

**CITY OF WIMBERLEY, TEXAS**

**ANNUAL FINANCIAL AND  
COMPLIANCE REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2009**

**Singleton, Moore & Company, LLP**  
**Certified Public Accountants**

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ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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### **Independent Auditors' Report**

Honorable Mayor and City Council  
City of Wimberley, Texas

Mayor and Members of the Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Wimberley, Texas, (the "City") as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's administrators. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, each major fund, and the aggregate remaining fund information of the City of Wimberley, Texas, as of September 30, 2009, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 2-7 of this report is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. 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 January 9, 2010, on our consideration of the City's internal control over financial reporting and our tests 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.

*Singleton, Moore & Company, LLP*

Singleton, Moore & Co., LLP  
Cedar Park, Texas  
January 8, 2010

# CITY OF WIMBERLEY, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Wimberley's annual financial report presents our discussion and analysis of the financial performance of the City during the fiscal year ended September 30, 2009. Please read it in conjunction with the financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- For the year ended September 30, 2009, the City of Wimberley's General Fund realized a fund balance increase of \$139,593 to end the year at \$1,008,307.
- Total governmental-type funds (the General Fund plus the Municipal Court, Capital Projects and the Blue Hole Park Funds) of the City of Wimberley reported an overall fund balance increase of \$614,426, to end at \$1,713,070.
- The total cost of the City of Wimberley's programs and services was \$791,940. This amount is inclusive of depreciation expense recorded on the City's capital assets.

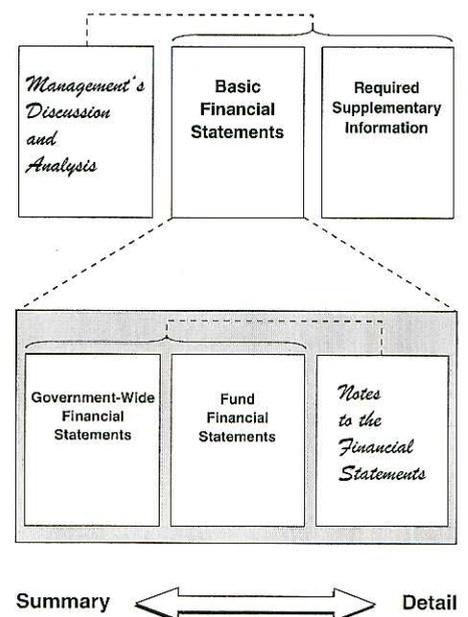
### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two types of statements that present different views of the City of Wimberley:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Wimberley's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City of Wimberley's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

**Figure A-1. Required Components of the City's Annual Financial Report**



**Government-wide Statements**

The government-wide statements report information about the City of Wimberley as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the City of Wimberley's net assets and how they have changed. Net assets - the difference between the City of Wimberley's assets and liabilities - is one way to measure the City of Wimberley's financial health or position. Over time, increases or decreases in the City of Wimberley's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the City of Wimberley include the *governmental activities*. All of the City of Wimberley's basic services are included here, such as general government services, public safety, street repairs, and parks services. Sales taxes, franchise taxes, and user charges finance most of these activities.

**FINANCIAL ANALYSIS OF THE CITY OF WIMBERLEY AS A WHOLE**

Our analysis here focuses on the net assets (Table I) and changes in net assets (Table II) of the City's governmental activities.

**Table I  
Net Assets**

	<u>Governmental Activities</u>		<u>Change</u>
	<u>2009</u>	<u>2008</u>	
<b>Assets</b>			
Current and other assets	\$ 1,624,898	\$ 1,154,143	\$ 470,755
Capital assets	<u>5,792,652</u>	<u>5,641,880</u>	<u>150,772</u>
Total Assets	<u>7,417,550</u>	<u>6,796,023</u>	<u>621,527</u>
<b>Liabilities</b>			
Current liabilities	<u>53,712</u>	<u>55,499</u>	<u>(1,787)</u>
Total Liabilities	<u>53,712</u>	<u>55,499</u>	<u>(1,787)</u>
Non-current liabilities	<u>17,981</u>	<u>23,335</u>	<u>(5,354)</u>
Total Liabilities	<u>71,693</u>	<u>78,834</u>	<u>(7,141)</u>
<b>Net Assets</b>			
Invested in capital assets, net of debt	5,774,490	5,618,545	155,945
Restricted	1,134,763	576,702	558,061
Unrestricted	<u>578,307</u>	<u>521,942</u>	<u>56,365</u>
Total Net Assets	<u>\$ 7,487,560</u>	<u>\$ 6,717,189</u>	<u>\$ 770,371</u>

