

REPORT OF EXAMINATION

**CITY OF
WIMBERLEY**

Wimberley, Texas

**For the Year Ended
September 30, 2023**

CITY OF WIMBERLEY, TEXAS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023

CITY OF WIMBERLEY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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NEFFENDORF & BLOCKER, P.C.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

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, 2023, 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, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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

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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.

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 and *Government 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, Texas'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, Texas' 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 40-51 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wimberley, Texas' basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 March 18, 2024, on our consideration of the City of Wimberley, Texas' 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, Texas' 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, Texas' internal control over financial reporting and compliance.

Neffendorf & Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas

March 18, 2024

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, 2023. 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 \$15,474,260 (net position). Of this amount, \$2,634,525 (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 \$781,203 as a result of this year's operations.
- At September 30, 2023, the City's governmental funds reported combined ending fund balances of \$3,025,951, an increase of \$881,887 in comparison with the prior year.
- At September 30, 2023, the City's Enterprise Funds reported unrestricted net position of \$468,048, an increase of \$531,295 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 Schedules, 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 51.

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 \$12,633,195 to \$13,463,959. 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 \$2,166,477 at September 30, 2023. This increase in governmental net position was the result of five factors. First, the City's revenues exceeded the expenditures by \$798,532. Second the City acquired capital assets and paid debt principal in the amount of \$1,459,266. Third, the City recorded depreciation in the amounts of \$554,621. Fourth, GASB Statement No. 68 required a decrease in expenses in the amount of \$23,297. Fifth, GASB Statement No. 75 required an increase in expenses in the amount of \$559.

Net position of the City's business-type activities increased from \$1,986,052 to \$2,010,301. Unrestricted net position was \$468,048 at September 30, 2023. This increase in business-type net position was the result of net income of \$33,794.

Table I
City of Wimberley

NET POSITION In thousands

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2023	2022	2023	2022	2023	2022
Current and Restricted Assets	\$ 3,660	\$ 2,946	\$ 568	\$ 759	\$ 4,228	\$ 3,705
Capital Assets	12,093	11,351	6,002	6,193	18,095	17,544
Total Assets	\$ 15,753	\$ 14,297	\$ 6,570	\$ 6,952	\$ 22,323	\$ 21,249
Deferred Outflow of Resources						
Pension Plan	82	31	-	-	82	31
OPEB Plan	1	9	-	-	1	9
Total Deferred Outflows of Resources	\$ 83	\$ 40	\$ -	\$ -	\$ 83	\$ 40
Current Liabilities	\$ 690	\$ 951	\$ 100	\$ 346	\$ 790	\$ 1,297
Net Pension Liability	44	8	-	-	44	8
OPEB Liability	20	40	-	-	20	40
Noncurrent Liabilities	1,573	663	4,460	4,620	6,033	5,283
Total Liabilities	\$ 2,327	\$ 1,662	\$ 4,560	\$ 4,966	\$ 6,887	\$ 6,628
Deferred Inflow of Resources						
Pension Plan	\$ 33	\$ 41	\$ -	\$ -	\$ 33	\$ 41
OPEB Plan	13	1	-	-	13	1
Total Deferred Inflows of Resources	\$ 46	\$ 42	\$ -	\$ -	\$ 46	\$ 42
Net Position:						
Net Investment in Capital Assets	\$ 10,520	\$ 10,554	\$ 1,542	\$ 2,049	\$ 12,062	\$ 12,603
Restricted	777	426	-	-	777	426
Unrestricted	2,166	1,653	468	(63)	2,634	1,590
Total Net Position	\$ 13,463	\$ 12,633	\$ 2,010	\$ 1,986	\$ 15,473	\$ 14,619

Table II
City of Wimberley

CHANGES IN NET POSITION
In thousands

	Governmental Activities		Business-Type Activities		TOTALS	
	2023	2022	2023	2022	2023	2022
Revenues:						
Sales Tax	\$ 1,546	\$ 1,419	\$ -	\$ -	\$ 1,546	\$ 1,419
Franchise Tax	306	294	-	-	306	294
Other Taxes	858	441	-	-	858	441
Charges for Services	919	740	443	322	1,362	1,062
Miscellaneous	9	-	-	-	9	-
Grants and Contributions	501	379	-	103	501	482
Interest Earnings	27	5	1	2	28	7
Total Revenue	\$ 4,166	\$ 3,278	\$ 444	\$ 427	\$ 4,610	\$ 3,705
Expenses:						
Administration	\$ 1,033	\$ 635	\$ -	\$ -	\$ 1,033	\$ 635
Legal	64	71	-	-	64	71
Council/Board	115	147	-	-	115	147
Building	67	61	-	-	67	61
Public Safety	100	66	-	-	100	66
Municipal Court	-	6	-	-	-	6
Public Works	269	380	-	-	269	380
Public Works- Roads	175	-	-	-	175	-
Public Works- Wastewater	20	102	410	423	430	525
Tourism	366	52	-	-	366	52
Community Center	191	149	-	-	191	149
Parks	919	782	-	-	919	782
Interest	41	10	-	-	41	10
Capital Outlay	-	77	-	-	-	77
Debt Service	59	-	-	-	-	-
Total Expenses	\$ 3,419	\$ 2,538	\$ 410	\$ 423	\$ 3,770	\$ 2,961
Increase (Decrease) in Net Position						
Before Transfers & Capital Contributions	\$ 747	\$ 740	\$ 34	\$ 4	\$ 781	\$ 744
Transfers	-	-	-	-	-	-
Net Change	747	740	34	4	781	744
Net Position - Beginning	12,633	11,893	1,986	1,982	14,619	13,875
Prior Period Adjustment	83	-	(10)	-	73	-
Net Position - Ending	\$ 13,463	\$ 12,633	\$ 2,010	\$ 1,986	\$ 15,473	\$ 14,619

The cost of all governmental activities this year was \$3,420,525. 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 \$2,710,599 because the other costs were paid by user charges (\$919,951), grants (\$501,276), interest (\$27,085) and other miscellaneous (\$9,023).

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 \$3,025,951, which is more than last year's total of \$2,144,064. Included in this year's total change in fund balance is an increase of \$526,158 in the City's General Fund. The increase in the General Fund balance was caused by an increase in grant revenues.

The City adopted the General Fund Budget and the major special revenue funds. Actual revenues were more than budgeted amounts and actual expenditures were less than the budgeted amounts in the general fund. In the major special revenue fund- Blue Hole Parkland fund actual revenues were more than budgeted amounts and actual expenditure were more than budgeted amounts. In the major special revenue fund- Hotel Occupancy Tax fund actual revenues were less than budgeted amounts and actual expenditures were less than budgeted amounts. In the major special revenue fund- American Rescue Plan fund actual revenues were less than budgeted amounts and actual expenditures were less than budgeted amounts.

