VILLAGE OF WIMBERLEY

Audited Financial Report
For the Year Ended

September 30, 2002

Freemon, Shapard & Story

VILLAGE OF WIMBERLEY

Annual Financial Report

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September 30, 2002

VILLAGE OF WIMBERLEY
Combined Balance Sheet
All Fund Types and Account Groups
September 30, 2002

	Government Fund Types		Account Groups		Totals (Memorandum Only)	
	General Fund	Special Revenue Fund	General Fixed Assets	General Long-Term Debt	9/30/2002	9/30/2001
ASSETS AND OTHER DEBITS						
Cash in bank - Operating	$ 413,471	$ 11,708	$ -	$ -	$ 425,180	$ 75,474
Due from other governments	25,659	-	-	-	25,659	20,504
Due from other funds	2,564	-	-	-	2,564	2,612
Other receivables	40,351	-	-	-	40,351	45,742
Equipment	-	-	31,247	-	31,247	-
Land	-	-	450,585	-	450,585	-
Total assets and other debits	$ 482,045	$ 11,708	$ 481,832	$ -	$ 975,585	$ 144,332
LIABILITIES, FUND EQUITY AND OTHER CREDITS						
Liabilities						
Accounts payable	39,969	-	-	-	39,969	$ 1,560
Payroll liabilities	1,640	-	-	-	1,640	1,291
Due to other funds	-	2,564	-	-	2,564	2,612
Total liabilities	$ 41,609	$ 2,564	$ -	$ -	$ 44,173	$ 5,463
Fund equity and other credits						
Fund balance - unreserved	440,436	9,144	-	-	449,580	138,869
Investment in fixed assets	-	-	481,832	-	481,832	-
Total fund equity and other credits	440,436	9,144	481,832	-	931,412	138,869
Total liabilities and fund equity and other credits	$ 482,045	$ 11,708	$ 481,832	$ -	$ 975,585	$ 144,332

The accompanying notes are an integral part of these financial statements.

Village of Wimberley
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
All Governmental Fund Types
For the Year Ended September 30, 2002

	General Fund	Special Revenue Fund	Totals (Memorandum Only) 9/30/2002	9/30/2001
REVENUES				
Investment income	$ 1,514	$ 16	$ 1,530	$ 173
Sales tax revenue	370,975	-	370,975	129,169
Franchise fee revenue	153,124	-	153,124	159,877
Building and zoning fees	48,331	-	48,331	20,199
Other income	905	-	905	3,846
State program revenues	-	-	-	2,612
Donations	-	477,025	477,025	-
Total revenue	574,850	477,041	1,051,891	315,876
EXPENDITURES				
Personnel	110,302	-	110,302	31,515
Professional services	72,501	6,169	78,670	85,947
Texas municipal league	5,470	-	5,470	4,300
Capital outlay	31,247	450,585	481,832	5,289
Office supplies	6,341	-	6,341	13,369
Dues, fees and publications	1,710	-	1,710	935
Office expense	23,785	-	23,785	16,525
Road and bridge	7,421	-	7,421	1,100
Elections and public notices	7,569	-	7,569	8,820
Interest expense	-	11,144	11,144	1,566
Miscellaneous expense	6,937	-	6,937	5,029
Park expenditures	-	-	-	2,612
Total expenditures	273,283	467,898	741,180	177,007
Excess (deficiency) of revenue over expenditures	301,567	9,144	310,711	138,869
Prior period adjustment	-	-	-	-
Fund balance - October 1 (beginning)	138,869	-	138,869	-
Fund balance - September 30 (ending)	$ 440,436	$ 9,144	$ 449,580	$ 138,869

The accompanying notes are an integral part of these financial statements.