FINANCIAL ANALYSIS OF THE CITY OF WIMBERLEY AS A WHOLE (continued)

**Table II**  
**Changes in Net Assets**

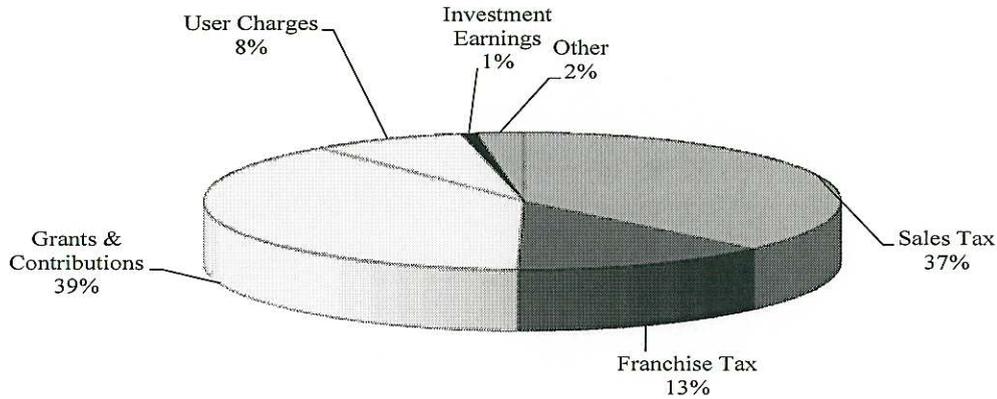
	<b>Governmental Activities</b>		<b>Change</b>
	<b>2009</b>	<b>2008</b>	
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ 121,914	\$ 130,762	\$ (8,848)
Operating and capital grants	-	7,000	(7,000)
General Revenues:			
Sales taxes	578,827	572,120	6,707
Franchise taxes	207,142	209,880	(2,738)
Grants and contr., not restricted	605,000	-	605,000
Investment earnings	12,371	23,912	(11,541)
Other	37,057	1,838	35,219
<b>Total Revenues</b>	<u>1,562,311</u>	<u>945,512</u>	<u>616,799</u>
<b>Expenses</b>			
General government	416,920	388,720	28,200
Public safety	79,902	68,236	11,666
Public works	20,325	-	20,325
Highways and streets	209,360	233,118	(23,758)
Parks and recreation	65,433	15,182	50,251
<b>Total Expenses</b>	<u>791,940</u>	<u>705,256</u>	<u>86,684</u>
<b>Change in Net Assets</b>	<u>770,371</u>	<u>240,256</u>	<u>530,115</u>
<b>Beginning Net Assets</b>	<u>6,717,189</u>	<u>6,476,933</u>	<u>240,256</u>
<b>Ending Net Assets</b>	<u>\$ 7,487,560</u>	<u>\$ 6,717,189</u>	<u>\$ 770,371</u>

**Governmental Activities**

As indicated by the chart on the following page, the City of Wimberley's revenue stream for Fiscal Year 2008/2009 was composed of (37%) sales taxes. Other significant sources of revenues were, grants & contributions (39%) franchise taxes (13%), user charges (8%), and investment earnings (1%). The City did not levy or collect a property tax for Fiscal Year 2008-2009.

