

*REPORT OF EXAMINATION*

**CITY OF  
WIMBERLEY**

*Wimberley, Texas*

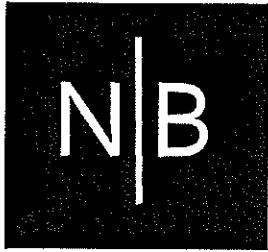
For the Year Ended  
September 30, 2022

CITY OF WIMBERLEY, TEXAS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2022

CITY OF WIMBERLEY  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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# NEFFENDORF & BLOCKER, P.C.

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of  
the City Council  
City of Wimberley, Texas  
Wimberley, TX 78676

### Opinions

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, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, Texas, as of September 30, 2022, 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.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Wimberley, Texas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Wimberley, Texas, ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Wimberley's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Wimberley's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes in Total Other Post-Employment Benefits Liability and Related Ratios on pages 4-9 and 40-48 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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**

The combining nonmajor fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated June 14, 2023, 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 solely 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 the effectiveness of the City of Wimberley's 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.

*Neffendorf & Blocker, P.C.*  
NEFFENDORF & BLOCKER, P.C.  
Fredericksburg, Texas

June 14, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Wimberley, Texas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial statements of the City for the year ended September 30, 2022. Please read it in conjunction with the independent auditors' report on page 1, and the City's Basic Financial Statements which begin on page 10.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$14,619,247 (net position). Of this amount, \$1,589,523 (unrestricted net position) may be used to meet the City's ongoing obligations to citizen's and creditors.
- The City's net position increased by \$744,591 as a result of this year's operations.
- At September 30, 2022, the City's governmental funds reported combined ending fund balances of \$2,144,064, a decrease of \$455,871 in comparison with the prior year.
- At September 30, 2022, the City's Enterprise Funds reported unrestricted net position of \$(63,247), a decrease of \$103,992 in comparison with the prior year.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 through 12). These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (beginning on page 13) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for the appropriations budget.

The notes to the financial statements (starting on page 22) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedule (general fund), Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes in Total OPEB Liability and Related Ratios are presented as required supplementary information on page 40 through 48.

## Reporting the City as a Whole

### *The Statement of Net Position and the Statement of Activities*

The analysis of the City's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider other factors as well, such as changes in the City's customers or its sales tax collections and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City has two kinds of activity:

- Governmental activity - Most of the City's basic services are reported here, including the public safety, municipal court and administration. User charges, sales tax and franchise tax finance most of these activities.
- Business-type activity - The City's wastewater system is reported as a business-type activity since the fees charged to customers cover the cost of services provided.

## Reporting the City's Most Significant Funds

### *Fund Financial Statements*

The fund financial statements provide detailed information about the 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.

The City has two kinds of funds:

- Governmental funds - All of the City's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Note II to the financial statements.
- Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. The City's utility fund (Wastewater) is a business-type activity and provides both long and short-term financial information.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the City's governmental and business-type activities.

Net position of the City's governmental activities increased from \$11,893,285 to \$12,633,195. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$1,652,770 at September 30, 2022. This increase in governmental net position was the result of five factors. First, the City's expenditures exceeded the revenue by \$455,871. Second the City acquired capital assets and paid debt principal in the amount of \$1,729,747. Third, the City recorded depreciation in the amounts of \$465,361. Fourth, GASB Statement No. 68 required a decrease in expenses in the amount of \$23,992. Fifth, GASB Statement No. 75 required an increase in expenses in the amount of \$4,438.

Net position of the City's business-type activities increased from \$1,981,371 to \$1,986,052. Unrestricted net position was \$(63,247) at September 30, 2022. This increase in business-type net position was the result of net income of \$4,681.

**Table I**  
**City of Wimberley**

### NET POSITION In thousands

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2022	2021	2022	2021	2022	2021
Current and Restricted Assets	\$ 2,946	\$ 3,035	\$ 759	\$ 1,363	\$ 3,705	\$ 4,398
Capital Assets	11,351	10,208	6,193	6,071	17,544	16,279
Total Assets	\$ 14,297	\$ 13,243	\$ 6,952	\$ 7,434	\$ 21,249	\$ 20,677
Deferred Outflow of Resources						
Pension Plan	31	21	-	-	31	21
OPEB Plan	9	10	-	-	9	10
Total Deferred Outflows of Resources	\$ 40	\$ 31	\$ -	\$ -	\$ 40	\$ 31
Current Liabilities	\$ 951	\$ 569	\$ 506	\$ 832	\$ 1,457	\$ 1,401
Net Pension Liability	8	38	-	-	8	38
OPEB Liability	40	35	-	-	40	35
Noncurrent Liabilities	663	711	4,460	4,620	5,123	5,331
Total Liabilities	\$ 1,662	\$ 1,353	\$ 4,966	\$ 5,452	\$ 6,628	\$ 6,805
Deferred Inflow of Resources						
Pension Plan	\$ 41	\$ 26	\$ -	\$ -	\$ 41	\$ 26
OPEB Plan	1	2	-	-	1	2
Total Deferred Inflows of Resources	\$ 42	\$ 28	\$ -	\$ -	\$ 42	\$ 28
Net Position:						
Net Investment in Capital Assets	\$ 10,554	\$ 9,384	\$ 2,049	\$ 1,927	\$ 12,603	\$ 11,311
Restricted	426	460	-	14	426	474
Unrestricted	1,653	2,049	(63)	41	1,590	2,090
Total Net Position	\$ 12,633	\$ 11,893	\$ 1,986	\$ 1,982	\$ 14,619	\$ 13,875

**Table II**  
**City of Wimberley**

**CHANGES IN NET POSITION**  
**In thousands**

	Governmental Activities		Business-Type Activities		TOTALS	
	2022	2021	2022	2021	Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Sales Tax	\$ 1,419	\$ 1,298	\$ -	\$ -	\$ 1,419	\$ 1,298
Franchise Tax	294	205	-	-	294	205
Other Taxes	441	43	-	-	441	43
Charges for Services	740	893	322	122	1,062	1,015
Miscellaneous		23		-	-	23
Grants and Contributions	379	304	103	-	482	304
Interest Earnings	5	3	2	1	7	4
Total Revenue	\$ 3,278	\$ 2,769	\$ 427	\$ 123	\$ 3,705	\$ 2,892
Expenses:						
Administration	\$ 635	\$ 534	\$ -	\$ -	\$ 635	\$ 534
Legal	71	104	-	-	71	104
Council/Board	147	90	-	-	147	90
Building	61	39	-	-	61	39
Public Safety	66	76	-	-	66	76
Municipal Court	6	5	-	-	6	5
Public Works	380	214	-	-	380	214
Public Works- Wastewater	102	173	423	340	525	513
Tourism	52	-		-	52	-
Community Center	149	113	-	-	149	113
Parks	782	471	-	-	782	471
Interest	10	2	-	-	10	2
Capital Outlay	77	24	-	-	77	24
Total Expenses	\$ 2,538	\$ 1,845	\$ 423	\$ 340	\$ 2,961	\$ 2,185
Increase (Decrease) in Net Position						
Before Transfers & Capital Contributions	\$ 740	\$ 924	\$ 4	\$ (217)	\$ 744	\$ 707
Transfers		(596)		596	-	-
Net Change	740	328	4	379	744	707
Net Position - Beginning	11,893	11,565	1,982	1,603	13,875	13,168
Net Position - Ending	\$ 12,633	\$ 11,893	\$ 1,986	\$ 1,982	\$ 14,619	\$ 13,875

The cost of all governmental activities this year was \$2,541,212. However, as shown in the Statement of Activities on page 10, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$2,154,472 because the other costs were paid by user charges (\$739,697), grants (\$378,853), interest (\$4,659) and other miscellaneous (\$-0-).

## THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a fund balance of \$2,144,064, which is less than last year's total of \$2,599,925. Included in this year's total change in fund balance is a decrease of \$110,753 in the City's General Fund. The decrease in the General Fund balance was caused by the transfers out to the capital projects fund(capital improvements) and debt service fund(tax note payments).

