

**Village of Pleak, Texas**  
**Annual Financial Report**  
**For the Year Ended April 30, 2012**

**PS Stephenson & Co., P.C.**  
**Certified Public Accountants**  
**Wharton, Texas**

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**Village of Pleak, Texas**  
**Elected Officials, Administration and Other Information**  
**April 30, 2012**

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**Current Elected Governing Body of the Village of Pleak, Texas:**

		<u>Term</u>
Larry Bittner	Mayor	Nov. 8, 2011 to April 30, 2013
Michael John	Mayor Pro Tem and Alderman	May 1, 2011 to April 30, 2015
Wade A. Goates	Alderman	May 1, 2011 to April 30, 2015
Joanne McRae	Alderwoman	Nov. 8, 2011 to April 30, 2013
Brenda Jaynes	Alderwoman	May 1, 2011 to April 30, 2015
Al Warnasch	Alderman	May 1, 2009 to April 30, 2013

**Administrative Officials**

Ruth Elster	City Secretary
Jimmy Dean	Fire Chief
Lora Lenzsch	City Attorney

**General Information**

Village Hall, Pleak, Texas 6621 FM 2218 South, Richmond Texas, 77469  
Phone Number (281) 239-8504

Council Meetings 3rd Wednesday of each month at 7:00 p.m.  
Meeting place: Village Hall, Pleak, Texas

2011-2012 State of Texas Sales Tax Rate 8.00%

2011-2012 Property Tax Rate No Property Taxes.

**FINANCIAL SECTION**



**PS STEPHENSON & CO., P.C.**

Certified Public Accountants

1609 N. Richmond Road

Wharton, Texas 77488

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor  
and Village Alderpersons  
Village of Pleak, Texas

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Village of Pleak, Texas (the "Village"), as of and for the year ended April 30, 2012, which collectively comprise the Village's basic financial statements as listed in the index to the financial statements. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the Village as of April 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 4 and 14, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2012, on our consideration of the Village's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Village's basic financial statements. The accompanying Other Supplementary Information listed in the index to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Village. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*PS Stephenson & Co., P.C.*

Wharton, Texas  
August 25, 2012

**Village of Pleak, Texas**  
**Management's Discussion and Analysis**  
**April 30, 2012**

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The discussion and analysis of the Village of Pleak's (the "Village") financial performance provides an overview of the Village's financial activities for the year ended April 30, 2012. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the Village's performance. The Village has 1 component unit, the Pleak Volunteer Fire Department.

**Overview of the Financial Statements**

This annual financial report of the Village consists of the following parts: Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information and Other Supplementary Information. The financial statements include notes that explain in detail some of the information included in the basic financial statements.

**Government-Wide Financial Analysis**

The Statements of Net Assets and the Statements of Revenues, Expenses and Changes in Net Assets provide an indication of the Village's financial condition. The Village's net assets reflect the difference between assets and liabilities. The Statements of Revenues, Expenses and Change in Net Assets identify the various revenue and expense items that affect the change in net assets.

A summary of the Village's Statements of Net Assets is presented below.

	<u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Unit</u>	<u>Memo Only</u> <u>Total</u>
Current and other assets	\$ 393,565	\$ 22,562	\$ 416,127
Capital assets, net	229,095	4,299	233,394
Total assets	622,660	26,861	649,521
Current and other liabilities	13,066	-	13,066
Long-term debt	-	-	-
Total liabilities	13,066	-	13,066
Net assets			
Invested in capital assets, net of related debt	229,095	4,299	233,394
Restricted	1,029	-	1,029
Unrestricted	379,470	22,562	402,032
Total Net Assets	<u>\$ 609,594</u>	<u>\$ 26,861</u>	<u>\$ 636,455</u>

The largest portion of the Village's net assets (62.2%) reflects its unrestricted net assets (e.g., cash, investments and receivables, net). The Village uses these assets to provide services to citizens.

Governmental activities increased the Village's net assets by \$31,108. There was a net decrease of \$3,131 in net assets reported in connection with the Village's component unit.

