Village of Wimberley

Audited Financial Report for the Year Ended

September 30, 2001

Freemon, Shapard & Story

VILLAGE OF WIMBERLEY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2001

TABLE OF CONTENTS

EXHIBIT A-1

VILLAGE OF WIMBERLEY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2001

	GOVERNMENTAL FUND TYPES		
	General Fund	Special Revenue Fund	Total
ASSETS AND OTHER DEBITS			
Cash and Equivalents	$ 75,474	$	$ 75,474
Due from Other Goverments	17,892	2,612	20,504
Due from Other Funds	2,612		2,612
Other Receivables	45,742		45,742
Total Assets and Other Debits	$ 141,720	$ 2,612	$ 144,332
LIABILITIES			
Accounts Payable	$ 1,560	$	$ 1,560
Payroll Liabilities	1,291		1,291
Due to Other Funds		2,612	2,612
Total Liabilities	2,851	2,612	5,463
FUND EQUITY AND OTHER CREDITS			
Unreserved, Undesignated Fund Balance	138,869		138,869
Total Liabilities, Fund Equity and Other Credits	$ 141,720	$ 2,612	$ 144,332

The accompanying notes are an integral part of this statement.

EXHIBIT A-2

VILLAGE OF WIMBERLEY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED SEPTEMBER 30, 2001

	GOVERNMENTAL FUND TYPES		
	General Fund	Special Revenue Fund	Total
REVENUES			
Local and Interemediate Sources:			
Investment Income	$ 173	$	$ 173
Sales Tax Revenue	129,169		129,169
Franchise Fee Revenue	159,877		159,877
Building and Zoning Fees	20,199		20,199
Other Local and Intermediate Sources	3,846		3,846
Total Local and Intermediate Sources	313,264	-	313,264
State Program Revenues	-	2,612	2,612
Total Revenue	313,264	2,612	315,876
EXPENDITURES			
Personnel	31,515		31,515
Professional Services	85,947		85,947
Texas Municipal League	4,300		4,300
Capital Outlay	5,289		5,289
Office Supplies	13,369		13,369
Dues, Fees and Publications	935		935
Office Expense	16,525		16,525
Road and Bridge	1,100		1,100
Elections and Public Notices	8,820		8,820
Interest Expense	1,566		1,566
Miscellaneous Expense	5,029		5,029
Park Expenditures		2,612	2,612
Total Expenditures	174,395	2,612	177,007
Excess of Revenues Over Expenditures	138,869	-	138,869
Other Resources	45,000		45,000
Other (Uses)	(45,000)		(45,000)
Excess of Revenues and Other Resources over Expenditures and Other Uses	138,869	-	138,869
Fund Balance Beginning	-	-	-
Fund Balance Ending	$ 138,869	$ -	$ 138,869

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

VILLAGE OF WIMBERLEY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2001

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local and Interemediate Sources:			
Investment Income	$ 152	$ 174	$ 22
Sales Tax Revenue	87,547	129,169	41,622
Franchise Fee Revenue	123,090	159,877	36,787
Building and Zoning Fees	22,681	20,199	(2,482)
Other Local and Intermediate Sources	1,326	3,846	2,520
Total Local and Intermediate Sources	234,796	313,265	78,469
State Program Revenues	-	-	-
Total Revenue	234,796	313,265	78,469
EXPENDITURES			
Personnel	27,869	31,515	(3,646)
Professional Services	65,265	85,947	(20,682)
Texas Municipal League	6,083	4,300	1,783
Capital Outlay	3,679	5,289	(1,610)
Office Supplies	12,306	13,369	(1,063)
Dues, Fees and Publications	681	935	(254)
Office Expense	16,091	16,525	(434)
Road and Bridge	12,600	1,100	11,500
Elections and Public Notices	8,425	8,820	(395)
Interest Expense	-	1,566	(1,566)
Miscellaneous Expense	5,129	5,029	100
Park Expenditures	-	-	-
Total Expenditures	158,128	174,395	(16,267)
Excess of Revenues Over Expenditures	76,668	138,870	62,202
Other Resources	45,000	45,000	-
Other (Uses)	(121,668)	(45,000)	76,668
Excess of Revenues and Other Resources over Expenditures and Other Uses	-	138,870	138,870
Fund Balance Beginning	-	-	-
Fund Balance Ending	$ -	$ 138,870	$ 138,870

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Village of Wimberley is a general law city incorporated May 5, 2000. The Village operates under a Mayor/Council form of government. The Mayor is the executive officer of the Village. The Village provides the following services: Street Maintenance, Recreation Programs, Municipal Court, Community Development, and General Administrative Services.