The City adopted the General Fund Budget. Actual revenues were more than budgeted amounts and actual expenditures were less than the budgeted amounts.

## CAPITAL ASSETS

At September 30, 2022, the City had the following amounts invested in capital assets, net of depreciation:

### CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		TOTALS	
					Primary Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,015,482	\$ 4,015,482	\$ -	\$ -	\$ 4,015,482	\$ 4,015,482
Buildings and Improvements	6,840,477	6,587,937	-	-	6,840,477	6,587,937
Infrastructure	4,408,319	3,242,421	6,404,710	261,256	10,813,029	3,503,677
Machinery & Equipment	392,098	329,909	39,083	7,380	431,181	337,289
Right-to-Use Leased Assets	95,792				95,792	-
Construction In Progress	-	-		5,861,186	-	5,861,186
Total Capital Assets	\$ 15,752,168	\$ 14,175,749	\$ 6,443,793	\$ 6,129,822	\$ 22,195,961	\$ 20,305,571
Less: Accumulated Depreciation	(4,392,658)	(3,967,696)	(250,457)	(58,850)	(4,643,115)	(4,026,546)
Less: Accumulated Amortization	-8522				(8,522)	-
Capital Assets, Net	\$ 11,350,988	\$ 10,208,053	\$ 6,193,336	\$ 6,070,972	\$ 17,544,324	\$ 16,279,025

More detailed information about the City's capital assets is presented in Note D and E to the financial statements.

## DEBT

At September 30, 2022, the City had the following outstanding debt:

### OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		TOTALS	
					Primary Government	
	2022	2021	2022	2021	2022	2021
Bonds Payable	\$ -	\$ -	\$ 4,620,000	\$ 4,780,000	\$ 4,620,000	\$ 4,780,000
Tax Note Payable	711,000	824,000	-	-	711,000	824,000
Leases Payable	86,344				86,344	-
Total Outstanding Debt	\$ 797,344	\$ 824,000	\$ 4,620,000	\$ 4,780,000	\$ 5,417,344	\$ 5,604,000

For business-type activities, the City paid \$160,000 in principal payments on long-term debt.

For governmental activities, the City paid principal payments on the tax notes of \$113,000 and leases of \$8,451.

More detailed information about the City's long-term liabilities is presented in Notes F, G and H to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2022 budget. The major factors are population growth and expansion of the wastewater services. These indicators were taken into account when adopting the General Fund budget for 2022. Amounts available for appropriation in the General Fund budget are \$1,860,500 and expenditures are estimated to be \$1,860,500.

If these estimates are realized, the City's budgetary General fund balance is expected to be about the same by the close of 2022.

## 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 show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's business office, at City of Wimberley, Texas.

BASIC  
FINANCIAL STATEMENTS

CITY OF WIMBERLEY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,135,692	\$ 39,611	\$ 2,175,303
Investments - Current	424,253	-	424,253
Accounts Receivable, Net	46,725	-	46,725
Due from Other Governments	261,244	-	261,244
Due from Other Funds	77,761	(77,761)	-
Restricted Cash- TWDB	-	718,968	718,968
Capital Assets:			
Land Purchase and Improvements	4,015,482	-	4,015,482
Infrastructure, Net	3,386,930	6,157,155	9,544,085
Buildings, Net	3,765,848	-	3,765,848
Machinery & Equipment, Net	95,458	36,181	131,639
Right-to-Use Lease Assets	87,270	-	87,270
Total Assets	14,296,663	6,874,154	21,170,817
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Pension Plan	31,009	-	31,009
Deferred Outflow Related to OPEB	9,330	-	9,330
Total Deferred Outflows of Resources	40,339	-	40,339
<b>LIABILITIES</b>			
Accounts Payable	321,007	14,586	335,593
Wages and Salaries Payable	50,369	-	50,369
Compensated Absences Payable	13,093	-	13,093
Intergovernmental Payable	712	-	712
Accrued Interest Payable	1,463	10,511	11,974
Unearned Revenues	429,523	243,005	672,528
Bonds Payable - Current	115,000	-	115,000
Right-to-Use Leases Payable - Current	19,344	-	19,344
Noncurrent Liabilities:			
Due Within One Year	-	160,000	160,000
Due in More Than One Year:			
Bonds Payable - Noncurrent	663,000	4,460,000	5,123,000
Net Pension Liability	8,352	-	8,352
Net OPEB Liability	39,636	-	39,636
Total Liabilities	1,661,499	4,888,102	6,549,601
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to Pension Plan	41,054	-	41,054
Deferred Inflow Related to OPEB	1,254	-	1,254
Total Deferred Inflows of Resources	42,308	-	42,308
<b>NET POSITION</b>			
Net Investment in Capital Assets and Lease Assets	10,553,644	2,049,299	12,602,943
Restricted:			
Restricted for Municipal Court	2,266	-	2,266
Restricted for Tourism Development	419,412	-	419,412
Restricted for Capital Acquisition	5,103	-	5,103
Unrestricted	1,652,770	(63,247)	1,589,523
Total Net Position	\$ 12,633,195	\$ 1,986,052	\$ 14,619,247

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

CITY OF WIMBERLEY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
Administration	\$ 635,228	\$ 62,041	\$ 21,744	\$ -
Legal	70,638	-	-	-
Council/Boards	147,436	-	-	-
Building	60,822	61,599	-	-
Public Safety	65,991	-	-	-
Municipal Court	5,635	-	-	-
Public Works	261,700	-	-	-
Public Works - Roads	117,738	-	-	-
Public Works - Wastewater	101,913	-	-	-
Tourism	52,215	-	-	-
Community Center	148,933	35,913	-	-
Parks	782,161	580,144	-	-
Interest on Debt and Right-to-Use Leases	10,400	-	-	-
Capital Outlay	76,961	-	77,109	280,000
Total Governmental Activities	2,537,771	739,697	98,853	280,000
BUSINESS-TYPE ACTIVITIES:				
Wastewater Utility	422,239	321,592	-	102,765
Total Business-Type Activities	422,239	321,592	-	102,765
TOTAL PRIMARY GOVERNMENT	\$ 2,960,010	\$ 1,061,289	\$ 98,853	\$ 382,765

General Revenues:

Taxes:

General Sales and Use Taxes

Franchise Tax

Other Taxes

Investment Earnings

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (551,443)	\$ -	\$ (551,443)
(70,638)	-	(70,638)
(147,436)	-	(147,436)
777	-	777
(65,991)	-	(65,991)
(5,635)	-	(5,635)
(261,700)	-	(261,700)
(117,738)	-	(117,738)
(101,913)	-	(101,913)
(52,215)	-	(52,215)
(113,020)	-	(113,020)
(202,017)	-	(202,017)
(10,400)	-	(10,400)
280,148	-	280,148
(1,419,221)	-	(1,419,221)
-	2,118	2,118
-	2,118	2,118
(1,419,221)	2,118	(1,417,103)
1,419,653	-	1,419,653
293,914	-	293,914
440,905	-	440,905
4,659	2,563	7,222
2,159,131	2,563	2,161,694
739,910	4,681	744,591
11,893,285	1,981,371	13,874,656
\$ 12,633,195	\$ 1,986,052	\$ 14,619,247



CITY OF WIMBERLEY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022

	General Fund	Blue Hole Park Fund	Hotel Occupancy Tax Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 684,237	\$ 714,845	\$ 298,947
Investments - Current	424,253	-	-
Accounts Receivable, Net	-	-	46,725
Due from Other Governments	261,244	-	-
Due from Other Funds	82,626	-	-
Total Assets	<u>\$ 1,452,360</u>	<u>\$ 714,845</u>	<u>\$ 345,672</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 28,343	\$ 28,979	\$ 4,275
Wages and Salaries Payable	34,116	14,268	1,985
Intergovernmental Payable	-	-	-
Due to Other Funds	259,351	4,865	-
Unearned Revenues	-	-	-
Total Liabilities	<u>321,810</u>	<u>48,112</u>	<u>6,260</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
Restricted for Municipal Court	-	-	-
Restricted for Capital Projects	-	-	-
Restricted for Tourism Development	-	-	339,412
Assigned Fund Balance:			
Committed for Park Operations & Improvements	-	666,733	-
Unassigned Fund Balance	1,130,550	-	-
Total Fund Balances	<u>1,130,550</u>	<u>666,733</u>	<u>339,412</u>
Total Liabilities and Fund Balances	<u>\$ 1,452,360</u>	<u>\$ 714,845</u>	<u>\$ 345,672</u>

