

**Village of Pleak, Texas**  
**Annual Financial Report**  
**For the Nine Months Ended September 30, 2023**

**Village of Pleak, Texas**  
**Index to Financial Statements**  
**September 30, 2023**

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**Village of Pleak, Texas**  
**Elected Officials, Administration and Other Information**  
**September 30, 2023**

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

		<u>Term</u>
Larry Bittner	Mayor	May 1, 2021 to April 30, 2025
Michael John	Mayor Pro Tem and Alderman	May 1, 2023 to April 30, 2027
Wade A. Goates	Alderman	May 1, 2023 to April 30, 2027
Alex Gutierrez	Alderman	May 1, 2023 to April 30, 2025
Sophia Rico	Alderwoman	May 1, 2021 to April 30, 2025
Wayne Kelley	Alderman	May 1, 2023 to April 30, 2027

**Administrative Officials**

Erin Walley	City Secretary
Jordan Blegen	Fire Chief
Lora Lenzsch	City Attorney
Richard Stolleis	City Engineer

**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

2023 State of Texas Sales Tax Rate 8.00%

2023 Property Tax Rate No Property Taxes.

**FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

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 nine months ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements as listed in the index to the financial statements.

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 September 30, 2023 and the respective changes in financial position thereof for the nine months then ended in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying schedules of major fund revenues and expenditures budget and actual, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of major fund revenues and expenditures budget and actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2024, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wharton, Texas  
July 16, 2024

**Village of Pleak, Texas**  
**Management’s Discussion and Analysis**  
**December 31, 2023**

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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 nine months ended September 30, 2023. 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.

	<b>Governmental Activities</b>	<b>Component Activities</b>	<b>Memo Only Total</b>
Current and other assets	\$ 1,907,626	\$ 16,561	\$ 1,924,187
Capital assets, net	224,477	11,554	236,031
Total assets	<u>2,132,103</u>	<u>28,115</u>	<u>2,160,218</u>
Current and other liabilities	5,956	-	5,956
Long-term debt	-	-	-
Total liabilities	<u>5,956</u>	<u>-</u>	<u>5,956</u>
Net assets			
Invested in capital assets, net of related debt	224,477	11,554	236,031
Unrestricted	<u>1,901,670</u>	<u>16,561</u>	<u>1,918,231</u>
Total Net Assets	<u>\$ 2,126,147</u>	<u>\$ 28,115</u>	<u>\$ 2,154,262</u>

The Village’s unrestricted net assets (e.g., cash, investments and receivables, net) were \$1,901,670 at September 30, 2023. The Village uses these assets to provide services to citizens.

Governmental activities increased the Village’s net assets by \$231,984. There was a net increase of \$670 in net assets reported in connection with the Village’s component unit.



**Village of Pleak, Texas**  
**Management's Discussion and Analysis**  
**December 31, 2023**

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

	<b>Governmental Activities</b>	<b>Component Activities</b>	<b>Memo Only Total</b>
Program revenues			
Charges for services	\$ 15,310	\$ 266,532	\$ 281,842
Capital grants and contributions	-	-	-
General revenues			
Sales taxes	250,717	-	250,717
Franchise fees	29,523	-	29,523
Fort Bend County ESD 6	42,439	-	42,439
Unrestricted investment earnings	34,201	243	34,444
Fundraisers and donations	-	5,489	5,489
Miscellaneous	85	-	85
Total revenues	<u>372,275</u>	<u>272,264</u>	<u>644,539</u>
Expenses			
General government	79,970	-	79,970
Fire department	18,310	271,594	289,904
Building department	40,944	-	40,944
Interest on debt	1,067	-	1,067
Total expenses	<u>140,291</u>	<u>271,594</u>	<u>411,885</u>
Change in net assets	231,984	670	232,654
Beginning net assets	1,894,163	30,534	1,924,697
Ending net assets	<u>\$ 2,126,147</u>	<u>\$ 31,204</u>	<u>\$ 2,157,351</u>

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

<b>Description</b>	<b>Governmental Activities</b>		<b>Component Unit</b>	
	<b>Revenues</b>	<b>% of Total</b>	<b>Revenues</b>	<b>% of Total</b>
Charges for services	\$ 15,310	4.11%	\$ 266,532	97.89%
Sales taxes	250,717	67.35%	-	0.00%
Franchise fees	29,523	7.93%	-	0.00%
FBC ESD	42,439	11.40%	-	0.00%
Investment earnings	34,201	9.19%	243	0.09%
Fundraisers and donations	-	0.00%	5,489	2.02%
Grants and contributions	-	0.00%	-	0.00%
Miscellaneous	85	0.02%	-	0.00%
Total	<u>\$ 372,275</u>	<u>100.00%</u>	<u>\$ 272,264</u>	<u>100.00%</u>