**FINANCIAL ANALYSIS OF THE CITY OF WIMBERLEY AS A WHOLE (continued)**

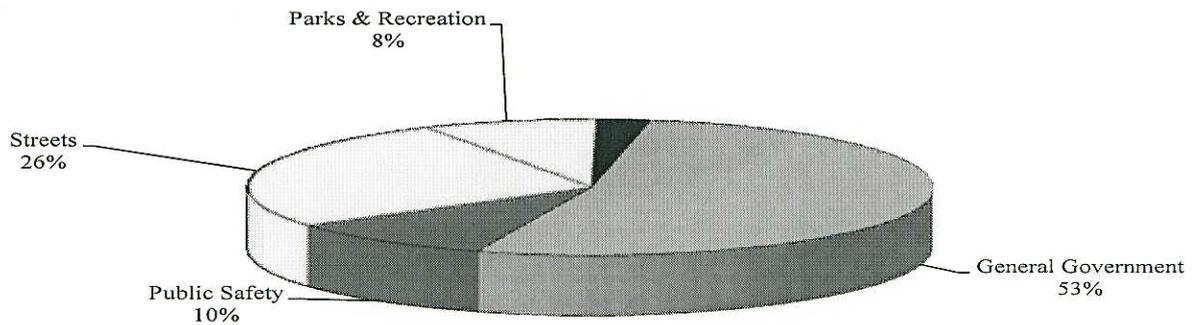
**FY 2008-2009 Revenue Analysis**



**Program Expenses**

The City of Wimberley's various program expenses totaled \$791,940 for the year ended September 30, 2009. The percentage distribution by program is illustrated in the table below.

**FY 2008-2009 Expenditures**



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of Fiscal Year 2009 the City of Wimberley had invested approximately \$5.79 million in a broad range of capital assets, including land, buildings, and equipment. (See table below) This amount is net of accumulated depreciation and represents an increase of \$150,769 over the prior year. The increase in capital asset balances over the prior year is primarily due to construction in progress for the year.

<u>Capital Assets</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>
Land	\$ 3,391,499	\$ 3,386,499	\$ 5,000
Buildings and improvements	2,243,321	2,243,321	-
Infrastructure	169,320	104,821	64,499
Furniture, equipment and vehicles	172,182	165,012	7,170
Construction in Progress	165,477	-	165,477
Total at Historical Cost	<u>6,141,799</u>	<u>5,899,653</u>	<u>242,146</u>
Less accumulated depreciation	<u>(349,147)</u>	<u>(257,770)</u>	<u>(91,377)</u>
Net Capital Assets	<u>\$ 5,792,652</u>	<u>\$ 5,641,883</u>	<u>\$ 150,769</u>

### Long-Term Debt

At the end of Fiscal Year 2009, the City's only long-term debt was a capital lease entered into in a prior year with a bank to purchase a police vehicle. The original financed amount of the purchase was \$23,335, with payment terms over four years at an interest rate of 5.75%. During the year the City made principal and interest payments totaling \$6,696 and the ending unpaid balance at September 30, 2009 was \$17,981.

### Financial Analysis of Governmental Funds

Fund balance of the General Fund increased during the year by \$139,593. This change reflects the effects of revenues being realized approximately 4.7% over budgeted amounts and expenditures arriving approximately 11.5% under budget.

In addition to the General Fund, the City maintains three special revenue funds; the Municipal Court Fund, Capital Projects Fund and the Blue Hole Park Fund. These separate funds are maintained to segregate the financial transactions of the activities accounted for in those funds. The Blue Hole Fund experienced a fund balance increase of \$28,352 during the year as a result of revenues generated from the seasonal operation of the Blue Hole Park's swimming area. During the year the City created two new funds to track certain activity separately. The City's new Municipal Court Special Revenue Fund was started to track the activity related to municipal court transactions. The City also began accounting for activity related to the Blue Hole Park improvements in a Capital Projects Fund. These special revenue funds are expected to continue in future years.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the Fiscal Year 2010 Budget and fees to be charged. One of these factors is the slow economy. As a result of the financial challenges facing all municipalities, the City set goals to maintain its financial stability, a lean community services minded organization, a competitively paid staff and investment in capital outlay. These goals were taken into account when adopting the operating budget for Fiscal Year 2010. The Fiscal Year 2010 Budget is \$932,500. This represents an increase of \$80,500, or 9.4 %, under the adopted budget of the previous fiscal year.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)**

Professional service contracts for the cost of legal services have been increased to meet projected demands associated with the City's municipal court operation and planned downtown development. Decreases have been forecast for those professional service contracts which oversee new development as the City continues to experience limited growth. Fiscal Year 2009 projected capital outlay expenses remain focused on parks and infrastructure investment.

