



Communication with Those Charged with Governance

To Management, Mayor and City Council of
City of Wimberley

We have audited the financial statements of the City of Wimberley as of and for the year ended September 30, 2020, and have issued our report thereon dated December 31, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 30, 2020, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Wimberley solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Wimberley is included in Note A to the financial statements. No new accounting policies were adopted, nor were there any changes to their application during the year ended September 30, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

1. Useful lives of depreciable assets
2. Pension and other post employment benefit related factors such as investment return and mortality rates

We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the City of Wimberley's financial statements relate to the net pension liability.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We proposed, and management accepted, a material journal entry to correct beginning fund balances. We also proposed, and management accepted, a significant journal entry to correct interfund balances. We also assisted management in recording routine adjustments for depreciation, retirement, and debt.

Representations Requested from Management

We have requested certain written representations from management in a separate letter dated December 31, 2020.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Wimberley's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City of Wimberley, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City of Wimberley's auditors.

Recommendations

During audit procedures, we became aware of opportunities for improvement with the following suggestions:

Permit Population Control

The City currently utilizes building permits that are not pre-numbered. It is recommended the City consider ordering pre-numbered permits to allow the City to track the population of permits issued and minimize the risk of misuse of permits. No evidence of misuse of permits was found. The City is working to implement a pre-numbered permit system in accordance with the recommendation.

Monthly Closing Procedures

The City's financial accounting software has built in modules to track accounts receivable and accounts payable that integrate into the financial statements. However, date controls on the modules may cause timing issues in the financial statements such as payables entered to closed financial statement periods. In order to strengthen the City's ability to detect and correct these errors, accounts payable and accounts receivable aging reports should be reconciled to the financial statements on a monthly basis as part of the closing process. The City is currently working with its outside financial consultant to include this as part of the monthly closing procedures.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

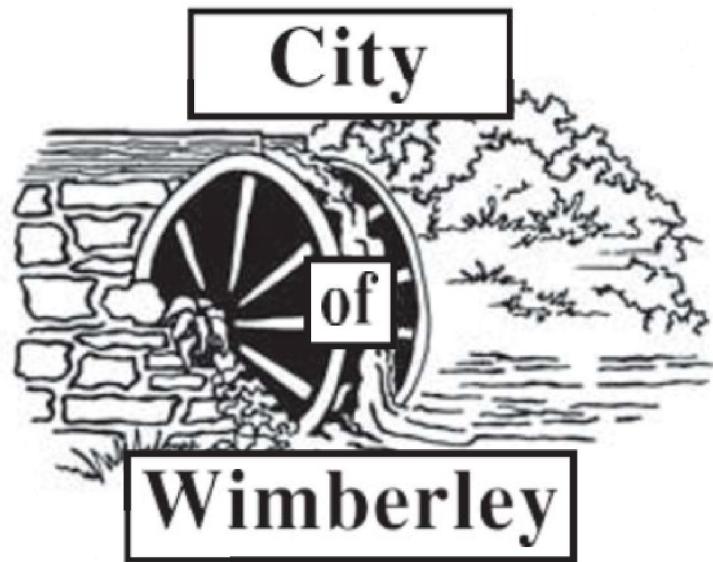
This information is intended solely for the information and use of the Mayor, City Council and management of the City of Wimberley and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

A handwritten signature in black ink that reads "Armstrong, Vaughan & Associates, P.C." The signature is fluid and cursive, with "Armstrong" on the top line, "Vaughan" on the middle line, and "& Associates, P.C." on the bottom line.

Armstrong, Vaughan & Associates, PC

December 31, 2020



CITY OF WIMBERLEY, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

City



of

Wimberley

**CITY OF WIMBERLEY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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City



of

Wimberley



INDEPENDENT AUDITOR'S REPORT

The 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 the City of Wimberley as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise City of Wimberley's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Wimberley's 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.

Auditor's 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 audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 accounting 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 of Wimberley, as of September 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other post employment benefit schedules as listed in the table of contents, 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 of Wimberley's basic financial statements as a whole. The combining nonmajor fund financial statements, comparative individual fund statements, and schedule of expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) part 200, *Uniform Administrative Requirements, Cost principals, and Audit*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements 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 information is 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, 2020 on our consideration of the City of Wimberley'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 of Wimberley's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Armstrong, Vaughan & Associates, P.C." The signature is written in a cursive, flowing style.

Armstrong, Vaughan & Associates, P.C.

December 31, 2020

City



of

Wimberley

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Wimberley's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2020. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

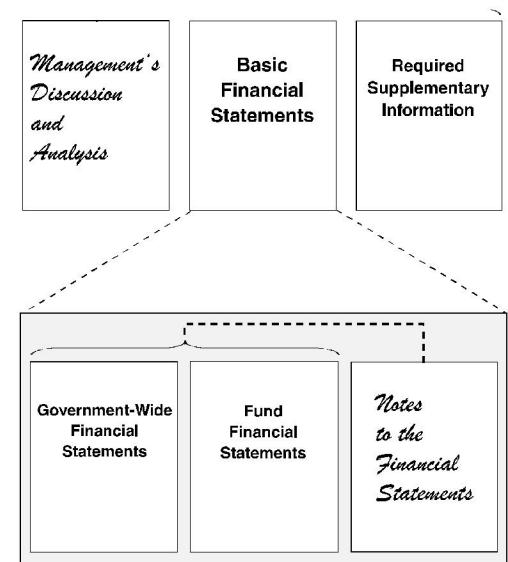
- The City's total combined net position was \$13.2 million at September 30, 2020.
- The City's governmental expenses (including assistance to the wastewater utility) were \$479 thousand more than the \$1.9 million generated in general and program revenues for governmental activities. The total cost of the City's governmental programs decreased 5.6% from the prior year.
- The City's business-type expenses were \$152 thousand greater than the \$140 thousand generated in charges for services and other revenues. The City transferred \$514 thousand from governmental funds to assist with debt service. The total cost of the City's business-type activities decreased 5.3% from the prior year.
- The general fund reported a fund balance this year of \$1.3 million, a decrease of 2.3%.
- The City reissued \$4.9 million of the \$5.2 million of utility revenue bonds issued in 2017. This reissue was due to a change in scope in the wastewater utility project. The new 2020 bonds were issued at the same terms as the 2017 bonds, resulting in no change to the City's long-term debt burden.
- The City made its final payment on the 2013 utility revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Figure A-1F, Required Components of the City's Annual Financial Report



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

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements			
Fund Statements			
<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the town that are not proprietary or fiduciary	Activities of the City that operate similar to private businesses: wastewater
<i>Required financial statements</i>	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance Sheet Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> Statement of net position Statement of revenues, expenses & changes in net position Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

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

The two government-wide statements report the City's net position and how they have changed. Net position—the difference between the City's assets and liabilities—is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base.
- The government-wide financial statements of the City include the *Governmental activities*. Most of the City's basic services are included here, such as administration, inspections, police, court, streets, culture and recreation, and parks. Sales taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, which explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's combined net position was \$13.2 million at September 30, 2020. (See Table A-1).