CAPITAL ASSETS

At September 30, 2023, the City had the following amounts invested in capital assets, net of depreciation:

CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 4,384,856	\$ 4,015,482	\$ -	\$ -	\$ 4,384,856	\$ 4,015,482
Buildings and Improvements	7,291,934	6,840,477	-	-	7,291,934	6,840,477
Infrastructure	4,770,789	4,408,319	6,404,710	6,404,710	11,175,499	10,813,029
Machinery & Equipment	266,403	392,098	39,083	39,083	305,486	431,181
Right-to-Use Leased Assets	95,792	95,792	-	-	95,792	95,792
Construction In Progress	135,675	-	-	-	135,675	-
Total Capital Assets	\$ 16,945,449	\$ 15,752,168	\$ 6,443,793	\$ 6,443,793	\$ 23,389,242	\$ 22,195,961
Less: Accumulated Depreciation	(4,823,747)	(4,392,658)	(441,540)	(250,457)	(5,265,287)	(4,643,115)
Less: Accumulated Amortization	(28,907)	(8,522)	-	-	(28,907)	(8,522)
Capital Assets, Net	\$ 12,092,795	\$ 11,350,988	\$ 6,002,253	\$ 6,193,336	\$ 18,095,048	\$ 17,544,324

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

DEBT

At September 30, 2023, the City had the following outstanding debt:

OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2023	2022	2023	2022	2023	2022
Bonds Payable	\$ 909,000	\$ -	\$ 4,460,000	\$ 4,620,000	\$ 5,369,000	\$ 4,620,000
Tax Note Payable	596,000	711,000	-	-	596,000	711,000
Leases Payable	67,579	86,344	-	-	67,579	86,344
Total Outstanding Debt	\$ 1,572,579	\$ 797,344	\$ 4,460,000	\$ 4,620,000	\$ 6,032,579	\$ 5,417,344

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 \$115,000 and leases of \$18,765. The City also issued Texas Hotel Occupancy Tax Revenue Bonds in the amount of \$909,000 during the year. More detailed information about the City's long-term liabilities is presented in Notes E, F and G 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 2024 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 2024. Amounts available for appropriation in the General Fund budget are \$1,892,950 and expenditures are estimated to be \$1,892,950.

If these estimates are realized, the City's budgetary General fund balance is expected to be about the same by the close of 2024.

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, 2023

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,661,476	\$ 536,214	\$ 3,197,690
Investments - Current	438,670	-	438,670
Accounts Receivable, Net	206,604	31,688	238,292
Due from Other Governments	276,147	-	276,147
Due from Other Funds	77,761	(77,761)	-
Capital Assets:			
Land Purchase and Improvements	4,384,856	-	4,384,856
Infrastructure, Net	3,525,300	5,970,297	9,495,597
Buildings, Net	3,932,769	-	3,932,769
Machinery & Equipment, Net	47,310	31,956	79,266
Right-to-Use Lease Assets	66,885	-	66,885
Construction in Progress	135,675	-	135,675
Total Assets	15,753,453	6,492,394	22,245,847
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pension Plan	81,769	-	81,769
Deferred Outflow Related to OPEB	646	-	646
Total Deferred Outflows of Resources	82,415	-	82,415
LIABILITIES			
Accounts Payable	232,720	4,695	237,415
Wages and Salaries Payable	55,225	-	55,225
Compensated Absences Payable	23,993	-	23,993
Intergovernmental Payable	712	-	712
Due to Others	19,769	3,938	23,707
Accrued Interest Payable	30,996	13,460	44,456
Unearned Revenues	326,281	-	326,281
Noncurrent Liabilities:			
Due Within One Year	185,588	160,000	345,588
Due in More Than One Year:			
Bonds Payable - Noncurrent	1,386,991	4,300,000	5,686,991
Net Pension Liability	44,032	-	44,032
Net OPEB Liability	19,985	-	19,985
Total Liabilities	2,326,292	4,482,093	6,808,385
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	32,837	-	32,837
Deferred Inflow Related to OPEB	12,780	-	12,780
Total Deferred Inflows of Resources	45,617	-	45,617
NET POSITION			
Net Investment in Capital Assets and Lease Assets	10,520,216	1,542,253	12,062,469
Restricted:			
Restricted for Municipal Court	2,266	-	2,266
Restricted for Tourism Development	775,000	-	775,000
Unrestricted	2,166,477	468,048	2,634,525
Total Net Position	\$ 13,463,959	\$ 2,010,301	\$ 15,474,260

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, 2023

			Program Revenues	
			Charges for Services	Operating Grants and Contributions
	Expenses			Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
Administration	\$ 1,033,068	\$ 157,381	\$ 326,533	\$ -
Legal	64,461	-	-	-
Council/Boards	115,035	-	-	-
Building	66,928	-	-	-
Public Safety	99,768	-	-	-
Municipal Court	393	-	-	-
Public Works	269,149	-	-	-
Public Works - Roads	174,623	38,000	-	33,319
Public Works - Wastewater	19,765	-	-	-
Tourism	366,377	-	-	-
Community Center	191,461	38,089	-	-
Parks	919,425	686,481	-	69,923
Interest on Debt	41,072	-	-	-
Other Debt Service	59,000	-	-	-
Total Governmental Activities	3,420,525	919,951	326,533	103,242
BUSINESS-TYPE ACTIVITIES:				
Wastewater Utility Fund	410,412	442,897	-	-
Total Business-Type Activities	410,412	442,897	-	-
TOTAL PRIMARY GOVERNMENT	\$ 3,830,937	\$ 1,362,848	\$ 326,533	\$ 103,242

General Revenues:

Taxes:

General Sales and Use Taxes

Franchise Tax

Other Taxes

Grants and Contributions

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

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
\$ (549,154)	\$ -	\$ (549,154)
(64,461)	-	(64,461)
(115,035)	-	(115,035)
(66,928)	-	(66,928)
(99,768)	-	(99,768)
(393)	-	(393)
(269,149)	-	(269,149)
(103,304)	-	(103,304)
(19,765)	-	(19,765)
(366,377)	-	(366,377)
(153,372)	-	(153,372)
(163,021)	-	(163,021)
(41,072)	-	(41,072)
(59,000)	-	(59,000)
(2,070,799)	-	(2,070,799)
-	32,485	32,485
-	32,485	32,485
(2,070,799)	32,485	(2,038,314)
1,546,018	-	1,546,018
306,862	-	306,862
857,719	-	857,719
71,501	-	71,501
9,023	-	9,023
27,085	1,309	28,394
2,818,208	1,309	2,819,517
747,409	33,794	781,203
12,633,195	1,986,052	14,619,247
83,355	(9,545)	73,810
\$ 13,463,959	\$ 2,010,301	\$ 15,474,260

