VILLAGE OF PLEAK, TEXAS

Financial Statements

with

Report of Independent Auditor

September 30, 2024

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SEIDEL
SCHROEDER
CERTIFIED PUBLIC ACCOUNTANTS/BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Village Council
Village of Pleak, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Village of Pleak, Texas ("Village"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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.

Prior Period Adjustment

As discussed in Note 10 to the financial statements, the financial statements of the general fund, road & bridge fund, capital projects fund and governmental activities reflect prior period adjustments to beginning fund balance/net position. Our opinion is not modified with respect to this matter.

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 issuance 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 GAAS and GAS 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 GAAS and GAS, 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 the Statement of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund on pages 4 – 8 and 24 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Accounting Standards*

In accordance with *Government Accounting Standards,* we have also issued our report dated October 10, 2025 on our consideration of the Village of Pleak, Texas'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Pleak, Texas's internal control over financial reporting and compliance.

Seidel Schroeder

Brenham, Texas
October 10, 2025

Village of Pleak, Texas
6621 FM 2218
Richmond, Texas 77469

Management's Discussion and Analysis

The following discussion and analysis provides an overview of the financial activities of the Village of Pleak, Texas for the year ended September 30, 2024. The information presented herein should be considered in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This report has been prepared under the reporting guidelines mandated by the Governmental Accounting Standards Board Statement 34 and consists of a series of financial statements. The Statement of Net Position and the Statement of Activities are statements required under GASB 34 and provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Also, included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.

Financial Highlights

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by $2,774,242. Of this amount, $1,755,228 may be used to meet the government's ongoing obligations to citizens and creditors.

- The Village's total net position increased by $692,779.

- At the close of the current fiscal year, the Village's funds reported combined ending fund balances of $2,456,845, an increase of $633,311 in comparison with the prior year.

- At the end of the current fiscal year, the unassigned fund balance for the general fund was $1,739,118.

Overview of the Financial Statements

The annual report consists of four parts – Independent Auditors Report, Management Discussion and Analysis, Basic Financial Statements and Fund Financial Statements.

- The first two statements are Statements of Net Position and Statements of Activities.

- The remaining statements are fund financial statements that include governmental funds.

- The governmental funds statements tell how general government services were funded and what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more details.

Reporting the Village as a Whole

The accompanying **Government Wide Financial Statements** include two statements that present financial data for the Village as a whole. The Statement of Activities reports information about the Village as a whole and about its activities. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Village's net position and changes in it. The difference between the Village's assets, deferred outflows, liabilities and deferred inflows are one way to measure the Village's financial position. Other indicators need to be taken into account, such as the sales tax base, to assess the overall health of the village.

Since the Village has only governmental activities, the Statement of Net Position and the Statement of Activities only report these activities:

- Governmental Activities – All of the Village's basic services such as streets and roads and parks, are reported here. Sales tax, franchise fees and investment income finance these activities.

Reporting the Village's Most Significant Funds

The fund financial statements provide detailed information about the Village's individual funds-not the Village as a whole. Some funds are required to be established by State Law. However, Village Council can establish other funds to help control and manage money for particular purposes. The Village has one kind of fund – governmental.

- Governmental funds - All of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short term view of the Village's general government operations and the basic services it provides.

Government-Wide Financial Statements

	2024	2023
Current & Other Assets	$ 2,555,545	$ 1,907,626
Capital Assets	301,287	224,477
Total Assets	2,856,832	2,132,103
Current Liabilities	82,590	5,956
Total Liabilities	82,590	5,956
Net investment in Capital Assets	301,287	224,477
Restricted Net Position	717,727	-
Unrestricted Net Position	1,755,228	1,901,670
Total Net Position	$ 2,774,242	$ 2,126,147

The Village elected a fiscal year end of September 30, beginning January 1, 2023. The following Statement of Activities, for the year ended September 30, 2023, is presented for a nine month period.