Village of Wimberley
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year ended September 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Investment income	$ 1,000	$ 1,514	$ 514
Sales tax revenue	298,000	370,975	72,975
Franchise fee revenue	161,000	153,124	(7,876)
Building and zoning fees	59,100	48,331	(10,769)
Other income	70,000	905	(69,095)
State program revenues	-	-	-
Donations	-	-	-
Total revenue	589,100	574,850	(14,250)
EXPENDITURES			
Personnel	132,600	110,302	22,298
Professional services	125,500	72,501	52,999
Texas municipal league	7,000	5,470	1,530
Capital outlay	17,500	31,247	(13,747)
Office supplies	13,500	6,341	7,159
Dues, fees and publications	3,000	1,710	1,290
Office expense	19,025	23,785	(4,760)
Road and bridge	196,725	7,421	189,304
Elections and public notices	8,000	7,569	431
Interest expense	-	-	-
Miscellaneous expense	66,250	6,937	59,313
Park expenditures	-	-	-
Total expenditures	589,100	273,283	315,818
Excess (deficiency) of revenue over expenditures	-	301,567	301,567
Fund balance - October 1 (beginning)	138,869	138,869	-
Fund balance - September 30 (ending)	$ 138,869	$ 440,436	$ 301,567

The accompanying notes are an integral part of these financial statements.

NOTE 1 GENERAL INFORMATION

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies affecting the financial statements of the Village of Wimberley.

Basis of Presentation - Fund Accounting

The financial reporting practices of the Village conform to generally accepted accounting principles 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:

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

GOVERNMENTAL FUNDS

GENERAL FUND - This fund is the general operating fund of the Village and is used to account for all financial resources except those required to be accounted for in another fund.

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

GENERAL FIXED ASSETS ACCOUNT GROUP - This account group is established to account for the fixed assets owned by the Village. Expenditures for the acquisition of general fixed assets are recorded in the General Fund.

GENERAL LONG-TERM DEBT ACCOUNT GROUP - This account group is established to account for long-term debt incurred by the Village and for those long-term liabilities to be liquidated with resources to be provided in future periods. Loan proceeds and expenditures for debt service are recorded in the General Fund.

Basis of Accounting

The Village employs the modified accrual basis of accounting in its General Fund. The modified accrual basis recognizes revenues that are susceptible to accrual when measurable and available and recognizes expenditures when incurred.

General Fixed Asset

Land, buildings and equipment are stated on the basis of historical cost. In accordance with generally accepted accounting principles, no provision is made for depreciation of such assets in the General Fixed Asset Account Group. Assets acquired through gifts or donations are recorded at their estimated fair value at the time of acquisition.

Total Columns on Combined Financial Statements

The total columns presented in the combined financial statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. No consolidating entries or other eliminations were made in the aggregation of the total. Thus, they do not present consolidated information and do not purport to present financial position or results of operations in conformity with generally accepted accounting principles.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Budgetary Data

General Buget 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 line items 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 appropriaton balances lapse at year-end and revert to the respective funds from which they were originally appropriated, thus becoming availabe 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, 2002.

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.

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.

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 months.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect 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 expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

DEPOSITS 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 House Bill 1488 pledged to, and in the name of, the Village. All deposits are deemed collateralized under the provisions of the Governmental Accounting Standards Boards' "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 entity's 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 District's cash and investments are categorized below.

	Carrying Amount	Bank Balance
Category 1	$ 300,000	$ 300,000
Category 3	125,180	129,883
Totals	$ 425,180	$ 429,883

Village of Wimberley

Notes to Financial Statements

September 30, 2002

NOTE 4 **CHANGES IN GENERAL FIXED ASSETS**

The Village capitalizes only those amounts which exceed $1,000. The "Deletions" column below includes any items disposed of during the year. Activity in the general fixed assets account group for the Village for the year ended September 30, 2002, was as follows:

	Balance 10/1/2001	Additions	Deletions	Balance 9/30/2002
Land	$ -	$ 450,585	$ -	$ 450,585
Furniture and fixtures	-	31,247	-	31,247
Totals	$ -	$ 481,832	$ -	$ 481,832

NOTE 5 **REVENUES**

Revenues to operate the Village are received from the collection of traffic fines, permits and fees, and donations. Property taxes are considered available if they are expected to be collected within sixty days following the end of the calendar year, which is the period in which no late charges are assessed. All other revenues are recorded when received.

NOTE 6 **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.