

CITY OF WIMBERLEY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2014



SINGLETON, CLARK  
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS



CITY OF WIMBERLEY, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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## **FINANCIAL SECTION**

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## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and Members of the City Council  
City of Wimberley, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wimberley, Texas (the "City") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions 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 statements 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014 on our consideration of the City'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 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 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 City's internal control over financial reporting and compliance.

*Singleton, Clark & Company, PC*

Singleton, Clark & Company, PC  
Cedar Park, Texas

December 31, 2014

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CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2014

As management of the City of Wimberley, Texas, (the "City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. Please read it in conjunction with the independent auditors' report on page 1 and the City's Basic Financial Statements which follow this section.

**Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$11,384,807 (*net position*). Of this amount, \$1,725,993 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased during the year by \$207,272, primarily because of continued increases in sales tax revenues and Blue Hole Park gate receipts.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$1,667,032, an increase of \$345,501 in comparison with the prior year.
- At the end of the current fiscal year, all fund balance amounts were either restricted or committed for specific operating purposes.

**Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, sanitation, and culture and recreation. The business-type activities of the City include a wastewater utility operation.

CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2014

The government-wide financial statements can be found on pages 11-13 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Blue Hole Park Fund which are considered to be major funds. Data from the other three governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its General Fund and the Blue Hole Park Fund. Budgetary comparison schedules have been provided within this report for both of these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

**Proprietary Funds.** The City has the option of maintaining two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its wastewater utility operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a City's functions. Because the services provided by internal service funds predominantly benefit governmental rather than business-type functions, they are usually included within *governmental activities* in the government-wide financial statements. The City is not currently utilizing an internal service fund.

CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2014

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the wastewater utility, which is considered to be a major fund of the City. Conversely, when internal service funds are utilized, they are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are then provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 21-38 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees.

Required supplementary information can be found on pages 39-41 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

Combining statements can be found on pages 43-44 of this report.

**Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets for governmental activities exceeded liabilities by \$11,096,420 at the close of the most recent fiscal year and assets for business-type activities exceeded liabilities by \$288,387.

CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2014

**City of Wimberley, Texas's Net Position**

	Governmental Activities 2014	Governmental Activities 2013	Change	Business- Type Activities 2014	Business- Type Activities 2013	Change
Current & other assets	\$ 1,715,293	\$ 1,454,870	\$ 260,423	\$ 572,107	\$ 759,607	\$ (187,500)
Capital assets	9,446,493	9,714,801	(268,308)	417,016	214,826	202,190
<b>Total assets</b>	<b>\$ 11,161,786</b>	<b>\$ 11,169,671</b>	<b>\$ (7,885)</b>	<b>\$ 989,123</b>	<b>\$ 974,433</b>	<b>\$ 14,690</b>
Current liabilities	\$ 48,261	\$ 133,339	\$ (85,078)	\$ 9,835	\$ 12,639	\$ (2,804)
Long-term liabilities	17,105	18,034	(929)	690,901	802,557	(111,656)
<b>Total liabilities</b>	<b>65,366</b>	<b>151,373</b>	<b>(86,007)</b>	<b>700,736</b>	<b>815,196</b>	<b>(114,460)</b>
<b>Net Position</b>						
Net investment in capital assets	9,446,493	9,714,801	(268,308)	126,696	50,462	76,234
Restricted	85,625	5,012	80,613	-	-	-
Unrestricted	1,564,302	1,298,485	265,817	161,691	108,775	52,916
<b>Total net position</b>	<b>\$ 11,096,420</b>	<b>\$ 11,018,298</b>	<b>\$ 78,122</b>	<b>\$ 288,387</b>	<b>\$ 159,237</b>	<b>\$ 129,150</b>

By far, the largest portion of the City's net position (84.1%) reflects its total investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (less than 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,725,993 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's overall net position increased by \$207,272 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$78,122 from the prior fiscal year for an ending balance of \$11,096,420. The increase is a reflection of continued strong collections in sales tax revenue as well as popularity of the Blue Hole Park operated by the City.

CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2014

**City of Wimberley, Texas's Changes in Net Position**

	Governmental Activities 2014	Governmental Activities 2013	Change	Business- Type Activities 2014	Business- Type Activities 2013	Change
Revenues:						
Program Revenues:						
Charges for services	\$ 472,659	\$ 321,400	\$ 151,259	\$ 204,190	\$ 171,441	\$ 32,749
Operating grants & contributions	92,157	116,353	(24,196)	-	-	-
General Revenues:						
Sales and franchise taxes	709,092	650,914	58,178	-	-	-
Grants and contributions not restricted to specific programs	263,662	223,974	39,688	-	-	-
Other	65,173	172,194	(107,021)	99	48	51
<b>Total revenue</b>	<b>1,602,743</b>	<b>1,484,835</b>	<b>117,908</b>	<b>204,289</b>	<b>171,489</b>	<b>32,800</b>
Expenses:						
General government	624,700	485,793	138,907	-	-	-
Public safety	174,783	125,744	49,039	-	-	-
Highways and streets	220,613	275,413	(54,800)	-	-	-
Sanitation	22,399	-	22,399	-	-	-
Culture and recreation	394,637	383,881	10,756	-	-	-
Interest on long-term debt	-	-	-	-	10,245	(10,245)
Wastewater operations	-	-	-	162,628	92,859	69,769
<b>Total expenses</b>	<b>1,437,132</b>	<b>1,270,831</b>	<b>166,301</b>	<b>162,628</b>	<b>103,104</b>	<b>59,524</b>
Increase (decrease) in net position before transfers	165,611	214,004	(48,393)	41,661	68,385	(26,724)
Transfers	(87,489)	-	(87,489)	87,489	-	87,489
Increase (decrease) in net position	78,122	214,004	(135,882)	129,150	68,385	60,765
Net position - beginning	11,018,298	10,804,294	214,004	159,237	90,852	68,385
Net position - ending	\$ 11,096,420	\$ 11,018,298	\$ 78,122	\$ 288,387	\$ 159,237	\$ 129,150