	Table A-1 City's Net Position							Percentage Change	
	Governmental Activities		Business-Type Activities		Total		2020	2019	
	2020	2019	2020	2019	2020	2019			
<i>Assets:</i>									
Current Assets	\$ 1,806,768	\$ 2,036,369	\$ 85,120	\$ 322,250	\$ 1,891,888	\$ 2,358,619	(19.8)		
Other Assets	234,771	153,236	2,186,988	3,164,163	2,421,759	3,317,399	(27.0)		
Capital Assets (net)	9,657,342	10,073,746	5,093,383	3,345,440	14,750,725	13,419,186	9.9		
<i>Total Assets</i>	<u>11,698,881</u>	<u>12,263,351</u>	<u>7,365,491</u>	<u>6,831,853</u>	<u>19,064,372</u>	<u>19,095,204</u>		(0.2)	
<i>Deferred Outflows:</i>	<u>43,754</u>	<u>53,336</u>	<u>-</u>	<u>-</u>	<u>43,754</u>	<u>53,336</u>		(18.0)	
<i>Liabilities:</i>									
Current Liabilities	53,196	133,271	981,720	650,146	1,034,916	783,417	32.1		
Long-Term Liabilities	88,712	121,399	4,780,000	4,940,000	4,868,712	5,061,399	(3.8)		
<i>Total Liabilities</i>	<u>141,908</u>	<u>254,670</u>	<u>5,761,720</u>	<u>5,590,146</u>	<u>5,903,628</u>	<u>5,844,816</u>		1.0	
<i>Deferred Inflows:</i>	<u>35,253</u>	<u>17,256</u>	<u>-</u>	<u>-</u>	<u>35,253</u>	<u>17,256</u>		104.3	
<i>Net Position:</i>									
Invested in Capital Assets	9,657,342	10,073,746	2,390,371	807,042	12,047,713	10,880,788	10.7		
Restricted	199,663	149,173	-	485,829	199,663	635,002	(68.6)		
Unrestricted	1,708,469	1,821,842	(786,600)	(51,164)	921,869	1,770,678	(47.9)		
<i>Total Net Position</i>	<u>\$ 11,565,474</u>	<u>\$ 12,044,761</u>	<u>\$ 1,603,771</u>	<u>\$ 1,241,707</u>	<u>\$ 13,169,245</u>	<u>\$ 13,286,468</u>		(0.9)	

Governmental Activities

- Sales tax revenues increased \$119 thousand, or 12.3%, and franchise tax revenues fell \$4 thousand, or 1%.
- In the current year the City received grant funds in the amount of \$65 thousand from various federal agencies as well as a \$50 thousand unrestricted donation.

Business-Type Activities

- Revenues fell \$210 thousand due primarily to a capital grant received in the prior year.
- Expenses fell \$16 thousand due to a decline in services contracted to run the wastewater facilities.

Table A-2
Changes in City's Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2020	2019	2020	2019	2020	2019	
<i>Program Revenues:</i>							
Charges for Services	\$ 413,828	\$ 703,090	\$ 120,186	\$ 118,776	\$ 534,014	\$ 821,866	(35.0)
Operating Contributions	50,000	-	-	-	50,000	-	100.0
Capital Contributions	65,447	-	-	177,584	65,447	177,584	(63.1)
<i>General Revenues:</i>							
Taxes	1,400,525	1,282,618	-	-	1,400,525	1,282,618	9.2
Interest Earnings	3,992	5,325	19,908	53,587	23,900	58,912	(59.4)
Miscellaneous	9,380	85,057	-	-	9,380	85,057	(89.0)
TOTAL REVENUES	1,943,172	2,076,090	140,094	349,947	2,083,266	2,426,037	(14.1)
<i>Program Expenses:</i>							
Administration	616,349	620,555	-	-	616,349	620,555	(0.7)
Inspections	39,270	49,863	-	-	39,270	49,863	(21.2)
Police and Court	126,817	132,598	-	-	126,817	132,598	(4.4)
Public Works	82,206	142,258	-	-	82,206	142,258	(42.2)
Highways and Roads	243,451	292,514	-	-	243,451	292,514	(16.8)
Sanitation	43,122	47,219	-	-	43,122	47,219	(8.7)
Culture and Recreation	190,668	168,196	-	-	190,668	168,196	13.4
Parks	566,658	568,549	-	-	566,658	568,549	(0.3)
Wastewater	-	-	291,948	308,229	291,948	308,229	(5.3)
TOTAL EXPENSES	1,908,541	2,021,752	291,948	308,229	2,200,489	2,329,981	(5.6)
Transfers	(513,918)	(501,131)	513,918	501,131	-	-	102.6
Change in Net Position	\$ (479,287)	\$ (446,793)	\$ 362,064	\$ 542,849	\$ (117,223)	\$ 96,056	222.0

Table A-3 presents the cost of each of the City's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars. The cost of all *governmental* activities this year was \$2.0 million.

Table A-3
Net Cost of Selected City Functions

	Total Cost of Services			Net Cost of Services			Percentage Change
	2020		2019	2020		2019	
	\$	2020	\$	2019	\$	2020	\$
Administration	\$ 616,349	\$ 620,555	(0.7)	\$ 566,349	\$ 620,555	(8.7)	
Inspections	39,270	49,863	(21.2)	(67,517)	(97,020)	(30.4)	
Police and Court	126,817	132,598	(4.4)	123,784	128,775	(3.9)	
Public Works	82,206	142,258	(42.2)	82,206	142,258	(42.2)	
Highways and Roads	243,451	292,514	(16.8)	178,004	292,514	(39.1)	
Sanitation	43,122	47,219	(8.7)	43,122	47,219	(8.7)	
Culture and Recreation	190,668	168,196	13.4	158,148	115,163	37.3	
Parks	566,658	568,549	(0.3)	295,170	69,198	326.6	
Wastewater	291,948	308,229	(5.3)	171,762	189,453	(9.3)	

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

- The fund balance of the General Fund declined by \$54 thousand, primarily due to support of the Wastewater Project debt.
- The Blue Hole Park fund balance fell \$69 thousand due to the effects of the pandemic on park attendance.

Budgetary Highlights

- General Fund revenues were over budget by \$339 thousand, due primarily to stronger than expected sales tax collections and an unrestricted donation of \$50k.
- General Fund expenditures were \$4 thousand below budget overall due primarily to capital outlay savings.
- Overall the City's General Fund change in fund balance exceeded the budgeted deficit of \$481 thousand by \$427 thousand due mainly to the factors noted above.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2020, the City had invested \$14.8 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) The most significant capital addition continues to be the construction in process related to the Wastewater Project. The City also purchased a right of way and some small equipment items.

Table A-4
City's Capital Assets
(*in thousands dollars*)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	
Land	\$ 3,508	\$ 3,508	\$ -	\$ -	\$ 3,508	\$ 3,508	0.0
Buildings and Improvements	6,427	6,428	-	-	6,427	6,428	(0.0)
Infrastructure	2,921	2,921	224	224	3,145	3,145	0.0
Equipment	421	406	-	-	421	406	3.7
Construction in Process	-	-	4,921	3,167	4,921	3,167	55.4
Totals at Historical Cost	13,277	13,263	5,145	3,391	18,422	16,654	10.6
Total Accumulated Depreciation	(3,620)	(3,189)	(52)	(46)	(3,672)	(3,235)	13.5
Net Capital Assets	<u>\$ 9,657</u>	<u>\$ 10,074</u>	<u>\$ 5,093</u>	<u>\$ 3,345</u>	<u>\$14,750</u>	<u>\$13,419</u>	9.9

More detailed information about the City's capital assets is presented in the notes to the financial statements.

Long Term Debt

The City's debt balances are outlined in Table A-5. The City made its final payment on the Guadalupe-Blanco River Authority note in the current fiscal year. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-5
 City's Long-Term Debt
(in thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	
Notes Payable - 2013 Series	-	-	-	95	-	95	(100.0)
Bonds Payable - 2018 Series	-	-	4,940	5,100	4,940	5,100	(3.1)
Total Long-Term Debt	\$ -	\$ -	\$ 4,940	\$ 5,195	\$ 4,940	\$ 5,195	(4.9)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2021 fiscal year, the City projects General Fund revenues to be \$1.6 million, to include a \$340 thousand transfer from the utility fund. Expenditures are also expected to be \$1.6 million. The wastewater project is expected to be completed in the 2021 fiscal year, and the City is in the process of setting user rates. No other major changes are planned to City services.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall at (512) 847-0025 or visit the City's website at www.cityofwimberley.com.