CITY OF WIMBERLEY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Blue Hole Parkland Fund	Hotel Occupancy Tax Fund
ASSETS			
Cash and Cash Equivalents	\$ 817,590	\$ 665,886	\$ 805,579
Investments - Current	438,670	-	-
Accounts Receivable, Net	147,958	-	58,646
Due from Other Governments	276,147	-	-
Due from Other Funds	127,155	-	-
Total Assets	<u>\$ 1,807,520</u>	<u>\$ 665,886</u>	<u>\$ 864,225</u>
LIABILITIES			
Accounts Payable	\$ 52,456	\$ 38,248	\$ 86,730
Wages and Salaries Payable	34,644	18,086	2,495
Intergovernmental Payable	-	-	-
Due to Other Funds	55,227	49,394	-
Due to Others	8,485	11,284	-
Unearned Revenues	-	-	-
Total Liabilities	<u>150,812</u>	<u>117,012</u>	<u>89,225</u>
FUND BALANCES			
Restricted for Municipal Court	-	-	-
Restricted for Tourism Development	-	-	775,000
Other Committed Fund Balance	-	-	-
Committed for Park Operations & Improvements	-	548,874	-
Unassigned Fund Balance	1,656,708	-	-
Total Fund Balances	<u>1,656,708</u>	<u>548,874</u>	<u>775,000</u>
Total Liabilities and Fund Balances	<u>\$ 1,807,520</u>	<u>\$ 665,886</u>	<u>\$ 864,225</u>

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

American Rescue Plan Fund	Other Funds	Total Governmental Funds
\$ 326,281	\$ 46,140	\$ 2,661,476
-	-	438,670
-	-	206,604
-	-	276,147
-	55,227	182,382
<u>\$ 326,281</u>	<u>\$ 101,367</u>	<u>\$ 3,765,279</u>
\$ -	\$ 55,286	\$ 232,720
-	-	55,225
-	712	712
-	-	104,621
-	-	19,769
326,281	-	326,281
<u>326,281</u>	<u>55,998</u>	<u>739,328</u>
-	2,266	2,266
-	-	775,000
-	43,103	43,103
-	-	548,874
-	-	1,656,708
-	45,369	3,025,951
<u>\$ 326,281</u>	<u>\$ 101,367</u>	<u>\$ 3,765,279</u>

CITY OF WIMBERLEY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	\$ 3,025,951
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.	10,539,088
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 2023 capital outlays and debt principal payments is to increase net position.	1,459,266
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 requirement included a net pension liability of \$44,032, a Deferred Resource Outflow of \$81,769 and a Deferred Resource Inflow of \$32,837. The net effect of these was to increase net position.	4,900
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 \$19,985, a Deferred Resource Outflow of \$646 and a Deferred Resource Inflow of \$12,780. The net effect of these was to decrease net position.	(32,119)
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. Please note this includes amortization on the right-to-use leased assets.	(554,621)
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 bond sales as an increase in bonds 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.	(978,506)
Net Position of Governmental Activities	\$ 13,463,959

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, 2023

	General Fund	Blue Hole Parkland Fund	Hotel Occupancy Tax Fund
REVENUES:			
Taxes:			
General Sales and Use Taxes	\$ 1,546,018	\$ -	\$ -
Franchise Tax	306,862	-	-
Other Taxes	87,003	-	770,716
Licenses and Permits	65,834	-	-
Intergovernmental Revenue and Grants	390,934	-	-
Charges for Services	73,744	656,611	-
Investment Earnings	16,360	7,239	3,486
Rents and Royalties	55,892	22,770	-
Contributions & Donations from Private Sources	-	7,100	-
Other Revenue	29,819	15,377	-
Total Revenues	2,572,466	709,097	774,202
EXPENDITURES:			
Current:			
Administration	870,232	-	-
Legal	54,613	-	-
Council/Boards	97,460	-	-
Building	56,703	-	-
Public Safety	84,525	-	-
Municipal Court	333	-	-
Public Works	228,832	-	-
Public Works - Roads	147,944	-	-
Public Works - Wastewater	16,745	-	-
Tourism	-	-	778,198
Community Center	168,223	-	-
Parks	8,929	1,227,964	-
Debt Service:			
Principal on Debt	11,408	7,357	-
Interest on Debt	1,829	736	-
Capital Outlay:			
Capital Outlay	-	-	-
Total Expenditures	1,747,776	1,236,057	778,198
Excess (Deficiency) of Revenues Over (Under) Expenditures	824,690	(526,960)	(3,996)
OTHER FINANCING SOURCES (USES):			
Issuance of Bonds	-	-	909,000
Transfers In	1,315	410,416	-
Transfers Out	(383,202)	(1,315)	(410,416)
Bond Issuance Costs	-	-	(59,000)
Total Other Financing Sources (Uses)	(381,887)	409,101	439,584
Net Change in Fund Balances	442,803	(117,859)	435,588
Fund Balance - October 1 (Beginning)	1,130,550	666,733	339,412
Prior Period Adjustment	83,355	-	-
Fund Balance - September 30 (Ending)	\$ 1,656,708	\$ 548,874	\$ 775,000

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

American Rescue Plan Fund	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,546,018
-	-	306,862
-	-	857,719
-	-	65,834
103,242	-	494,176
-	38,000	768,355
-	-	27,085
-	-	78,662
-	-	7,100
-	-	45,196
103,242	38,000	4,197,007
-	-	870,232
-	-	54,613
-	-	97,460
-	-	56,703
-	-	84,525
-	-	333
-	-	228,832
-	-	147,944
-	-	16,745
-	-	778,198
-	-	168,223
-	-	1,236,893
-	115,000	133,765
-	8,974	11,539
103,242	259,228	362,470
103,242	383,202	4,248,475
-	(345,202)	(51,468)
-	-	909,000
-	383,202	794,933
-	-	(794,933)
-	-	(59,000)
-	383,202	850,000
-	38,000	798,532
-	7,369	2,144,064
-	-	83,355
\$ -	\$ 45,369	\$ 3,025,951

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, 2023

Total Net Change in Fund Balances - Governmental Funds	\$ 798,532
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 2023 capital outlays and debt principal payments is to increase the change in net position.	1,459,266
The entries required by GASB Statement No. 68 did require that some expenses on B-1 be adjusted. The net effect on the change in net position on Exhibit B-1 is an increase in net position.	23,297
The requirement of recording the OPEB liability under GASB Statement No. 75 resulted in a decrease in net position.	(559)
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.	(554,621)
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 bond sales, 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.	(978,506)
Change in Net Position of Governmental Activities	<u>\$ 747,409</u>