In the absence of a property tax, the General Fund's largest single revenue source is sales taxes which represent 56 percent of the total General Fund budgeted revenues for Fiscal Year 2010. The City collects a 1 percent sales tax on all taxable goods in the City. Projected sales tax revenue for Fiscal Year 2010 is \$522,300 – up 9.6 percent from the previous fiscal year.

## **CONTACTING THE CITY OF WIMBERLEY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Wimberley's finances and to demonstrate the City of Wimberley's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Wimberley's Administrator, Don Ferguson at 512-847-0025. You may also visit the City of Wimberley's website at [www.vil.wimberley.tx.us](http://www.vil.wimberley.tx.us).

CITY OF WIMBERLEY, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009

EXHIBIT A-1

	Primary Government
	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,633,955
Receivables (net of allowance for uncollectibles)	102,646
Prepaid Items	30,000
Capital Assets:	
Land	3,391,499
Infrastructure, net	138,682
Buildings, net	2,041,486
Machinery and Equipment, net	55,508
Construction in Progress	165,477
Total Assets	7,559,253
<b>LIABILITIES</b>	
Accounts Payable	53,531
Accrued Interest Payable	181
Noncurrent Liabilities	
Due Within One Year	6,696
Due in More Than One Year	11,285
Total Liabilities	71,693
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	5,774,490
Restricted for:	
Restricted for Soccer Fields	146,702
Restricted for Public Works	300,000
Restricted for Capital Projects	130,000
Restricted for Parks	111,580
Restricted for Municipal Court	1,222
Restricted for Other Purposes	445,259
Unrestricted Net Assets	578,307
Total Net Assets	\$ 7,487,560

The notes to the Financial Statements are an integral part of this statement.

CITY OF WIMBERLEY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1

Net (Expense)  
Revenue and  
Changes in Net  
Assets

Primary Gov.  
Governmental  
Activities

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions			
<b>Primary Government:</b>					
GOVERNMENTAL ACTIVITIES:					
General Government	\$ 415,397	\$ 104,699	\$ -	\$ -	\$ (310,698)
Public Safety	79,902	-	-	-	(79,902)
Public Works	20,325	-	-	-	(20,325)
Highways and Streets	209,360	-	-	-	(209,360)
Culture and Recreation	65,433	17,215	-	-	(48,218)
Interest	1,523	-	-	-	(1,523)
<b>TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 791,940</b>	<b>\$ 121,914</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(670,026)</b>

General Revenues:

Taxes:		
Sales Taxes	578,827	
Franchise Taxes	207,142	
Grants and Contributions Not Restricted	609,776	
Miscellaneous Revenue	32,281	
Investment Earnings	12,371	
<b>Total General Revenues</b>	<b>1,440,397</b>	
Change in Net Assets	770,371	
Net Assets--Beginning	6,717,189	
Net Assets--Ending	<b>\$ 7,487,560</b>	

The notes to the Financial Statements are an integral part of this statement.

CITY OF WIMBERLEY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009

	General Fund	Blue Hole Park Fund	Municipal Court Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 942,430	\$ 259,051	\$ 3,615
Receivables (Net)	102,646	-	-
Due from Other Funds	539	-	-
Prepaid Items	-	-	-
<b>Total Assets</b>	<u>\$ 1,045,615</u>	<u>\$ 259,051</u>	<u>\$ 3,615</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 20,885	\$ -	\$ 1,854
Wages and Salaries Payable	16,423	769	-
Due to Other Funds	-	-	539
<b>Total Liabilities</b>	<u>37,308</u>	<u>769</u>	<u>2,393</u>
<b>Fund Balances:</b>			
<b>Reserved For:</b>			
Public Works	300,000	-	-
Capital Projects	130,000	-	-
Soccer Fields	-	146,702	-
Capital Projects	-	-	-
Prepaid Items	-	-	-
<b>Unreserved Designated For:</b>			
Parks	-	111,580	-
Municipal Court	-	-	1,222
<b>Unreserved and Undesignated:</b>			
Reported in the General Fund	578,307	-	-
<b>Total Fund Balances</b>	<u>1,008,307</u>	<u>258,282</u>	<u>1,222</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,045,615</u>	<u>\$ 259,051</u>	<u>\$ 3,615</u>

The notes to the Financial Statements are an integral part of this statement.

