

General Purpose Financial Statements
As of and for the Year
Ended December 31, 2021

With Supplemental Information Schedules

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VILLAGE OF VARNADO, LOUISIANA
 Financial Statements
 As of and for the Year Ended December 31, 2021
 With Supplemental Information Schedule

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MEMBER
AICPA

MEMBER
LCPA

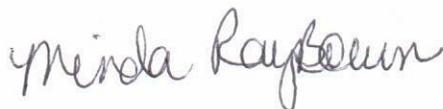
Mayor and Board of Aldermen
Village of Varnado, Louisiana

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, 2021, 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 on pages 4 through 11 and the budgetary comparison schedule on page 29 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. 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 B. Raybourn
Certified Public Accountant
June 27, 2022

Management's Discussion and Analysis

VILLAGE OF VARNADO, LOUISIANA

Management's Discussion and Analysis

Introduction

The Village of Varnado is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standard Board Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis – For State and Local Governments (hereinafter referred to as GASB 34) and related standards.

Financial Highlights

- Total assets for the year were \$540,292 at December 31, 2021 and exceeded liabilities in the amount of \$507,817(i.e., Net Position). Of the total net position, \$363,957 was unrestricted and available to support short-term operations, with the balance of \$143,860 invested in capital assets net of related debt.
- Revenues consist of ad valorem tax, sales taxes, refund on landfill operation, and fines and other fees. The total revenues for the fiscal year ending December 31, 2021 were \$199,990 representing an approximate increase of 15% from total revenues for fiscal year ending December 31, 2020 of \$173,583.
- The Village's operating expenditures for the governmental funds consists of those expenditures resulting from the Village's ongoing operation. Governmental operating expenditures were \$131,236 compared to 2020 expenditures of \$92,821. In the Government-Wide Statement of Activities, the total expenses are \$110,696 The Government-Wide Statement of Activities recorded depreciation expense of \$14,196. The difference between Government-Wide and Governmental Fund expenses was the depreciation and the capital outlay, as shown on the reconciliation on page 16.
- The Village of Varnado had no long-term debt activity for the year ended December 31, 2021, and no outstanding long-term debt at year-end.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements. The Village's basic financial statements are comprised of three components: 1) Government-Wide Statements, 2) Fund Financial Statements, and 3) Notes to the Financial

VILLAGE OF VARNADO, LOUISIANA **Management's Discussion and Analysis**

Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to private-sector business. These financial statements are reported using the full accrual accounting method.

The Statement of Net Position presents information on all of the Village's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in nets assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the government's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. These statements distinguish between those activities of the Village that are governmental and those that are considered business type activities.

Fund financial statements A fund is a grouping of related accounts that is used to maintain control over resource that has been segregated for specific activities or objectives. The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The modified accrual basis of accounting is used by the governmental funds.

Notes to financial statements The notes to the financial statements provide required disclosure, essential to the understanding of the financial statements. The notes present information, about the Village's accounting policies, significant account balances, and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule.

VILLAGE OF VARNADO, LOUISIANA
Management's Discussion and Analysis

Financial Analysis

Statement of Net Position

Included below is a condensed Statement of Net Position for the Village. The condensed format allows the reader to view the overall financial position of the Village. An explanation of the components of this statement is included immediately following the table.

Condensed Statement of Net Position:

	December 31 2020	December 31 2021	Dollar Change	Percent Change
Total Assets	\$ 420,949	\$ 540,292	\$ 119,343	28.35%
Total Liabilities	2,428	32,475	30,047	1237.52%
.				
Net Position:				
Invested in capital assets				
Net of related debt	123,320	143,860	20,540	16.66%
Unrestricted	295,203	363,957	68,754	23.29%
Total Net Position	<u>418,523</u>	<u>507,817</u>	<u>89,294</u>	<u>21.34%</u>

Review of Government-Wide Condensed Statement of Net Position

The composition of Net Position and the change in Net Position over time serves as a useful indicator of a government's financial position. The Village's assets at fiscal year-end exceeded liabilities by \$507,817 (Net Position). Of the Village's Net Position, \$143,860 is Restricted Net Position for amounts "Invested in Capital Assets net of Related Debt" and with the balance of \$363,957 in "Unrestricted Net Position".