**Business-type Activities.** For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$288,387. The total increase in net position for business-type activities (wastewater operations) was \$129,150 or 81% from the prior fiscal year. Wastewater operations commenced in 2012 and this activity has been steadily building net position since that time.

CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2014

**Financial Analysis of Governmental Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's governing council.

At September 30, 2014, the City's governmental funds reported combined fund balances of \$1,667,032, an increase of \$345,501 in comparison with the prior year. Of this amount, 94.9% constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. In accordance with the City's fund balance policy, the General Fund unrestricted fund balance has been reported as 100% committed as of year end for purposes of public works, improvements, and grant matches.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year the total fund balance had increased by \$243,129 to end at \$1,282,795. This increase is a direct result of strong collections of sales tax revenues and effective management of expenditures.

As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total General Fund expenditures. Total fund balance represented approximately 138 percent of total General Fund expenditures as of year end.

The Blue Hole Park fund, a major fund, had an increase in fund balance of \$121,308 during the fiscal year to end at \$326,841. The fund balance increase is a reflection of the continued popularity of this regional park.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Wastewater Fund at the end of the year was \$161,691. This reflects an increase in total net position of \$129,150. The wastewater utility is in its third year of operation and has intended to increase net position for financial stability.

CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2014

**General Fund Budgetary Highlights**

**Original budget compared to final budget.** During the year a significant budget amendment was made to increase General Fund sales tax revenues by approximately \$126,000 due to higher than expected collections as the year progressed. A corresponding increase to the expenditures side of the budget was not needed and therefore the General Fund experienced an increase in fund balance for the year.

In addition, the Blue Hole Park fund amended the charges for services revenue line item of the budget up by approximately \$105,000 to reflect increased park attendance during the season.

**Capital Assets and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$9,863,509 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, and the water treatment plant.

**City of Wimberley - Capital Assets**

	Governmental Activities 2014	Governmental Activities 2013	Change	Business Activities 2014	Business Activities 2013	Change
Land	\$ 3,391,499	\$ 3,391,499	\$ -	\$ -	\$ -	\$ -
Buildings	6,400,441	6,400,441	-	223,970	223,970	-
Furniture and equipment	307,285	245,645	61,640	-	-	-
Infrastructure	663,227	663,227	-	-	-	-
Construction in progress	10,736	10,736	-	208,285	-	208,285
Total	10,773,188	10,711,548	61,640	432,255	223,970	208,285
Less accum. depreciation	(1,326,695)	(996,747)	(329,948)	(15,239)	(9,144)	(6,095)
Capital assets, net of depr.	\$ 9,446,493	\$ 9,714,801	\$ (268,308)	\$ 417,016	\$ 214,826	\$ 202,190

Additional information on the City's capital assets can be found in Note IV.D on page 31 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City had total debt outstanding of \$708,006. Of this amount, \$17,105 represents the City's liability for compensated absences earned by employees as of year end. The remaining \$690,901 represents notes payable liabilities within the Wastewater Fund for infrastructure financing.

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CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2014

**City of Wimberley - Outstanding Debt**

	Governmental Activities 2014	Governmental Activities 2013	Change	Business Activities 2014	Business Activities 2013	Change
Notes Payable	\$ 17,105	\$ 18,034	\$ (929)	\$ 690,901	\$ 802,557	\$ (111,656)
Total	\$ 17,105	\$ 18,034	\$ (929)	\$ 690,901	\$ 802,557	\$ (111,656)

The City's total debt decreased by \$112,585, or 13.7, percent during the current fiscal year. The primary reason for the decrease was due to scheduled debt payments made during the year on the Wastewater Fund notes payable.

Additional information on the City's long-term debt can be found in Note IV.L on pages 37-38 of this report.