**Village of Pleak, Texas**  
**Management's Discussion and Analysis**  
**April 30, 2012**

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A summary of the Village's Changes in Net Assets is presented below.

	<u>Governmental Activities</u>	<u>Component Unit</u>	<u>Memo Only Total</u>
<b>Program revenues</b>			
Charges for services	\$ 8,069	26,309	\$ 34,378
Capital grants and contributions	10,000	-	10,000
<b>General revenues</b>			
Sales taxes	45,778	-	45,778
Franchise fees	32,125	-	32,125
Unrestricted investment earnings	469	7	476
Fundraisers and donations	-	12,197	12,197
Other	4,307	-	4,307
Total revenues	<u>100,748</u>	<u>38,513</u>	<u>139,261</u>
<b>Expenses</b>			
General government	22,404	-	22,404
Fire department	24,353	41,644	65,997
Building department	22,883	-	22,883
Interest on debt	-	-	-
Total expenses	<u>69,640</u>	<u>41,644</u>	<u>111,284</u>
Change in net assets	31,108	(3,131)	27,977
Beginning net assets	<u>578,486</u>	<u>29,992</u>	<u>608,478</u>
Ending net assets	<u>\$ 609,594</u>	<u>\$ 26,861</u>	<u>\$ 636,455</u>

Following is a detail of revenue by source for the governmental activities and the component unit:

<u>Description</u>	<u>Governmental Activities</u>		<u>Component Unit</u>	
	<u>Revenues</u>	<u>% of Total</u>	<u>Revenues</u>	<u>% of Total</u>
Charges for services	\$ 8,069	8.01%	\$ 26,309	68.31%
Grants	10000	9.93%	-	0.00%
Sales taxes	45,778	45.44%	-	0.00%
Franchise fees	32,125	31.89%	-	0.00%
Investment earnings	469	0.47%	7	0.02%
Grant Revenue	-	0.00%	-	0.00%
Fundraisers and donations	-	0.00%	12,197	31.67%
Miscellaneous	4,307	4.28%	-	0.00%
Total	<u>\$ 100,748</u>		<u>\$ 38,513</u>	

### **Financial Analysis of Government Funds**

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable 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 government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal 2012, the Village's governmental funds, consisting only of the General Fund, reported an ending fund balance of \$380,499, an increase of \$53,076 in comparison with the prior year. Unreserved fund balance is \$379,470 and is available for spending, subject to regulatory, statutory and budgetary restrictions. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been reserved for emergency matters for its component unit or debt service.

The fund balance of the Village's General Fund increased \$53,076 during the current fiscal year. Key factors in the increase include lower expenditures for professional service fees as well as a growth in revenues from sales tax revenue.

### **Analysis of Changes in Capital Assets and Long-Term Debt**

#### **Capital Assets**

As of April 30, 2012, the Village had total capital assets, net of accumulated depreciation of \$229,095. This investment in capital assets includes land, buildings, infrastructure, furniture and fixtures, and fire trucks and other fire equipment. Additional information of the Village's capital assets can be found in Note 6 of this report.

#### **Long-Term Debt**

At April 30, 2012, the Village had no outstanding long-term debt.

### **Economic Factors and Next Year's Budget and Rates**

The Village Alderpersons have adopted the Village's 2013 budget. The approval of the budget provides funding for the Village's operating and capital costs for the 2013 fiscal year. The Village expects revenues from all sources to remain consistent with the 2012 fiscal year and expects a positive growth in net assets during 2013. The Village's component unit has also adopted its 2013 budget and the component unit expects revenues from all sources to remain consistent with the 2012 fiscal year and expects a positive growth in net assets in 2013.

### **Additional Financial Information**

This financial report is designed to present users with a general overview of the Village's financial operations and financial condition and to demonstrate the Village's accountability. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Village of Pleak, 6621 FM 2218 South, Richmond, Texas 77469.