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, 2023

EXHIBIT D-1

	Business Type Activities
	Wastewater Utility Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 536,214
Accounts Receivable, Net	31,688
Total Current Assets	<u>567,902</u>
Noncurrent Assets:	
Capital Assets:	
Infrastructure, net	5,970,297
Machinery & Equipment, net	31,956
Total Noncurrent Assets	<u>6,002,253</u>
Total Assets	<u>6,570,155</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	4,695
Due to Other Funds	77,761
Due to Others	3,938
Accrued Interest Payable	13,460
Bonds Payable - Current	160,000
Total Current Liabilities	<u>259,854</u>
Noncurrent Liabilities:	
Bonds Payable - Noncurrent	4,300,000
Total Noncurrent Liabilities	<u>4,300,000</u>
Total Liabilities	<u>4,559,854</u>
NET POSITION	
Net Investment in Capital Assets and Lease Assets	1,542,253
Unrestricted	468,048
Total Net Position	<u>\$ 2,010,301</u>

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, 2023

EXHIBIT D-2

	Business-Type Activities Wastewater Utility Fund
OPERATING REVENUES:	
Charges for Services	\$ 442,897
Total Operating Revenues	<u>442,897</u>
OPERATING EXPENSES:	
Contract Services	65,756
Utilities	50,776
Other Operating Costs	15,741
Depreciation	191,083
Total Operating Expenses	<u>323,356</u>
Operating Income	<u>119,541</u>
NONOPERATING REVENUES (EXPENSES):	
Investment Earnings	1,309
Interest Expense - Nonoperating	(86,636)
Other Nonoperating Expenses	(420)
Total NonOperating Revenue (Expenses)	<u>(85,747)</u>
Change in Net Position	33,794
Total Net Position - October 1 (Beginning)	1,986,052
Prior Period Adjustment	(9,545)
Total Net Position - September 30 (Ending)	<u><u>\$ 2,010,301</u></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, 2023

EXHIBIT D-3

	Business-Type Activities
	Wastewater Utility Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 415,147
Cash Payments for Other Operating Expenses	(142,164)
Net Cash Provided by Operating Activities	272,983
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Repayment of TWDB Escrow Funds	(243,005)
Principal Payments on Long-Term Debt	(160,000)
Interest & Debt Service Fees Paid	(84,107)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(487,112)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	1,309
Net Increase (Decrease) in Cash and Cash Equivalents	(212,820)
Cash and Cash Equivalents at Beginning of Year	758,579
Prior Period Adjustment	(9,545)
Cash and Cash Equivalents at End of Year	\$ 536,214
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income	\$ 119,541
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	191,083
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (Increase) in Receivables	(31,688)
Increase (Decrease) in Accounts Payable	(9,891)
Increase (Decrease) in Due to Others	3,938
Net Cash Provided by Operating Activities	\$ 272,983

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

CITY OF WIMBERLEY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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, 2023, 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.

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.

Parking Spaces Cash in Lieu of Fund – This fund is used to account for fees in lieu of parking spaces collected from property owners who are unable to provide the required number of parking spaces for non-residential use property.

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.

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.

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

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, 2023, the carrying amount of the City's deposits was \$3,197,145 and the bank balance was \$3,214,200. The City's cash deposits held at September 30, 2023 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)

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 not in substantial compliance with the requirements of the Act and with local policies.

The City's temporary investments at September 30, 2023, are shown below:

Name	Carrying Amount	Market Value	FDIC Coverage	Pledged Securities
TexPool	\$ 438,670	\$ 438,670	\$ *	\$ *
Total	\$ 438,670	\$ 438,670	\$ -	\$ -

*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, 2023, TexPool had a weighted average maturity of 28 days and a net asset value of \$0.99987.

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, 2023, the City was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

B. Interfund Receivable and Payables

Interfund balances at September 30, 2023, consisted of the following:

	Receivable	Payable
<u>General Fund -</u>		
Capital Projects Fund		55,227
Blue Hole Park Fund	49,394	
Wastewater Utility Fund	77,761	
<u>Capital Projects Fund-</u>		
General Fund	55,227	
Blue Hole Park Fund-		
General Fund		49,394
<u>Wastewater Utility Fund-</u>		
General Fund		77,761
Totals	\$ 182,382	\$ 182,382

C. Infrastructure and Equipment-Enterprise Funds

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

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Infrastructure	\$ 6,404,710	\$ -	\$ -	\$ 6,404,710
Machinery and Equipment	39,083	-	-	39,083
Totals	\$ 6,443,793	\$ -	\$ -	\$ 6,443,793
Accumulated Depreciation	(250,457)	(191,083)	-	(441,540)
Business-Type Activities Fixed Assets, Net	\$ 6,193,336	\$ (191,083)	\$ -	\$ 6,002,253

D. Capital Asset Activity

Capital asset activity for the City for the year ended September 30, 2023, was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	\$ 4,015,482	\$ 369,374	\$ -	\$ 4,384,856
Buildings and Improvements	6,840,477	451,457	-	7,291,934
Infrastructure	4,408,319	362,470	-	4,770,789
Machinery and Equipment	392,098	6,525	(132,220)	266,403
Construction in Progress	-	135,675	-	135,675
Total Assets	\$ 15,656,376	\$ 1,325,501	\$ (132,220)	\$ 16,849,657
Accumulated Depreciation				
Buildings and Improvements	\$ (3,074,629)	\$ (284,536)	\$ -	\$ (3,359,165)
Infrastructure	(1,021,389)	(224,100)	-	(1,245,489)
Machinery and Equipment	(296,640)	(25,600)	103,147	(219,093)
Total Accumulated Depreciation	\$ (4,392,658)	\$ (534,236)	\$ 103,147	\$ (4,823,747)
Capital Assets, Net	\$ 11,263,718	\$ 791,265	\$ (29,073)	\$ 12,025,910
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)	\$ (20,385)	\$ -	\$ (28,907)
Total Accumulated Amortization	\$ (8,522)	\$ (20,385)	\$ -	\$ (28,907)
Total Right-to-Use Lease Assets being Amortized, Net	\$ 87,270	\$ (20,385)	\$ -	\$ 66,885
Governmental Activities Capital Assets, Net	\$ 11,350,988	\$ 770,880	\$ (29,073)	\$ 12,092,795

Depreciation expense was charged to governmental functions as follows:

Administration	\$	156,931
Legal		9,848
Council/Board		17,575
Building		10,225
Public Safety		15,243
Municipal Court		60
Public Works		41,266
Public Works- Roads		26,679
Public Works- Wastewater		3,020
Community Center		30,336
Parks		223,053
	\$	<u>534,236</u>

Amortization expense was charged to governmental functions as follows:

Administration	\$	7,594
Public Works		1,997
Parks		10,794
	\$	<u>20,385</u>

E. Changes in Long-Term Liabilities

A summary of changes in long-term debt for the year ended September 30, 2023 follows:

Description	Amounts Outstanding 9/30/22	Additions	Deletions	Amounts Outstanding 9/30/23	Due in One Year
Governmental Activities:					
Bonds Payable					
Tax Note, Series 2021	\$ 711,000	\$ -	\$ (115,000)	\$ 596,000	\$ 116,000
HOT Revenue Bonds, Series 2023	-	909,000	-	909,000	50,000
Leases Payable	86,344	-	(18,765)	67,579	19,588
Net Pension Liability	8,352	103,445	(67,765)	44,032	-
Total OPEB Liability	39,636	3,706	(23,357)	19,985	-
Compensated Absences	13,093	-	10,900	23,993	-
Total Governmental Activities	<u>\$ 858,425</u>	<u>\$ 1,016,151</u>	<u>\$ (213,987)</u>	<u>\$ 1,660,589</u>	<u>\$ 185,588</u>

Description	Interest Rate	Amounts Original Issue	Amounts Outstanding 9/30/22	Additions	Deletions	Amounts Outstanding 9/30/23	Due in One Year
Business-Type Activities:							
Refunding Bonds - Series 2020	0.37%-2.15%	\$ 4,940,000	\$ 4,620,000	\$ -	\$ (160,000)	\$ 4,460,000	\$ 160,000
Total Business Type Activities		<u>\$ 4,940,000</u>	<u>\$ 4,620,000</u>	<u>\$ -</u>	<u>\$ (160,000)</u>	<u>\$ 4,460,000</u>	<u>\$ 160,000</u>

F. 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.

Hotel Occupancy Tax Revenue Bond, Series 2023

The City issued \$909,000 Hotel Occupancy Tax Revenue Bonds, Series 2023 to finance the purchase of sites for and the construction, improvement and equipping of a visitor information center. The Bonds were issued at interest rates of 6.85%. These Bonds are payable from and secured by levying a hotel occupancy tax.

Debt service requirements for the governmental activities are as follows:

Year Ended September 30	Bonds Payable		Total
	Principal	Interest	
2024	166,000	88,886	254,886
2025	190,000	65,332	255,332
2026	196,000	59,043	255,043
2027	202,000	52,246	254,246
2028	211,000	44,607	255,607
2029-2032	540,000	115,902	655,902
	<u>\$ 1,505,000</u>	<u>\$ 426,016</u>	<u>\$ 1,931,016</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	
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	170,000	75,202	245,202
2029-2033	885,000	333,534	1,218,534
2034-2038	970,000	246,927	1,216,927
2039-2043	1,075,000	144,235	1,219,235
2044-2046	705,000	30,437	735,437
	<u>\$ 4,460,000</u>	<u>\$ 1,151,064</u>	<u>\$ 2,439,465</u>

G. 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	
2024	19,588	1,241	20,829
2025	18,467	863	19,330
2026	18,839	491	19,330
2027	10,685	144	10,829
	<u>\$ 67,579</u>	<u>\$ 2,739</u>	<u>\$ 70,318</u>

H. RETIREMENT PLAN

Plan Description

The City of Wimberley, Texas participates as one of 928 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.

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:

	Plan Year 2021	Plan Year 2022
Deposit Rate:	5%	5%
Matching Ratio (City to Employee):	2 to 1	2 to 1
Years required for vesting	5 yrs	5 yrs
Retirement eligibility (Age/Service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	0%	0%
Retiree Cost of Living Adjustment	0% of CPI	0% of CPI

Employees covered by benefit terms.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	17
Active employees	<u>13</u>
	36

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 5.96% and 6.11% in calendar years 2022 and 2023, respectively. The city's contributions to TMRS for the year ended September 30, 2023, were \$50,410, and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 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 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
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)

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2021	\$ 624,628	\$ 616,276	\$ 8,352
Changes for the year:			
Service cost	63,030		63,030
Interest	43,318		43,318
Changes of Benefit Terms			-
Difference between Expected and Actual Experience	(44,364)		(44,364)
Changes in Assumptions			-
Contributions - Employer		37,848	(37,848)
Contributions - Employee		33,434	(33,434)
Net investment income		(45,054)	45,054
Benefit Payments, Including Refunds of			-
Employee Contributions	(28,782)	(28,782)	-
Administrative Expense		(389)	389
Other Changes		465	(465)
Net Changes	33,202	(2,478)	35,680
Balances as of December 31, 2022	\$ 657,830	\$ 613,798	\$ 44,032

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	\$ 152,608	\$ 44,032	\$ (42,413)

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.

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

For the year ended September 30, 2023, the City recognized pension expense of \$25,052.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,722	\$ 32,837
Changes of assumptions	-	
Net difference between projected and actual investment earnings	43,186	
Contributions made subsequent to measurement date	35,861	
	<u>\$ 81,769</u>	<u>\$ 32,837</u>

\$35,861 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, 2023. 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:

2023	\$ (7,742)
2024	(3,085)
2025	6,569
2026	17,329
2027	-
Thereafter	-
Total	<u>\$ 13,071</u>

I. Defined Other Post-Employment Benefit Plan

The City participates as one of 800 cities in the Texas Municipal Retirement System ("TMRS") optional death benefit plan, the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This voluntary program allows participating cities to provide supplemental death benefits for their active Members, with optional coverage for their retirees. A city may terminate coverage in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefit. Benefits payable from the SDBF become due after the death of a covered active Member or retiree and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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 earning for the 12-month period preceding the month of death). The death benefit for retirees is an "other poste-employment benefit" and is a fixed amount of \$7,500. The obligations of this plan are payable only from the SDBF and are not an obligation of the Pension Trust Fund.

Contributions. Contributions to the SDBF are made monthly based on the payroll of covered Members of the cities participating in the SDBF. The required contribution rate is actuarially determined annually for each city participating in the SDBF. 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. There is a one-year delay between the actuarial valuation that serves as the basis for the city's contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires allocation from the Interest Reserve Account to the SDBF on an annual basis. The funding policy of this supplemental death benefit plan 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; any excess contributions and investment income over payments then become net position available for benefits.

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 2023 and 2022 were \$907 and \$1,711 respectively, which equaled the required contributions each year.

Employees covered by benefit terms.

At the December 31, 2022 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	13
Total	<u>19</u>

Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

The TMRS SDBF is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.00% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2020. At transition, GASB No. 75 also requires that the Total OPEB Liability (TOL) as of the prior fiscal year end be estimated based on the 20 Year Bond GO Index.

Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Discount Rate*	4.05%
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, 2022.