**Village of Pleak, Texas**  
**Management's Discussion and Analysis**  
**December 31, 2023**

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**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 2023, the Village's governmental funds, consisting only of the General Fund, reported an ending fund balance of \$1,901,626, an increase of \$229,740 in comparison with December 31, 2022. The entire fund balance is unreserved and is available for spending, subject to regulatory, statutory and budgetary restrictions.

The fund balance of the Village's General Fund increased \$229,740 during the nine months ended September 30, 2023. Key factors in the increase include growth in revenues from sales tax revenue, revenue from Fort Bend County ESD#6, grant revenue, as well as reduced general costs.

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

**Capital Assets**

As of September 30, 2023, the Village had total capital assets, net of accumulated depreciation of \$224,477. 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 September 30, 2023, the Village had completed repayment of a note agreement with a financial institution for the purchase of a fire truck, and had no further debt obligations. At December 31, 2022, the Village owed \$28,200 under the note agreement.

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

The Village Alderpersons have adopted the Village's 2023-2024 budget. The approval of the budget provides funding for the Village's operating and capital costs for the 2023-2024 fiscal year. The Village expects revenues from all sources to remain consistent with prior years and expects a positive growth in net assets during 2023-2024. The Village's component unit has also adopted its 2023-2024 budget and the component unit expects revenues from all sources to remain consistent with prior years and expects a positive growth in net assets in 2023-2024.

**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**  
**September 30, 2023**

	Primary Government Governmental Activities	Component Unit Pleak Volunteer Fire Department
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 532,372	\$ 10,538
Certificate of deposit	1,027,995	-
Investment in TexPool - unrestricted	329,235	6,023
Accounts receivable	-	-
Due from other governments	18,024	-
Prepaid expenses	-	-
Total current assets	<u>1,907,626</u>	<u>16,561</u>
Noncurrent assets		
Capital assets		
Land	62,500	-
Buildings, infrastructure and improvements	388,235	-
Furniture, fixtures and equipment	29,508	-
Fire trucks and other fire equipment	446,989	77,401
Less accumulated depreciation	<u>(702,755)</u>	<u>(65,847)</u>
Total capital assets	224,477	11,554
Total assets	<u><u>\$ 2,132,103</u></u>	<u><u>\$ 28,115</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Current liabilities		
Accounts payable	\$ 2,770	\$ -
Advances from developer	3,186	-
Noncurrent liabilities		
Due within one year	-	-
Due in more than one year	-	-
Total current liabilities	<u>5,956</u>	<u>-</u>
Net assets		
Invested in capital assets, net of related debt	224,477	11,554
Unrestricted net assets	<u>1,901,670</u>	<u>16,561</u>
Total Net Assets	<u><u>\$ 2,126,147</u></u>	<u><u>\$ 28,115</u></u>

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

**Village of Pleak, Texas**  
**Statement of Activities**  
**For the Nine Months Ended September 30, 2023**

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	\$ 79,970	\$ 15,310	\$ -	\$ (64,660)	\$ -
Fire department	18,310	-	-	(18,310)	-
Building department	40,944	-	-	(40,944)	-
Interest on long-term debt	1,067	-	-	(1,067)	-
Total governmental activities	<u>140,291</u>	<u>15,310</u>	<u>-</u>	<u>(124,981)</u>	<u>-</u>
<b>Component Unit</b>					
Pleak Volunteer Fire Department	214,300	206,149	-		(8,151)
Total component unit	<u>214,300</u>	<u>206,149</u>	<u>-</u>		<u>(8,151)</u>
<b>Total</b>	<u>\$ 354,591</u>	<u>\$ 221,459</u>	<u>\$ -</u>	(124,981)	(8,151)
<b>General revenues:</b>					
Sales taxes				250,717	-
Franchise fees				29,523	-
Fort Bend County ESD 6				42,439	-
Unrestricted investment earnings				34,201	243
Fundraisers and donations				-	5,489
Miscellaneous				85	-
Total general revenues				<u>356,965</u>	<u>5,732</u>
Changes in net assets				231,984	(2,419)
Net assets - beginning				1,894,163	30,534
Net assets - ending				<u>\$ 2,126,147</u>	<u>\$ 28,115</u>