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

The City's elected and appointed officials considered many factors when setting the fiscal year 2014/2015 budget. The City adopted a General Fund budget for 2015 with expenditures totaling \$1,184,470. This represents a 24% increase over the prior year's General Fund final amended budget. The increased budget amount is primarily a reflection of planned City road improvement projects to occur during the year. The City continues to be supported primarily by sales taxes and franchise fees and its citizens therefore enjoy no City property tax.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Wimberley's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, Don Ferguson, by calling (512) 847-0025 or visiting City Hall at 221 Stillwater, Wimberley, Texas 78676.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF WIMBERLEY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,401,615	\$ 151,691	\$ 1,553,306
Investments - current	177,030	-	177,030
Accounts receivable, net	136,648	19,834	156,482
Other assets	-	400,582	400,582
Capital assets, not being depreciated:			
Land	3,391,499	-	3,391,499
Construction in progress	10,736	208,285	219,021
Capital assets, being depreciated:			
Buildings and improvements	6,400,441	223,970	6,624,411
Machinery, equipment, and vehicles	307,285	-	307,285
Infrastructure	663,227	-	663,227
Accumulated depreciation	(1,326,695)	(15,239)	(1,341,934)
Total Assets	<u>11,161,786</u>	<u>989,123</u>	<u>12,150,909</u>
<b>LIABILITIES</b>			
Accounts payable	43,516	1,188	44,704
Accrued salaries and benefits	3,770	-	3,770
Accrued interest payable	-	8,647	8,647
Customer deposits	975	-	975
Noncurrent liabilities:			
Due within one year	5,132	113,066	118,198
Due in more than one year	11,973	577,835	589,808
Total Liabilities	<u>65,366</u>	<u>700,736</u>	<u>766,102</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,446,493	126,696	9,573,189
Restricted for federal grants	80,610	-	80,610
Restricted for capital projects	5,015	-	5,015
Unrestricted	1,564,302	161,691	1,725,993
Total Net Position	<u>\$ 11,096,420</u>	<u>\$ 288,387</u>	<u>\$ 11,384,807</u>

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, 2014

Functions/Programs:	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
Governmental activities:			
General government	\$ 624,700	\$ 50,573	\$ 92,157
Police	96,746	33,875	-
Inspection	78,037	-	-
Highways and streets	220,613	-	-
Sanitation	22,399	-	-
Culture and recreation	124,606	388,211	-
Parks	270,031	-	-
Total Governmental Activities:	<u>1,437,132</u>	<u>472,659</u>	<u>92,157</u>
Business-type activities:			
Wastewater services	162,628	204,190	-
Total Business-Type Activities:	<u>162,628</u>	<u>204,190</u>	<u>-</u>
Total primary government	<u>\$ 1,599,760</u>	<u>\$ 676,849</u>	<u>\$ 92,157</u>

General Revenues:

- Sales taxes
- Franchise taxes
- Investment earnings
- Miscellaneous

Transfers

Total general revenues and transfers

Change in Net Position

Net Assets -- Beginning

Net Assets -- Ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activites	Total
\$ (481,970)	\$ -	\$ (481,970)
(62,871)	-	(62,871)
(78,037)	-	(78,037)
(220,613)	-	(220,613)
(22,399)	-	(22,399)
263,605	-	263,605
(270,031)	-	(270,031)
<u>(872,316)</u>	<u>-</u>	<u>(872,316)</u>
-	41,562	41,562
<u>-</u>	<u>41,562</u>	<u>41,562</u>
<u>(872,316)</u>	<u>41,562</u>	<u>(830,754)</u>
709,092	-	709,092
263,662	-	263,662
803	99	902
64,370	-	64,370
(87,489)	87,489	-
<u>950,438</u>	<u>87,588</u>	<u>1,038,026</u>
78,122	129,150	207,272
11,018,298	159,237	11,177,535
<u>\$ 11,096,420</u>	<u>\$ 288,387</u>	<u>\$ 11,384,807</u>

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FUND BASIS FINANCIAL STATEMENTS

CITY OF WIMBERLEY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014

	General Fund	Blue Hole Park Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,005,062	\$ 336,853	\$ 59,700	\$ 1,401,615
Investments - current	177,030	-	-	177,030
Accounts receivable	146,947	-	-	146,947
Allowance for uncollectible accounts receivable	(10,299)	-	-	(10,299)
Due from other funds	707	-	-	707
Total Assets	<u>\$ 1,319,447</u>	<u>\$ 336,853</u>	<u>\$ 59,700</u>	<u>\$ 1,716,000</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 33,382	\$ 8,257	\$ 1,877	\$ 43,516
Accrued salaries and benefits	2,420	1,350	-	3,770
Due to other funds	-	280	427	707
Customer deposits	850	125	-	975
Total Liabilities	<u>36,652</u>	<u>10,012</u>	<u>2,304</u>	<u>48,968</u>
<b>FUND BALANCES</b>				
Restricted for:				
Federal grants	80,610	-	-	80,610
Capital projects	-	-	5,015	5,015
Committed for:				
Public works	480,874	-	-	480,874
Wastewater improvements	300,546	-	-	300,546
Grant matches	420,765	-	-	420,765
Capital projects	-	-	46,108	46,108
Park operations and improvements	-	326,841	-	326,841
Municipal court	-	-	6,273	6,273
Total Fund Balances	<u>1,282,795</u>	<u>326,841</u>	<u>57,396</u>	<u>1,667,032</u>
Total liabilities and fund balances	<u>\$ 1,319,447</u>	<u>\$ 336,853</u>	<u>\$ 59,700</u>	<u>\$ 1,716,000</u>

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

CITY OF WIMBERLEY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2014

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 1,667,032
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,446,493
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(17,105)
Net position of governmental activities	<u>\$ 11,096,420</u>