	2024	2023
Revenue:		
Program Revenues:		
Charges for services	$ -	$ 15,310
Operating grants and contributions	46,103	-
Capital grants and contributions	56,332	-
General revenues:		
Property taxes	242,847	-
Sales taxes	374,859	250,717
Franchise fees	40,785	29,523
Investment income	81,127	34,201
Other income	31,001	42,524
Total revenues	873,054	372,275
Expenses:		
General government	151,163	120,914
Public works	41,313	-
Public safety	2,034	18,310
Interest on debt	-	1,067
Total expenses	194,510	140,291
Change in net position before special items	678,544	231,984
Special items	14,235	-
Change in net position	692,779	231,984
Net position, beginning, as previously reported	2,126,147	1,894,163
Prior period adjustment (Note 10)	(44,684)	-
Net position, beginning, as restated	2,081,463	1,894,163
Net position, ending	$ 2,774,242	$ 2,126,147

The reasons for significant changes from the prior year are as follows.

- Current and other assets increased $647,919 due to the increase in the investment in TexPool.

- Revenues increased by $500,779 primarily due to a significant increase in property and sales taxes. Property taxes were initially assessed for the current year, which generated revenue of $242,847. Sales tax revenue increased by $124,142 primarily due to twelve months of revenue in the current year as compared to nine months in the prior year. In addition, the sales tax received from the Fort Bend County Assistance District increased. Grant and contribution revenue increased by $102,435 primarily due to the water plant project, which is funded by grant revenue and land contributed to the Village by a developer.

- Expenses increased by $54,219. Public works expenses increased by $41,313 due to the water plant project in progress during the year.

<u>Major Funds</u>

The Village uses fund accounting to provide proper financial management of the village's resources and to demonstrate compliance with finance related legal requirements.

Major Governmental Funds. The **General fund** is the chief operating fund of the Village.

<u>General Fund Budget</u>

Differences between the final budget and the actual income/expense are summarized as follows:

- Total general fund revenues were $138,107 less than budgeted. This was primarily due to grant revenue being less than budgeted by $275,000 due to not having any expenditures during the year related to the Village's grants. Sales tax revenue and investment income were more than budgeted by $51,352 and $56,127, respectively.

- Total general fund expenditures were $6,036,809 less than budgeted, primarily due to general government and capital outlay expenditures being under budget by $3,560,409 and $2,471,400, respectively. General government and capital outlay expenditures were under budget primarily due to the expenditures for the water plant project being reclassed to the capital projects fund. In addition, there was not as much work done on the water plan project during the year as anticipated.

Capital Assets, net

Land	$	110,132
Construction in progress		30,150
Buildings and equipment		161,005
Total	$	301,287

The year's major additions included:

- Land for water plant, contributed by developer $47,632

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have a question about this report or need additional information, contact Pleak City Hall, 6621 FM 2218 South, Richmond, Texas 77469.

VILLAGE OF PLEAK, TEXAS
Statement of Net Position
September 30, 2024

		Governmental Activities
ASSETS		
Cash	$	801,739
Certificates of deposit		537,682
Certificates of deposit - restricted		3,615
Investments		1,126,819
Receivables		
Property tax		7,953
Sales tax		48,468
Due from other governments		29,269
Capital assets, not being depreciated		140,282
Capital assets, net of accumulated depreciation		161,005
Total assets		2,856,832
LIABILITIES		
Accrued expenses		67
Accounts payable		10,819
Unearned revenues		71,704
Total liabilities		82,590
NET POSITION		
Investment in capital assets		301,287
Restricted		717,727
Unrestricted		1,755,228
Total net position	$	2,774,242

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PLEAK, TEXAS
Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in in Net Position: Governmental Activities	Component Unit
General government	$ 151,163	$ -	$ 46,103	$ 56,332	$ (48,728)	$ -
Public works	41,313	-	-	-	(41,313)	-
Public safety	2,034	-	-	-	(2,034)	-
Total governmental activities	194,510	-	46,103	56,332	(92,075)	-
Village of Pleak Volunteer Fire Department	315,908	-	324	-		(315,584)
Total component units	$ 315,908	$ -	$ 324	$ -		(315,584)
General revenues						
Taxes:						
Property taxes					242,847	-
Sales taxes					374,859	-
Franchise fees					40,785	-
Investment income					81,127	345
Fire protection income					-	286,366
Rental income					14,900	-
Permits					14,231	-
Other income					1,870	-
Special Items					14,235	5,758
Total general revenues and special items					784,854	292,469
Change in net position					692,779	(23,115)
Net position, beginning, as previously reported					2,126,147	28,115
Prior period adjustment (Note 10)					(44,684)	(5,000)
Net position, beginning, as restated					2,081,463	23,115
Net position, ending					$ 2,774,242	$ -