**BASIC FINANCIAL STATEMENTS**

**Village of Pleak, Texas****Statement of Net Assets**

April 30, 2012

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Pleak Volunteer Fire Department</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 68,189	\$ 9,290
Certificate of deposit	132,291	-
Investment in TexPool - unrestricted	184,445	7,879
Investment in TexPool - restricted	1,029	-
Accounts receivable	835	-
Due from other governments	4,242	5,393
Prepaid expenses	2,534	-
Total current assets	<u>393,565</u>	<u>22,562</u>
Noncurrent assets		
Capital assets		
Land	62,500	-
Buildings, infrastructure and improvements	252,976	-
Furniture, fixtures and equipment	20,247	-
Fire trucks and other fire equipment	203,706	50,747
Less accumulated depreciation	<u>(310,334)</u>	<u>(46,448)</u>
Total capital assets	229,095	4,299
Total assets	<u>\$ 622,660</u>	<u>\$ 26,861</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Current liabilities		
Accounts payable	\$ 769	\$ -
Advances from developer	11,996	-
Accrued liabilities	301	-
Noncurrent liabilities		
Due within one year	-	-
Due in more than one year	-	-
Total current liabilities	<u>13,066</u>	<u>-</u>
Net assets		
Invested in capital assets, net of related debt	229,095	4,299
Restricted net assets	1,029	-
Unrestricted net assets	<u>379,470</u>	<u>22,562</u>
Total Net Assets	<u>\$ 609,594</u>	<u>\$ 26,861</u>

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

Village of Pleak, Texas  
Statement of Activities  
For the Year Ended April 30, 2012

Function/Program	Expenses	Charges for Services	Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Assets	
				Governmental Activities	Component Unit
<b>Governmental Activities</b>					
General government	\$ 22,404	\$ 8,069	\$ 10,000	\$ (4,335)	\$ -
Fire department	24,353	-	-	(24,353)	-
Building department	22,883			(22,883)	
Interest on long-term debt	-	-	-	-	-
Total governmental activities	<u>69,640</u>	<u>8,069</u>	<u>10,000</u>	<u>(51,571)</u>	<u>-</u>
<b>Component Unit</b>					
Pleak Volunteer Fire Department	<u>41,644</u>	<u>26,309</u>	<u>-</u>		<u>(15,335)</u>
Total component unit	<u>41,644</u>	<u>26,309</u>	<u>-</u>		<u>(15,335)</u>
Total	<u>\$ 111,284</u>	<u>\$ 34,378</u>	<u>\$ 10,000</u>	<u>(51,571)</u>	<u>(15,335)</u>
<b>General revenues:</b>					
Sales taxes				45,778	-
Franchise fees				32,125	-
Unrestricted investment earnings				469	-
Fundraisers and donations				-	12,197
Miscellaneous				4,307	7
Total general revenues				<u>82,679</u>	<u>12,204</u>
Changes in net assets				31,108	(3,131)
Net assets - beginning				578,486	29,992
Net assets - ending				<u>\$ 609,594</u>	<u>\$ 26,861</u>

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

**Village of Pleak, Texas**  
**Balance Sheet - Governmental Funds**  
**April 30, 2012**

<b>Assets</b>	<u>General Fund</u>
Cash and cash equivalents	\$ 68,189
Certificates of deposit	132,291
Investment in TexPool - unrestricted	184,445
Investment in TexPool - restricted	1,029
Accounts receivable	835
Due from other governments	4,242
Prepaid expenses	2,534
Total assets	<u>\$ 393,565</u>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
Accounts payable	\$ 769
Advances from developer	11,996
Accrued liabilities	301
Total liabilities	<u>13,066</u>
<b>Fund balance</b>	
Fund balance - reserved	1,029
Fund balance - unreserved	379,470
Total fund balance	<u>380,499</u>
Total liabilities and fund balance	<u>\$ 393,565</u>
<b>Reconciliation to the Statement of Net Assets of Governmental Activities:</b>	
Total governmental fund balance	\$ 380,499
Add capital assets not reported in governmental funds, net of accumulated depreciation of \$310,334	229,095
Less note payable not reported in governmental funds	-
Net Assets of Governmental Activities	<u>\$ 609,594</u>