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, 2014

	General Fund	Blue Hole Park Fund	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>				
Sales taxes	\$ 709,092	\$ -	\$ -	\$ 709,092
Franchise taxes	263,662	-	-	263,662
Licenses and permits	59,689	-	-	59,689
Intergovernmental revenues	80,610	11,547	-	92,157
Charges for services	120,559	329,898	2,486	452,943
Fines	18,715	-	-	18,715
Investment earnings	648	93	63	804
Rents and royalties	1,000	-	-	1,000
Miscellaneous revenue	3,504	1,175	2	4,681
Total revenues	<u>1,257,479</u>	<u>342,713</u>	<u>2,551</u>	<u>1,602,743</u>
<b>EXPENDITURES</b>				
Current:				
General government	488,178	-	-	488,178
Police	75,166	-	-	75,166
Inspection	60,630	-	-	60,630
Highways and streets	185,089	-	-	185,089
Sanitation	17,403	-	-	17,403
Culture and recreation	96,812	-	-	96,812
Parks	3,583	221,405	989	225,977
Capital outlay	-	-	20,498	20,498
Total expenditures	<u>926,861</u>	<u>221,405</u>	<u>21,487</u>	<u>1,169,753</u>
Excess(deficiency) of revenue over expenditures	<u>330,618</u>	<u>121,308</u>	<u>(18,936)</u>	<u>432,990</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(87,489)	-	-	(87,489)
Total Other Financing Sources (Uses)	<u>(87,489)</u>	<u>-</u>	<u>-</u>	<u>(87,489)</u>
Net Change in Fund Balance	243,129	121,308	(18,936)	345,501
Fund Balance - Beginning	1,039,666	205,533	76,332	1,321,531
Fund Balance - Ending	<u>\$ 1,282,795</u>	<u>\$ 326,841</u>	<u>\$ 57,396</u>	<u>\$ 1,667,032</u>

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

CITY OF WIMBERLEY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30,2014

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	345,501
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		(268,308)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		929
Change in net position - governmental activities	\$	<u><u>78,122</u></u>

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

CITY OF WIMBERLEY, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2014

	Business-Type Activities
	Wastewater Fund
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 151,691
Accounts receivable, net	19,834
Restricted cash	400,582
Total current assets	572,107
Noncurrent Assets:	
Buildings	223,970
Accumulated depreciation	(15,239)
Construction/development in progress	208,285
Total noncurrent assets	417,016
Total assets	989,123
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,188
Accrued interest payable	8,647
Bonds and notes payable - current	113,066
Total current liabilities	122,901
Noncurrent Liabilities:	
Notes payable	577,835
Total noncurrent liabilities	577,835
Total liabilities	700,736
<b>NET POSITION</b>	
Net investment in capital assets	126,696
Unrestricted	161,691
Total net position	\$ 288,387

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

CITY OF WIMBERLEY, TEXAS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities
	Wastewater Fund
Operating revenues:	
Charges for services:	
Wastewater service	\$ 204,190
Total operating revenues	204,190
Operating expenses:	
Purchased prof. and technical services	127,116
Materials and supplies	399
Other operating expenses	11,257
Depreciation	6,095
Total operating expenses	144,867
Operating income (loss)	59,323
Nonoperating revenues (expenses)	
Investment earnings	99
Interest expense	(17,761)
Total nonoper. revenues (expenses)	(17,662)
Income before transfers in (out)	41,661
Transfers in	87,489
Change in net position	129,150
Net position-beginning	159,237
Net position-ending	\$ 288,387

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

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CITY OF WIMBERLEY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities
	Wastewater Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 197,427
Payments to suppliers and service providers	(11,656)
Payments for purchased services	(131,056)
Net cash provided by (used for) operating activities	54,715
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	87,489
Net cash provided by (used for) capital and financing activities	87,489
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital grants	
Acquisition and construction of capital assets	(208,285)
Principal paid on capital debt	(111,656)
Interest paid on capital debt	(16,625)
Net cash provided by (used for) capital and related financing activities	(336,566)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	99
Net cash provided by investing activities	99
Net increase (decrease) in cash and cash equivalents	(194,263)
Cash and cash equivalents-beginning	746,536
Cash and cash equivalents-ending	\$ 552,273
<b>Reconciliation of operating income (loss) to net cash provided (used for) operating activities:</b>	
Operating income (loss)	\$ 59,323
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	6,095
(Increase) decrease in accounts receivable	(6,763)
(Decrease) increase in accounts payable	(3,940)
Total adjustments	(4,608)
Net cash provided by (used for) operating activities	\$ 54,715
<b>Schedule of non-cash capital and related financing activities:</b>	
Contributions of capital assets	

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

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NOTES TO THE FINANCIAL STATEMENTS

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CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**I. Summary of significant accounting policies**

**A. Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

**B. Reporting entity**

The City of Wimberley was incorporated on May 5, 2000 as the “Village of Wimberley” under the provisions of the State of Texas. In June 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 elected five member Council which enacts local legislation, adopts budgets, determines policies, and appoints the City Administrator, City Attorney, and the Municipal Court Judge. The Mayor and Council are also primarily responsible for fiscal matters.

The City provides the following services – public safety, street maintenance, parks, recreation programs, community development, public improvements, and general administrative services.

**C. Basis of presentation – government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**D. Basis of presentation – fund financial statements**

The fund financial statements provide information about the government’s funds, including its fiduciary funds and blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**I. Summary of Significant Accounting Policies (continued)**

**D. Basis of presentation – fund financial statements (continued)**

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Blue Hole Park Fund*, a special revenue fund, is used to account for the revenue, expenditures, and residual fund balances related to the operation of the Blue Hole Park within the City of Wimberley.

The government reports the following major enterprise funds:

The *Wastewater Fund* accounts for the revenues, expenses, and residual equity related to the operation of the City's wastewater services.