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PLEAK, TEXAS
Governmental Funds
Balance Sheet
September 30, 2024

	General	Road & Bridge Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash	$ 801,739	$ -	$ -	$ 801,739
Certificates of deposit	537,682	-	-	537,682
Certificates of deposit - restricted	3,615	-	-	3,615
Investments	1,126,819	-	-	1,126,819
Receivables				
Property tax	7,953	-	-	7,953
Sales tax	48,468	-	-	48,468
Due from other governments	20,079	-	-	20,079
Due from other funds	-	170,732	81,017	251,749
Total assets	$ 2,546,355	$ 170,732	$ 81,017	$ 2,798,104
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Accrued expenses	$ 67	$ -	$ -	$ 67
Accounts payable	10,819	-	-	10,819
Due to other funds	251,749	-	-	251,749
Unearned revenues	-	-	71,704	71,704
Total liabilities	262,635	-	71,704	334,339
Deferred inflows of resources				
Unavailable revenues	6,920	-	-	6,920
Total deferred inflows of resources	6,920	-	-	6,920
Fund balance				
Restricted				
Park	537,682	-	-	537,682
Street maintenance	-	170,732	-	170,732
Capital projects	-	-	9,313	9,313
Unassigned	1,739,118	-	-	1,739,118
Total fund balances	2,276,800	170,732	9,313	2,456,845
Total liabilities, deferred inflows of resources and fund balances	$ 2,546,355	$ 170,732	$ 81,017	$ 2,798,104

Reconciliation of the balance sheet to the statement of net position:

Fund balances of governmental funds		$ 2,456,845
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	$ 555,342	
Less accumulated depreciation	(254,055)	301,287
Amounts due from other governments reported in the Statement of Net Position are not reported in the governmental funds as the receivables do not meet the "available" criteria under the modified accrual basis of accounting		9,190
Unavailable revenues reported in the governmental funds are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		6,920
Net Position of Governmental Activities		$ 2,774,242

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PLEAK, TEXAS
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2024

	General	Road & Bridge Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Taxes				
Property taxes	$ 235,927	$ -	$ -	$ 235,927
Sales taxes	341,352	33,371	-	374,723
Franchise fees	40,785	-	-	40,785
Investment income	81,127	-	-	81,127
Rental income	14,900	-	-	14,900
Permits	14,231	-	-	14,231
Grants and contributions	-	-	54,803	54,803
Other income	1,871	-	-	1,871
Total revenues	730,193	33,371	54,803	818,367
Expenditures				
Current:				
General government				
Salaries and benefits	23,935	-	-	23,935
Repairs	33,634	-	-	33,634
Insurance	6,362	-	-	6,362
Supplies	1,375	-	-	1,375
Janitorial services	3,630	-	-	3,630
Professional fees	65,796	-	-	65,796
Utilities and telephone	2,745	-	-	2,745
Other expenses	3,201	-	-	3,201
Total general government	140,678	-	-	140,678
Public works				
Professional fees	-		41,313	41,313
Total public works	-	-	41,313	41,313
Capital outlay:				
General government	8,600	-	-	8,600
Public safety	-	-	8,700	8,700
Total capital outlay	8,600	-	8,700	17,300
Total expenditures	149,278	-	50,013	199,291
Excess (deficiency) of revenues over expenditures	580,915	33,371	4,790	619,076
Special items	14,235	-	-	14,235
Net change in fund balances	595,150	33,371	4,790	633,311
Fund Balance, beginning, as previously reported	1,901,670	-	-	1,901,670
Prior period adjustment (Note 10)	(220,020)	137,361	4,523	(78,136)
Fund Balance, beginning, restated	1,681,650	137,361	4,523	1,823,534
Fund Balance, ending	$ 2,276,800	$ 170,732	$ 9,313	$ 2,456,845

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PLEAK, TEXAS
Governmental Funds
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2024

Reconciliation of the statement of revenues, expenditures and changes in fund balances of the governmental funds to the statement of changes in net position:

Net change in fund balances - total governmental funds			$	633,311
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of these assets are depreciated over their estimated useful lives:				
Capital outlay	$	17,300		
Depreciation of capital assets		(12,519)		
Capital contribution		47,632		52,413
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. These amount represents the change in unavailable revenue.				7,055
Change in net position, governmental activities			$	692,779

The notes to the financial statements are an integral part of this statement.