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

**Village of Pleak, Texas**

**Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds**

**For the Year Ended April 30, 2012**

	<u>General</u>
<b>Revenues</b>	
Sales tax - State of Texas	\$ 45,778
Franchise fees	32,125
Donations and fundraiser income	-
Investment income	469
Rental income from Village Hall	4,535
Permits and other fees	3,534
Miscellaneous and other income	4,307
Total revenues	<u>90,748</u>
<b>Expenditures</b>	
General government	22,050
Building Department	16,261
Capital outlay	9,361
Debt Service	
Principal retirements	-
interest charges	-
Total expenditures	<u>47,672</u>
Revenues over (under) expenditures	43,076
<b>Other Financial Sources (Uses)</b>	
Grant income	10,000
Total other financial sources (uses)	<u>10,000</u>
Net change in fund balance	53,076
Beginning fund balance	327,423
Ending fund balance	<u><u>\$ 380,499</u></u>

**Reconciliation to the Statement of Activities**

Total net change in fund balance - governmental funds	\$ 53,076
Current year capital outlays not included in the Statement of Activities	9,361
Expenses on the Statement of Activities not included in the governmental funds statement - Depreciation expense	
Depreciation expense	(31,329)
Principal payment on debt	-
Change in net assets of governmental activities	<u><u>\$ 31,108</u></u>

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

## **1. Summary of Significant Accounting Policies**

### **Introduction**

The Village of Pleak, Texas (the "Village") was founded in 1894 and was incorporated by Texas law in 1979. The Village elects its mayor and five alderpersons at large. The mayor presides at the council meetings. All powers of the Village are vested in the council.

The financial statements of the Village are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. The Village implemented the provisions of Statement No. 34 in the 2005 fiscal year.

### **Reporting Entity**

In evaluating how to define the Village for reporting purposes, management has considered all potential component units. The decision to exclude all potential component units from the reporting entity was made by applying the criteria set forth in GAAP. The Village is not included in any other governmental "reporting entity as defined by GASB. The accompanying financial statements present the Village's primary government and its component unit, Pleak Volunteer Fire Department, which the Village exercises significant influence and legal authority. Significant influence or accountability is based primarily on operational or financial relationships with the Village. Legal authority is derived from the ordinance creating the component unit in 1993.

### **Basic Financial Statements**

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type.

Government-wide financial statements report information about the reporting unit as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the Village as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or business-type activity. Other items not reported as program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. The Village reports governmental type funds.

### **Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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. A one-year availability period is used for revenue recognition. Expenditures are recorded when the related fund liability is incurred.

The Village reports deferred revenue on its governmental fund balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition on the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The Village reports the following funds:

*Governmental Fund Types*

Governmental funds use the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period. Governmental fund types include the following:

General Fund -- is used to account for resources used in general operations. This is a budgeted fund and any fund balances are considered resources available for current operations. All revenues and expenditures not required to be accounted for in other funds are accounted for in this fund.

**Budget policy and practice**

The Mayor submits an annual budget to the Village Alderpersons in accordance with the Village's Charter and the Texas Municipal Budget Act. In April, the Alderpersons and the Mayor adopt an annual fiscal year appropriated budget for the general fund. Once approved, the Alderpersons and the Mayor may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

**Budgetary control**

The general fund appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by departments. This constitutes the legal level of control. Expenditures may not exceed appropriations and beginning fund balances. Budget revisions at this level are subject to final review by the Alderpersons. Within these above control levels, the mayor may transfer appropriations without Alderperson approval.

**Budget basis of accounting**

The budget for the general fund is prepared on a basis consistent with accounting principles generally accepted in the United States of America. Any unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

**Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. The Village did not have any outstanding encumbrances at April 30, 2012.