Additionally, the government currently reports the following additional fund types within the nonmajor funds category:

*Capital project funds* are used to account for the acquisition and construction of the government's major capital facilities and improvement projects, other than those financed by proprietary funds.

*Special revenue funds* are used to account for activities outside of the General Fund that have revenue sources restricted, committed, or assigned for specific activities

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds or advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**I. Summary of Significant Accounting Policies (continued)**

**E. Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary activities are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**I. Summary of Significant Accounting Policies (continued)**

**F. Budgetary information**

*1. Budgetary basis of accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Blue Hole Park Fund. Other City funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budgets are prepared by fund and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

*2. Excess of expenditures over appropriations*

For the year ended September 30, 2014, expenditures did not exceed appropriations in any of the City's funds.

**G. Assets, liabilities, deferred outflows/inflows, and net position/fund balance**

*1. Cash and cash equivalents*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*2. Investments*

Investments for the government are reported at fair value (generally based on quoted market prices) except for positions in Local Government Investment Pools like, TexPool, when applicable. In accordance with state law, these investment pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

**I. Summary of Significant Accounting Policies (continued)**

**G. Assets, liabilities, deferred outflows/inflows and net position/fund balance (continued)**

**3. Inventories and prepaid items**

The City does not report inventories of supplies or consumable items due to the unused amount of these items on hand at any given time being immaterial. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**4. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life of more than one year.

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings	20-40
Machinery and equipment	5
Vehicles	5
Infrastructure	20-40

**5. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government currently does not have any financial transactions that qualify for reporting in this category. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government currently does not have any financial transactions that qualify for reporting in this category.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**I. Summary of Significant Accounting Policies (continued)**

**G. Assets, liabilities, deferred outflows/inflows and net position/fund balance (continued)**

***6. Net position flow assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

***7. Fund balance flow assumptions***

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***8. Fund balance policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The council has by resolution authorized the City Administrator to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**I. Summary of Significant Accounting Policies (continued)**

**H. Revenues and expenditures/expenses**

***1. Program revenues***

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***2. Property taxes***

The City currently does not assess ad valorem property taxes for either maintenance and operations or debt service.

***3. Compensated absences***

Vacation

The government's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave

Accumulated sick leave lapses when employees leave the employment of the government and, upon separation from service, no monetary obligation exists.

***4. Proprietary funds operating and nonoperating revenues and expenses***

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund and electric fund are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

**II. Reconciliation of government-wide and fund financial statements**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Items shown in summary form on that reconciliation are provided in detail below.

One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this amount are as follows:

Land	\$ 3,391,499
Construction in progress	10,736
Buildings and improvements	6,400,441
Machinery, equipment, and vehicles	307,285
Infrastructure	663,227
Accumulated depreciation	<u>(1,326,695)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 9,446,493</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. Items shown in summary form on that reconciliation are provided in detail below.

One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.” The details of this amount are as follows:

Capital outlay	\$ 61,640
Depreciation expense	<u>(329,948)</u>
Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (268,308)</u>

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

**III. Stewardship, compliance and accountability**

**A. Violations of legal or contractual provisions**

No violations of legal or contractual provisions were noted during the current year.

**B. Deficit fund equity**

For the year ended September 30, 2014 there were no funds reported with deficit fund equity.

**IV. Detailed notes on all activities and funds**

**A. Cash deposits with financial institutions**

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City addresses this risk by ensuring that deposits are insured by FDIC and pledged security coverage. As of September 30, 2014, the government's bank balance was \$2,021,438 all of which was insured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the government's name.

**B. Investments**

The City currently holds investments with TexPool, the largest local government investment pool in the State of Texas. TexPool has a credit rating of AAAM from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool's investments are governed by the Public Funds Investment Act (PFIA), Chapter 2256 of the Texas Government Code. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and government investment pools.

As of September 30, 2014, the government had the following investments:

Investment Type	Maturity Time in Years			
	Less than 1	1-5	6-10	More Than 10
TexPool	\$ 177,030	-	-	-
Total Investments	\$ 177,030	\$ -	\$ -	\$ -

*Interest rate risk.* In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than ten months.

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

**IV. Detailed notes on all activities and funds (continued)**

**B. Investments (continued)**

*Credit risk.* State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the government's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of September 30, 2014, the government's investment in TexPool was rated AAAM by Standard & Poor's.

*Concentration of credit risk.* The government's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the government's total investments. This restriction however does not apply to government investment pools due to the low risk nature of this type of investment.

*Custodial credit risk-investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**C. Receivables**

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is a detail of receivables for the major and nonmajor funds of both the governmental and proprietary funds of the government, including the applicable allowances for uncollectible accounts:

Governmental Funds:

Receivables	General Fund
Sales taxes	\$ 56,589
Franchise taxes	68,220
Customer receivables	22,138
Gross receivables	146,947
Less: Allowance for uncollectibles	(10,299)
Net receivables	\$ 136,648

Proprietary Funds:

Receivables	Wastewater Fund
Customer receivables	\$ 19,834
Gross receivables	19,834
Less: Allowance for uncollectibles	-
Net receivables	\$ 19,834

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**IV. Detailed notes on all activities and funds (continued)**

**D. Capital Assets**

Capital assets activity for the year ended September 30, 2014, was as follows:

Governmental Activities:

	Balance 10/1/13	Increases	Decreases	Balance 9/30/14
Capital assets, not being depreciated:				
Land	\$ 3,391,499	\$ -	\$ -	\$ 3,391,499
Construction-in-progress	10,736	-	-	10,736
Total capital assets, not being depreciated	<u>3,402,235</u>	<u>-</u>	<u>-</u>	<u>3,402,235</u>
Capital assets, being depreciated:				
Buildings and improvements	6,400,441	-	-	6,400,441
Machinery, equipment, and vehicles	245,645	61,640	-	307,285
Infrastructure	663,227	-	-	663,227
Total capital assets, being depreciated	<u>7,309,313</u>	<u>61,640</u>	<u>-</u>	<u>7,370,953</u>
Less accumulated depreciation for:				
Buildings and improvements	(687,774)	(263,967)	-	(951,741)
Machinery, equipment, and vehicles	(168,983)	(32,820)	-	(201,803)
Infrastructure	(139,990)	(33,161)	-	(173,151)
Total accumulated depreciation	<u>(996,747)</u>	<u>(329,948)</u>	<u>-</u>	<u>(1,326,695)</u>
Total capital assets being depreciated, net	<u>6,312,566</u>	<u>(268,308)</u>	<u>-</u>	<u>6,044,258</u>
Governmental activities capital assets, net	<u>\$ 9,714,801</u>	<u>\$ (268,308)</u>	<u>\$ -</u>	<u>\$ 9,446,493</u>

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental activities:

General government	\$ 140,155
Police	21,580
Inspection	17,407
Highways and streets	53,139
Sanitation	4,996
Culture and recreation	27,794
Parks	64,877
Total depreciation expense - governmental activities	<u>\$ 329,948</u>

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**IV. Detailed notes on all activities and funds (continued)**

**D. Capital Assets (continued)**

Business-Type Activities:

	Balance 10/1/13	Increases	Decreases	Balance 9/30/14
Capital assets, not being depreciated:				
Construction-in-progress	\$ -	\$ 208,285	\$ -	\$ 208,285
Total capital assets, not being depreciated	-	208,285	-	208,285
Capital assets, being depreciated:				
Buildings and improvements	223,970	-	-	223,970
Total capital assets, being depreciated	223,970	-	-	223,970
Less accumulated depreciation for:				
Buildings and improvements	(9,144)	(6,095)	-	(15,239)
Total accumulated depreciation	(9,144)	(6,095)	-	(15,239)
Total capital assets being depreciated, net	214,826	(6,095)	-	208,731
Business-type activities capital assets, net	\$ 214,826	\$ 202,190	\$ -	\$ 417,016

**E. Accrued liabilities**

Accrued liabilities reported by governmental and proprietary funds at September 30, 2014, were as follows:

Governmental Funds:

	General Fund
Accounts payable	\$ 33,382
Accrued salaries and benefits	2,420
Customer deposits	850
Total accrued liabilities	\$ 36,652

Proprietary Funds:

	Wastewater Fund
Accounts payable	\$ 1,188
Accrued interest	8,647
Total accrued liabilities	\$ 9,835

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

**IV. Detailed notes on all activities and funds (continued)**

**F. Pension obligations**

Texas Municipal Retirement System (TMRS)

Plan Description

The City provides pension benefits for all of its eligible employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide, Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2013	Plan Year 2014
Employee Deposit Rate	5%	5%
Matching Ratio (City to Employee)	1 to 1	1 to 1
Years Required for Vesting	5	5
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., the December 31, 2013 valuation will determine the contribution rate beginning January 1, 2015).

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

**IV. Detailed notes on all activities and funds (continued)**

**F. Pension obligations (continued)**

The required contribution rates for fiscal year 2014 were determined as part of the December 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
GASB 25 Equivalent Single Amortization Period	21.1 years; closed period	19.9 years; closed period	30.0 years; closed period
Amortization Period for New Gains/Losses	12 years	13 years	19 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.00%	7.00%	7.00%
Projected Salary Increases*	varies by age and service	varies by age and service	varies by age and service
*Includes Inflation at Cost of Living Adjustments	3.0%	3.0%	3.0%
	0.0%	0.0%	0.0%

Funded Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 *TMRS Comprehensive Annual Financial Report (CAFR)*.

The funded status as of September 30, 2014, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(c)	(d)	(e)	(f)
			(a) / (b)	(b) - (a)		(d) / (e)
12/31/2013	\$ 142,215	\$ 147,258	96.6%	\$ 5,043	\$ 314,894	1.6%

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**IV. Detailed notes on all activities and funds (continued)**

**F. Pension obligations (continued)**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**G. Risk management**

The government is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During the year, the City purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and no settlements exceeding insurance coverage for each of the past three fiscal years.

**H. Long-Term Liabilities**

General Obligation Bonds

The government issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and certificates of obligation have been issued for both governmental and business-type activities. These long-term debt instruments are direct obligations and pledge the full faith and credit of the government. General obligation bonds and certificates of obligation generally are issued with repayment scheduled to occur as equal amounts of principal maturing each year with maturities that range from 5 to 20 years.