The category of Net Position for "Invested in Capital Assets Net of Related Debt" reflects the total invested in capital assets (land, buildings, equipment, and infrastructure) net of any related debt used to acquire capital assets. These capital assets are used to provide services to citizens and do not represent assets available for future spending.

Unrestricted Net Position are the resources available to meet the ongoing needs of the Village.

VILLAGE OF VARNADO, LOUISIANA
Management's Discussion and Analysis

Condensed Statement of Activities:

	December 31 2020	December 31 2021	Dollar Change	Percent Change
Revenues:				
Program Revenues:				
Charges for Service	\$ 32,245	\$ 24,436	\$ (7,809)	-24.22%
General Revenues				
Taxes	58,951	61,332	2,381	4.04%
Video Bingo	72,025	104,225	32,200	44.71%
Landfill Operating Refund	7,200	7,200	-	0.00%
Other	3,162	2,797	(365)	-11.54%
Total Revenues	<u>173,583</u>	<u>199,990</u>	<u>26,407</u>	<u>15.21%</u>
Governmental Activities:				
General Government	37,671	45,180	7,509	19.93%
Public Safety	53,658	50,468	(3,190)	-5.95%
Street & Bridge	15,724	15,048	(676)	-4.30%
Total Activities	<u>107,053</u>	<u>110,696</u>	<u>3,643</u>	<u>3.40%</u>
Change in Net Position	66,530	89,294	\$ 22,764	34.22%
Net Position, Beginning of Year	<u>351,993</u>	<u>418,523</u>	<u>66,530</u>	<u>18.90%</u>
Net Position, End of Year	<u>\$ 418,523</u>	<u>\$ 507,817</u>	<u>\$ 89,294</u>	<u>21.34%</u>

While the Statement of Net Position shows the change in financial position of Net Position, the Statement of Activities provides answers to the nature and scope of these changes. The above table gives an indication of how the mayor and board of aldermen operate the Village of Varnado on a conservative basis.

Total revenue increased \$26,407 from the prior fiscal year. This was mainly due to an increase in video bingo revenues.

The "Operating Expenditures" in government-wide statement increased by \$3,643.

VILLAGE OF VARNADO, LOUISIANA
Management's Discussion and Analysis

Analysis of Fund Financial Statements

Governmental Funds

The focus of the Village's Governmental Funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Village's financing requirements. In particular, Unreserved Fund Balance may serve as a useful measure of the Village's net resources available for spending at the end of the year.

As of December 31, 2021, the Village's Governmental Funds reported a combined ending fund balance of \$363,957. This was an increase of \$68,754 over the Fund Balance at December 31, 2020. The General Fund Balance \$171,086 which represents 53% of the combined fund balance, is unassigned, and available for spending at the Village's discretion. The nonspendable portion of the general fund is \$5,226. The Sales Tax Fund is restricted for expenditures that are dictated by the provisions of the sales tax ordinance (street repair and maintenance). The Sales Tax Fund balance as of December 31, 2021 was \$171,086.

Budgetary Highlight

The Village adopted its 2021 budget at the regular meeting in December 2020. The mayor and board of aldermen review the budget/actual financial figures on a monthly basis. The Village approved the amended budgets at the regular board meeting in December 2021. All appropriations lapse end at year end.

Budget vs. Actual – Fiscal Year Ended December 31, 2021:

	Budget Year Ended December 31 2021	Actual Year Ended December 31 2021	Favorable (unfavorable) Variance 2021
General Fund Revenues	173,960	142,619	(31,341)
General Fund Expenditures	92,510	85,472	7,038
Sales Tax Fund Revenues	58,000	57,371	(629)
Sales Tax Fund Expenditures	51,050	45,764	5,286

VILLAGE OF VARNADO, LOUISIANA
Management's Discussion and Analysis

General fund revenues were under the 5% threshold due to budgeting for grant funds of \$29,593. These are deferred funds. Sales tax revenues in the special revenue fund were in compliance. Both the general fund and special revenue fund expenditures were within the legal variance of 5%.

Capital Assets

At the end of the fiscal year December 31, 2021, the Village of Varnado had \$143,860 (net of accumulated depreciation) recorded in capital assets including land. Capital outlay is recorded as expenditures of the General Fund and as Assets in the Government-Wide Financial Statements. Depreciation is recorded on general fixed assets on the government-wide basis using the straight-line method and the following estimated useful lives.