Changes in the City's Total OPEB Liability:

Covered Payroll	\$	660,691
Total OPEB Liability- Beginning of Year		39,636
Changes for the year		
Service Cost		2,973
Interest on Total OPEB Liability		749
Changes of benefit terms		
Differences between expected and actual experience		(10,557)
Changes in assumptions or other inputs		(11,957)
Benefit Payments**		(859)
Net Changes		(19,651)
Total OPEB Liability- End of Year		19,985
Total OPEB Liability as a Percentage of Covered Payroll		3.02%

** 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 4.05%, 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 (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1% Decrease 3.05%	Current Discount Rate 4.05%	1% Increase 5.05%
City's Total OPEB Liability	\$ 24,388	\$ 19,985	\$ 16,710

OPEB Expense and Deferred Outflows of Resources

For the year ended September 30, 2023, the City recognized OPEB expense of \$1,482.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,753
Changes in assumption and other inputs	-	5,027
Contributions made subsequent to measurement date	646	
Total	\$ 646	\$ 12,780

\$646 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, 2023. 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:	
2023	\$ (2,162)
2024	(1,678)
2025	(1,905)
2026	(3,041)
2027	(3,704)
Thereafter	(290)
Total	\$ (12,780)

J. Cash Flows Statement - Supplemental Disclosures

Since the City is tax exempt no income tax was paid in 2023 and 2022. The City paid interest in the amount of \$86,636 in 2023 and \$84,871 in 2022.

K. 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.

L. 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.

M. Unearned Revenues

Unspent Coronavirus State and Local Fiscal Recovery Funds in the amount of \$326,281 are classified as unearned revenue in the American Rescue Plan Fund. The funds are for response to the COVID-19 public health emergency.

O. Excess Expenditure Over Budget

Actual expenditures exceeded appropriations in the General Fund for seven functions but not in total. Actual expenditures exceed appropriations in the Blue Hole Parkland Fund for three functions and in total.

P. Prior Period Adjustment

A prior period adjustment of \$83,355 to record prior year franchise tax revenue received in the current year. This adjustment restated the beginning fund balance of the general fund from \$1,130,550 to \$1,213,905.

A prior period adjustment of \$9,545 was recorded in the wastewater utility fund to record prior year interest earned on the TWDB Escrow account as unearned revenue. This adjustment restated the beginning net position of the wastewater utility fund from \$1,986,052 to \$1,976,507.

Q. Subsequent Events

The City has evaluated subsequent events through March 18, 2024, 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, 2023

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
General Sales and Use Taxes	\$ 1,419,000	\$ 1,419,000	\$ 1,546,018	\$ 127,018
Franchise Tax	250,000	250,000	306,862	56,862
Other Taxes	40,000	40,000	87,003	47,003
Licenses and Permits	56,000	56,000	65,834	9,834
Intergovernmental Revenue and Grants	-	-	390,934	390,934
Charges for Services	53,500	53,500	73,744	20,244
Investment Earnings	2,000	2,000	16,360	14,360
Rents and Royalties	30,000	30,000	55,892	25,892
Other Revenue	10,000	10,000	29,819	19,819
Total Revenues	1,860,500	1,860,500	2,572,466	711,966
EXPENDITURES:				
Current:				
Administration	690,290	690,290	870,232	(179,942)
Legal	100,000	100,000	54,613	45,387
Council/Boards	118,700	118,700	97,460	21,240
Building	43,000	43,000	56,703	(13,703)
Public Safety	222,740	203,740	84,525	119,215
Municipal Court	14,275	14,275	333	13,942
Public Works	227,259	246,259	228,832	17,427
Public Works - Roads	105,250	145,250	147,944	(2,694)
Public Works - Wastewater	-	-	16,745	(16,745)
Community Center	160,486	160,486	168,223	(7,737)
Parks	12,500	12,500	8,929	3,571
Debt Service:				
Principal on Debt	-	-	11,408	(11,408)
Interest on Debt	-	-	1,829	(1,829)
Capital Outlay:				
Capital Outlay	166,000	166,000	-	166,000
Total Expenditures	1,860,500	1,900,500	1,747,776	152,724
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(40,000)	824,690	864,690
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	1,315	1,315
Transfers Out	-	-	(383,202)	(383,202)
Total Other Financing Sources (Uses)	-	-	(381,887)	(381,887)
Net Change	-	(40,000)	442,803	482,803
Fund Balance - October 1 (Beginning)	1,130,550	1,130,550	1,130,550	-
Prior Period Adjustment	-	-	83,355	83,355
Fund Balance - September 30 (Ending)	\$ 1,130,550	\$ 1,090,550	\$ 1,656,708	\$ 566,158

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 BALANCE
BUDGET AND ACTUAL - BLUE HOLE PARKLAND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Charges for Services	\$ 592,770	\$ 592,770	\$ 656,611	\$ 63,841
Investment Earnings	150	150	7,239	7,089
Rents and Royalties	30,000	30,000	22,770	(7,230)
Contributions & Donations from Private	-	-	7,100	7,100
Other Revenue	14,400	14,400	15,377	977
Total Revenues	637,320	637,320	709,097	71,777
EXPENDITURES:				
Parks	637,320	831,021	1,227,964	(396,943)
Debt Service:				
Principal on Debt	-	-	7,357	(7,357)
Interest on Debt	-	-	736	(736)
Total Expenditures	637,320	831,021	1,236,057	(405,036)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(193,701)	(526,960)	(333,259)
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	410,416	410,416
Transfers Out	-	-	(1,315)	(1,315)
Total Other Financing Sources (Uses)	-	-	409,101	409,101
Change in Fund Balance	-	(193,701)	(117,859)	75,842
Fund Balance - October 1 (Beginning)	666,733	666,733	666,733	-
Fund Balance - September 30 (Ending)	\$ 666,733	\$ 473,032	\$ 548,874	\$ 75,842

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 BALANCE
BUDGET AND ACTUAL - HOTEL OCCUPANCY TAX
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Other Taxes	\$ 1,000,000	\$ 935,000	\$ 770,716	\$ (164,284)
Investment Earnings	4,000	4,000	3,486	(514)
Total Revenues	1,004,000	939,000	774,202	(164,798)
EXPENDITURES:				
Tourism	1,004,000	939,000	778,198	160,802
Total Expenditures	1,004,000	939,000	778,198	160,802
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(3,996)	(3,996)
OTHER FINANCING SOURCES (USES):				
Issuance of Bonds	-	-	909,000	909,000
Transfers Out	-	-	(410,416)	(410,416)
Bond Issuance Costs	-	-	(59,000)	(59,000)
Total Other Financing Sources (Uses)	-	-	439,584	439,584
Change in Fund Balance	-	-	435,588	435,588
Fund Balance - October 1 (Beginning)	339,412	339,412	339,412	-
Fund Balance - September 30 (Ending)	\$ 339,412	\$ 339,412	\$ 775,000	\$ 435,588