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

Capital Projects	American Rescue Plan Fund	Other Funds	Total Governmental Funds
\$ -	\$ 429,523	\$ 8,140	\$ 2,135,692
-	-	-	424,253
-	-	-	46,725
-	-	-	261,244
259,351	-	-	341,977
<u>\$ 259,351</u>	<u>\$ 429,523</u>	<u>\$ 8,140</u>	<u>\$ 3,209,891</u>
\$ 259,351	\$ -	\$ 59	\$ 321,007
-	-	-	50,369
-	-	712	712
-	-	-	264,216
-	429,523	-	429,523
<u>259,351</u>	<u>429,523</u>	<u>771</u>	<u>1,065,827</u>
-	-	2,266	2,266
-	-	5,103	5,103
-	-	-	339,412
-	-	-	666,733
-	-	-	1,130,550
-	-	7,369	2,144,064
<u>\$ 259,351</u>	<u>\$ 429,523</u>	<u>\$ 8,140</u>	<u>\$ 3,209,891</u>

CITY OF WIMBERLEY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2022

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 2,144,064</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	9,384,053
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2022 capital outlays and debt principal payments is to increase net position.	1,729,747
The City is required under GASB statement No. 68 to report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of \$8,352, a deferred resource inflow of \$41,054 and a deferred resource outflow of \$31,009. The net effect of these was to decrease the ending net position by \$18,397.	(18,397)
The City is required under GASB Statement No. 75 to report their OPEB benefit plan through TMRS. The requirement resulted in an OPEB liability of \$39,636, a deferred resource inflow of \$1,254 and a deferred resource outflow of \$9,330. The net effect of these is to decrease net position.	(31,560)
The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. Please note this includes the amortization of the right-to-use leased assets.	(465,361)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of right-to-use leases as an increase in leases payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(109,351)
<b>Net Position of Governmental Activities</b>	<b>\$ 12,633,195</b>

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

CITY OF WIMBERLEY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Blue Hole Park Fund	Hotel Occupancy Tax Fund
<b>REVENUES:</b>			
Taxes:			
General Sales and Use Taxes	\$ 1,419,653	\$ -	\$ -
Franchise Tax	293,914	-	-
Other Taxes	70,992	-	369,913
Licenses and Permits	64,027	-	-
Intergovernmental Revenue and Grants	5,950	-	-
Charges for Services	95,526	-	-
Investment Earnings	4,048	553	33
Rents and Royalties	-	22,140	-
Other Revenue	-	558,004	-
<b>Total Revenues</b>	<b>1,954,110</b>	<b>580,697</b>	<b>369,946</b>
<b>EXPENDITURES:</b>			
Current:			
Administration	543,583	-	-
Legal	57,956	-	-
Council/Boards	123,210	-	-
Building	49,902	-	-
Public Safety	75,422	-	-
Municipal Court	4,647	-	-
Public Works	266,909	-	-
Public Works - Roads	105,507	-	-
Public Works - Wastewater	66,336	-	-
Tourism	-	-	132,215
Community Center	131,096	-	-
Parks	3,879	850,334	-
Debt Service:			
Principal on Debt and Right-to-Use Leases	7,620	831	-
Interest on Debt and Right-to-Use Leases	400	80	-
Capital Outlay:			
Capital Outlay	79,849	-	-
<b>Total Expenditures</b>	<b>1,516,316</b>	<b>851,245</b>	<b>132,215</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>437,794</b>	<b>(270,548)</b>	<b>237,731</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from Right-to-Use Leases	64,871	29,924	-
Transfers In	-	8,272	-
Transfers Out	(613,418)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(548,547)</b>	<b>38,196</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(110,753)</b>	<b>(232,352)</b>	<b>237,731</b>
<b>Fund Balance - October 1 (Beginning)</b>	<b>1,241,303</b>	<b>899,085</b>	<b>101,681</b>
<b>Fund Balance - September 30 (Ending)</b>	<b>\$ 1,130,550</b>	<b>\$ 666,733</b>	<b>\$ 339,412</b>

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

Capital Projects	American Rescue Plan Fund	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,419,653
-	-	-	293,914
-	-	-	440,905
-	-	-	64,027
-	372,903	-	378,853
-	-	-	95,526
-	-	25	4,659
-	-	-	22,140
-	-	-	558,004
-	372,903	25	3,277,681
-	-	-	543,583
-	-	-	57,956
-	-	-	123,210
-	-	-	49,902
-	-	-	75,422
-	-	-	4,647
-	-	-	266,909
-	-	-	105,507
-	-	-	66,336
-	-	-	132,215
-	-	-	131,096
-	-	-	854,213
-	-	113,000	121,451
-	-	11,395	11,875
489,023	372,903	342,250	1,284,025
489,023	372,903	466,645	3,828,347
(489,023)	-	(466,620)	(550,666)
-	-	-	94,795
489,023	-	124,395	621,690
-	-	(8,272)	(621,690)
489,023	-	116,123	94,795
-	-	(350,497)	(455,871)
-	-	357,866	2,599,935
\$ -	\$ -	\$ 7,369	\$ 2,144,064

CITY OF WIMBERLEY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ (455,871)</b>
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2022 capital outlays and debt principal payments is to increase the change in net position.	1,729,747
The entries required by GASB 68 did require that some expenses on B-1 be adjusted. Total credits to expenses were \$53,754 and total debits to expenses were \$29,762. The net effect on the change in net position on Exhibit B-1 is an increase of \$23,992.	23,992
The entries required by GASB Statement No. 75 did require that some expenses on Exhibit B-1 be adjusted. The net effect on Exhibit B-1 is a decrease in the change in net position.	(4,438)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(465,361)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of right-to-use leases, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.	(88,159)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 739,910</b>

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

CITY OF WIMBERLEY, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2022

EXHIBIT D-1

	Business Type Activities
	Wastewater Utility
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 39,611
Restricted Assets - Current:	
Restricted Cash- TWDB	718,968
Total Current Assets	758,579
Noncurrent Assets:	
Capital Assets:	
Infrastructure	6,404,710
Accumulated Depreciation - Infrastructure	(247,555)
Machinery & Equipment	39,083
Accumulated Depreciation - Machinery & Equipment	(2,902)
Total Noncurrent Assets	6,193,336
Total Assets	6,951,915
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	14,586
Due to Other Funds	77,761
Accrued Interest Payable	10,511
Unearned Revenues	243,005
Bonds Payable - Current	160,000
Total Current Liabilities	505,863
Noncurrent Liabilities:	
Bonds Payable - Noncurrent	4,460,000
Total Noncurrent Liabilities	4,460,000
Total Liabilities	4,965,863
<b>NET POSITION</b>	
Net Investment in Capital Assets and Lease Assets	2,049,299
Unrestricted	(63,247)
Total Net Position	\$ 1,986,052

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

CITY OF WIMBERLEY, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT D-2

	Business-Type Activities
	Wastewater Utility
OPERATING REVENUES:	
Charges for Services	\$ 321,592
Total Operating Revenues	<u>321,592</u>
OPERATING EXPENSES:	
Purchased Professional & Technical Services	116,398
Purchased Property Services	34,978
Other Operating Costs	29,525
Depreciation	159,729
Total Operating Expenses	<u>340,630</u>
Operating Income (Loss)	<u>(19,038)</u>
NONOPERATING REVENUES (EXPENSES):	
Investment Earnings	2,563
Interest Expense - Nonoperating	(81,609)
Total NonOperating Revenue (Expenses)	<u>(79,046)</u>
Income (Loss) Before Contributions	(98,084)
Capital Contributions	102,765
Change in Net Position	4,681
Total Net Position - October 1 (Beginning)	<u>1,981,371</u>
Total Net Position - September 30 (Ending)	<u>\$ 1,986,052</u>