Buildings	40 years
Streets & Bridges	15-30 years
Vehicles & Equipment	5-10 year

Fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated assets are valued at fair market value on the date donated. The cost of all assets acquired, prior to 1989 have been valued using estimated historical cost.

Capital asset activity for the year ended December 31, 2021:

	December 31, 2020	December 31, 2021	Dollar Change	Percentage Change
Land	\$ 21,570	\$ 21,570	\$ -	0.00%
Streets	485,304	520,040	34,736	7.16%
Bridges	21,260	21,260	-	0.00%
Buildings	62,563	62,563	-	0.00%
Tractors & Equipment	41,238	41,238	-	0.00%
Police Vehicle & Equipment	93,217	93,217	-	0.00%
Sub-Total	<u>725,152</u>	<u>759,888</u>	<u>34,736</u>	<u>7.16%</u>
Less Accumulated				
Depreciation	(601,832)	(616,028)	(14,196)	7.16%
Net Capital Assets	<u>\$ 123,320</u>	<u>\$ 143,860</u>	<u>\$ 20,540</u>	<u>14.32%</u>

The Village had street overlay costs of \$34,736. No assets were disposed of. The Village recorded depreciation expense of \$14,196.

**VILLAGE OF VARNADO, LOUISIANA
Management's Discussion and Analysis**

Future Economic Plans

The Village of Varnado's board of aldermen actively monitors revenues and expenses. They are constantly seeking state and or federal grants to fund improvements to the Village. Their sources of revenue are limited and any increase in the revenue sources is highly unlikely. Therefore, the board's focus is on obtaining new grants, streamlining expenditures, and insuring all revenue is timely collected. The board's plan is always to improve services for the voters of the Village of Varnado, without increasing the tax burden.

FINANCIAL STATEMENTS

STATEMENT A

**VILLAGE OF VARNADO
Varnado, Louisiana**

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2021

	<u>Governmental Activities</u>
ASSETS:	
Cash and cash equivalents	\$ 312,890
Investments	60,000
Receivables:	
Tax	5,130
Intergovernmental	7,200
Video bingo	5,511
Prepaid Insurance	5,226
Capital assets, net of depreciation	122,290
Land	21,570
Utility deposits	475
Total Assets	<u>540,292</u>
LIABILITIES:	
Accounts payable	1,322
Payroll payable	1,560
Deferred grant revenue	29,593
Total Liabilities	<u>32,475</u>
NET ASSETS:	
Invested in capital assets, net of related debt	143,860
Unrestricted	363,957
Total Net Assets	<u>\$ 507,817</u>

See accompanying notes and accountant's compilation report.

Varnado, Louisiana

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues
GOVERNMENTAL ACTIVITIES:					
General Government	\$ 45,180	\$ 11,488	\$ -	\$ -	\$ (33,692)
Public Safety	50,468	12,948	-	-	(37,520)
Streets & Sanitation	15,048	-	-	-	(15,048)
Total Governmental Activities	<u>110,696</u>	<u>24,436</u>	<u>-</u>	<u>-</u>	<u>(86,260)</u>
General Revenues:					
Property taxes					3,026
Sales taxes					57,371
Franchise taxes					935
Landfill operation refund					7,200
Interest					230
Video bingo					104,225
Insurance Proceeds					2,005
Miscellaneous					562
Total General Revenues					<u>175,554</u>
Change In Net Assets					89,294
Net Position, Beginning of Year					<u>418,523</u>
Net Position, End of Year					<u>\$ 507,817</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF VARNADO, LOUISIANA
BALANCE SHEET
All Governmental Fund Types
December 31, 2021

	Government Fund Types		
	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 201,234	\$ 111,656	\$ 312,890
Investments	25,000	35,000	60,000
Accounts Receivable:			
Taxes	-	5,130	5,130
Intergovernmental	7,200	-	7,200
Video bingo	5,511	-	5,511
Interfund Assets:			
Due from Sales Tax Fund	-	19,990	19,990
Prepaid Insurance	5,226	-	5,226
Utility Deposits	475	-	475
Total Assets	\$ 244,646	\$ 171,776	\$ 416,422
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts Payable	\$ 632	\$ 690	\$ 1,322
Payroll Payable	1,560	-	1,560
Deferred grant revenues	29,593	-	29,593
Interfund Liabilities:			
Due to General Fund	19,990	-	19,990
Total Liabilities	51,775	690	52,465
Fund Balance:			
Nonspendable	5,226	-	5,226
Restricted Fund Balances	-	171,086	171,086
Unassigned Fund Balances	187,645	-	187,645
Total Fund Balances	192,871	171,086	363,957
Total Liabilities & Fund Balances	\$ 244,646	\$ 171,776	\$ 416,422
RECONCILIATION:			
Total Governmental Funds Balance			\$ 363,957
Capital Assets-Net of Depreciation			122,290
Land			21,570
Net Position of Governmental Activities			\$ 507,817