**Component unit**

The component unit of the Village is the Pleak Volunteer Fire Department (PVFD). This component unit prepares annual financial statements as of April 30 of each year. A copy of the component unit reports may be obtained from the Village. PVFD reports as a general government type of entity.

**Cash and investments**

The Village maintains one cash operating account and one savings account. Investments consist of amounts invested in TexPool reported at cost, which approximates fair value.

**Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage systems, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide statement of net assets. The Village defines capital assets as assets with initial, individual costs of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the Village is depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Furniture, fixtures and equipment	5 - 10 years
Infrastructure	50 years
Fire truck and other fire equipment	5 - 10 years

**Compensated absences and retirement plan**

There are no compensated absences for any employee of the Village or its component unit and the Village or its component unit does not participate in any retirement plan for its employees.

**2. Deposits and Investments**

It is the Village's policy for deposits and investments to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Village's deposits and investments are categorized to give an indication of the level of risk assumed by the Village at fiscal year-end. The categories are described as follows:

- Category 1- Insured or collateralized with securities held by the Village or by its agent in the Village's name.
- Category 2- Collateralized with securities held by the pledging financial institution trust department or agent in the Village's name.
- Category 3- Uncollateralized

The Village and component unit are classified as Category 1, with deposits and investments secured by the Federal Deposit Insurance Corporation insurance at April 30, 2012.



**Village of Pleak, Texas**  
**Notes to Financial Statements**  
**April 30, 2012**

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**3. Sales Taxes**

The Village receives its allocation of sales tax receipts for its incorporated boundaries monthly from the State of Texas. During the year ended April 30, 2012, the Village earned \$45,778 from sales tax collections.

**4. Franchise Taxes**

The Village has entered into agreements with certain utilities companies to pay a franchise fee in-lieu of a sales tax. Revenues earned under these agreements for the year ended April 30, 2012 are as follows:

	<u>Amount</u>
Centerpoint Energy	\$ 28,898
Telephone companies	<u>3,227</u>
Total	<u>\$ 32,125</u>

**5. Fort Bend County, Texas Assistance Revenues**

The Village component unit, PVFD, has entered into an agreement with Fort Bend County, Texas to provide fire-fighting services to rural areas for a fee. For the year ended April 30, 2012, PVFD earned \$21,874 from Fort Bend County, Texas. At April 30, 2012, PVFD was due \$5,393 under this agreement.

**6. Property and Equipment**

The following is a summary of the governmental activities capital assets at April 30, 2012.

	<u>Balance</u>			<u>Balance</u>
	<u>April 30, 2011</u>	<u>Additions</u>	<u>Dispositions</u>	<u>April 30, 2012</u>
Land	\$ 62,500	\$ -	\$ -	\$ 62,500
Buildings and improvements	243,615	9,361	-	252,976
Furniture, fixtures & equipment	20,247	-	-	20,247
Fire trucks and other fire equipment	<u>203,706</u>	<u>-</u>	<u>-</u>	<u>203,706</u>
Total capital assets	530,068	9,361	-	539,429
Accumulated depreciation	<u>(279,005)</u>	<u>(31,329)</u>	<u>-</u>	<u>(310,334)</u>
Total capital assets, net	<u>\$ 251,063</u>	<u>4,177</u>	<u>\$ -</u>	<u>229,095</u>

Depreciation expense for the year ended April 30, 2012 was \$31,329, of which \$24,353 was charged to fire department programs, \$6,622 was charged to building department programs and \$354 was charged to general government programs.

**7. Restricted Assets**

The Village has reserved \$1,029 for emergency matters for its component unit. This amount is invested in TexPool at April 30, 2012. Interest earned is considered unrestricted.