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 BALANCE
BUDGET AND ACTUAL - AMERICAN RESCUE PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Intergovernmental Revenue and Grants	\$ 400,422	\$ 400,422	\$ 103,242	\$ (297,180)
Total Revenues	400,422	400,422	103,242	(297,180)
EXPENDITURES:				
Capital Outlay:				
Capital Outlay	400,422	514,546	103,242	411,304
Total Expenditures	400,422	514,546	103,242	411,304
Change in Fund Balance	-	(114,124)	-	114,124
Fund Balance - October 1 (Beginning)	-	-	-	-
Fund Balance - September 30 (Ending)	\$ -	\$ (114,124)	\$ -	\$ 114,124

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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
A. Total Pension Liability			
Service Cost	\$ 63,030	\$ 45,084	\$ 41,069
Interest (on the Total Pension Liability)	43,318	37,810	34,258
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(44,364)	8,576	(17,639)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(28,782)	(8,901)	(5,251)
Net Change in Total Pension Liability	\$ 33,202	\$ 82,569	\$ 52,437
Total Pension Liability - Beginning	624,628	542,059	489,622
Total Pension Liability - Ending	\$ 657,830	\$ 624,628	\$ 542,059
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 37,848	\$ 30,520	\$ 28,722
Contributions - Employee	33,434	24,853	21,892
Net Investment Income	(45,054)	65,874	32,424
Benefit Payments, Including Refunds of Employee Contributions	(28,782)	(8,901)	(5,251)
Administrative Expense	(389)	(304)	(210)
Other	465	2	(8)
Net Change in Plan Fiduciary Net Position	\$ (2,478)	\$ 112,044	\$ 77,569
Plan Fiduciary Net Position - Beginning	616,276	504,232	426,662
Plan Fiduciary Net Position - Ending	\$ 613,798	\$ 616,276	\$ 504,231
C. Net Pension Liability	\$ 44,032	\$ 8,352	\$ 37,828
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.31%	98.66%	93.02%
E. Covered Payroll	\$ 660,691	\$ 497,067	\$ 437,840
F. Net Pension Liability as a Percentage of Covered Payroll	6.66%	1.68%	8.64%

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 2020 Plan Year 2019		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	
\$	44,185	\$	38,459	\$	25,805	\$	21,061	\$	22,391	\$	22,714
	29,874		26,015		23,305		15,099		12,969		10,986
	-		-		90,245		-		-		-
	(1,208)		(4,903)		(9,438)		(4,066)		962		(1,336)
	(1,676)		-		-		-		5,463		-
	(4,075)		(6,458)		(5,246)		(1,015)		(4,396)		(3,352)
\$	67,100	\$	53,113	\$	124,671	\$	31,079	\$	37,389	\$	29,012
	422,522		369,409		244,738		213,659		176,270		147,258
\$	489,622	\$	422,522	\$	369,409	\$	244,738	\$	213,659	\$	176,270
\$	37,191	\$	35,932	\$	9,066	\$	6,241	\$	7,077	\$	5,003
	23,628		19,743		17,846		14,790		16,085		15,539
	49,551		(8,366)		31,421		13,085		258		8,561
	(4,075)		(6,458)		(5,247)		(1,015)		(4,396)		(3,352)
	(280)		(162)		(163)		(148)		(158)		(89)
	(8)		(9)		(8)		(8)		(7)		(7)
\$	106,007	\$	40,680	\$	52,915	\$	32,945	\$	18,859	\$	25,655
	320,655		279,975		227,060		194,115		175,256		149,601
\$	426,662	\$	320,655	\$	279,975	\$	227,060	\$	194,115	\$	175,256
\$	62,960	\$	101,867	\$	89,434	\$	17,678	\$	19,544	\$	1,014
	87.14%		75.89%		75.79%		92.78%		90.85%		99.42%
\$	472,564	\$	394,855	\$	356,919	\$	295,799	\$	321,706	\$	310,774
	13.32%		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 2023

	2023	2022	2021
Actuarially Determined Contribution	\$ 50,410	\$ 34,753	\$ 27,234
Contributions in Relation to the Actuarially Determined Contributions	(50,410)	34,753	(27,234)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 787,708	\$ 601,032	\$ 437,175
Contributions as a Percentage of Covered Payroll	6.39%	5.78%	6.23%

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.

	2020		2019		2018		2017		2016		2015
\$	31,820	\$	38,818	\$	25,992	\$	9,008	\$	6,608	\$	5,003
	(31,820)		(38,818)		(25,992)		(9,008)		(6,608)		(5,003)
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	451,530	\$	473,222	\$	350,458	\$	367,940	\$	309,522	\$	310,774
	7.05%		8.20%		7.42%		2.45%		2.13%		1.61%

CITY OF WIMBERLEY, TEXAS
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2023

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	N/A
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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
Total OPEB Liability			
Service Cost	\$ 2,973	\$ 2,883	\$ 1,751
Interest on the Total OPEB Liability	749	721	730
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(10,557)	459	1,848
Changes of Assumptions	(11,957)	1,261	4,909
Benefit Payments*	(859)	(547)	(131)
Net Change in Total OPEB Liability	(19,651)	4,777	9,107
Total OPEB Liability - Beginning	39,636	34,859	25,752
Total OPEB Liability - Ending	\$ 19,985	\$ 39,636	\$ 34,859
Covered Payroll	\$ 660,691	\$ 497,067	\$ 437,840
Total OPEB Liability as a Percentage of Covered Payroll	3.02%	7.97%	7.96%

*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.

<u>FY 2020</u>		<u>FY 2019</u>		<u>FY 2018</u>	
<u>Plan Year 2019</u>		<u>Plan Year 2018</u>		<u>Plan Year 2017</u>	
\$	1,229	\$	1,303	\$	1,071
	743		745		712
	-		-		-
	249		(2,863)		-
	4,235		(1,471)		1,848
	(236)		(79)		(71)
	6,220		(2,365)		3,560
	19,532		21,897		18,337
\$	25,752	\$	19,532	\$	25,457
\$	472,564	\$	394,855	\$	356,919
	5.45%		4.95%		6.14%

CITY OF WIMBERLEY, TEXAS
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2023

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	Salary increases are assumed to occur once a year, on January 1. Therefore, the pay used for the prior year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. Salaries are assumed to increase by 3.50% to 11.5% including inflation.
Actuarial Cost Method:	Entry Age Normal
Valuation of Assets:	For purposes of calculating the Total OPEB Liability, the plan is considered to be unfunded and therefore no assets are accumulated for OPEB.
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.
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. Discount rate is 4.05%.
Supplemental Death Benefit	The contribution rate for the Supplemental Death Benefit (SDB) is equal to the expected benefit payments during the upcoming year divided by the annualized pay of current active members and is calculated separately for actives and retirees. Due to the significant reserve in the Supplemental Death Fund, the SDB rate for retiree coverage is currently only on-third of the total term cost. Beginning January 2021, the SDB rate for retirees will be based on the full term cost.