City



of

Wimberley

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Proprietary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

City



of

Wimberley

CITY OF WIMBERLEY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,527,362	\$ 84,502	\$ 1,611,864
Receivables	279,406	618	280,024
Restricted Cash	234,771	2,186,988	2,421,759
Capital Assets (net)	<u>9,657,342</u>	<u>5,093,383</u>	<u>14,750,725</u>
TOTAL ASSETS	<u>11,698,881</u>	<u>7,365,491</u>	<u>19,064,372</u>
DEFERRED OUTFLOWS			
Deferred Pension Related Outflows	38,976	-	38,976
Deferred Other Post Employment Benefit Related Outflows	<u>4,778</u>	<u>-</u>	<u>4,778</u>
TOTAL DEFERRED OUTFLOWS	<u>43,754</u>	<u>-</u>	<u>43,754</u>
LIABILITIES			
Accounts Payable	16,699	557,449	574,148
Accrued Wages	18,940	-	18,940
Payroll Deductions and Withholdings	2,890	-	2,890
Accrued Compensated Absences	12,982	-	12,982
Accrued Interest	-	21,266	21,266
Deposits and Unearned Revenue	1,685	243,005	244,690
<i>Noncurrent Liabilities:</i>			
Long-Term Debt Due in One Year	-	160,000	160,000
Long-term Debt Due in More Than One Year	-	4,780,000	4,780,000
Total Other Post Employment Benefit Liability	<u>25,752</u>	<u>-</u>	<u>25,752</u>
Net Pension Liability	<u>62,960</u>	<u>-</u>	<u>62,960</u>
TOTAL LIABILITIES	<u>141,908</u>	<u>5,761,720</u>	<u>5,903,628</u>
DEFERRED INFLOWS			
Deferred Pension Related Inflows	32,459	-	32,459
Deferred Other Post Employment Benefit Related Inflows	<u>2,794</u>	<u>-</u>	<u>2,794</u>
TOTAL DEFERRED INFLOWS	<u>35,253</u>	<u>-</u>	<u>35,253</u>
NET POSITION			
Net Investment in Capital Assets	9,657,342	2,390,371	12,047,713
Restricted for:			
Municipal Court	2,263	-	2,263
Capital Projects	55,055	-	55,055
Tourism Development	142,345	-	142,345
Unrestricted	<u>1,708,469</u>	<u>(786,600)</u>	<u>921,869</u>
TOTAL NET POSITION	<u>\$ 11,565,474</u>	<u>\$ 1,603,771</u>	<u>\$ 13,169,245</u>

See accompanying notes to basic financial statements.

CITY OF WIMBERLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions and Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
Administration	\$ 616,349	\$ -	\$ 50,000	\$ -	
Inspections	39,270	106,787	-	-	
Police and Court	126,817	3,033	-	-	
Public Works	82,206	-	-	-	
Highways and Roads	243,451	-	-	65,447	
Sanitation	43,122	-	-	-	
Culture and Recreation	190,668	32,520	-	-	
Parks	566,658	271,488	-	-	
<i>Total Governmental Activities</i>	<u>1,908,541</u>	<u>413,828</u>	<u>50,000</u>	<u>65,447</u>	
<i>Business-Type Activities:</i>					
Wastewater Utility	291,948	120,186	-	-	
<i>Total Business-Type Activities</i>	<u>291,948</u>	<u>120,186</u>	<u>-</u>	<u>-</u>	
Total Primary Government	<u>\$ 2,200,489</u>	<u>\$ 534,014</u>	<u>\$ 50,000</u>	<u>\$ 65,447</u>	

General Revenues:

Taxes
 Sales Taxes
 Franchise Taxes
 Interest and Investment Earnings
 Miscellaneous

Total General Revenues

Interfund Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position
Primary Government

Governmental Activities	Business-Type Activities	Total
----------------------------	-----------------------------	-------

\$ (566,349)	\$ (566,349)	
67,517	67,517	
(123,784)	(123,784)	
(82,206)	(82,206)	
(178,004)	(178,004)	
(43,122)	(43,122)	
(158,148)	(158,148)	
(295,170)	(295,170)	
<u>(1,379,266)</u>	<u>(1,379,266)</u>	

\$ (171,762)	(171,762)	
<u>(171,762)</u>	<u>(171,762)</u>	
		(1,551,028)

1,114,811	-	1,114,811	
285,714	-	285,714	
3,992	19,908	23,900	
9,380	-	9,380	
<u>1,413,897</u>	<u>19,908</u>	<u>1,433,805</u>	
<u>(513,918)</u>	<u>513,918</u>	<u>-</u>	
(479,287)	362,064	(117,223)	
<u>12,044,761</u>	<u>1,241,707</u>	<u>13,286,468</u>	
<u>\$ 11,565,474</u>	<u>\$ 1,603,771</u>	<u>\$ 13,169,245</u>	

CITY OF WIMBERLEY
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Major Fund</u> <u>Blue Hole</u> <u>Park</u>	<u>Major Fund</u> <u>Hotel</u> <u>Occupancy</u>
ASSETS			
Cash and Cash Equivalents	\$ 979,565	\$ 532,736	\$ 142,345
Receivables (net of allowances for uncollectibles):			
Other Receivables	279,406	-	-
Due from Other Funds	<u>34,397</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,293,368</u>	<u>\$ 532,736</u>	<u>\$ 142,345</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 15,133	\$ 853	\$ -
Accrued Wages	12,034	6,905	-
Payroll Deductions and Withholdings	2,890	-	-
Unearned Revenue	385	1,300	-
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities</i>	<u>30,442</u>	<u>9,058</u>	<u>-</u>
<i>Fund Balances:</i>			
Restricted for:			
Municipal Court	-	-	-
Tourism Development	-	-	142,345
Capital Projects	-	-	-
Committed for:			
Public Works	505,170	-	-
Wastewater System	442,024	-	-
Grant Matches	315,732	-	-
Park Operations and Improvements	<u>-</u>	<u>523,678</u>	<u>-</u>
<i>Total Fund Balances</i>	<u>1,262,926</u>	<u>523,678</u>	<u>142,345</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,293,368</u>	<u>\$ 532,736</u>	<u>\$ 142,345</u>

See accompanying notes to basic financial statements.

Other Nonmajor Funds	Total Governmental Funds
\$ 107,488	\$ 1,762,134
-	279,406
-	34,397
<u>\$ 107,488</u>	<u>\$ 2,075,937</u>

\$ 712	\$ 16,698
-	18,939
-	2,890
-	1,685
<u>34,397</u>	<u>34,397</u>
<u>35,109</u>	<u>74,609</u>

2,263	2,263
-	142,345
55,055	55,055
-	505,170
-	442,024
-	315,732
<u>15,061</u>	<u>538,739</u>
<u>72,379</u>	<u>2,001,328</u>

<u>\$ 107,488</u>	<u>\$ 2,075,937</u>
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City



of

Wimberley

CITY OF WIMBERLEY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 2,001,328
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,657,342
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Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds.	(12,985)
--	----------

Net pension liabilities (and related deferred outflows of resources) do not consume current financial resources and are not reported in the funds.	
---	--

Net Pension Liability	(62,960)
Pension Related Deferred Outflows	38,976
Pension Related Deferred Inflows	<u>(32,459)</u>
	(56,443)

Total other post employment benefit (OPEB) liabilities (and related deferred outflows of resources) do not consume current financial resources and are not reported in the funds.	
--	--

Total OPEB Liability	(25,752)
OPEB Related Deferred Outflows	4,778
OPEB Related Deferred Inflows	<u>(2,794)</u>
	<u>(23,768)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 11,565,474</u>
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CITY OF WIMBERLEY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Major Fund</u>	<u>Major Fund</u>	<u>Major Fund</u>
	<u>General Fund</u>	<u>Blue Hole Park</u>	<u>Hotel Occupancy</u>
REVENUES			
Sales Taxes	\$ 1,114,811	\$ -	\$ -
Franchise Tax	337,517	-	-
Licenses and Permits	54,984	-	-
Charges for Services	32,520	271,488	-
Fines and Penalties	2,896	-	-
Interest Income	3,607	267	72
Miscellaneous	68,080	5,506	-
TOTAL REVENUES	1,614,415	277,261	72
EXPENDITURES			
<i>Current:</i>			
Administration	604,025	-	-
Police and Court	126,689	-	-
Inspections	39,270	-	-
Highways and Streets	186,887	-	-
Sanitation	36,633	-	-
Culture and Recreation	144,094	-	-
Parks	2,079	343,489	-
Capital Outlay	14,600	2,312	-
TOTAL EXPENDITURES	1,154,277	345,801	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	460,138	(68,540)	72
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(513,918)</u>	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(513,918)</u>	-	-
Net Change in Fund Balance	(53,780)	(68,540)	72
Fund Balances at Beginning of Year	1,316,706	592,218	142,273
Fund Balances at End of Year	<u>\$ 1,262,926</u>	<u>\$ 523,678</u>	<u>\$ 142,345</u>

See accompanying notes to basic financial statements.

Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ 1,114,811
-	337,517
-	54,984
-	304,008
513	3,409
51	3,997
50,000	123,586
<u>50,564</u>	<u>1,942,312</u>

-	604,025
128	126,817
-	39,270
-	186,887
-	36,633
-	144,094
3,740	349,308
-	16,912
<u>3,868</u>	<u>1,503,946</u>

46,696 438,366

 - (513,918)

 - (513,918)

46,696 (75,552)

 25,683 2,076,880
 \$ 72,379 \$ 2,001,328

City



of

Wimberley

CITY OF WIMBERLEY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (75,552)**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.

(416,404)

Governmental funds report required contributions to employee pensions and other post employment benefits as expenditures. However in the Statement of Activities the cost of these plans are recorded at the actuarially determined cost. This is the amount that actuarially determined plan cost exceeded contributions.

5,109

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 governmental funds.

Change in Compensated Absences 7,560

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (479,287)**

CITY OF WIMBERLEY
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2020

	<u>Wastewater</u>	<u>Utility</u>
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 84,502	
Receivables	618	
<i>Total Current Assets</i>	<u>85,120</u>	
<i>Other Assets:</i>		
Property and Equipment (net)	5,093,383	
Restricted Cash	<u>2,186,988</u>	
<i>Total Other Assets</i>	<u>7,280,371</u>	
TOTAL ASSETS	<u>7,365,491</u>	
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	557,449	
Accrued Interest	21,266	
Unearned Revenue	243,005	
Current Portion of Long-Term Debt	<u>160,000</u>	
<i>Total Current Liabilities</i>	<u>981,720</u>	
<i>Long-term Liabilities:</i>		
Long-term Debt (Net of Current Portion)	<u>4,780,000</u>	
<i>Total Long-term Liabilities</i>	<u>4,780,000</u>	
TOTAL LIABILITIES	<u>5,761,720</u>	
NET POSITION		
Net Investment In Capital Assets	2,390,371	
Unrestricted (Deficit)	(786,600)	
TOTAL NET POSITION	<u>\$ 1,603,771</u>	

See accompanying notes to basic financial statements.

CITY OF WIMBERLEY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR SEPTEMBER 30, 2020

	Wastewater Utility
OPERATING REVENUES	
Charges for Utility Service	<u>\$ 120,186</u>
TOTAL OPERATING REVENUES	<u>120,186</u>
OPERATING EXPENSES	
Utilities	8,697
Services	166,472
Depreciation	6,096
TOTAL OPERATING EXPENSES	<u>181,265</u>
OPERATING INCOME (LOSS)	<u>(61,079)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	19,908
Interest Expense	(93,701)
Bond Reissue Expenses	(16,982)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(90,775)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(151,854)</u>
TRANSFERS	
Transfers In	<u>513,918</u>
CHANGE IN NET POSITION	362,064
NET POSITION AT BEGINNING OF YEAR	<u>1,241,707</u>
NET POSITION AT END OF YEAR	<u>\$ 1,603,771</u>

See accompanying notes to basic financial statements.

CITY OF WIMBERLEY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Wastewater Utility
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 120,186
Cash Paid to Suppliers for Goods and Services	<u>251,870</u>
Net Cash Provided (Used) by Operating Activities	<u>372,056</u>
Cash Flows From Noncapital Financing Activities:	
Transfers from Other Funds	<u>691,502</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>691,502</u>
Cash Flows From Capital and Related Financing Activities:	
Purchase of Capital Assets	(1,754,039)
Principal Payments on Long-Term Debt	(255,000)
Bond Reissue Expenses	(16,982)
Interest Paid	(94,166)
Net Cash Provided (Used) by Capital Financing Activities	<u>(2,120,187)</u>
Cash Flows From Investing Activities:	
Investment Interest Received	<u>19,908</u>
Net Cash Provided (Used) by Investing Activities	<u>19,908</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,036,721)
Cash and Cash Equivalents at Beginning of Year	
Unrestricted	144,048
Restricted	<u>3,164,163</u>
Total Cash and Cash Equivalents at Beginning of Year	<u>3,308,211</u>
Cash and Cash Equivalents at End of Year	
Unrestricted	84,502
Restricted	<u>2,186,988</u>
Total Cash and Cash Equivalents at End of Year	<u>\$ 2,271,490</u>

See accompanying notes to basic financial statements.

CITY OF WIMBERLEY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Wastewater Utility</u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (61,079)
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation Expense	6,096
Increase (Decrease) in Current Liabilities:	
Accounts Payable	<u>427,039</u>
	<u>Total Adjustments to Reconcile Operating Activities</u>
	<u>433,135</u>
Net Cash Provided (Used) by Operating Activities	
	<u>\$ 372,056</u>

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wimberley, Texas (“City”) was incorporated in 2000 as the “Village of Wimberley” under the provisions of the State of Texas. In June 2008, the name was officially changed to City of Wimberley. The City operates as a general law municipality with a Mayor/Council form of government. With few exceptions, all powers of the City are vested in the Mayor and elected five-member Council. The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. REPORTING ENTITY

Component Units

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. As of September 30, 2020, the City had no component units.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities reflects the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund, Blue Hole Park Fund and Hotel Occupancy Fund meet the criteria as **major governmental funds**. The City’s proprietary Wastewater Utility Fund is also a major fund.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types which have been accrued consist of revenue from the investments, property taxes, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

Governmental fund level financial statements are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences, pension benefits and other post-employment benefits, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include sales tax, franchise tax and permits. Primary expenditures are for general administration, public safety, recreation, and public works.

Blue Hole Park Fund is used to account for the operations of the Blue Hole Regional Park, a 126 acre park with walking trails, picnic areas and swimming. Gate fees and facility rentals are charged to help fund the operational costs of the park.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Hotel Occupancy Tax Fund is used to account for the proceeds of an occupancy tax adopted October 2015. The occupancy tax has since been repealed, but a balance remains that is to be used to promote tourism in the City.

The City has the following nonmajor governmental funds: Municipal Court, FM 2325 Sidewalks, and Blue Hole Development.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's proprietary fund is a Wastewater Utility.

The **Proprietary Fund** is accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

Cash segregated into a separate fund is not reported as restricted cash unless it has restrictions narrower than the purpose of the fund. However, on the Statement of Net Position, all restricted cash is reported as such separately from cash and cash equivalents.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a)-(e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair market value except for certificates of deposit which are carried at amortized cost.

The City reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool maintains a consistent net asset value per share that approximates the fair value of the underlying securities. These investments are reported at net asset value.

6. ACCOUNTS RECEIVABLE

Accounts receivable includes amounts due from grantors for approved grants for specific programs, tax collections related to the fiscal year reported and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles, although the allowance was zero as of September 30, 2020.

Revenues that the City has an enforceable legal claim to but are not yet available to fund current operations are reported as deferred inflows of resources.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

8. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

9. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Revenue not expected to be available for the current period are reflected as deferred revenue. Unavailable revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more and a useful life in excess of 1 year. Infrastructure assets include City-owned streets, sewer, sidewalks, curbs and utilities. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. CAPITAL ASSETS (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Life</u>
Buildings and Improvements	5 to 40 years
Streets, Utilities and Infrastructure	20 to 40 years
Furniture, Fixtures, Vehicles	5 to 10 years

11. COMPENSATED ABSENCES

Employees accumulate vacation leave. Liabilities for compensated absences are recognized in the fund statements only to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

12. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt (including capital leases) and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bond. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. PENSIONS

The net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. FUND BALANCES

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - Represents amounts that can only be used for a specific purpose by a resolution of City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints through the same formal action. By policy, Council has made the following commitments:

- a. Revenues in the Blue Hole Park and Blue Hole Development Funds are committed to development of Blue Hole Park.
- b. Unrestricted General Fund Balance will be committed as follows:
 - a. 40% for public works (roads, drainage and similar infrastructure)
 - b. 25% for future grant matches
 - c. 35% for wastewater improvements

Assigned - Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. Assignments may be created by the Council or City Administrator.

Unassigned - Represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second and assigned third.

