VILLAGE OF WIMBERLEY

Audited Financial Report
For the Year Ended

September 30, 2003

Freemon, Shapard & Story

VILLAGE OF WIMBERLEY

Annual Financial Report

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September 30, 2003

VILLAGE OF WIMBERLEY
Combined Balance Sheet
All Fund Types and Account Groups
September 30, 2003

	Government Fund Types			Account Groups		Totals (Memorandum Only)	
	General Fund	Special Revenue Fund	Capital Projects Fund	General Fixed Assets	General Long-Term Debt	9/30/2003	9/30/2002
ASSETS AND OTHER DEBITS							
Cash in bank - Operating	$ 531,665	$ 699	$ 93,307	$ -	$ -	$ 625,671	$ 425,180
Due from other governments	26,144	-	-	-	-	26,144	25,659
Due from other funds	-	8,451	-	-	-	8,451	2,564
Other receivables	31,079	-	-	-	-	31,079	40,350
Furniture and fixtures	-	-	-	35,946	-	35,946	31,247
Land	-	-	-	465,494	-	465,494	450,585
Buildings	-	-	-	66,516	-	66,516	-
Road improvements	-	-	-	60,415	-	60,415	-
Total assets and other debits	$ 588,888	$ 9,150	$ 93,307	$ 628,371	$ -	$ 1,319,716	$ 975,585
LIABILITIES, FUND EQUITY AND OTHER CREDITS							
Liabilities							
Accounts payable	$ 77,162	-	$ 21,011	$ -	$ -	$ 98,173	$ 39,969
Payroll liabilities	2,551	-	-	-	-	2,551	1,640
Due to other funds	8,451	-	-	-	-	8,451	2,564
Total liabilities	$ 88,164	$ -	$ 21,011	$ -	$ -	$ 109,175	$ 44,173
Fund equity and other credits							
Fund balance - unreserved	304,724	9,150	72,296	-	-	386,170	449,580
Fund balance - reserved for public works	196,000	-	-	-	-	196,000	-
Investment in fixed assets	-	-	-	628,371	-	628,371	481,832
Total fund equity and other credits	500,724	9,150	72,296	628,371	-	1,210,541	931,412
Total liabilities and fund equity and other credits	$ 588,888	$ 9,150	$ 93,307	$ 628,371	$ -	$ 1,319,716	$ 975,585

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, 2003

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals (Memorandum Only) 9/30/2003	9/30/2002
REVENUES					
Investment income	$ 3,955	$ 6	$ 312	$ 4,273	$ 1,530
Sales tax revenue	394,150	-	-	394,150	370,975
Franchise fee revenue	132,569	-	-	132,569	153,124
Building and zoning fees	61,861	-	-	61,861	48,331
Other income	851	-	-	851	906
State program revenues	-	-	-	-	-
Donations	16,130	-	138,500	154,630	477,025
Total revenue	609,516	6	138,812	748,334	1,051,891
EXPENDITURES					
Personnel	165,125	-	-	165,125	110,302
Professional services	154,694	-	-	154,694	78,670
Texas municipal league	2,578	-	-	2,578	5,470
Capital outlay	80,023	-	66,516	146,539	481,832
Office supplies	11,995	-	-	11,995	6,341
Dues, fees and publications	660	-	-	660	1,710
Office expense	49,202	-	-	49,202	23,785
Road and bridge	74,039	-	-	74,039	7,421
Elections and public notices	7,300	-	-	7,300	7,569
Interest expense	-	-	-	-	11,144
Miscellaneous expense	3,612	-	-	3,612	6,936
Park expenditures	-	-	-	-	-
Total expenditures	549,228	-	66,516	615,744	741,180
Excess (deficiency) of revenue over expenditures	60,288	6	72,296	132,590	310,711
Prior period adjustment	-	-	-	-	-
Fund balance - October 1 (beginning)	440,436	9,144	-	449,580	138,869
Fund balance - September 30 (ending)	$ 500,724	$ 9,150	$ 72,296	$ 582,170	$ 449,580

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, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Investment income	$ 9,000	$ 3,955	$ (5,045)
Sales tax revenue	390,100	394,150	4,050
Franchise fee revenue	170,000	132,569	(37,431)
Building and zoning fees	45,500	61,861	16,361
Other income	1,150	851	(299)
State program revenues	-	-	-
Donations	16,200	16,130	(70)
Total revenue	631,950	609,516	(22,434)
EXPENDITURES			
Personnel	166,940	165,125	1,815
Professional services	145,600	154,694	(9,094)
Texas municipal league	3,000	2,578	422
Capital outlay	141,600	80,023	61,577
Office supplies	8,000	11,995	(3,995)
Dues, fees and publications	500	660	(160)
Office expense	49,260	49,202	58
Road and bridge	62,050	74,039	(11,989)
Elections and public notices	10,700	7,300	3,400
Interest expense	-	-	-
Miscellaneous expense	44,200	3,612	40,588
Park expenditures	-	-	-
Total expenditures	631,850	549,228	82,622
Excess (deficiency) of revenue over expenditures	100	60,288	60,188
Fund balance - October 1 (beginning)	138,869	440,436	301,567
Fund balance - September 30 (ending)	$ 138,969	$ 500,724	$ 361,755

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

Village of Wimberley

Notes to General Purpose Financial Statements

September 30, 2003

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, 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.

CAPITAL PROJECTS FUND - This fund accounts for proceeds from long-term debt financing (including the sale of bonds) and revenues and expenditures related to authorized constructions and other capital asset acquisitions.

ACCOUNT GROUPS

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 Budget Policies - By August 15, the City Manager 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 line item level. The City 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, 2003.

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 of 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 were not 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 Village's cash and investments are categorized below.

	Carrying Amount	Bank Balance
Category 1	$ 300,000	$ 300,000
Category 2	252,785	252,966
Category 3	72,886	131,143
Totals	$ 625,671	$ 684,109

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, 2003 was as follows:

	Balance 10/1/2002	Additions	Deletions	Balance 9/30/2003
Land	$ 450,585	$ 14,909	$ -	$ 465,494
Buildings	-	66,516	-	66,516
Road improvements	-	60,415	-	60,415
Furniture and fixtures	31,247	4,699	-	35,946
Totals	$ 481,832	$ 146,539	$ -	$ 628,371

NOTE 5 REVENUES

Revenues to operate the Village are received from the collection of sales and mixed beverage taxes, franchise fees, permits and inspection fees, and donations.

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 insurance, wherein member cities pool risks and funds and share in the costs of losses. Claims against the Village are expected to be paid by the public entity risk pool. Should the risk pool 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 7 COMMITMENTS - OPERATING LEASES

The Village leases office space and equipment under agreements that, for accounting purposes, are treated as operating leases. The future obligations under these leases are: 2004 - $33,091; 2005 - $30,000; 2006 - $0; 2007 - $0; and 2008 - $0. Rental expense under the leases for the fiscal year was $24,961.