The government issues maintenance tax notes or obtains regular notes payable financing arrangements from banks to provide funds for the acquisition of equipment or minor capital projects. Tax notes and regular notes payable are direct obligations and pledge the full faith and credit of the government. These debt instruments are generally repaid in equal installments of principal and interest over a period of 3 to 10 years.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**IV. Detailed notes on all activities and funds (continued)**

**I. Long-Term Liabilities (continued)**

Details of long-term debt obligations outstanding at September 30, 2014 are as follows:

Business-type Activities:

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/14
<b>Notes Payable:</b>					
Guadalupe-Blanco River Authority	2012	\$ 172,870	5.00%	2019	\$ 130,901
Comb. Tax and Surplus Rev. Ant. Notes, Series 2013	2013	650,000	.44%-2.36%	2020	560,000
Total Notes Payable					\$ 690,901

Changes in long-term liabilities

Changes in the government's long-term liabilities for the year ended September 30, 2014 are as follows:

**Governmental Activities:**

Description	Balance 10/1/13	Additions	Deletions	Balance 9/30/14	Due in One Year
Compensated absences	\$ 18,034	\$ -	\$ (929)	\$ 17,105	\$ 5,132
Governmental activities long-term liabilities	\$ 18,034	\$ -	\$ (929)	\$ 17,105	\$ 5,132

For compensated absences, the general fund normally liquidates 80 percent, with the Blue Hole Park Fund liquidating the remaining 20%.

**Business-type Activities:**

Description	Balance 10/1/13	Additions	Deletions	Balance 9/30/14	Due in One Year
Notes payable	\$ 802,557	\$ -	\$ (111,656)	\$ 690,901	\$ 113,066
Governmental activities long-term liabilities	\$ 802,557	\$ -	\$ (111,656)	\$ 690,901	\$ 113,066

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

**IV. Detailed notes on all activities and funds (continued)**

**J. Long-Term Liabilities (continued)**

The debt service requirements for the government's bonds, loans, and notes are as follows:

Business-type Activities:

Year Ended September 30,	Principal	Interest	Total Requirements
2015	\$ 113,066	\$ 15,957	\$ 129,023
2016	114,547	14,080	128,627
2017	121,102	11,769	132,871
2018	122,736	9,025	131,761
2019	124,450	5,866	130,316
2020	95,000	2,242	97,242
	<u>\$ 690,901</u>	<u>\$ 58,939</u>	<u>\$ 749,840</u>

**K. Fund balance**

The City has adopted a fund balance policy whereby for external financial reporting purposes any fund balance amounts other than those within the nonspendable and restricted categories are reported as committed fund balance in accordance with the following percentages:

- 40% committed for public works (roads, drainage, etc.)
- 25% committed for future grant matches
- 35% committed for wastewater improvements

As a result of this policy, unless alternative action is taken, the City will not report assigned or unassigned fund balance amounts as of year end.

**L. Interfund receivables and payables**

The composition of interfund balances as of September 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Blue Hole Fund	\$ 280
General Fund	Municipal Court Fund	427
Total		<u>\$ 707</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to several nonmajor governmental funds which the general fund expects to collect in the subsequent year.

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CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

**IV. Detailed notes on all activities and funds (continued)**

**M. Interfund transfers**

The composition of interfund transfers for the year ended September 30, 2014 is as follows:

	<b>Transfer in to:</b>
	Enterprise Funds
	Wastewater Fund
<b>Transfer out from:</b>	
General fund	\$ 87,489
Total	\$ 87,489

During the year, recurring transfers are used to 1) move revenues from a fund with collection authority to another fund with related expenditure requirements, 2) move general fund resources to provide subsidies to other funds as needs arise, and 3) move resources from the General Fund to the Wastewater Fund to subsidize debt service for the wastewater infrastructure notes payable.

**N. Contingencies**

The government participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**O. Subsequent events**

The City has evaluated subsequent events through December 31, 2014, the date of the audit report. The City is not aware of any subsequent events that materially affect the financial statements as of that date.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WIMBERLEY, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress – Texas Municipal Retirement System Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a % of Covered Payroll
	(a)	(b)	(c)	(d)	(e)	(f)
			(a) / (b)	(a) - (b)		(d) / (e)
12/31/2011	\$ 98,925	\$ 122,739	80.6%	\$ (23,814)	\$ 276,986	-8.6%
12/31/2012	124,857	148,045	84.3%	(23,188)	319,919	-7.2%
12/31/2013	142,215	147,258	96.6%	(5,043)	314,894	-1.6%

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CITY OF WIMBERLEY, TEXAS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 570,000	\$ 696,073	\$ 709,092	\$ 13,019
Franchise taxes	252,000	252,000	263,662	11,662
Licenses and permits	50,700	58,951	59,689	738
Intergovernmental revenues	-	70,233	80,610	10,377
Charges for services	131,750	134,140	120,559	(13,581)
Fines	-	-	18,715	18,715
Investment earnings	1,000	645	648	3
Rents and royalties	1,200	1,200	1,000	(200)
Miscellaneous revenue	12,500	3,839	3,504	(335)
Total revenues	<u>1,019,150</u>	<u>1,217,081</u>	<u>1,257,479</u>	<u>40,398</u>
<b>EXPENDITURES</b>				
Current:				
General government	455,641	494,709	488,178	6,531
Police	87,451	81,100	75,166	5,934
Inspection	40,000	64,000	60,630	3,370
Highways and streets	217,389	188,943	185,089	3,854
Sanitation	7,825	18,230	17,403	827
Recreation centers	114,356	102,194	96,812	5,382
Parks	9,000	3,700	3,583	117
Total Expenditures	<u>931,662</u>	<u>952,876</u>	<u>926,861</u>	<u>26,015</u>
Excess (deficiency) of revenues over expenditures	<u>87,488</u>	<u>264,205</u>	<u>330,618</u>	<u>66,413</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(87,488)	(93,887)	(87,489)	6,398
Total Other Financing Sources (Uses)	<u>(87,488)</u>	<u>(93,887)</u>	<u>(87,489)</u>	<u>6,398</u>
Net Change in Fund Balances	-	170,318	243,129	72,811
Fund balance - beginning	1,039,666	1,039,666	1,039,666	-
Fund balance - ending	<u>\$ 1,039,666</u>	<u>\$ 1,209,984</u>	<u>\$ 1,282,795</u>	<u>\$ 72,811</u>