1. Summary of significant accounting policies

The accompanying financial statements include all funds of the Village of Pleak. The accounting policies of the Village of Pleak conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant policies:

A. Reporting Entity

The Village was incorporated under the laws of the State of Texas 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. As required by generally accepted accounting principles, these financial statements present Village of Pleak, Texas (the primary government).

B. Financial Reporting Entity

The Village's financial reporting entity comprises of the following:

Primary Government:

Village of Pleak, Texas

Discretely Presented Component Unit:

Pleak Volunteer Fire Department

These financial statements present the Village (primary government) and its component unit, the Pleak Volunteer Fire Department. As defined by GASBs No. 61, component units are legally separate entities that are included in the Village's reporting entity because the Village is financially accountable or closely related. Effective September 1, 2024, the Volunteer Fire Department was not a discretely presented component unit. Therefore, there are no balances reflected in the Statement of Net Position for the Volunteer Fire Department as of year-end. The Statement of Activities reports revenues and expenses from October 1, 2023 to September 1, 2024.

Discretely Presented Component Units

Pleak Volunteer Fire Department. In 1993, the voters authorized the creation of the Pleak Volunteer Fire Department ("PVFD"). The PVFD is dedicated to protecting life and property of its neighbors and surrounding communities through fire suppression, first responder services and fire protection.

B. Basis of Presentation

Government-wide financial statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services or privileges provided by a given program.

Fund financial statements

Fund financial statements of the reporting entity are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, as follows:

Governmental Funds

General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund – Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for certain purposes. Currently, the Village has one special revenue fund which is the Road & Bridge Fund.

Capital Projects Fund – Capital project funds are used for proceeds and expenditures for approved capital projects.

C. Measurement Focus and Basis of Accounting

Measurement Focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as its measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. The effect of inter-fund activity has been eliminated from the government-wide financial statements.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for principal on long-term debt obligations and interest which are reported when due.

D. Capital assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus.

Government-wide statements

In the government-wide financial statements, capital assets are accounted for as assets and valued at historical cost, except for donated capital assets which are recorded at their estimated fair value at the time of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	10-40 years
Furniture, fixtures and equipment	5-15 years
Infrastructure	50 years
Fire truck and other fire equipment	5-10 years

When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and the appropriate gain or loss is recognized.

Fund financial statements

In the fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

E. Cash and Investments

Cash consists of cash on hand and amounts in demand deposits. Investments consist of amounts invested in TexPool reported at cost, which approximates fair value. Fair values are based on quoted market prices for individual securities.

F. Fund Equity

Government-wide statements

Equity is classified as net position and displayed in three components:

a. Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – all other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, and/or unassigned. Special revenue fund equity is classified the same as in the government-wide statements.

Classification of fund balances

The *non-spendable* fund balance includes the portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include supplies inventories and prepaid items, long-term advances to other funds net of deferred interest revenue, long-term receivable net of deferred interest revenue, and nonfinancial assets held for resale.

Some resources are spendable but are legally or contractually required to be maintained intact. Such resources include the principal of an endowment.

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors), laws and regulations of other governments, or through enabling legislation. The enabling legislation authorizes the Village to assess, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation.

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal Council actions, no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

The *assigned* fund balance includes amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by the Village Council or its designated officials to assign amounts to be used for specific purposes, but are neither restricted nor committed. Constraints imposed on the use of assigned amounts can be removed with no formal Council actions. The assigned fund balance is only reported in the General Fund.

The *unassigned* fund balance represents spendable net resources that have not been restricted, committed, or assigned to specific purposes.

Spending Prioritization in Using Available Resources

When both restricted resources and other resources (i.e., committed, assigned, and unassigned) can be used for the same purpose, the Village budget considers restricted resources to be spent first.