It is the City's policy to maintain three months of operating expenses in unrestricted General Fund balance and nine months of operating expenses in unrestricted Blue Hole Park Fund (to include committed and assigned balances). Should fund balance fall below this threshold, Council will take appropriate budgetary action to restore compliance.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. NET POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

16. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

17. INTERFUND TRANSFERS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

18. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B -- DEPOSITS AND INVESTMENTS

1. Deposits

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At September 30, 2020, the carrying amount of the City's deposits were fully collateralized by a combination of federal deposit insurance (FDIC) and securities pledged by the City's depository.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE B -- DEPOSITS AND INVESTMENTS (CONTINUED)

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. The Public Funds Investment Act (“Act”) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City materially adhered to the requirements of the Act. Additionally, investment practices of the City were in material compliance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) banker's acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The City's investment policy further limits investments to: (1) federally insured bank deposits, (2) collateralized bank deposits, (3) U.S. Government Treasury bills and notes, including sweep accounts that invest in them, (4) U.S. Government Agencies, and (5) Public Funds Investment Pools. No other investments may be made without authorization of City Council.

The City's investments at September 30, 2020 consist of \$187,574 in TexPool, a 2a7-like public funds investment pool. TexPool operates in accordance with the provisions of the Texas Public Funds Investment Act and is rated AAA. The investment in TexPool is included in cash and cash equivalents and is reported at net asset value which approximates fair market value.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the specific investment risks at year end and if so, the reporting of certain related disclosures. The City has analyzed its investment risks and determined that for the year ending September 30, 2020 the City was not exposed to any significant risks.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE C -- RESTRICTED CASH

As of September 30, 2020, the City reported the following restricted cash balances:

	<u>Amount</u>
<i>Governmental Activities:</i>	
Restricted for Tourism Development	\$ 142,345
Restricted for FM 2325 Sidewalks	89,452
Restricted for Municipal Court	2,974
<i>Total Governmental Activities</i>	<u>\$ 234,771</u>
<i>Wastewater Utility/Business-Type Activities:</i>	
Restricted for Loan Forgiveness	\$ 251,624
Restricted for Wastewater System Development	1,935,364
<i>Total Business-Type Activities</i>	<u>2,186,988</u>

NOTE D -- OTHER RECEIVABLES

Other receivables for the City as of September 30, 2020 are as follows:

	General Fund	Governmental Totals	Wastewater Utility
Sales and Mixed Beverage Tax	\$ 205,378	\$ 205,378	\$ -
Franchise Taxes	71,247	71,247	-
Customer Charges	2,781	2,781	618
<i>Total Other Receivables</i>	<u>\$ 279,406</u>	<u>\$ 279,406</u>	<u>\$ 618</u>

The Wastewater Utility Fund bills Blue Hole Park \$618 per month for treatment costs. These transactions are reported as revenue and expenditure, respectively.

NOTE E -- INTERFUND TRANSACTIONS

Interfund transfers during the year ending September 30, 2020 were as follows:

Transfer From	Transfer to	Amount	Purpose
General	Wastewater	<u>\$ 513,918</u>	<i>Support of Wastewater Project</i>
		<u>\$ 513,918</u>	

Interfund balances at September 30, 2020 were as follows:

Due From	Due to	Amount	Purpose
FM 2325 Sidewalks	General	<u>34,397</u>	<i>General fund support of CARES expenses</i>
		<u>\$ 34,397</u>	

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE F -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2019	Additions	Disposals/ Transfers	Balance 9/30/2020
Land	\$ 3,507,732	\$ -	\$ -	\$ 3,507,732
Buildings and Improvements	6,427,941	-	-	6,427,941
Infrastructure	2,920,929	-	-	2,920,929
Vehicles and Equipment	406,032	14,600	-	420,632
	<u>13,262,634</u>	<u>14,600</u>	<u>-</u>	<u>13,277,234</u>
Less Accumulated Depreciation				
Buildings and Improvements	(2,272,476)	(263,893)	-	(2,536,369)
Vehicles and Equipment	(332,806)	(18,022)	-	(350,828)
Infrastructure	(583,606)	(149,089)	-	(732,695)
	<u>(3,188,888)</u>	<u>(431,004)</u>	<u>-</u>	<u>(3,619,892)</u>
Capital Assets, Net	<u>\$ 10,073,746</u>	<u>\$ (416,404)</u>	<u>\$ -</u>	<u>\$ 9,657,342</u>
<i>Business-Type Activities</i>	Balance 10/1/2019	Additions	Disposals/ Transfers	Balance 9/30/2020
Infrastructure	\$ 223,970	\$ -	\$ -	\$ 223,970
Construction in Progress	3,167,188	1,754,039	-	4,921,227
	<u>3,391,158</u>	<u>1,754,039</u>	<u>-</u>	<u>5,145,197</u>
Less Accumulated Depreciation				
Infrastructure	(45,718)	(6,096)	-	(51,814)
	<u>(45,718)</u>	<u>(6,096)</u>	<u>-</u>	<u>(51,814)</u>
Capital Assets, Net	<u>\$ 3,345,440</u>	<u>\$ 1,747,943</u>	<u>\$ -</u>	<u>\$ 5,093,383</u>

Land and Construction in Progress are not depreciated.

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 22,509
Highways and Streets	140,961
Sanitation	6,489
Culture and Recreation	46,562
Parks	<u>214,483</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 431,004</u>

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE G -- LONG-TERM DEBT

Changes in long term liabilities for the year ending September 30, 2020 were as follows:

	Balance 10/1/2019	Additions	Reductions	Balance 9/30/2020
Bonds	\$ 5,195,000	\$ -	\$(255,000)	\$ 4,940,000
Net Pension Liability	101,867	74,347	(113,254)	62,960
Total OPEB Liability	19,532	6,456	(236)	25,752
<i>Grand Totals</i>	<i>\$ 5,316,399</i>	<i>\$ 80,803</i>	<i>\$ (368,490)</i>	<i>\$ 5,028,712</i>

Changes in notes and bonds outstanding for the year ending September 30, 2020 were as follows:

	Balance 10/1/2019	Additions	Reductions	Balance 9/30/2020	Due Within One Year
Business-Type Activities					
Series 2013 Bonds	\$ 95,000	\$ -	\$ (95,000)	\$ -	\$ -
Series 2017 Bonds	5,100,000	-	(160,000)	4,940,000	160,000
<i>Total Business-Type Activities</i>	<i>\$ 5,195,000</i>	<i>\$ -</i>	<i>\$ (255,000)</i>	<i>\$ 4,940,000</i>	<i>\$ 160,000</i>

Combination Tax and Surplus Revenue Anticipation Notes, Series 2013

The City issued \$650,000 in notes in 2013 for wastewater system improvements. The notes mature serially through August 1, 2020 and bear interest at rates between 0.44% and 2.36%. The bonds were privately placed with a bank and contain no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences. These bonds were fully defeased as of the end of the fiscal year.

Texas Sewer System Revenue Bonds, Series 2020

In 2017, the City issued \$5,255,000 in bonds for the construction of a comprehensive sewer system. The bonds mature serially through August 1, 2046 and bear interest at rates between 0.07% and 2.15%. The bonds were privately placed with a bank. Due to a change in project scope, the bonds that had not been defeased, \$4,940,000, were reissued on August 27, 2020. These bonds were issued under identical repayment principal, interest, and timing terms. They were also privately placed with a bank and there are no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE G -- LONG-TERM DEBT (CONTINUED)

Texas Sewer System Revenue Bonds, Series 2017 (Continued)

The annual requirements to amortize all private placement long-term debt and obligations outstanding as of September 30, 2020, including interest payments, are as follows:

Fiscal Year Ending		Principal	Interest	Total
<i>September 30,</i>	<i>Business-Type Activities</i>			
	2021	\$ 160,000	\$ 85,063	\$ 245,063
	2022	160,000	84,471	244,471
	2023	160,000	83,687	243,687
	2024	160,000	82,551	242,551
	2025	165,000	81,191	246,191
	2026-2030	845,000	374,669	1,219,669
	2031-2035	915,000	301,231	1,216,231
	2036-2040	1,010,000	207,633	1,217,633
	2041-2045	1,125,000	98,629	1,223,629
	2046	240,000	5,160	245,160
		<u>\$ 4,940,000</u>	<u>\$ 1,404,285</u>	<u>\$ 6,344,285</u>