Capital Projects	Total Governmental Funds
\$ 428,859	\$ 1,633,955
-	102,646
-	539
30,000	30,000
\$ 458,859	\$ 1,767,140
\$ 13,600	\$ 36,339
-	17,192
-	539
13,600	54,070
-	300,000
-	130,000
-	146,702
415,259	415,259
30,000	30,000
-	111,580
-	1,222
-	578,307
445,259	1,713,070
\$ 458,859	\$ 1,767,140

CITY OF WIMBERLEY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2009

<b>Total Fund Balances - Governmental Funds</b>	\$	1,713,070
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$5,641,880 and the accumulated depreciation was \$150,772. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets.		5,618,545
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2009 capital outlays and debt principal payments is to increase (decrease) net assets.		247,500
The 2009 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(91,374)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		(181)
<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b>7,487,560</b>

The notes to the Financial Statements are an integral part of this statement.

CITY OF WIMBERLEY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	General Fund	Blue Hole Park Fund	Municipal Court Fund
<b>REVENUES:</b>			
Taxes:			
General Sales and Use Taxes	\$ 578,827	\$ -	\$ -
Franchise Tax	207,142	-	-
Licenses and Permits	17,215	-	-
Intergovernmental Revenue and Grants	4,776	-	-
Charges for Services	43,065	60,904	1,222
Fines	7,142	-	-
Investment Earnings	11,036	1,335	-
Contributions & Donations from Private Sources	5,000	-	-
Other Revenue	24,647	-	-
Total Revenues	<u>898,850</u>	<u>62,239</u>	<u>1,222</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	458,308	-	-
Public Safety	72,831	-	-
Public Works	209,360	-	-
Culture and Recreation	12,062	33,887	-
Debt Service:			
Debt Principal	5,354	-	-
Debt Interest	1,342	-	-
Total Expenditures	<u>759,257</u>	<u>33,887</u>	<u>-</u>
Net Change in Fund Balances	139,593	28,352	1,222
Fund Balance - October 1 (Beginning)	<u>868,714</u>	<u>229,930</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 1,008,307</u>	<u>\$ 258,282</u>	<u>\$ 1,222</u>

The notes to the Financial Statements are an integral part of this statement.

Capital Projects	Total Governmental Funds
\$ -	\$ 578,827
-	207,142
-	17,215
600,000	604,776
-	105,191
-	7,142
-	12,371
-	5,000
-	24,647
600,000	1,562,311
-	458,308
-	72,831
-	209,360
154,741	200,690
-	5,354
-	1,342
154,741	947,885
445,259	614,426
-	1,098,644
\$ 445,259	\$ 1,713,070

CITY OF WIMBERLEY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	614,426
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2009 capital outlays and debt principal payments is to increase (decrease) net assets.		247,500
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(91,374)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		(181)
<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>770,371</u></b>

The notes to the Financial Statements are an integral part of this statement.

CITY OF WIMBERLEY, T  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 BUDGET AND ACTUAL - GENI  
 FOR THE YEAR ENDED SEPTEMBER

EXHIBIT C-5

	JND BALANCE			
	Budgeted			
	Original	Actual Amounts (GAAP BASIS)		Variance With Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Taxes:				
General Sales and Use Taxes	\$ 483,900			
Franchise Tax	180,000			
Licenses and Permits	29,000			
Intergovernmental Revenue and Grants	-			
Charges for Services	92,500	\$ 578,827	\$	34,025
Fines	43,600	207,142		2,142
Investment Earnings	18,000	17,215		1,540
Contributions & Donations from Private Sources	-	4,776		4,776
Other Revenue	5,000	43,065		(2,435)
Total Revenues	852,000	7,142		(858)
<b>EXPENDITURES:</b>				
Current:				
General Government	458,963	898,850		40,665
Public Safety	120,554			
Public Works	257,483			
Culture and Recreation	15,000			
Debt Service:		458,308		57,135
Debt Principal	-	72,831		12,377
Debt Interest	-	209,360		42,174
Total Expenditures	852,000	12,062		(6,062)
Net Change	-	5,354		(5,354)
Fund Balance - October 1 (Beginning)	868,714	1,342		(1,342)
	868,714	759,257		98,928
Fund Balance - September 30 (Ending)	\$ 868,714	139,593		139,593
	868,714	868,714		-
		1,008,307	\$	139,593

The accompanying notes are an integral part of this statement.