When committed, assigned, and unassigned resources can be used for the same purpose, the flow assumption in the Village budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

2. Budgets

Annually, a budget is adopted for the general fund. An annual budget was not adopted for the special revenue fund. The legal level of budgetary control is each general ledger account. Therefore, a budget amendment is required to increase the appropriations for any general ledger account. All appropriations lapse at fiscal year-end. Expenditures exceeded appropriations by $35,606 in the General Fund.

Encumbrance accounting is a system under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. The Village does not employ encumbrance accounting as it feels its current system is adequate to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

3. Cash and Investments

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. Of the bank balance, $568,977 was covered by federal depository insurance ("FDIC"), $218,710 was covered by the National Credit Union Administration ("NCUA"), and $559,402 was uninsured.

As of September 30, 2024, the Village had an investment in a State Money Pool (TexPool), which had a balance of $1,126,819. "TexPool" is a local government investment pool created and managed by the Texas State Treasurer to invest funds on behalf of Texas political subdivisions. The pool seeks to maintain a $1.00 par value per share as required by the Texas Public Fund Investment Act. Its fair value approximates carrying value. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool was rated AAA by Standard & Poor's. Authorized investments for TexPool funds include government securities, repurchase and reverse repurchase agreements and no-load money market mutual funds.

4. Property taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are payable by February 1, at which time they become delinquent. Fort Bend County collects the Village's property taxes. Property tax revenues are recognized when collected and received. The following summarizes property tax levies and collections for the year ended September 30, 2024:

Tax Roll Year	Outstanding Taxes at September 30, 2023	Taxies Levied in Current Year	Collections and Adjustments in Current Year	Outstanding Taxes at September 30, 2024
2023	$ -	$ 240,396	$ 232,443	$ 7,953
	$ -	$ 240,396	$ 232,443	$ 7,953

5. <u>Interfund receivables and payables</u>

At September 30, 2024, interfund receivables and payables consist of the following:

Due from:	Interfund Receivables	Interfund Payables	Purpose
General fund	$ -	$ 251,749	Reclassification of expenditures to proper fund.
Road & bridge fund	170,732	-	Reclassification of restricted sales tax revenues and expenditures to proper fund.
Capital projects fund	81,017	-	Reclassification of restricted grant revenues and expenditures to proper fund.
	$ 251,749	$ 251,749	

6. <u>Capital assets</u>

Capital asset activity for the year ended September 30, 2024 is as follows:

	Balance at September 30, 2023	Additions	Deletions	Balance at September 30, 2024
Non-depreciable:				
Land	$ 62,500	$ 47,632	$ -	$ 110,132
Construction in progress	21,450	8,700	-	30,150
Total non-depreciable	83,950	56,332	-	140,282
Depreciable:				
Building	384,635	8,600	-	393,235
Furniture, fixtures, and equipment	83,272	-	61,447	21,825
Vehicles and equipment	396,825	-	396,825	-
Total depreciable	864,732	8,600	458,272	415,060
Total Capital Assets	948,682	64,932	458,272	555,342
Less accumulated depreciation				
Building	225,680	9,998	-	235,678
Furniture, fixtures, and equipment	79,337	487	61,447	18,377
Vehicles and equipment	394,791	2,034	396,825	-
Total	699,808	12,519	458,272	254,055
Capital assets, net	$ 248,874	$ 52,413	$ -	$ 301,287

Depreciation expense was charged to programs of the primary government as follows:

General government	$	10,485
Public safety		2,034
	$	12,519

7. Commitments

The Village has the following outstanding commitments as of September 30, 2024:

Contract Type	Contract Purpose	Total Contract Amount	Amount Spent as of September 30, 2024
Construction	Pleak Water Plant No. 1 - To be funded by grants and developer contributions	$ 7,253,000	$ -
Administrative	Grant management	94,000	37,913
Construction	Engineering services for construction at Pleak Water Plant No. 1	85,000	30,150

8. Assessments

The Village has agreed to an industrial district agreement with Center Point Energy whereby Center Point Energy makes monthly payments to the Village related to electric franchise fees and quarterly payments related to gas franchise fees.

The Village, also has an industrial district agreement with telephone companies whereby the telephone companies makes quarterly payments to the Village based on usage.

9. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering fire, natural disasters, theft, and vandalism for real and personal property.