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



CITY OF WIMBERLEY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT D-3

	Business-Type Activities
	Wastewater Utility
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 321,592
Cash Payments for Contract Services	(358,231)
Cash Payments for Professional & Technical Service	(116,398)
Cash Payments for Other Operating Expenses	(29,525)
Net Cash Provided by (Used for) Operating Activities	(182,562)
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition of Capital Assets	(261,032)
Capital Contributed by Other Funds	81,704
Principal Payments on Long-Term Debt	(160,000)
Interest Paid	(84,871)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(424,199)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	2,563
Net Increase (Decrease) in Cash and Cash Equivalents	(604,198)
Cash and Cash Equivalents at Beginning of Year	1,362,777
Cash and Cash Equivalents at End of Year	\$ 758,579
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by (Used for) Operating Activities:</u>	
Operating Income (Loss)	\$ (19,038)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	159,729
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	(401,014)
Increase (Decrease) in Due to Other Funds	77,761
Net Cash Provided by (Used for) Operating Activities	\$ (182,562)

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

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Wimberley, Texas, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The *Government Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

- A. Reporting Entity – 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 is a municipal corporation governed by an elected mayor and five members of the city council, and provides the following services: public safety (law enforcement), public transportation (streets), health, culture, recreation, public facilities, wastewater services, legal, election functions, and general administrative services.

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, 2022, the City had no component units.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City of Wimberley nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, sales tax, franchise tax, municipal court fines, charges for services and other miscellaneous revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and proprietary. The City considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of sales tax. Sales tax revenues are recognized under the "susceptible to accrual" concept; that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

D. Fund Accounting

The City reports the following major governmental funds:

**General Fund** – 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.

**Blue Hole Park Fund** – The Blue Hole Park Fund is used to account for the operations of 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.

**Hotel Occupancy Tax Fund** – The Hotel Occupancy Tax Fund is used to account for the proceeds of an occupancy tax adopted in December 2021.

**Capital Projects Fund**– The Capital Projects Fund is used to account for major construction projects (little ranches paving project and oak drive center project).

**American Rescue Plan** – The American Rescue Plan Fund is used to account for the Coronavirus Local Fiscal Recovery funds provided by the American Rescue Plan Act.

Additionally, the City reports the following fund type(s):

**Special Revenue Funds:**

**Municipal Court Fund** – The Municipal Court Fund is used to account for municipal court costs.

**Debt Service Fund:**

The Debt Service Fund is used to account for principal and interest payments on general long-term debt of the City other than debt service payments made by the enterprise fund.

**Capital Projects Funds:**

**Blue Hole Development Projects** – The Blue Hole Development Projects Fund is used to account for financial resources used for acquisition of major capital improvements at Blue Hole Park.

**Donations/ Sidewalks Fund** – The Donations/Sidewalks Fund is used to account for financial resources used for donations for projects of the City.

**Series 2021 Tax Note Construction Fund**-The construction fund is used to account for the expenditures out of the tax note proceeds for the Wimberley Square Project.

**Proprietary Fund:**

**Enterprise Fund**- The Enterprise Fund is 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 enterprise fund is the Wastewater Fund (used to account for the operating activities of the City's wastewater management).

The Proprietary Fund is accounted for using the accrual basis of account 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.

**E. Other Accounting Policies**

1. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts during the current period. 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.

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

3. 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) - (d). 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. The City has all its monies in interest bearing checking accounts, savings accounts, and certificates of deposit. 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.

4. Accounts Receivable – Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs 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.

Revenues for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts, and billable services for the City's wastewater services. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts.

5. 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."
6. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Water & Sewer Plant & Facilities	20-40
Buildings and Improvements	5-40
Furniture, Machinery and Equipment	5-10

7. Compensated Absences – Full time regular employees earn eight (8) hours of paid vacation leave per month beginning with the first month of employment. Part-time regular employees earn a proportionate number of hours based upon the amount of time the employee regularly

works each week (available for use after three months of service is completed) up to a maximum of 24 days per year. Annual leave exceeding 24 days will not be carried over.

Employees earn sick leave at the rate of eight (8) per month starting with the first month of employment. No sick leave days are paid when an employee leaves city employment and no liability is reported for unpaid sick leave. Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

8. The City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

It is the City's policy to maintain three months of operating expenses in the unrestricted General Fund balance and nine months of operating expenses in the 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.

9. Deferred Inflows/ Deferred Outflows

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. Revenues 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. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

11. The original budget is adopted by the City Council prior to the beginning of the fiscal year through passage of an ordinance. The budget includes proposed expenditures and the means of financing them.

Budgeted amounts for expenditures from the various funds may not exceed the beginning balances of those funds plus the anticipated revenues for the fiscal year. The final amended budget has been presented in this report.

12. Pensions. For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
13. Other Post-Employment Benefits. GASB 75 requires the recognition of the Total OPEB Liability (TOL), deferred (inflows)/outflows of resources, and total OPEB expense on the face of the employer's financial statements. The TOL is calculated by the System's actuary in accordance with the provisions of GASB 75. The OPEB expense and deferred (inflows)/outflows of resources related to OPEB, which are required to be reported by an employer, primarily result from changes in the components of the TOL. Most changes in the TOL will be included in OPEB expense in the period of the change. The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund.
14. As of October 1, 2021, the City adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for lease that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Disclosures required by this standard are included in Note H.
15. The presentation 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 II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

### A. Deposits and Investments

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank 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, 2022, the carrying amount of the City's deposits was \$2,175,303 and the bank balance was \$2,255,542. The City's cash deposits held at September 30, 2022 and during the year ended September 30, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City 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, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City was in substantial compliance with the requirements of the Act and with local policies.

The City's temporary investments at September 30, 2022, are shown below:

Name	Carrying Amount	Market Value	FDIC Coverage	Pledged Securities
TexPool	\$ 188,988	\$ 188,988	\$ *	\$ *
Certificates of Deposit- Ozona Bank	235,265	235,265	235,265	-
Total	\$ 424,253	\$ 424,253	\$ 235,265	\$ -

\*Local government investment pools use amortized cost rather than market value to report net position to computer share prices. Accordingly, the market value of the position in these pools is the same as the value of the shares in the pool, which approximates the carrying amount. The investment pools are organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

TexPool is an investment pool in which the Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company (The Trust Company), which is authorized to operate the pool. Federated Investors, Inc. manages the assets under an agreement with the Comptroller, acting on behalf of the Trust Company. TexPool is reported at amortized cost and does not have any limitation or restriction on participants' withdrawals. At September 30, 2022, TexPool had a weighted average maturity of 24 days and a net asset value of \$1.00011.

#### Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy does address the following risks:

**Custodial Credit Risk - Deposits:** This is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the City's agent bank in the City's name.

**Custodial Credit Risk - Investments:** This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments (certificates of deposit) were secured by FDIC insurance and pledged securities. Positions in external investment pools are not subject to this risk.

**Other Credit Risk:** There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2022, the City was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.