**CITY OF WIMBERLEY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

Wimberley, Texas was incorporated on May 5, 2000 as the “Village of Wimberley” under the provisions of the State of Texas. In June of 2008, the Village of Wimberley officially changed its name to the “City of Wimberley” (hereafter the “City”). The City, a general law municipality, operates as a Mayor/Council form of government and the Mayor is the executive officer of the City. With few exceptions, all powers of the City are vested in the Mayor and the elective Council, which enacts local legislation, adopts budgets, determines policies, and appoints the City Administrator, Attorney, and the Municipal Court Judge. The Mayor and Council also have the primary accountability for fiscal matters. The City provides the following services: public safety, street maintenance, recreation programs, community development, public improvements, and general administrative services.

The City prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas’s uniform accounting requirements and the requirements of contracts and grants of agencies from which it receives funds.

The City is a financial reporting entity as defined by the Governmental Accounting Standards Board (“GASB”) in its Statement No. 14, “The Financial Reporting Entity.” In addition, component units which may be included are organizations for which the nature and the significance of their operational or financial relationship with the City are such that the exclusion would cause the City’s financial statements to be misleading or incomplete.

Based upon the foregoing criteria, no component units were required to be included within the financial statements of the City.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the City’s activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, grants, and other intergovernmental revenues. The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. The “grants and contributions” column include amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the City’s functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due froms on the governmental fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the government-wide statements.

The fund financial statements provide reports on the financial condition and results of operations for governmental funds. The City considers some governmental funds major and reports their financial condition and results of operations in a separate column.

**CITY OF WIMBERLEY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements use 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 the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for the unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Grant funds are considered to be earned to the extent of expenditures made under provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

**D. FUND ACCOUNTING**

Basis of Accounting

The accounts of the City are organized on the basis of funds or account groups, each of which is considered to be a separate fiscal and accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts recording cash and other financial resources together with all related liabilities and residual equities or balances and changes therein. They are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The City reports the following major governmental funds:

1. **General Fund** – The General Fund is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Municipal Court Fund** – This fund is used to account for the proceeds of revenue sources that are legally restricted to expenditures for the Municipal Court.

**CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

3. **Blue Hole Fund** – This fund is used to account for the proceeds of revenue sources that are legally restricted to expenditures for the Blue Hole Park and for accounting for this park’s general operations.
4. **Capital Projects Fund** – This fund is used to account for the activity related to the Blue Hole Park improvements in the Capital Projects Fund.

**E. OTHER ACCOUNTING POLICIES**

Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Infrastructure and machinery and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	20-40
Infrastructure	40
Machinery and Equipment	5

Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

**CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**II. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the City’s agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

At September 30, 2009, the carrying amount of the City’s deposits (cash, certificates of deposit, money market, and interest-bearing savings accounts included in temporary investments) was \$1,106,662 and the bank balance was \$1,520,925.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies. The City’s investments at September 30, 2008 were as follows:

<u>Investment</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
TexPool	\$ 527,345	\$ 527,345
	<u>\$ 527,345</u>	<u>\$ 527,345</u>

Policies Governing Deposits and Investments

In compliance with the Public Funds Investments Act, the City has adopted a deposit and investment policy. That policy addresses the following risks:

**Custodial Credit Risk – Deposits:** This is the risk that in the event of bank failure, the City’s deposits may not be returned to it. The City was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2009 were covered by depository insurance or by pledged collateral held by the City’s agent bank in the City’s name.