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2018</u>	<u>2019</u>
Inactive employees or beneficiaries currently receiving benefits	5	5
Inactive employees entitled to but not yet receiving benefits	11	13
Active employees	10	9
	<u>26</u>	<u>27</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Wimberley were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.07% and 6.73% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$31,820, which equaled the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall Payroll Growth	3.00% per year
Investment Rate of Return*	6.75%
Long-Term Municipal Bond Rate**	3.71%

*Net of plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Health Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2019:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2018	<u>\$ 422,522</u>	<u>\$ 320,655</u>	<u>\$ 101,867</u>
Changes for the year:			
Service Cost	44,185	-	44,185
Interest	29,874	-	29,874
Change of Benefit Terms	-	-	-
Difference Between Expected and			
Actual Experience	(1,208)	-	(1,208)
Changes of Assumptions	(1,676)	-	(1,676)
Contributions - Employer	-	37,191	(37,191)
Contributions - Employee	-	23,628	(23,628)
Net Investment Income	-	49,551	(49,551)
Benefit Payments, Including Refunds			
of Employee Contributions	(4,075)	(4,075)	-
Administrative Expense	-	(280)	280
Other Changes	-	(8)	8
Net Changes	<u>67,100</u>	<u>106,007</u>	<u>(38,907)</u>
Balance at December 31, 2019	<u>\$ 489,622</u>	<u>\$ 426,662</u>	<u>\$ 62,960</u>

The following represents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	Discount Rate	Discount Rate	Discount Rate
	5.75%	6.75%	7.75%
Net Pension Liability (Asset)	\$ 133,287	\$ 62,960	\$ 5,416

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized pension expense of \$23,718. Also, as of September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Economic Experience	\$ -	\$ 2,459
Changes in Actuarial Assumptions	- -	1,237
Differences Between Projected and Actual Investment Earnings	16,360	28,763
Contributions Subsequent to the Measurement Date	<u>22,616</u>	<u>-</u>
	<u><u>\$ 38,976</u></u>	<u><u>\$ 32,459</u></u>

Deferred outflows of resources in the amount of \$22,616 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the calendar year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,

2020	\$ (5,667)
2021	(4,101)
2022	(748)
2023	(5,583)
	<u><u>\$ (16,099)</u></u>

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE I -- OTHER POSTEMPLOYMENT BENEFITS

Supplemental Death Benefits

The City also participates in the cost sharing single-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB. Membership in the plan at December 31, 2019, the valuation and measurement date, consisted of:

	2018	2019
Inactive Employees or Beneficiaries Currently Receiving Benefits	5	5
Inactive Employees Entitled to but Not Yet Receiving Benefits	0	0
Active employees	10	9
	<u>15</u>	<u>14</u>

The SDBF required contribution rates, based on these assumptions, are as follows:

	Total SDBF Contribution Rate	Retiree Portion of SDBF Contribution Rate
For the Plan Year Ended December 31,		
2019	0.30%	0.02%
2020	0.20%	0.05%

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method. These assumptions are summarized below:

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE I -- OTHER POSTEMPLOYMENT BENEFITS (Continued)

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.71% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2019, the measurement and actuarial valuation date was calculated as follows:

	<u>Total OPEB Liability</u>
Balance at December 31, 2018	<u>\$ 19,532</u>
Changes for the year:	
Service Cost	1,229
Interest	743
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	249
Changes in Assumptions or Other Inputs	4,235
Benefit Payments	<u>(236)</u>
Net Changes	<u>6,220</u>
Balance at December 31, 2019	<u>\$ 25,752</u>

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE I -- OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following presents the TOL of the City, calculated using the discount rate of 2.75% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate:

	Discount Rate	Discount Rate	Discount Rate
	1.75%	2.75%	3.75%
Total OPEB Liability	\$ 31,106	\$ 25,752	\$ 21,584

For the year ended September 30, 2020, the City recognized OPEB expense of \$2,203. Also as of September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 212	\$ 1,845
Changes in Actuarial Assumptions	4,463	949
Contributions Subsequent to the Measurement Date	103	-
	<u>\$ 4,778</u>	<u>\$ 2,794</u>

Deferred outflows of resources in the amount of \$103 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability for the plan year ended December 31, 2020. Other amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year ended December 31,	
2020	\$ 231
2021	231
2022	111
2023	189
2024	673
Thereafter	446
	<u>\$ 1,881</u>

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE J -- COMMITMENTS AND CONTINGENCIES

Commitments

At September 30, 2020, the City had the following vendor commitments related to the Wastewater Project:

	Amount
Contract Amount (Construction Services)	\$ 3,727,537
Expenses Incurred as of September 30, 2020	(2,126,264)
<i>Remaining Commitment</i>	<u><u>\$ 1,601,273</u></u>

Litigation

The City is the subject of various other claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

Hays Flood Mitigation (Elevation) Grant

On July 24, 2017 the Texas Division of Emergency Management (TDEM) awarded the City a \$2 million grant for Hoots Holler elevation activities to mitigate damage from potential future flooding. During the fiscal year, the City performed a number of studies and analyses related to this project. The City is expecting construction to begin in the coming fiscal year.

NOTE K -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts for losses up to \$1,000,000.

NOTE L -- SUBSEQUENT EVENTS

In October, 2020 the City awarded a contract in the amount of \$261 thousand for renovation costs related to the Hoots Holler construction. Subsequent to year-end the City also awarded a contract in the amount of \$442 thousand for the final phase of construction related to the Wimberley Wastewater Project.

City



of

Wimberley

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability
- Schedule of Pension Contributions
- Schedule of Changes of Total Other Post Employment Benefits Liability

CITY OF WIMBERLEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Sales Taxes	\$ 890,000	\$ 865,000	\$ 1,114,811	\$ 249,811
Franchise Taxes	329,500	319,200	337,517	18,317
Licenses and Permits	50,000	45,000	54,984	9,984
Charges for Services	55,000	35,000	32,520	(2,480)
Fines and Penalties	1,000	2,896	2,896	-
Interest Income	1,000	2,500	3,607	1,107
Miscellaneous	4,000	5,800	68,080	62,280
TOTAL REVENUES	1,330,500	1,275,396	1,614,415	339,019
EXPENDITURES				
<i>Current:</i>				
Administration	615,481	578,179	604,025	(25,846)
Police and Court	127,224	128,500	126,689	1,811
Inspections	38,000	36,000	39,270	(3,270)
Highways and Roads	262,386	183,889	186,887	(2,998)
Sanitation	38,600	37,860	36,633	1,227
Culture and Recreation	161,465	151,498	144,094	7,404
Parks	4,100	4,100	2,079	2,021
Capital Outlay	120,050	38,500	14,600	23,900
TOTAL EXPENDITURES	1,367,306	1,158,526	1,154,277	4,249
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,806)	116,870	460,138	343,268
OTHER FINANCING SOURCES (USES)				
Transfers Out	(173,000)	(597,815)	(513,918)	83,897
TOTAL OTHER FINANCING SOURCES (USES)	(173,000)	(597,815)	(513,918)	83,897
Net Change in Fund Balance	(209,806)	(480,945)	(53,780)	427,165
Beginning Fund Balance	1,316,706	1,316,706	1,316,706	-
Ending Fund Balance	\$ 1,106,900	\$ 835,761	\$ 1,262,926	\$ 427,165

CITY OF WIMBERLEY
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2020

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The City does not use encumbrances.