B. Restricted Assets

Restricted assets consist of cash balances that are dedicated to the following:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
TWDB Escrow	\$ -	\$ 718,968	\$ 718,968
Coronavirus Local Fiscal Recovery		-	-
Total Restricted Cash	\$ -	\$ 718,968	\$ 718,968

D. Land, Structures and Equipment-Enterprise Funds

A summary of changes in fixed assets for the enterprise funds appears below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Infrastructure	\$ 261,256	\$ 6,143,454	\$ -	\$ 6,404,710
Machinery and Equipment	7,380	31,703	-	39,083
Construction in Progress	5,861,186		(5,861,186)	-
Totals	\$ 6,129,822	\$ 6,175,157	\$ (5,861,186)	\$ 6,443,793
Accumulated Depreciation	(58,850)	(191,611)	-	(250,461)
Fixed Assets, Net	\$ 6,070,972	\$ 5,983,546	\$ (5,861,186)	\$ 6,193,332

E. Capital Asset Activity

Capital asset activity for the City for the year ended September 30, 2022, was as follows:

	<u>Primary Government</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Land	\$ 4,015,482	\$ -	\$ -	\$ 4,015,482
Buildings and Improvements	6,587,937	252,540		6,840,477
Infrastructure	3,242,421	1,218,837	52,939	4,408,319
Machinery and Equipment	329,910	62,188		392,098
Total Assets	\$ 14,175,750	\$ 1,533,565	\$ 52,939	\$ 15,656,376
Accumulated Depreciation				
Buildings and Improvements	\$ (2,801,923)	\$ (272,706)	\$ -	\$ (3,074,629)
Infrastructure	(888,140)	(165,127)	31,878	(1,021,389)
Machinery and Equipment	(277,634)	(19,006)		(296,640)
Total Accumulated Depreciation	\$ (3,967,697)	\$ (456,839)	\$ 31,878	\$ (4,392,658)
Capital Assets, Net	\$ 10,208,053	\$ 1,076,726	\$ 84,817	\$ 11,263,718
Right-to-Use Lease Assets being, Amortized	\$ -	\$ -	\$ -	\$ -
Equipment/Vehicles		95,792		95,792
Total Right-to-Use Lease Assets	\$ -	\$ 95,792	\$ -	\$ 95,792
Less Accumulated Amortization:	\$ -	\$ -	\$ -	\$ -
Equipment/Vehicles		(8,522)		(8,522)
Total Accumulated Amortization	\$ -	\$ (8,522)	\$ -	\$ (8,522)
Total Right-to-Use Lease Assets being Amortized, Net	\$ -	\$ 87,270	\$ -	\$ 87,270
Governmental Activities Capital Assets, Net	\$ 10,208,053	\$ 1,163,996	\$ 84,817	\$ 11,350,988

Depreciation expense was charged to governmental functions as follows:

Administration	\$	115,938
Legal		12,682
Council/Board		24,226
Building		10,920
Public Safety		7,896
Municipal Court		988
Public Works		31,136
Public Works- Roads		22,931
Tourism		14,516
Community Center		28,687
Parks		186,919
	\$	<u>456,839</u>

Amortization expense was charged to governmental functions as follows:

Administration	\$	7,180
Public Works		445
Parks		897
	\$	<u>8,522</u>

#### F. Changes in Long-Term Liabilities

A summary of changes in long-term debt for the year ended September 30, 2022 follows:

Description	Amounts Outstanding 9/30/21	Additions	Deletions	Amounts Outstanding 9/30/22	Due in One Year
<b>Governmental Activities:</b>					
<b>Bonds Payable</b>					
Tax Note					
Series 2021	\$ 824,000	\$ -	\$ (113,000)	\$ 711,000	\$ 115,000
Leases Payable	94,795	(8,451)	86,344	19,343	
Net Pension Liability	37,827	29,958	(59,433)	8,352	
Total OPEB Liability	34,859	5,324	(547)	39,636	-
Compensated Absences	18,254	-	(5,161)	13,093	-
Total Governmental Activities	<u>\$ 914,940</u>	<u>\$ 130,077</u>	<u>\$ (186,592)</u>	<u>\$ 858,425</u>	<u>\$ 134,343</u>

Description	Interest Rate	Amounts Original Issue	Amounts Outstanding 9/30/21	Additions	Deletions	Amounts Outstanding 9/30/22	Due in One Year
<b>Business-Type Activities:</b>							
Refunding Bonds - Series 2020	0.37%-2.15%	\$ 4,940,000	\$ 4,780,000	\$ -	\$ (160,000)	\$ 4,620,000	\$ 160,000
Total Business Type Activities		<u>\$ 4,940,000</u>	<u>\$ 4,780,000</u>	<u>\$ -</u>	<u>\$ (160,000)</u>	<u>\$ 4,620,000</u>	<u>\$ 160,000</u>

#### G. Long-term Debt

##### *Tax Note, Series 2021*

The City issued \$824,000 Tax Notes, Series 2021 to finance the costs incurred in connection with acquiring, constructing, installing, and equipping additions, improvements, extensions and equipment for Wimberley Square. The Certificates were issued at interest rates of 1.00% to 1.55%. These Notes are payable from and secured by levying an annual ad valorem tax. The City set the annual tax rate at -0- for the 2021 tax year.

Debt service requirements are as follows:

Year Ended September 30	Tax Notes Payable		Total
	Principal	Interest	
2023	115,000	8,974	123,974
2024	116,000	7,767	123,767
2025	118,000	6,491	124,491
2026	119,000	5,134	124,134
2027	120,000	3,611	123,611
2028-2029	123,000	1,589	124,589
	<u>\$ 711,000</u>	<u>\$ 33,565</u>	<u>\$ 744,565</u>

*Exchange Refunding Bonds, Series 2020 (TWDB)*

The City issued \$4,940,000 in bonds for the exchange and refund of the Series 2017 Bonds. 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 0.7% 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 before August 15, 2020 (\$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.

Year Ended September 30	Bonds Payable		Total
	Principal	Interest	
2023	160,000	83,687	243,687
2024	160,000	82,551	242,551
2025	165,000	81,191	246,191
2026	165,000	79,492	244,492
2027	165,000	77,495	242,495
2028-2032	870,000	348,309	1,218,309
2033-2037	955,000	265,750	1,220,750
2038-2042	1,050,000	165,980	1,215,980
2043-2046	930,000	50,295	980,295
	<u>\$ 4,620,000</u>	<u>\$ 1,234,750</u>	<u>\$ 2,437,725</u>

H. LEASES PAYABLE

The City has entered into multiple agreements that are considered "right-to-use" leases. The leases are for City equipment (vehicles, copier and postage machine).

Annual requirements to amortize leases payable and related interest are as follows:

Year Ended September 30	Leases Payable		Total
	Principal	Interest	
2023	19,343	1,640	20,983
2024	19,303	1,242	20,545
2025	18,366	863	19,229
2026	18,739	490	19,229
2027	10,593	143	10,736
	<u>\$ 86,344</u>	<u>\$ 4,378</u>	<u>\$ 90,722</u>

## I. RETIREMENT PLAN

### Plan Description

The City of Wimberley, Texas participates as one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [tmrs.com](http://tmrs.com).

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

### 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 Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member's contributions and interest.

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

	<u>Plan Year 2020</u>	<u>Plan Year 2021</u>
Deposit Rate:	5%	5%
Matching Ratio (City to Employee):	2 to 1	2 to 1
Years required for vesting	5 yrs	5 yrs
Service retirement eligibility	Vested and age 60 or 20 years and any age	Vested and age 60 or 20 years and any age
Updated Service Credit	100% - Transfers	100% - Transfers

### ***Employees covered by benefit terms.***

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>11</u>
	31

### Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of the Member's total compensation, 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 city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Wimberley, Texas were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Wimberley, Texas were 6.14% and 5.96% in calendar years 2021 and 2022, respectively. The city's contributions to TMRS for the year ended September 30, 2022, were \$34,753, and were equal to the required contributions.

#### Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

#### ***Actuarial assumptions:***

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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.

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 real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

#### 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 Member 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 Members. 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.