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CITY OF WIMBERLEY, TEXAS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL – BLUE HOLE PARK FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 25,000	\$ 11,547	\$ 11,547	\$ -
Charges for services	217,985	323,008	329,898	6,890
Investment earnings	150	80	93	13
Miscellaneous revenues	-	1,135	1,175	40
Total revenues	<u>243,135</u>	<u>335,770</u>	<u>342,713</u>	<u>6,943</u>
<b>EXPENDITURES</b>				
Current:				
Parks	261,645	248,183	221,405	26,778
Total Expenditures	<u>261,645</u>	<u>248,183</u>	<u>221,405</u>	<u>26,778</u>
Excess (deficiency) of revenues over expenditures	<u>(18,510)</u>	<u>87,587</u>	<u>121,308</u>	<u>33,721</u>
Net Change in Fund Balances	(18,510)	87,587	121,308	33,721
Fund balance - beginning	205,533	205,533	205,533	-
Fund balance - ending	<u>\$ 187,023</u>	<u>\$ 293,120</u>	<u>\$ 326,841</u>	<u>\$ 33,721</u>

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## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes. The City maintains the following special revenue funds that did not meet the criteria for classification as a major fund within the financial statements:

Municipal Court Fund – This fund is used to account for the proceeds of revenue sources which are legally restricted to expenditures for court operations and also to account for general court revenue and expenditures that the City wishes segregate from the General Fund.

Sidewalk Donations Fund – This fund is used to account for donations made to the City to offset the costs related to complete the sidewalk project in the City’s downtown area.

### **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of the government’s major capital facilities and improvements projects, other than those financed by proprietary funds.

The City’s Capital Projects Fund is used to account for ongoing projects related to the City’s Blue Hole Park. The City maintains the following capital project fund that did not meet the criteria for classification as a major fund within the financial statements:

Blue Hole Park Capital Projects Fund – This fund is used to account for ongoing projects related to improvements at the City’s Blue Hole Park.

CITY OF WIMBERLEY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Municipal Court Fund	Sidewalk Donations Fund	Blue Hole Park Capital Projects Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,577	\$ 5,015	\$ 46,108	\$ 59,700
Total Assets	<u>\$ 8,577</u>	<u>\$ 5,015</u>	<u>\$ 46,108</u>	<u>\$ 59,700</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,877	\$ -	\$ -	\$ 1,877
Due to other funds	427	-	-	427
Total Liabilities	<u>2,304</u>	<u>-</u>	<u>-</u>	<u>2,304</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted for:				
Capital projects	-	5,015	-	5,015
Committed for:				
Capital projects	-	-	46,108	46,108
Municipal court	6,273	-	-	6,273
Total Fund Balances	<u>6,273</u>	<u>5,015</u>	<u>46,108</u>	<u>57,396</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 8,577</u>	<u>\$ 5,015</u>	<u>\$ 46,108</u>	<u>\$ 59,700</u>

CITY OF WIMBERLEY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Municipal Court Fund	Sidewalk Donations Fund	Capital Projects Fund	Total Non-Major Governmental Funds
<b>REVENUES</b>				
Charges for services	\$ 2,486	\$ -	\$ -	\$ 2,486
Investment earnings	10	3	50	63
Miscellaneous revenue	2	-	-	2
Total revenues	<u>2,498</u>	<u>3</u>	<u>50</u>	<u>2,551</u>
<b>EXPENDITURES</b>				
Current:				
Parks	-	-	989	989
Capital outlay	-	-	20,498	20,498
Total expenditures	<u>-</u>	<u>-</u>	<u>21,487</u>	<u>21,487</u>
Excess (deficiency) of revenues over expenditures	<u>2,498</u>	<u>3</u>	<u>(21,437)</u>	<u>(18,936)</u>
Net Change in Fund Balance	2,498	3	(21,437)	(18,936)
Fund Balance - Beginning	3,775	5,012	67,545	76,332
Fund Balance - Ending	<u>\$ 6,273</u>	<u>\$ 5,015</u>	<u>\$ 46,108</u>	<u>\$ 57,396</u>

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OTHER SUPPLEMENTARY INFORMATION SECTION

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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*

To the Honorable Mayor, Members of the City Council and Citizens of  
the City of Wimberley, 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 business-type activities, each major fund, and the aggregate remaining fund information of the City of Wimberley, Texas as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 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 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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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### **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.

*Singleton, Clark & Company, PC*

Singleton, Clark & Company, PC  
Cedar Park, Texas

December 31, 2014

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CITY OF WIMBERLEY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended September 30, 2014 and 2013.

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

A federal Single Audit was not required for the years ended September 30, 2014 and 2013.