CITY OF WIMBERLEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST SIX CALENDAR YEARS

	Total Pension Liability		
	2014	2015	2016
Service Cost	\$ 22,714	\$ 22,391	\$ 21,061
Interest (on the Total Pension Liability)	10,986	12,969	15,099
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(1,336)	962	(4,066)
Change of Assumptions	-	5,463	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,352)</u>	<u>(4,396)</u>	<u>(1,015)</u>
Net Change in Total Pension Liability	29,012	37,389	31,079
Total Pension Liability - Beginning	<u>147,258</u>	<u>176,270</u>	<u>213,659</u>
Total Pension Liability - Ending	<u><u>\$ 176,270</u></u>	<u><u>\$ 213,659</u></u>	<u><u>\$ 244,738</u></u>
Plan Fiduciary Net Position	2014	2015	2016
Contributions - Employer	\$ 5,003	\$ 7,077	\$ 6,241
Contributions - Employee	15,539	16,085	14,790
Net Investment Income	8,561	258	13,085
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,352)</u>	<u>(4,396)</u>	<u>(1,015)</u>
Administrative Expense	(89)	(158)	(148)
Other	<u>(7)</u>	<u>(7)</u>	<u>(8)</u>
Net Change in Plan Fiduciary Net Position	25,655	18,859	32,945
Plan Fiduciary Net Postion - Beginning	<u>149,601</u>	<u>175,256</u>	<u>194,115</u>
Net Pension Liability - Ending	<u><u>\$ 175,256</u></u>	<u><u>\$ 194,115</u></u>	<u><u>\$ 227,060</u></u>
Net Pension Liability (Asset) - Ending	\$ 1,014	\$ 19,544	\$ 17,678
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.42%	90.85%	92.78%
Covered Payroll	\$ 310,774	\$ 321,706	\$ 295,799
Net Pension Liability as a Percentage of Covered Payroll	0.33%	6.08%	5.98%

Information is being accumulated prospectively until ten years is presented.

	2017	2018	2019
\$ 25,805	\$ 38,459	\$ 44,185	
23,305	26,015	29,874	
90,245	-	-	
(9,438)	(4,903)	(1,208)	
-	-	(1,676)	
<u>(5,246)</u>	<u>(6,458)</u>	<u>(4,075)</u>	
124,671	53,113	67,100	
244,738	369,409	422,522	
<u>\$ 369,409</u>	<u>\$ 422,522</u>	<u>\$ 489,622</u>	

	2017	2018	2019
\$ 9,066	\$ 35,932	\$ 37,191	
17,846	19,743	23,628	
31,421	(8,366)	49,551	
(5,247)	(6,458)	(4,075)	
(163)	(162)	(280)	
(8)	(9)	(8)	
<u>52,915</u>	<u>40,680</u>	<u>106,007</u>	
<u>227,060</u>	<u>279,975</u>	<u>320,655</u>	
<u>\$ 279,975</u>	<u>\$ 320,655</u>	<u>\$ 426,662</u>	

\$ 89,434 \$ 101,867 \$ 62,960

75.79% 75.89% 87.14%

\$ 356,919 \$ 394,855 \$ 472,564

25.06% 25.80% 13.32%

CITY OF WIMBERLEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
LAST SIX FISCAL YEARS

EMPLOYER CONTRIBUTIONS

	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution		Contribution Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 5,003	\$ 5,003		\$ -	\$ 310,774	1.61%
2016	6,608	6,608		-	309,522	2.13%
2017	9,008	9,008		-	367,940	2.45%
2018	25,992	25,992		-	350,458	7.42%
2019	38,818	38,818		-	473,222	8.20%
2020	31,820	31,820		-	451,530	7.05%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

CITY OF WIMBERLEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES – TOTAL OTHER POST EMPLOYMENT BENEFIT LIABILITY
AND RELATED RATIOS
LAST THREE CALENDAR YEARS

	Total OPEB Liability		
	2017	2018	2019
Service Cost	\$ 1,071	\$ 1,303	\$ 1,229
Interest	712	745	743
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	-	(2,863)	249
Changes in Assumptions or Other Inputs	1,848	(1,471)	4,235
Benefit Payments	<u>(71)</u>	<u>(79)</u>	<u>(236)</u>
Net Change in Total Pension Liability	3,560	(2,365)	6,220
Total OPEB Liability - Beginning	<u>18,337</u>	<u>21,897</u>	<u>19,532</u>
Total OPEB Liability - Ending	<u><u>\$ 21,897</u></u>	<u><u>\$ 19,532</u></u>	<u><u>\$ 25,752</u></u>
 Covered Payroll	 \$ 356,919	 \$ 394,855	 \$ 472,564
 Total OPEB Liability as a Percentage of Covered Payroll	 6.14%	 4.95%	 5.45%

Notes to Schedule

Changes in Benefit Terms: None

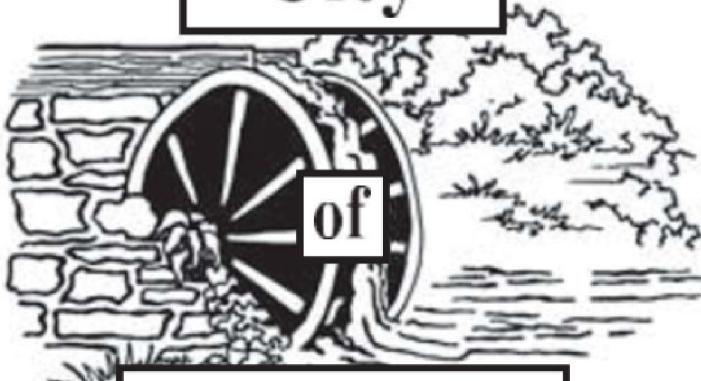
Changes in Assumptions: None

Trust:

No assets are accumulated in a trust that meets the criteria
in paragraph 4 of Statement No. 75 to pay related benefits.

Information for this schedule is being accumulated prospectively until a rolling ten year period is available.

City



of

Wimberley

SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Combining Statements – Nonmajor Governmental Funds
- Comparative Individual Fund Statements
 - General Fund
 - Wastewater Utility

CITY OF WIMBERLEY
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Special			Total Nonmajor Funds
	Revenue		Capital Projects	
	Municipal Court	Blue Hole Development	FM 2325 Sidewalks	
ASSETS				
Cash and Cash Equivalents	\$ 2,975	\$ 15,061	\$ 89,452	\$ 107,488
TOTAL ASSETS	\$ 2,975	\$ 15,061	\$ 89,452	\$ 107,488
LIABILITIES & FUND BALANCES				
<i>Liabilities:</i>				
Accounts Payable	\$ 712	\$ -	\$ -	\$ 712
Due to Other Funds	-	-	34,397	34,397
<i>Total Liabilities</i>	<u>712</u>	<u>-</u>	<u>34,397</u>	<u>35,109</u>
<i>Fund Balances:</i>				
Restricted For:				
Municipal Court	2,263	-	-	2,263
Capital Projects	-	-	55,055	55,055
Committed For:				
Capital Projects	-	15,061	-	15,061
<i>Total Fund Balances</i>	<u>2,263</u>	<u>15,061</u>	<u>55,055</u>	<u>72,379</u>
TOTAL LIABILITIES & FUND BALANCES	\$ 2,975	\$ 15,061	\$ 89,452	\$ 107,488

CITY OF WIMBERLEY
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Municipal Court	Capital Projects		Total Nonmajor Funds
		Blue Hole Development	FM 2325 Sidewalks	
REVENUES				
Fines and Forfeitures	\$ 513	\$ -	\$ -	\$ 513
Donations	-	-	50,000	50,000
Interest Income	5	18	28	51
TOTAL REVENUES	518	18	50,028	50,564
EXPENDITURES				
<i>Current:</i>				
Police and Court	128	-	-	128
Park Improvements	-	3,740	-	3,740
TOTAL EXPENDITURES	128	3,740	-	3,868
Net Change in Fund Balance	390	(3,722)	50,028	46,696
BEGINNING FUND BALANCE	1,873	18,783	5,027	25,683
ENDING FUND BALANCE	\$ 2,263	\$ 15,061	\$ 55,055	\$ 72,379

CITY OF WIMBERLEY
COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Cash Equivalents	\$ 979,565	\$ 1,328,593
Receivables (net of allowances for uncollectibles):		
Other Receivables	279,406	244,366
Due from Other Funds	<u>34,397</u>	<u>2,582</u>
TOTAL ASSETS	<u>\$ 1,293,368</u>	<u>\$ 1,575,541</u>
LIABILITIES AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 15,133	\$ 57,533
Accrued Wages	12,034	10,317
Payroll Deductions and Withholdings	2,890	7,701
Unearned Revenue	385	5,700
Due to Other Funds	<u>-</u>	<u>177,584</u>
<i>Total Liabilities</i>	<u>30,442</u>	<u>258,835</u>
<i>Fund Balances:</i>		
Committed For:		
Public Works	505,170	526,683
Wastewater System	442,024	499,005
Grant Matches	<u>315,732</u>	<u>291,018</u>
<i>Total Fund Balance</i>	<u>1,262,926</u>	<u>1,316,706</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,293,368</u>	<u>\$ 1,575,541</u>