#### Schedule of Changes in Net Pension Liability/(Asset)

	Increase/(Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2020	\$ 542,059	\$ 504,232	\$ 37,827
Changes for the year:			
Service cost	45,084		45,084
Interest	37,810		37,810
Changes of Benefit Terms	-		-
Difference between Expected and Actual Experience	8,576		8,576
Changes in Assumptions	-		-
Contributions - Employer		30,520	(30,520)
Contributions - Employee		24,853	(24,853)
Net investment income		65,874	(65,874)
Benefit Payments, Including Refunds of			
Employee Contributions	(8,901)	(8,901)	-
Administrative Expense		(304)	304
Other Changes		2	(2)
Net Changes	82,569	112,044	(29,475)
Balances as of December 31, 2021	\$ 624,628	\$ 616,276	\$ 8,352

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the Net Pension Liability 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:

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
City's Net Pension Liability	\$ 105,677	\$ 8,352	\$ (69,841)

### ***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at [tmrs.com](http://tmrs.com).

### **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2022, the City recognized pension expense of \$10,759.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 7,337	\$ 5,649
Changes of assumptions	359	-
Net difference between projected and actual investment earnings	33,358	-
Contributions made subsequent to measurement date	-	25,360
	<u>\$ 41,054</u>	<u>\$ 31,009</u>

\$25,360 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2022	\$ (10,195)
2023	(11,750)
2024	(7,093)
2025	(6,367)
2026	-
Thereafter	-
Total	<u>\$ (35,405)</u>

### **J. Defined Other Post-Employment Benefit Plan**

**Benefit Plan Description.** Texas Municipal Retirement System ("TMRS") administers an optional death benefit plan, the Supplemental Death Benefits Fund ("SDBF"). The plan is a cost-sharing multiple-employer defined benefit group life insurance plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide supplemental death benefits for their active Members with optional coverage for their retirees. The death benefit for active Members provides a lump-sum payment approximately equal to the Member's annual salary (calculated based on the Member's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The participating city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active Member and retiree deaths on a pay-as-you-go basis.

All eligible employees of the city are required to participate in the SDBF.

The City's contributions to the TMRS SDBF for the year ended 2022 and 2021 were \$1,711 and \$984 respectively, which equaled the required contributions each year.

**Employees covered by benefit terms.**

At the December 31, 2021 valuation and measurement date, the following employees were covered by benefit terms:

Inactive employees currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	1
Active Employees	11
Total	<u>17</u>

**Total OPEB Liability**

The City's Total OPEB Liability (TOL) was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

***Actuarial assumptions:***

The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Discount Rate *	1.84%
Retirees' share of benefit-related cost	\$0
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 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.

**Discount Rate**

Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.



Covered Payroll	\$ 497,067
Total OPEB Liability- Beginning of Year	34,859
Changes for the year	
Service Cost	2,883
Interest on Total OPEB Liability	721
Changes of benefit terms	-
Differences between expected and actual experience	459
Changes in assumptions or other inputs	1,261
Benefit Payments**	(547)
Net Changes	4,777
Total OPEB Liability- End of Year	39,636
 Total OPEB Liability as a Percentage of Covered Payroll	 7.97%

\*\* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

#### Sensitivity of the Total OPEB Liability to changes in the discount rate

The following presents the Total OPEB Liability of the City, calculated using the discount rate of 1.84%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	1% Decrease (0.84%)	Current Discount Rate (1.84%)	1% Increase (2.84%)
City's Total OPEB Liability	\$ 49,073	\$ 39,636	\$ 32,618

#### OPEB Expense and Deferred Outflows of Resources

For the year ended September 30, 2022, the City recognized OPEB expense of \$5,188

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 827	\$ 1,790
Changes in assumption and other inputs	427	6,958
Contributions made subsequent to measurement date	-	582
	\$ 1,254	\$ 9,330

\$582 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:

2022	\$ 1,464
2023	1,542
2024	2,026
2025	1,799
2026	663
Thereafter	-
Total	\$ 7,494

K. Interfund Receivable and Payables

Interfund balances at September 30, 2022, consisted of the following:

	Receivable	Payable
<u>General Fund -</u>		
Capital Projects Fund		259,351
Blue Hole Park Fund	4,865	
Wastewater Utility Fund	77,761	
 <u>Capital Projects Fund-</u>		
General Fund	259,351	
Blue Hole Park Fund-		
General Fund		4,865
Wastewater Utility Fund-		
General Fund		77,761
Totals	\$ 341,977	\$ 341,977

L. Cash Flows Statement - Supplemental Disclosures

Since the City is tax exempt no income tax was paid in 2022 and 2021. The City paid interest in the amount of \$94,166 in 2022 and \$79,120 in 2021.

M. Risk Management

The City's risk management program includes coverage for property, general liability, automobile liability, public officials' liability, and employee dishonesty bonds. The City participates in the Texas Municipal League joint self-insurance fund, which is a public entity risk pool. The premiums paid to TML result in the transfer of risk to the pool.

N. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

O. Unearned Revenues

Unspent Texas Department of Emergency Management Coronavirus State and Local Fiscal Recovery Funds in the amount of \$429,523 are classified as unearned revenue in the American Rescue Plan Fund. The funds are for response to the COVID-19 public health emergency.

Unspent Texas Water Development Board Loan Forgiveness funds in the amount of \$243,005 are classified as unearned revenue in the Utility Fund. Subsequent to the audit period, the funds were refunded to the Texas Water Development Board.

P. Hotel Occupancy Tax

The City adopted Ordinance No. 2021-33 in December, 2021 authorizing the city to impose a hotel occupancy tax for the purpose of promoting tourism and the convention and hotel industry. The tax rate of seven percent (7%) was imposed on the consideration paid for a hotel room located within the city on a effective date of January1, 2022.

Q. Excess Expenditure Over Budget

Actual expenditures exceeded appropriation in the General Fund for several line items but not in total.

R. Subsequent Events

The City has evaluated subsequent events through June 14, 2023, the date which the financial statements were available to be issued. The City is not aware of any subsequent events that materially impact the financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WIMBERLEY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
General Sales and Use Taxes	\$ 1,285,657	\$ 1,285,657	\$ 1,419,653	\$ 133,996
Franchise Tax	275,000	275,000	293,914	18,914
Other Taxes	25,000	25,000	70,992	45,992
Licenses and Permits	54,000	54,000	64,027	10,027
Intergovernmental Revenue and Grants	-	-	5,950	5,950
Charges for Services	84,100	84,100	95,526	11,426
Investment Earnings	3,000	3,000	4,048	1,048
Other Revenue	50,000	50,000	-	(50,000)
Total Revenues	1,776,757	1,776,757	1,954,110	177,353
<b>EXPENDITURES:</b>				
Current:				
Administration	473,531	623,531	543,583	79,948
Legal	100,000	100,000	57,956	42,044
Council/Boards	131,700	131,700	123,210	8,490
Building	38,000	38,000	49,902	(11,902)
Public Safety	121,069	121,069	75,422	45,647
Municipal Court	13,275	13,275	4,647	8,628
Public Works	238,107	273,107	266,909	6,198
Public Works - Roads	102,000	102,000	105,507	(3,507)
Public Works - Wastewater	10,000	10,000	66,336	(56,336)
Community Center	146,180	146,180	131,096	15,084
Parks	5,000	5,000	3,879	1,121
Debt Service:				
Principal on Debt and Right-to-Use Leases	-	-	7,620	(7,620)
Interest on Debt and Right-to-Use Leases	-	-	400	(400)
Capital Outlay:				
Capital Outlay	50,000	50,000	79,849	(29,849)
Total Expenditures	1,428,862	1,613,862	1,516,316	97,546
Excess (Deficiency) of Revenues Over (Under) Expenditures	347,895	162,895	437,794	274,899
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Right-to-Use Leases	-	-	64,871	64,871
Transfers Out	(344,395)	(495,395)	(613,418)	(118,023)
Total Other Financing Sources (Uses)	(344,395)	(495,395)	(548,547)	(53,152)
Net Change	3,500	(332,500)	(110,753)	221,747
Fund Balance - October 1 (Beginning)	1,241,303	1,241,303	1,241,303	-
Fund Balance - September 30 (Ending)	\$ 1,244,803	\$ 908,803	\$ 1,130,550	\$ 221,747