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, 2021

	General Fund	Special Revenue Fund	Total
Revenues			
Ad Valorem Taxes	\$ 3,026	\$ -	\$ 3,026
Sales Taxes	-	57,371	57,371
Fines	12,948	-	12,948
Franchise Fees	935	-	935
Landfill Rebate	7,200	-	7,200
Interest Income	230	-	230
Occupational Fees	11,488	-	11,488
Building Permit	100	-	100
Video Bingo	104,225	-	104,225
Insurance Proceeds	2,005	-	2,005
Miscellaneous	462	-	462
Total Revenues	<u>142,619</u>	<u>57,371</u>	<u>199,990</u>
Expenditures			
General Government	43,241	-	43,241
Public Safety	42,231	-	42,231
Streets & Sanitation	-	11,028	11,028
Capital Outlay	-	34,736	34,736
Total Expenditures	<u>85,472</u>	<u>45,764</u>	<u>131,236</u>
Revenues over (under expenditures)	57,147	11,607	68,754
Other financing sources (uses)			
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	57,147	11,607	68,754
Fund Balance - Beginnig of Year	<u>135,724</u>	<u>159,479</u>	<u>295,203</u>
Fund Balance - End of Year	<u>\$ 192,871</u>	<u>\$ 171,086</u>	<u>\$ 363,957</u>
RECONCILIATION:			
Change in Fund Balance-Funds Statement			\$ 68,754
Capital Outlay			34,736
Depreciation Expense-Government-Wide Statement			(14,196)
Change in Net Position			<u>\$ 89,294</u>

See accompanying notes and accountant's compilation report.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF VARNADO, LOUISIANA
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 1321 acres in size and services a population of approximately 336. The Village employs one part-time office clerk and four 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.

VILLAGE OF VARNADO, LOUISIANA
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

VILLAGE OF VARNADO, LOUISIANA
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

VILLAGE OF VARNADO, LOUISIANA
Notes to the Financial Statements
For the Year Ended December 31, 2021

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, 2021, 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.

VILLAGE OF VARNADO, LOUISIANA
Notes to the Financial Statements
For the Year Ended December 31, 2021

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:

<u>Description</u>	<u>Lives</u>
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.

VILLAGE OF VARNADO, LOUISIANA
Notes to the Financial Statements
For the Year Ended December 31, 2021

L. 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.

VILLAGE OF VARNADO, LOUISIANA
Notes to the Financial Statements
For the Year Ended December 31, 2021

M. 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.

N. 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.

O. 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, 2020, was made available for public inspection at the administrative building. The budget was adopted at regular meeting on December 13, 2020. 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 12, 2021.

General fund revenues were under the 5% threshold due to budgeting for grant funds of \$29,593. These are deferred funds. Sales tax revenues in the special revenue fund were in compliance. Both the general fund and special revenue fund expenditures were within the legal variance of 5%.

VILLAGE OF VARNADO, LOUISIANA
Notes to the Financial Statements
For the Year Ended December 31, 2021

3. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at December 31, 2021 in noninterest bearing demand deposit accounts:

General Fund	\$ 201,234
Sales Tax Fund	<u>111,656</u>
Total Cash	<u>\$ 312,890</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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.

At December 31, 2021, the Village had the following deposits (collected bank balances):

General Fund	\$ 202,655
Sales Tax Fund	<u>111,795</u>
Total	<u>\$ 314,450</u>

4. Investments

At December 31, 2021, the Village had the following investments consisting of certificate of deposits in the following funds:

General Fund	\$ 25,000
Sales Tax Fund	<u>35,000</u>
Total	<u>\$ 60,000</u>

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.