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

**Village of Pleak, Texas**  
**Balance Sheet - Governmental Funds**  
**September 30, 2023**

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	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 532,372
Certificates of deposit	1,027,995
Investment in TexPool - unrestricted	329,235
Accounts receivable	-
Due from other governments	18,024
Prepaid expenses	-
Total assets	<u><u>\$ 1,907,626</u></u>
<b>Liabilities and Fund Balance</b>	
Liabilities	
Accounts payable	\$ 2,770
Advances from developer	3,186
Total liabilities	<u>5,956</u>
Fund balance	
Fund balance - unreserved	<u>1,901,670</u>
Total fund balance	<u>1,901,670</u>
Total liabilities and fund balance	<u><u>\$ 1,907,626</u></u>
<b>Reconciliation to the Statement of Net Assets of Governmental Activities:</b>	
Total governmental fund balance	\$ 1,901,670
Add capital assets not reported in governmental funds, net of accumulated depreciation of \$702,755	224,477
Less note payable not reported in governmental funds	-
Net Assets of Governmental Activities	<u><u>\$ 2,126,147</u></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 Nine Months Ended September 30, 2023**

<b>Revenues</b>	<u>General</u>
Sales tax	\$ 250,717
Franchise fees	29,523
Fort Bend County ESD 6	42,439
Investment income	34,201
Rental income from Village Hall	11,450
Permits and other fees	3,860
Miscellaneous and other income	85
Total revenues	<u>372,275</u>
General government	79,605
Fire department	-
Building department	33,661
Capital outlay	-
Debt Service	
Principal retirements	28,202
Interest charges	1,067
Total expenditures	<u>142,535</u>
Revenues over (under) expenditures	<u>229,740</u>
<b>Other Financial Sources (Uses)</b>	
Proceeds from sale of assets	-
Grant income	-
Total other financial sources (uses)	<u>-</u>
Net change in fund balance	229,740
Beginning fund balance	1,671,930
Ending fund balance	<u><u>\$ 1,901,670</u></u>

**Reconciliation to the Statement of Activities**

Total net change in fund balance - governmental funds	\$ 229,740
Current year capital outlays not included in the Statement of Activities	-
Expenses on the Statement of Activities not included in the governmental funds statement	
Depreciation expense	(25,957)
Principal payment on debt	28,201
Change in net assets of governmental activities	<u><u>\$ 231,984</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.

On January 18, 2023, the Village Council approved an ordinance to change PVFD’s fiscal year end to September 30 of each year from December 31. Accordingly, these financial statements cover the nine months ending September 30, 2023.

### **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.



**Village of Pleak, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

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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 November, 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 September 30, 2023.

**Village of Pleak, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

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**Component unit**

The component unit of the Village is the Pleak Volunteer Fire Department (PVFD). This component unit prepared financial statements as of December 31 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.

**Subsequent Events**

Management has evaluated subsequent events through July 29, 2022, the date which the financial statements were available to be issued.

**2. Sales Taxes**

The Village receives its allocation of sales tax receipts for its incorporated boundaries monthly from the State of Texas. During the nine months ended September 30, 2023, the Village earned \$250,717 from sales tax collections.

**Village of Pleak, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

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**3. 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 it 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 September 30, 2023.

**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 nine months ended September 30, 2023 were \$29,523.

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

The Village component unit, PVFD, has entered into an agreement with Fort Bend County ESD#6 to provide fire-fighting services to rural areas for a fee. For the nine months ended September 30, 2023, PVFD earned \$214,300 from Fort Bend County ESD#6.

**6. Property and Equipment**

The following is a summary of the governmental activities capital assets at September 30, 2023:

	Balance <u>Dec. 31, 2022</u>	<u>Additions</u>	<u>Dispositions</u>	Balance <u>Sept. 30, 2023</u>
Land	\$ 62,500	\$ -	\$ -	\$ 62,500
Buildings and improvements	388,235	-	-	388,235
Furniture, fixtures & equipment	29,508	-	-	29,508
Fire trucks and other fire equipment	<u>446,989</u>	<u>-</u>	<u>-</u>	<u>446,989</u>
Total capital assets	927,232	-	-	927,232
Accumulated depreciation	<u>(676,799)</u>	<u>(25,956)</u>	<u>-</u>	<u>(702,755)</u>
Total capital assets, net	<u>\$ 250,433</u>	<u>\$ (25,956)</u>	<u>\$ -</u>	<u>\$ 224,477</u>

Depreciation expense for the nine months ended September 30, 2023 was \$29,956 of which \$18,308 was charged to fire department programs, \$7,283 was charged to building department programs and \$365 was charged to general government programs.