For financial reporting purposes, in conformance with the Statements and Interpretations of the National Council on Governmental Accounting and the Governmental Accounting Standards Board, the Village includes all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent on the Village's executive or legislative branches. Specifically, control by or dependence, on the Village is determined by the following criteria:

Selection of the governing authority

Designation of management

Ability to significantly influence operations

Accountability for fiscal matters include budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Village, obligation of the Village to finance any deficits which may occur, or receipt of significant subsidies from the Village.

In accordance with GASB pronouncements, the Village's financial statements include all funds, account groups, agencies, boards, commissions and other organizations over which the Council exercises oversight responsibility.

Oversight responsibility includes appointment of governing bodies, budget authority, approval of tax levies, outstanding debt secured by the Village's full faith and credit or revenues, and responsibility for funding deficits.

As a result of applying the entity definition criteria of the Governmental Accounting Standards Board, no entities have been included or excluded in this Financial Report.

B. BASIS OF PRESENTATION

The financial reporting practices of the Village conform to generally accepted accounting principles as applicable to local governments.

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Individual funds and account groups, which are used by the Village and are summarized in the accompanying combined financial statements, are classified as follows:

GOVERNMENTAL FUNDS

GENERAL FUND - to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the Village.

SPECIAL REVENUE FUND - To account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that is legally restricted to expenditures for specified purposes.

C. BASIS OF ACCOUNTING

Basis of accounting refers to the method by which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using a modified accrual basis of accounting and the flow of financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The Village uses estimates when accounting for certain items. These estimates are based on a combination of prior historical knowledge and projected future events.

REVENUE RECOGNITION

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current period or soon enough thereafter to be used to pay obligations of the current period): investment earnings, special assessments due in the current year, fines and forfeitures. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made.

Property taxes and special assessments, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available. Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

EXPENDITURE RECOGNITION

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related liability is incurred except for un-matured principal and interest on general long-term debt which are recognized when due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. BUDGETARY DATA

GENERAL BUDGET POLICIES

By August 15, the City Administrator submits an annual operating budget for all funds for the following fiscal year to Village Council for consideration and passage. While the Village adopts a budget for all funds, the Village is legally required to report on such budgets only for its Governmental Fund Types. An appropriations ordinance (the appropriated budget) to control the level of expenditures must be legally enacted on or about September 1. The Village maintains its legal level of budgetary control at the department level. However, management control is exercised at the fine item level. The Village Manager is authorized to transfer amounts between objects of expenditure and agencies so long as the total appropriation for each department does not exceed that of the Council approved appropriation. Amendments to the budget were approved by Village Council as provided by law. Unencumbered appropriation balances lapse at year-end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

ENCUMBRANCES

As part of formal budgetary control over governmental funds, purchase orders, contracts and other commitments for the expenditure of funds are encumbered and recorded as the equivalent of expenditures on the Non-GAAP budget basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balance for subsequent-year expenditures for the governmental funds. There were no outstanding encumbrances as of September 30, 2001.

BUDGETS

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budget is based upon the modified accrual basis of accounting for the governmental funds and the accrual basis for the proprietary funds.

E. INTERGOVERNMENTAL REVENUES

Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlements occur. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures/expenses are incurred.

F. INTERFUND TRANSACTIONS

During the course of normal operations, the Village has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets, and service debt. The accompanying combined financial statements generally reflect such transactions as operating transfers. To the extent that certain transactions between funds had not been paid or received as of September 30, 2001, interfund amounts receivable or payable have been recorded.

G. CASH AND CASH EQUIVALENTS

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three month.

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS, AND INVESTMENTS

Deposits were with the contracted depository bank in interest bearing accounts which were secured throughout the year by FDIC coverage and by securities conforming to the provisions of Chapter 2257, Collateral for Public Funds of the Government Code in an amount sufficient to protect the Village on a day-to-day basis during the period of the contract The pledge is waived only to the extent of Federal Deposit Insurance Corporation ("FDIC") Insurance. All deposits are deemed collateralized under the provisions of the Governmental Accounting Standards Board's "Codification of Governmental Accounting Standards."

Cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

Category 1 Deposits that are insured or collateralized with securities held by the entity or by its agent in the entities name.

Category 2 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 Deposits which are not collateralized.

The Village's cash and investments are categorized as Category 2.

NOTE 3 - RISK MANAGEMENT

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

NOTE 4 - BUDGETARY DEFICITS

We noted the General fund had an unfavorable variance. The Village adopts its budget at the Department level. Budget amendments are required at year-end to ensure proper appropriations are available to cover deficits. Procedures are in place to ensure amendments are timely made in the future.

NOTE 5 – SUBSEQUENT EVENT

Subsequent to year-end the Village was presented with a petition calling for an election to determine if the Village's incorporation should be rescinded. Hays County election officials have not yet certified signatures on the petition and an election has not been called. However, if the election is called and the measure is successful, the Village would be unincorporated.