VILLAGE OF VARNADO, LOUISIANA
Notes to the Financial Statements
For the Year Ended December 31, 2021

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:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Total</u>
Taxes	\$ -	\$ 5,130	\$ 5,130
Video Bingo	5,511	-	5,511
Intergovernmental	7,200	-	7,200
	<u>\$ 12,711</u>	<u>\$ 5,130</u>	<u>\$ 17,841</u>

6. Inter-fund Receivables and Payables

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

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Total</u>
Interfund Receivables	\$ -	\$ 19,990	\$ 19,990
Interfund Payables	\$ 19,990	\$ -	\$ 19,990

VILLAGE OF VARNADO, LOUISIANA
Notes to the Financial Statements
For the Year Ended December 31, 2021

8. Accounts and Other Payables

The following is a summary of payables:

	General Fund	Sales Tax Fund	Total
Accounts payable	\$ 632	\$ 690	\$ 1,322
Payroll taxes	1,560	-	1,560
Deferred grant revenues	29,593	-	29,593
	<u>\$31,785</u>	<u>\$ 690</u>	<u>\$32,475</u>

7. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended December 31, 2021:

Description	Balance 12/31/2020	Increase	Decrease	Balance 12/31/2021
Land	\$ 21,570	\$ -	\$ -	\$ 21,570
Capital Assets				
Streets	485,304	34,736	-	520,040
Bridges	21,260	-	-	21,260
Buildings	62,563	-	-	62,563
Tractor and Equipment	41,238	-	-	41,238
Police Vehicles and Equipments	93,217	-	-	93,217
Total	<u>703,582</u>	<u>34,736</u>	<u>-</u>	<u>738,318</u>
Less Accumulated Depreciation				
Streets	(441,894)	(2,762)		(444,656)
Bridges	(10,581)	(650)		(11,231)
Buildings	(30,479)	(1,939)		(32,418)
Tractor and Equipment	(40,528)	(607)		(41,135)
Police Vehicles and Equipments	(78,350)	(8,238)		(86,588)
Total	<u>(601,832)</u>	<u>(14,196)</u>	<u>-</u>	<u>(616,028)</u>
Capital Assets, Net	<u>\$ 123,320</u>	<u>\$ 20,540</u>	<u>\$ -</u>	<u>\$ 143,860</u>

The Village had street overlay costs of \$34,736. No assets were disposed of. The Village recorded depreciation expense of \$14,196.

VILLAGE OF VARNADO, LOUISIANA
Notes to the Financial Statements
For the Year Ended December 31, 2021

8. Litigation and Claims

As of December 31, 2021, the Village was not involved in any outstanding litigations or claims.

9. Related Party Transactions

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

10. Subsequent Events

Subsequent events have been evaluated by management through June 27, 2022, 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, 2021.

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, 2021

	General Fund				Sales Tax Fund			
	Original Budget	Amended Budget	Actual	Variance	Original Budget	Amended Budget	Actual	Variance
Revenues								
Ad Valorem Taxes	\$ 1,500	\$ 3,100	\$ 3,026	\$ (74)	\$ -	\$ -	\$ -	-
Sale Taxes	-	-	-	-	52,000	58,000	57,371	(629)
Fines	17,000	13,000	12,948	(52)	-	-	-	-
Franchise Fees	1,000	900	935	35	-	-	-	-
Occupational Licenses	17,000	13,000	11,488	(1,512)	-	-	-	-
Operating Grant	-	29,000	-	(29,000)	-	-	-	-
Building Permits	-	60	100	40	-	-	-	-
Garbage Taxes	6,300	7,200	7,200	-	-	-	-	-
Video Bingo	69,000	105,000	104,225	(775)	-	-	-	-
Interest Income	600	200	230	30	-	-	-	-
Insurance Proceeds	-	2,100	2,005	(95)	-	-	-	-
Miscellaneous	60	400	462	62	-	-	-	-
Total Revenues	<u>112,460</u>	<u>173,960</u>	<u>142,619</u>	<u>(31,341)</u>	<u>52,000</u>	<u>58,000</u>	<u>57,371</u>	<u>(629)</u>
Expenditures								
General Government	44,570	46,210	43,241	2,969	-	-	-	-
Public Safety	48,300	46,300	42,231	4,069	-	-	-	-
Streets & Sanitation	-	-	-	-	13,385	16,050	11,028	5,022
Capital Outlay	-	-	-	-	-	35,000	34,736	264
Total Expenditures	<u>92,870</u>	<u>92,510</u>	<u>85,472</u>	<u>7,038</u>	<u>13,385</u>	<u>51,050</u>	<u>45,764</u>	<u>5,286</u>
Revenues over (under) expenditures	19,590	81,450	57,147	(24,303)	38,615	6,950	11,607	4,657
Transfers			-	-			-	-
Net change in fund balances	<u>19,590</u>	<u>81,450</u>	<u>57,147</u>	<u>(24,303)</u>	<u>38,615</u>	<u>6,950</u>	<u>11,607</u>	<u>4,657</u>
Fund Balance - Beginning of Year	135,724	135,724	135,724	-	159,479	159,479	159,479	-
Fund Balance - End of Year	<u>\$ 155,314</u>	<u>\$ 217,174</u>	<u>\$ 192,871</u>	<u>\$ (24,303)</u>	<u>\$ 198,094</u>	<u>\$ 166,429</u>	<u>\$ 171,086</u>	<u>\$ 4,657</u>