CITY OF WIMBERLEY
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
REVENUES		
Sales Taxes	\$ 1,114,811	\$ 993,596
Franchise Fees	337,517	370,934
Fines and Penalties	2,896	3,500
Licenses and Permits	54,984	64,972
Charges for Services	32,520	53,033
Interest Income	3,607	4,966
Miscellaneous	68,080	75,822
TOTAL REVENUES	<u>1,614,415</u>	<u>1,566,823</u>
EXPENDITURES		
<i>Current:</i>		
Administration	604,025	585,682
Police and Court	126,689	127,756
Inspections	39,270	49,863
Highways and Roads	186,887	297,874
Sanitation	36,633	40,730
Community Center	144,094	123,738
Parks	2,079	6,215
Capital Outlay	14,600	31,033
TOTAL EXPENDITURES	<u>1,154,277</u>	<u>1,262,891</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>460,138</u>	<u>303,932</u>
OTHER FINANCING SOURCES (USES)		
Transfer Out	<u>(513,918)</u>	<u>(402,703)</u>
TOTAL OTHER FINANCING		
SOURCES (USES)	<u>(513,918)</u>	<u>(402,703)</u>
Net Change in Fund Balance	(53,780)	(98,771)
Beginning Fund Balance	<u>1,316,706</u>	<u>1,415,477</u>
Ending Fund Balance	<u>\$ 1,262,926</u>	<u>\$ 1,316,706</u>

CITY OF WIMBERLEY
COMPARATIVE STATEMENTS OF NET POSITION
WASTEWATER UTILITY
SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 84,502	\$ 144,048
Accounts Receivable	618	618
Due from Other Funds	-	177,584
<i>Total Current Assets</i>	<u>85,120</u>	<u>322,250</u>
<i>Other Assets:</i>		
Property and Equipment (net)	5,093,383	3,345,440
Restricted Cash	<u>2,186,988</u>	<u>3,164,163</u>
<i>Total Other Assets</i>	<u>7,280,371</u>	<u>6,509,603</u>
TOTAL ASSETS	<u>7,365,491</u>	<u>6,831,853</u>
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	557,449	130,410
Accrued Interest	21,266	21,731
Unearned Revenue	243,005	243,005
Current Portion of Long-term Debt	<u>160,000</u>	<u>255,000</u>
<i>Total Current Assets</i>	<u>981,720</u>	<u>650,146</u>
<i>Long-term Liabilities:</i>		
Long-term Debt (Net of Current Portion)	<u>4,780,000</u>	<u>4,940,000</u>
TOTAL LIABILITIES	<u>5,761,720</u>	<u>5,590,146</u>
NET POSITION		
Net Investment in Capital Assets	2,390,371	807,042
Restricted	-	485,829
Unrestricted	<u>(786,600)</u>	<u>(51,164)</u>
TOTAL NET POSITION	<u>\$ 1,603,771</u>	<u>\$ 1,241,707</u>

CITY OF WIMBERLEY
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
WASTEWATER UTILITY
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Operating Revenues		
Charges for Utility Services	\$ 120,186	\$ 118,776
Total Operating Revenues	<u>120,186</u>	<u>118,776</u>
Operating Expenses Before Depreciation		
Utilities	8,697	8,638
Services	166,472	203,416
Depreciation	6,096	6,096
Total Operating Expenses Before Depreciation	<u>181,265</u>	<u>218,150</u>
Operating Income (Loss)	<u>(61,079)</u>	<u>(99,374)</u>
Other Income (Expense):		
Interest Income	19,908	53,587
Interest Expense	(93,701)	(90,079)
Capital Grants	-	177,584
Bond Issue Costs	(16,982)	-
Total Other Income (Expense)	<u>(90,775)</u>	<u>141,092</u>
Income (Loss) Before Transfers	<u>(151,854)</u>	<u>41,718</u>
Transfers		
Transfers In	<u>513,918</u>	<u>501,131</u>
Change in Net Position	<u>362,064</u>	<u>542,849</u>
Net Position at Beginning of Year	<u>1,241,707</u>	<u>698,858</u>
Net Position at End of Year	<u>\$ 1,603,771</u>	<u>\$ 1,241,707</u>

City



of

Wimberley

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT

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*

Management, Mayor and Council of
City of Wimberley
221 Stillwater
Wimberley, TX 78676

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Wimberley as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Wimberley's basic financial statements, and have issued our report thereon dated December 31, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Wimberley'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 of Wimberley's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Wimberley's internal control.

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

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

Compliance and Other Matters

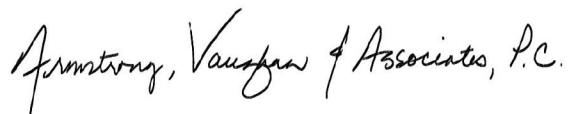
As part of obtaining reasonable assurance about whether the City of Wimberley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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*.

We noted certain other matters that have been reported to management in a separate letter dated December 31, 2020.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Armstrong, Vaughan & Associates, P.C." The signature is written in a cursive style with a large, stylized 'A' at the beginning.

Armstrong, Vaughan & Associates, P.C.

December 31, 2020



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Management, Mayor and Council of
City of Wimberley
221 Stillwater
Wimberley, TX 78676

Report on Compliance for Each Major Federal Program

We have audited City of Wimberley's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of City of Wimberley's major federal programs for the year ended September 30, 2020. City of Wimberley's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Wimberley's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Wimberley's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on City of Wimberley's compliance.

Opinion on each Major Federal Program

In our opinion, the City of Wimberley complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of the City of Wimberley is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Wimberley's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Wimberley's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Armstrong, Vaughan & Associates, P.C.
December 31, 2020

CITY OF WIMBERLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
One or more material weaknesses identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
One or more significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial Statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

2. Federal Awards

Internal control over major programs:		
One or more material weaknesses identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
One or more significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with CFR Part 200 of the Uniform Guidance?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>CFDA Number</u>		
66.458	<u>Name of Federal Program or Cluster</u>	
	Clean Water State Revolving Fund	
Dollar threshold used to distinguish between Type A and type B Programs:	<u>\$750,000</u>	
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF WIMBERLEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed Through State of Texas</i>			
<i>Texas Water Development Board</i>			
Clean Water State Revolving Fund	66.458	L000394	\$ 1,759,099
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed Through State of Texas</i>			
<i>Texas Department of Emergency Management</i>			
Coronavirus Relief Fund	21.019		26,675
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through State of Texas</i>			
<i>Texas Department of Emergency Management</i>			
Infrastructure	14.228	19-229-000-B672	23,908
<i>Passed Through State of Texas</i>			
<i>Texas General Land Office</i>			
Housing Relief	14.228	19-229-000-B602	<u>16,244</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
			<u>40,152</u>
TOTAL EXPENDITURE OF FEDERAL AWARDS			
			<u>\$ 1,825,926</u>

CITY OF WIMBERLEY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

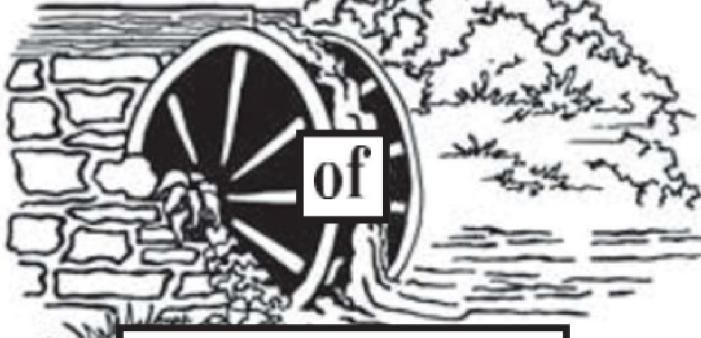
NOTE 1 -- BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Wimberley, and is presented in accordance with the requirements of OMB Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Timing differences may occur as a result of recognizing accounts payable or capital assets.

NOTE 2 -- INDIRECT COSTS

The City of Wimberley has not charged indirect costs to any of its federal grants.

City



of

Wimberley