**CITY OF WIMBERLEY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, investment policies of the City's investment pools allow the portfolio's investment manager to only invest in obligations of the U.S. Government, its agencies; repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC. As of September 30, 2009, TexPool's investment credit quality rating was AAAM (Standard & Poor's).

**B. INTERFUND BALANCES AND TRANSFERS**

Short-term advances between funds are recorded as a receivable (Due From) and payable (Due To) between the funds involved in the transaction. As of September 30, 2009, the General Fund had recorded Due From amounts of \$539, from the Municipal Court Fund, respectively.

There were no transfers during the year.

**C. CAPITAL ASSETS**

Capital asset activity for City of Wimberley for the year ended September 30, 2009, was as follows:

<u>Description</u>	<u>Balance</u> <u>9/30/2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/2009</u>
Land	\$ 3,386,499	\$ -	\$ -	\$ 3,386,499
Buildings & Improvements	2,243,321	5,000	-	2,248,321
Infrastructure	104,821	64,499	-	169,320
Machinery and Equipment	165,012	7,170	-	172,182
Construction in Progress	-	165,477	-	165,477
Total Historical Costs	<u>5,899,653</u>	<u>242,146</u>	<u>-</u>	<u>6,141,799</u>
Less Accumulated Depreciation	<u>(257,773)</u>	<u>(91,374)</u>	<u>-</u>	<u>(349,147)</u>
Governmental Activities Capital Assets, net	<u>\$ 5,641,880</u>	<u>\$ 150,772</u>	<u>\$ -</u>	<u>\$ 5,792,652</u>

**CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009**

Depreciation expense was charged to general government departments as follows:

Function	Allocated Depreciation
General Government	\$ 44,494
Public Safety	7,071
Public Works	20,325
Culture and Recreation	19,484
Total	\$ 91,374

**D. CAPITAL LEASE**

In July 2008, the City entered into a lease agreement with a bank to finance the purchase of a police vehicle. The police vehicle was purchased at a cost of \$30,031 and the City made a down payment in the amount of \$6,696 at closing and financed the remaining \$23,335 over a four year term. The lease interest rate is 5.75% per year and total payments of principal and interest are scheduled to be paid in July of each of the fiscal years 2009 through 2012 in set payments of \$6,696. Payments of principal over this four year term will be \$23,335 and interest payments will amount to \$3,448 for a total of \$26,783.

Current year principal payment was \$5,354 with an interest payment of \$1,342. This leaves a remaining balance as of September 30, 2009 for the capital lease at \$17,981.

**E. RISK MANAGEMENT**

A public entity risk pool is a cooperative group of governmental entities joining together to finance an exposure, liability, or risk. The City participates in the Texas Municipal League Risk Pool, a risk-sharing pool, for property, liability, and worker's compensation, wherein member cities pool risks and funds and share in the costs of losses. Claims against the City are expected to be paid by that public entity risk pool. Should the risk pool become insolvent, or otherwise unable to pay claims, the City may have to pay the claims. There were no significant reductions in insurance coverage or insurance settlements exceeding insurance coverage during each of the past three years.

**F. LITIGATION**

Subsequent to the September 30, 2008 fiscal year end, a prior employee filed a lawsuit against the City with the Texas Workforce Commission (TWC) charging sex discrimination and retaliation. Because TWC only investigates complaints against employers having 15 or more employees, and the City has fewer, TWC closed its file on the charge. Subsequently, a lawsuit with the same allegations was filed against specific officials of the City in the 428<sup>th</sup> District Court of Hays County, Texas. The matter has been turned over to the City's liability carrier for review. This case was still pending as of September 30, 2009. Potential liability to the City in excess of insurance coverage has not yet been determined.



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REPORT 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*

Honorable Mayor and City Council  
City of Wimberley, Texas

Mayor and Members of the Council:

We have audited the financial statements of the City of Wimberley, Texas (the “City”) as of and for the year ended September 30, 2009, and have issued our report thereon dated January 8, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the entity’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 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.

This report is intended for the information of the Mayor, City Council, and the City administrators, and is not intended to be used and should not be used by anyone other than these specified parties.

*Singleton, Moore & Company, LLP*

Singleton, Moore & Company, LLP  
Cedar Park, Texas

January 8, 2010