**8. Contingencies**

**Litigation**

The Village or its component unit is not a party to any litigation as of April 30, 2012 that the Village believes will have a material adverse effect on the financial condition of the Village.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Village of Pleak, Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual - General Fund**  
**For the Year Ended April 30, 2012**

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales tax - State of Texas	\$ 45,000	\$ 45,778	\$ 778
Franchise fees	34,200	32,125	(2,075)
Donations and fundraiser income	-	-	-
Investment income	500	469	(31)
Rental income from Village Hall	4,000	4,535	535
Permits and other fees	3,500	3,534	34
Miscellaneous and other income	-	4,307	4,307
	<u>87,200</u>	<u>90,748</u>	<u>3,548</u>
<b>Expenditures</b>			
Current			
General government	56,875	22,050	34,825
Public works	20,850	16,261	4,589
Capital outlay	30,000	9,361	20,639
Debt service	-	-	-
	<u>107,725</u>	<u>47,672</u>	<u>60,053</u>
Revenues over (under) expenditures	(20,525)	43,076	63,601
<b>Other Financial Sources (Uses)</b>			
Proceeds from debt issuance	-	-	-
Grant income	-	10,000	10,000
Sales of fixed assets	-	-	-
	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (20,525)</u>	53,076	<u>\$ 73,601</u>
Beginning fund balance		<u>326,394</u>	
Ending fund balance		<u>\$ 379,470</u>	

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

**OTHER SUPPLEMENTARY INFORMATION**

**Village of Pleak, Texas**  
**General Fund**  
**Schedule of Revenues - Budget (GAAP Basis) and Actual**  
**For the Year Ended April 30, 2012**

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Sales tax - State of Texas	\$ 45,000	\$ 45,778	\$ 778
Franchise fees			
Telephone companies	4,000	3,227	(773)
Centerpoint Energy	30,000	28,898	(1,102)
Cable companies	200	-	(200)
Total franchise fees	<u>34,200</u>	<u>32,125</u>	<u>(2,075)</u>
Donations and fundraiser income	-	-	-
Investment income			
Interest from TexPool investments	500	469	(31)
Total investment income	<u>500</u>	<u>469</u>	<u>(31)</u>
Rental income from Village Hall	4,000	4,535	535
Permits and other fees	3,500	3,534	34
Miscellaneous and other income	<u>-</u>	<u>4,307</u>	<u>4,307</u>
Total revenues	<u>\$ 87,200</u>	<u>\$ 90,748</u>	<u>\$ 3,548</u>

**Village of Pleak, Texas**  
**General Fund**  
**Schedule of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Year Ended April 30, 2012**

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General government			
Personal services	\$ 10,500	\$ 9,223	\$ 1,277
Professional fees	18,500	7,015	11,485
Election costs	2,000	727	1,273
Telephone	2,000	1,600	400
Stray animal control	500	303	197
Office supplies	1,000	1,248	(248)
County maintenance fees	20,000	-	20,000
Website	325	305	20
Municipal court	-	-	-
Other	2,050	1,629	421
Total general government	<u>56,875</u>	<u>22,050</u>	<u>34,825</u>
Building department			
Repairs and maintenance	5,500	2,974	2,526
Building insurance	7,500	8,083	(583)
Supplies	850	589	261
Janitorial services	1,000	540	460
Utilities	6,000	4,075	1,925
Total public works	<u>20,850</u>	<u>16,261</u>	<u>4,589</u>
Capital Outlay	30,000	9,361	20,639
Debt Service	-	-	-
Total expenditures	<u>\$ 107,725</u>	<u>\$ 47,672</u>	<u>\$ 60,053</u>

**OTHER REQUIRED REPORTS**





**PS STEPHENSON & CO., P.C.**

Certified Public Accountants

1609 N. Richmond Road

Wharton, Texas 77488

**Independent Auditor's Report on Compliance and on Internal Control over  
Financial Reporting Based on an Audit of Financial Statements Performed  
In Accordance with Government Auditing Standards**

Honorable Mayor and Village Alderpersons  
Village of Pleak, Texas

We have audited the financial statements of the Village of Pleak, Texas (the "Village") as of and for the year ended April 30, 2012 and have issued our report thereon dated August 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Village of Pleak, Texas' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We also noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Village Alderpersons, management, others within the Village and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*PS Stephenson & Co, P.C.*

Wharton, Texas  
August 25, 2011