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

CITY OF WIMBERLEY, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
<b>A. Total Pension Liability</b>			
Service Cost	\$ 45,084	\$ 41,069	\$ 44,185
Interest (on the Total Pension Liability)	37,810	34,258	29,874
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	8,576	(17,639)	(1,208)
Changes of Assumptions	-	-	(1,676)
Benefit Payments, Including Refunds of Employee Contributions	(8,901)	(5,251)	(4,075)
Net Change in Total Pension Liability	\$ 82,569	\$ 52,437	\$ 67,100
Total Pension Liability - Beginning	542,059	489,622	422,522
Total Pension Liability - Ending	\$ 624,628	\$ 542,059	\$ 489,622
<b>B. Total Fiduciary Net Position</b>			
Contributions - Employer	\$ 30,520	\$ 28,722	\$ 37,191
Contributions - Employee	24,853	21,892	23,628
Net Investment Income	65,874	32,424	49,551
Benefit Payments, Including Refunds of Employee Contributions	(8,901)	(5,251)	(4,075)
Administrative Expense	(304)	(210)	(280)
Other	2	(8)	(8)
Net Change in Plan Fiduciary Net Position	\$ 112,044	\$ 77,569	\$ 106,007
Plan Fiduciary Net Position - Beginning	504,232	426,662	320,655
Plan Fiduciary Net Position - Ending	\$ 616,276	\$ 504,231	\$ 426,662
<b>C. Net Pension Liability</b>	\$ 8,352	\$ 37,828	\$ 62,960
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	98.66%	93.02%	87.14%
<b>E. Covered Payroll</b>	\$ 497,067	\$ 437,840	\$ 472,564
<b>F. Net Pension Liability as a Percentage of Covered Payroll</b>	1.68%	8.64%	13.32%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2019 Plan Year 2018		FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
\$	38,459	\$	25,805	\$	21,061	\$	22,391	\$	22,714
	26,015		23,305		15,099		12,969		10,986
	-		90,245		-		-		-
	(4,903)		(9,438)		(4,066)		962		(1,336)
	-		-		-		5,463		-
	(6,458)		(5,246)		(1,015)		(4,396)		(3,352)
\$	53,113	\$	124,671	\$	31,079	\$	37,389	\$	29,012
	369,409		244,738		213,659		176,270		147,258
\$	422,522	\$	369,409	\$	244,738	\$	213,659	\$	176,270
\$	35,932	\$	9,066	\$	6,241	\$	7,077	\$	5,003
	19,743		17,846		14,790		16,085		15,539
	(8,366)		31,421		13,085		258		8,561
	(6,458)		(5,247)		(1,015)		(4,396)		(3,352)
	(162)		(163)		(148)		(158)		(89)
	(9)		(8)		(8)		(7)		(7)
\$	40,680	\$	52,915	\$	32,945	\$	18,859	\$	25,655
	279,975		227,060		194,115		175,256		149,601
\$	320,655	\$	279,975	\$	227,060	\$	194,115	\$	175,256
\$	101,867	\$	89,434	\$	17,678	\$	19,544	\$	1,014
	75.89%		75.79%		92.78%		90.85%		99.42%
\$	394,855	\$	356,919	\$	295,799	\$	321,706	\$	310,774
	25.80%		25.06%		5.98%		6.08%		0.33%

CITY OF WIMBERLEY, TEXAS  
SCHEDULE OF CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE FISCAL YEAR 2022

	2022	2021	2020
Actuarially Determined Contribution	\$ 34,753	\$ 27,234	\$ 31,820
Contributions in Relation to the Actuarially Determined Contributions	34,753	(27,234)	(31,820)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 601,032	\$ 437,175	\$ 451,530
Contributions as a Percentage of Covered Payroll	5.78%	6.23%	7.05%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.



	2019	2018	2017	2016	2015
\$	38,818	\$ 25,992	\$ 9,008	\$ 6,608	\$ 5,003
	(38,818)	(25,992)	(9,008)	(6,608)	(5,003)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	473,222	\$ 350,458	\$ 367,940	\$ 309,522	\$ 310,774
	8.20%	7.42%	2.45%	2.13%	1.61%

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE SCHEDULE OF CONTRIBUTIONS  
SEPTEMBER 30, 2022

**Valuation Date:**

Notes           Actuarially determined contribution rates are calculated as of December 31,  
and become effective in January 13 months later.

**Methods and assumptions used to determine contribution rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 Years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based tables of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

Notes           There were no benefit changes during the year.

CITY OF WIMBERLEY, TEXAS  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
<b>Total OPEB Liability</b>			
Service Cost	\$ 2,883	\$ 1,751	\$ 1,229
Interest on the Total OPEB Liability	721	730	743
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	459	1,848	249
Changes of Assumptions	1,261	4,909	4,235
Benefit Payments*	(547)	(131)	(236)
Net Change in Total OPEB Liability	4,777	9,107	6,220
Total OPEB Liability - Beginning	34,859	25,752	19,532
Total OPEB Liability - Ending	\$ 39,636	\$ 34,859	\$ 25,752
<b>Covered Payroll</b>	\$ 497,067	\$ 437,840	\$ 472,564
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	7.97%	7.96%	5.45%

\*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
\$	1,303	\$	1,071
	745		712
	-		-
	(2,863)		-
	(1,471)		1,848
	(79)		(71)
	(2,365)		3,560
	21,897		18,337
\$	19,532	\$	21,897
\$	394,855	\$	356,919
	4.95%		6.14%

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE SCHEDULE OF CONTRIBUTIONS  
SEPTEMBER 30, 2022

**Valuation Date:**

Notes           Actuarially determined contribution rates are calculated as of December 31,  
and become effective in January 13 months later.

**Methods and assumptions used to determine contribution rates:**

Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation.
Discount rate*	1.84%
Retirees' share of benefit-related costs	\$0
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	2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis with Scale UMP.
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas mortality tables with a 4 year set-forward for males and a 3-year set-forward for males. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect impairment for younger members who become disabled males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

**Other Information:**

Notes           There were no benefit changes during the year.

## SUPPLEMENTARY INFORMATION

CITY OF WIMBERLEY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022

	Municipal Court	Debt Service	BHP Development Projects	Series 2021 Tax Note Constuction
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,037	\$ -	\$ -	\$ -
Total Assets	<u>\$ 3,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 59	\$ -	\$ -	\$ -
Intergovernmental Payable	712	-	-	-
Total Liabilities	<u>771</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
Restricted for Municipal Court	2,266	-	-	-
Restricted for Capital Projects	-	-	-	-
Total Fund Balances	<u>2,266</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 3,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Donations/ Sidewalks	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 5,103	\$ 5,103	\$ 8,140
<u>\$ 5,103</u>	<u>\$ 5,103</u>	<u>\$ 8,140</u>
\$ -	\$ -	\$ 59
-	-	712
<u>-</u>	<u>-</u>	<u>771</u>
-	-	2,266
5,103	5,103	5,103
<u>5,103</u>	<u>5,103</u>	<u>7,369</u>
<u>\$ 5,103</u>	<u>\$ 5,103</u>	<u>\$ 8,140</u>



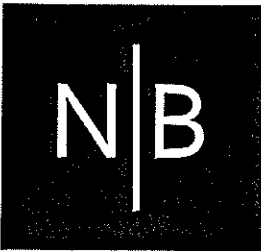
CITY OF WIMBERLEY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Municipal Court	Debt Service	BHP Development Projects	Series 2021 Tax Note Constuction
REVENUES:				
Investment Earnings	\$ 2	\$ -	\$ 4	\$ -
Total Revenues	<u>2</u>	<u>-</u>	<u>4</u>	<u>-</u>
EXPENDITURES:				
Debt Service:				
Principal on Debt and Right-to-Use Leases	-	113,000	-	-
Interest on Debt and Right-to-Use Leases	-	11,395	-	-
Capital Outlay:				
Capital Outlay	-	-	-	292,250
Total Expenditures	<u>-</u>	<u>124,395</u>	<u>-</u>	<u>292,250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2</u>	<u>(124,395)</u>	<u>4</u>	<u>(292,250)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	124,395	-	-
Transfers Out	-	-	(8,272)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>124,395</u>	<u>(8,272)</u>	<u>-</u>
Net Change in Fund Balance	2	-	(8,268)	(292,250)
Fund Balance - October 1 (Beginning)	<u>2,264</u>	<u>-</u>	<u>8,268</u>	<u>292,250</u>
Fund Balance - September 30 (Ending)	<u>\$ 2,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Donations/ Sidewalks	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 19	\$ 23	\$ 25
19	23	25
-	113,000	113,000
-	11,395	11,395
50,000	342,250	342,250
50,000	466,645	466,645
(49,981)	(466,622)	(466,620)
-	124,395	124,395
-	(8,272)	(8,272)
-	116,123	116,123
(49,981)	(350,499)	(350,497)
55,084	355,602	357,866
\$ 5,103	\$ 5,103	\$ 7,369

## REPORT ON INTERNAL CONTROL



# NEFFENDORF & BLOCKER, P.C.

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## INDEPENDENT AUDITOR'S 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*

Honorable Mayor and Members of  
the City Council  
City of Wimberley, Texas  
Wimberley, TX 78676

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wimberley, Texas as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 14, 2023.

### Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-001- 2022-003 to be a material weakness.

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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.

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

#### City of Wimberley, Texas's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on City of Wimberley, Texas's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Wimberley, Texas's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

*Neffendorf & Blocker, P.C.*  
NEFFENDORF & BLOCKER, P.C.  
Fredericksburg, Texas

June 14, 2023

City of Wimberley, Texas

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Section I - Summary of Auditor's Results

1 Financial Statements

Type of auditor's report issued	<u>Unmodified</u>	
Internal control over financial reporting		
Material weakness(es) identified	<u> X </u> yes	<u> </u> no
Significant deficiencies identified that are not considered to be material weaknesses	<u> </u> yes	<u> X </u> no
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

B. Section II - Findings Related to the Financial Statements

2022-001

Type of Finding:	Material Weakness
Criteria:	Timely bank reconciliations of the City bank accounts is an essential monitoring internal control tool. Monitoring and reconciling the bank accounts is necessary to prevent misstatements within the general ledger.
Condition:	The City did not reconcile the bank for the entire twelve months of fiscal year 2022. The accounts were not reconciled until several months past the fiscal year end (April 2023).
Cause:	The City failed to monitor the information received from the firm hired to prepare the bank reconciliations and the firm was not preparing the reconciliations.
Effect:	The City bank accounts were unreconciled at year-end causing the financial statements to be potentially materially misstated.
Questioned Costs:	None
Recommendation:	The City should monitor the information being received and require copies of the bank reconciliations on a timely basis.
Views of responsible officials and planned corrective action:	This information is in the attached responses.

2022-002

Type of Finding:	Material Weakness
Criteria:	The City was required to adopt and implement GASB Statement No. 87, <i>Leases</i> for the fiscal year ended September 30, 2022. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby

enhancing the relevance and consistency of information about the governments' leasing activities.

**Condition:** The City did not evaluate the City's leases for the requirement to implement GASB Statement No. 87, *Leases*. The City did not adopt and implement GASB Statement No. 87, *Leases*. The City was not in compliance with Governmental Accounting Standards.

**Cause:** The City did not evaluate the leases of the City to determine materiality.

**Effect:** Audit procedures were performed with regard to the City's lease assets that met the definition of the Standard. The results of the procedures determined the Right-to-Use lease asset and liability was material to the financial statements.

**Questioned Costs:** None

**Recommendation:** The City should review, obtain the necessary education and implement the requirements of GASB Statement No. 87, *Leases* as well as any new GASB Statements that apply to the City.

**Views of responsible officials and planned corrective action:** This information is in the attached responses.

**2022-003**

**Type of Finding:** Material Weakness

**Criteria:** For governmental funds, generally accepted accounting principles require the adoption of the modified accrual basis of accounting.  
For enterprise funds, generally accepted accounting principles require the adoption of the full accrual basis of accounting.

**Condition:** The City did not record all material receivables and payables as of September 30, 2022.

**Cause:** The City failed to comply with generally accepted accounting principles.

**Effect:** The City's receivable and payables were understated at year-end.

**Questioned Cost:** None

**Recommendation:** The City should record accounts receivable and payable at year-end.

**Views of responsible officials and planned corrective action:** This information is in the attached responses.

Management's Response to Auditor's Findings:  
Summary Schedule of Prior Audit Findings and  
Corrective Action Plan  
September 30, 2022  
Prepared by City Administrator  
**City of Wimberley**



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City of Wimberley - Summary Schedule of Prior Audit Findings

No prior audit findings noted.

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City of Wimberley - Corrective Action Plan

Finding 2022-001

*Finding Summary:* The City of Wimberley did not reconcile the bank accounts for the entire twelve months of fiscal year 2022. They were not completed in a timely manner, and they were reconciled several months later in April 2023.

*Responsible Individuals:* Tim Patek, City Administrator  
Monica Alcala, Finance Coordinator and Office Administration

*Corrective Action Plan:* The City of Wimberley will work closely with their accounting firm and ensure bank reconciliations are made monthly. City staff will monitor the information received from the firm to ensure timely and accurate reconciliations.

*Anticipated Completion Date:* Ongoing

Finding 2022-002

*Finding Summary:*

The City of Wimberley was required to adopt and implement Government Accounting Standards Board (GASB) Statement #87, Leases for the Fiscal Year ending September 30, 2022. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

*Responsible Individuals:*

Tim Patek, City Administrator  
Monica Alcala, Finance Coordinator and Office Administration

*Corrective Action Plan:*

The City will evaluate the City's new leases and work with our accountant to ensure they comply with all GASB Statements.

*Anticipated Completion Date:* September 30, 2023

Finding 2022-003

*Finding Summary:*

The City should follow generally accepted accounting principles for all governmental funds and adopt the modified accrual basis of accounting. For all enterprise funds, generally accepted accounting principles require the adoption of the full accrual basis of accounting. The City did not record all material receivable and payables as of September 30, 2022 and failed to comply with the generally accepted accounting principles, and receivables and payables were understated at year-end.

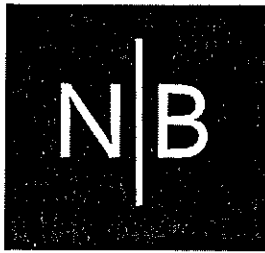
*Responsible Individuals:*

Tim Patek, City Administrator  
Monica Alcala, Finance Coordinator and Office Administration

*Corrective Action Plan:*

The City will update their financial policy to ensure records are maintained on a basis consistent with accepted principles and standards for local government accounting, as determined by the GASB. The City will also ensure accounts receivable and payables are recorded at year-end.

*Anticipated Completion Date:* Ongoing



# NEFFENDORF & BLOCKER, P.C.

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June 14, 2023

Honorable Mayor and Members of  
the City Council  
City of Wimberley, Texas  
Wimberley, TX 78676

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wimberley, Texas for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 8, 2023. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Matters

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Wimberley, Texas are described in Note 1 to the financial statements. GASB Statement No. 87, *Leases* was required to be adopted and implemented. City of Wimberley, Texas failed to implement the Statement and audit adjustments were necessary for the adoption and implementation. The application of existing policies was not changed during the year ended September 30, 2022. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. There were no significant accounting estimates.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Significant journal entries (some of which were material) were made to correct and record balances to the financial statements. Management has agreed and corrected all such misstatements.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 14, 2023.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### *Recommendations*

#### Budget Amendments

The City adopted several budget amendments during the year which were not recorded in the general ledger. We recommend all budget amendments be recorded in the general ledger.

#### Accounting and Grants Manual

Since the City has changed accounting software and received grants from several entities, we again recommend that the City adopt a written accounting and grants manual.

#### Credit Card Park Receipts Reconciliations

During our test our park gate receipts, we noted that there is no reconciliation of credit card receipts to the bank deposits. We again recommend the City perform a reconciliation of daily credit card receipts to bank deposit amounts.

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

Very truly yours,

*Neffendorf & Blocker, P.C.*

NEFFENDORF & BLOCKER, P.C.  
Fredericksburg, Texas