There were no significant changes in coverages, retentions, or limits during the fiscal year.

10. Prior period adjustment

Fund balance as of September 30, 2023 was restated related to the following items:

General fund:	Previously reported	As restated	Prior period adjustment
Sales tax receivable	$ 18,024	$ 36,783	$ 18,759
Due to capital projects fund	-	(131,030)	(131,030)
Due to road & bridge fund	-	(137,361)	(137,361)
Due from other governments	-	29,612	29,612
			$ (220,020)
Road & bridge fund:			
Due from general fund	$ -	$ 137,361	$ 137,361
			$ 137,361
Capital projects fund:			
Due from general fund	$ -	$ 131,030	$ 131,030
Unearned revenue	-	(126,507)	(126,507)
			$ 4,523

Net position as of September 30, 2023 was restated related to the following items:

	Previously reported	As restated	Prior period adjustment
Governmental activities:			
Sales tax receivable	$ 18,024	$ 36,783	$ 18,759
Unearned revenue	-	(126,507)	(126,507)
Capital assets	224,477	248,875	24,398
Due from other governments	-	38,666	38,666
			$ (44,684)
Discretely presented component unit			
Due to other funds	$ -	$ (5,000)	$ (5,000)
			$ (5,000)

11. Special items

Effective September 1, 2024 the Pleak Volunteer Fire Department was transferred to the Fort Bend County Emergency Services District No. 6. As a result of the transfer, the Village recognized a gain of $14,235 in the General Fund and Governmental Activities and $5,758 in the Component Unit that are reported as special items in the accompanying financial statements. Total amounts recognized by the Village at the date of the transfer comprised of the following:

Assets:		
Cash	$	4,807
Investments		6,352
	$	11,160

12. Subsequent events

In November 2024, the Village approved a bid in the amount of $20,125 to secure The Village of Pleak City Hall.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF PLEAK, TEXAS
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2024

	Budgeted Amounts Original	Budgeted Amounts Final	Actual GAAP Basis	Variance with Final Budget Over (Under)
Revenues				
Taxes				
Property taxes	$ 225,000	$ 225,000	$ 235,927	$ 10,927
Sales taxes	290,000	290,000	341,352	51,352
Franchise fees	36,500	36,500	40,785	4,285
Investment income	25,000	25,000	81,127	56,127
Rental income	10,000	10,000	14,900	4,900
Permits	5,000	5,000	14,231	9,231
Grants and contributions	275,000	275,000	-	(275,000)
Other income	1,800	1,800	1,871	71
Total revenues	868,300	868,300	730,193	(138,107)
Expenditures				
Current:				
General government				
Salaries and benefits	40,000	40,000	23,935	(16,065)
Repairs	40,800	40,800	33,634	(7,166)
Insurance	12,150	12,150	6,362	(5,788)
Supplies	1,200	1,200	1,375	175
Janitorial services	4,000	4,000	3,630	(370)
Professional fees	272,500	275,500	65,796	(209,704)
Utilities and telephone	3,500	3,500	2,745	(755)
Other expenses	3,323,937	3,323,937	3,201	(3,320,736)
Total general government	3,698,087	3,701,087	140,678	(3,560,409)
Public safety				
Volunteer Fire Department				
Other expenses	5,000	5,000	-	(5,000)
Total public safety	5,000	5,000	-	(5,000)
Capital outlay - general government	2,480,000	2,480,000	8,600	(2,471,400)
Total Capital outlay	2,480,000	2,480,000	8,600	(2,471,400)
Total expenditures	6,183,087	6,186,087	149,278	(6,036,809)
Excess (deficiency) of revenues over expenditures	(5,314,787)	(5,317,787)	580,915	5,898,702
Special items	-	-	14,235	149,278
Net change in fund balance	(5,314,787)	(5,317,787)	595,150	6,047,980
Fund Balance, beginning, as previously reported	1,901,670	1,901,670	1,901,670	-
Prior period adjustment (Note 10)	(220,020)	(220,020)	(220,020)	-
Fund balance, beginning, restated	1,681,650	1,681,650	1,681,650	-
Fund Balance, ending	$ (3,633,137)	$ (3,636,137)	$ 2,276,800	$ 6,047,980

The notes to the financial statements are an integral part of this statement.