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, 2023

	Municipal Court Fund	Parking Space Cash in Lieu Of Fund	Total Nonmajor Special Revenue Funds	Interest & Sinking Fund
ASSETS				
Cash and Cash Equivalents	\$ 3,037	\$ 38,000	\$ 41,037	\$ -
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 3,037</u>	<u>\$ 38,000</u>	<u>\$ 41,037</u>	<u>\$ -</u>
LIABILITIES				
Accounts Payable	\$ 59	\$ -	\$ 59	\$ -
Intergovernmental Payable	712	-	712	-
Total Liabilities	<u>771</u>	<u>-</u>	<u>771</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Restricted for Municipal Court	2,266	-	2,266	-
Committed Fund Balance:				
Other Committed Fund Balance	-	38,000	38,000	-
Total Fund Balances	<u>2,266</u>	<u>38,000</u>	<u>40,266</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 3,037</u>	<u>\$ 38,000</u>	<u>\$ 41,037</u>	<u>\$ -</u>

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

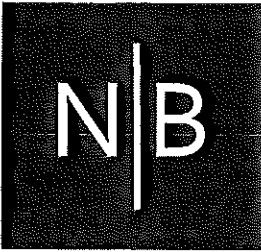
Capital Projects Fund	BHP Development Projects Fund	Series 2021 Tax Note Construction	Donations/ Sidewalks Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 5,103	\$ 5,103	\$ 46,140
55,227	-	-	-	55,227	55,227
<u>\$ 55,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,103</u>	<u>\$ 60,330</u>	<u>\$ 101,367</u>
\$ 55,227	\$ -	\$ -	\$ -	\$ 55,227	\$ 55,286
-	-	-	-	-	712
<u>55,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,227</u>	<u>55,998</u>
-	-	-	-	-	2,266
-	-	-	5,103	5,103	43,103
-	-	-	5,103	5,103	45,369
<u>\$ 55,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,103</u>	<u>\$ 60,330</u>	<u>\$ 101,367</u>

CITY OF WIMBERLEY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Municipal Court Fund	Parking Space Cash in Lieu Of Fund	Total Nonmajor Special Revenue Funds	Interest & Sinking Fund
REVENUES:				
Charges for Services	\$ -	\$ 38,000	\$ 38,000	\$ -
Total Revenues	-	38,000	38,000	-
EXPENDITURES:				
Debt Service:				
Principal on Debt	-	-	-	115,000
Interest on Debt	-	-	-	8,974
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	123,974
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	38,000	38,000	(123,974)
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	123,974
Total Other Financing Sources (Uses)	-	-	-	123,974
Net Change in Fund Balance	-	38,000	38,000	-
Fund Balance - October 1 (Beginning)	2,266	-	2,266	-
Fund Balance - September 30 (Ending)	\$ 2,266	\$ 38,000	\$ 40,266	\$ -

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

Capital Projects Fund	BHP Development Projects Fund	Series 2021 Tax Note Construction	Donations/ Sidewalks Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,000
-	-	-	-	-	38,000
-	-	-	-	-	115,000
-	-	-	-	-	8,974
259,228	-	-	-	259,228	259,228
259,228	-	-	-	259,228	383,202
(259,228)	-	-	-	(259,228)	(345,202)
259,228	-	-	-	259,228	383,202
259,228	-	-	-	259,228	383,202
-	-	-	-	-	38,000
-	-	-	5,103	5,103	7,369
\$ -	\$ -	\$ -	\$ 5,103	\$ 5,103	\$ 45,369



NEFFENDORF & BLOCKER, P.C.

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 18, 2024.

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' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Wimberley, Texas' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Wimberley, Texas' 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*.

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

March 18, 2024

**CITY OF WIMBERLEY, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

2023-001

Type of Finding: Material Weakness (Repeat Finding)

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 2023. The accounts were not reconciled until after fiscal year-end.

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.

2023-002

Type of Finding: Material Weakness (Repeat Finding)

Criteria: The City was required to adopt and implement GASB Statement No. 87, *Leases* 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.

**CITY OF WIMBERLEY, TEXAS
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS/
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Prior Year's Findings:

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.
Current Year Status:	The City completed corrective action plan.

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
September 30, 2023
Prepared by City Administrator
City of Wimberley

City of Wimberley - Corrective Action Plan

Finding 2023-001

Finding Summary: Timely bank reconciliations of the City bank accounts are an essential monitoring internal control tool. Monitoring and reconciling the bank accounts is necessary to prevent misstatements within the general ledger.

Responsible Individuals: Tim Patek, City Administrator
Monica Alcalá, Finance Coordinator and Office Administration
Peacock Consultants, LLC

Corrective Action Plan: The City 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 2023-002

Finding Summary:

The City 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. *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 lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the governments' leasing activities.*

Responsible Individuals:

Tim Patek, City Administrator
Monica Alcalá, Finance Coordinator and Office Administration
Peacock Consultants, LLC

Corrective Action Plan:

The City will evaluate and implement the requirements of GASB Statement No. 87, Leases and will work with their accounting firm to ensure they comply with all GASB Statements.

Anticipated Completion Date: September 30, 2024



NEFFENDORF & BLOCKER, P.C.

March 18, 2024

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, each major fund, and the aggregate remaining fund information of the City of Wimberley, Texas for the year ended September 30, 2023. 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 December 18, 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. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2023. We noted no transactions entered into by the City of Wimberley, Texas 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.

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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 March 18, 2024.

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

We applied certain limited procedures to management's discussion and analysis, budgetary comparison schedules, 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, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining nonmajor fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, 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

Public Fund Investment Act Compliance

Local Government Code, Chapter 2256 Public Funds Investment Act states "The governing body of an investing entity shall review its investment policy and investment strategies not less than annually". The City failed to review and adopt the investment policy through City Council action. We recommend the City Council review and adopt the investment policy annually to be in compliance with the Public Funds Investment Act.

Coronavirus State and Local Fiscal Recovery Grant Funds

The City expended CLFRF grant funds in the amount of \$103,242 in the American Rescue Plan fund. These funds were classified as unearned revenue in the previous year. The City failed to reclassify the

expended funds from unearned revenue to grant revenue. This caused the liabilities to be overstated and the revenues to be understated. We recommend the City monitor grant expenditures and recognize the allowable grant revenues.

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.

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