**Village of Pleak, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

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**7. Long-Term Debt**

At September 30, 2023, the Village repaid in full a note agreement with a financial institution for the purchase of a fire truck acquired during fiscal 2014. The note required an annual principal and interest payment of \$29,267 in February of each year. The final payment was submitted in February 2023.

**8. Contingencies**

**Litigation**

The Village or its component unit is not a party to any litigation as of September 30, 2023 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 Nine Months Ended September 30, 2023**

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	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales tax - State of Texas	\$ 180,000	\$ 250,717	\$ 70,717
Franchise fees	31,875	29,523	(2,352)
Fort Bend County ESD 6	32,825	42,439	9,614
Investment income	750	34,201	33,451
Rental income from Village Hall	3,000	11,450	8,450
Permits and other fees	2,025	3,860	1,835
Miscellaneous and other income	-	85	85
	<u>250,475</u>	<u>372,275</u>	<u>121,800</u>
<b>Expenditures</b>			
Current			
General government	83,813	79,605	4,208
Building department	32,550	33,661	(1,111)
Capital outlay	22,500	-	22,500
Debt service	29,267	29,269	(2)
	<u>171,880</u>	<u>142,535</u>	<u>29,345</u>
Revenues over (under) expenditures	78,595	229,740	151,145
<b>Other Financial Sources (Uses)</b>			
Grant income	158,938	-	(158,938)
Total other financial sources (uses)	<u>158,938</u>	<u>-</u>	<u>(158,938)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ 237,533</u>	229,740	<u>\$ (7,793)</u>
Beginning fund balance		<u>1,671,930</u>	
Ending fund balance		<u>\$ 1,901,670</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 Nine Months Ended September 30, 2023**

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Sales tax - State of Texas	\$ 180,000	\$ 250,717	\$ 70,717
Franchise fees			
Telephone companies	1,875	1,049	(826)
CenterPoint Energy	30,000	28,474	(1,526)
Total franchise fees	<u>31,875</u>	<u>29,523</u>	<u>(2,352)</u>
Fort Bend County ESD 6	32,825	42,439	9,614
Investment income			
Interest from TexPool investments and CDs	750	34,201	33,451
Total investment income	<u>750</u>	<u>34,201</u>	<u>33,451</u>
Rental income from Village Hall	3,000	11,450	8,450
Permits and other fees	2,025	3,860	1,835
Miscellaneous and other income	<u>-</u>	<u>85</u>	<u>85</u>
Total revenues	<u><u>\$ 250,475</u></u>	<u><u>\$ 372,275</u></u>	<u><u>\$ 121,800</u></u>



**Village of Pleak, Texas**  
**General Fund**  
**Schedule of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Nine Months Ended September 30, 2023**

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	Budget	Actual	Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
General government			
Personal services	\$ 15,000	\$ 15,606	\$ (606)
Professional fees	46,500	53,306	(6,806)
Election costs	-	-	-
Telephone	2,250	1,896	354
Stray animal control	300	119	181
Office supplies	1,050	610	440
County maintenance fees	15,000	-	15,000
Website	375	229	146
Other	3,338	7,839	(4,501)
Total general government	<u>83,813</u>	<u>79,605</u>	<u>4,208</u>
Fire department			
Repairs and maintenance	3,750	-	3,750
Total fire department	<u>3,750</u>	<u>-</u>	<u>3,750</u>
Building department			
Repairs and maintenance	7,650	9,393	(1,743)
Insurance	16,500	14,690	1,810
Supplies	900	1,085	(185)
Janitorial services	3,000	2,850	150
Utilities	4,500	5,643	(1,143)
Total building department	<u>32,550</u>	<u>33,661</u>	<u>(1,111)</u>
Capital Outlay	22,500	-	22,500
Debt Service	29,267	29,269	(2)
Total expenditures	<u>\$ 171,880</u>	<u>\$ 142,535</u>	<u>\$ 29,345</u>

## **OTHER REQUIRED REPORTS**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Village of Pleak, Texas (“the Village”), as of and for the nine months ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements, and have issued our report thereon dated July 16, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Village’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on Compliance and Other Matters**

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

## **Purpose of This Report**

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

*Stephenson, LeGrand & Pfeil, PLLC*

Wharton, Texas  
July 16, 2024