See accountant's compilation report.

SUPPLEMENTAL INFORMATION

VILLAGE OF VARNADO, LOUISIANA

ALL GOVERNMENTAL FUNDS

Schedule of Expenditures
For the year Ended December 31, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>
General Government:		
Salaries, Administrative	\$ 3,575	
Per Diem, Mayor & Aldermen	15,600	
Professional Services	5,700	
Advertising	921	
Due & Subscriptions	393	
Insurance	9,148	
Office Supplies	511	
Postage	122	
Repairs & Maintenance	1,524	
Telephone	3,121	
Conferences & Conventions	369	
Mileage	85	
Utilities	453	
Miscellaneous	1,719	
Total General Government	<u>\$ 43,241</u>	
Public Safety:		
Salaries, Police Officers	\$ 24,800	
Payroll Taxes	2,291	
Vehicle Expense	422	
Fuel	2,387	
Supplies	1,399	
Insurance	10,267	
Miscellaneous	665	
Total Public Safety	<u>\$ 42,231</u>	
Streets and Sanitation:		
Street Lights		\$ 7,992
Street Repairs & Maintenance		35,060
Salaries		560
Grass Cutting		2,032
Repairs-bushhogging		120
Total Streets & Sanitation		<u>\$ 45,764</u>
TOTAL EXPENDITURES	<u>\$ 85,472</u>	<u>45,764</u>

See accountant's compilation report.

VILLAGE OF VARNADO, LOUISIANA
Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2021

<u>BOARD MEMBER</u>	<u>POSITION</u>	<u>COMPENSATION</u>
Paris Sumrall 63318 Fornea Road, Varnado, La 70467	Mayor	\$ 4,875
Kimberly Kennedy 63345 Fornea Road, Varnado, La 70467	Alderman	3,575
James Ezell 63267 Fornea St, Angie, La 70426	Alderman	3,575
Brian Walker 25527 Coleman St, Angie, La 70426	Alderman	3,575
Total		<u>\$ 15,600</u>

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, 2021

Agency Head,: Paris Sumrall, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 4,875
Conference Registration	437
Total	<u>\$ 5,312</u>

See accountant's compilation report.

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

	First Six Month Period Ended 06/30/2021	Second Six Month Period Ended 12/31/2021
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	0
Add: Collections		
Criminal Fines - Other	8,413	4,535
Subtotal Collections	8,413	4,535
Less: Disbursements To Governments & Nonprofits: <i>(Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)</i>		
<i>Traumatic Head and Spinal Cord Injuries Services</i>	245	150
<i>La Commission on Law Enforcement</i>	96	60
<i>Louisiana Judicial College</i>	25	15
	-	-
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
<i>Village of Varnado-Criminal Fines-Other</i>	8,047	4,311
Subtotal Disbursements/Retainage	8,412	4,536
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	0	(0)
Ending Balance of "Partial Payments" Collected but not Disbursed <i>(only applies if collecting agency does not disburse partial payments until fully collected)</i> <i>- This balance is included in the Ending Balance of Amounts Collected but not</i>	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected <i>(i.e. receivable balance)</i>	-	-
Total Waivers During the Fiscal Period <i>(i.e. non-cash reduction of receivable balances, such as time served or community service)</i>	-	-

See accountant's compilation report.