

VILLAGE OF WIMBERLEY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2004



VILLAGE OF WIMBERLEY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2004

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
Independent Auditors' Report	3
Management's Discussion and Analysis	4
 <u>Basic Financial Statements</u>	
Government Wide Statements:	
A-1 Statement of Net Assets	10
B-1 Statement of Activities	11
Governmental Fund Financial Statements:	
C-1 Balance Sheet	12
C-2 Reconciliation of the Balance Sheet to the Statement of Net Assets	14
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances	15
C-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	17
Notes to the Financial Statements	18
 <u>Required Supplementary Information</u>	
D-1 Budgetary Comparison Schedule - General Fund	24
 <u>Federal Awards Section</u>	
Report on Compliance and on Internal Control Over Financial Reporting based On an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25

**Management's Discussion and Analysis
Village of Wimberley, Texas
For the Year Ended September 30, 2004**

In this section of the Annual Financial Report, we, the managers of the Village of Wimberley, Texas, discuss and analyze the Village's financial performance for the fiscal year ended September 30, 2004. Please read it in conjunction with the independent auditors' report on page 3 and the Village's Basic Financial Statements, which begin on page 10.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 10 and 11-12). These provide information about the activities of the Village as a whole and present a longer-term view of the Village'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 (starting on page 12) report the Village's operations in more detail than the government-wide statements by providing information about the Village'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 tax levies and the appropriations budget.

The notes to the financial statements (starting on page 18) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Reporting the Village as a Whole

The Statement of Net Assets and the Statement of Activities

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

Management's Discussion and Analysis
Village of Wimberley, Texas
For the Year Ended September 30, 2004

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The Village's revenues are divided into those provided by outside parties who share the costs of some programs and revenues provided by the taxpayers (general revenues). All the Village'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 Village's net assets and changes in them. The Village's net assets (the difference between assets and liabilities) provide one measure of the Village's financial health, or financial position. Over time, increases or decreases in the Village's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the Village, however, you should consider nonfinancial factors as well, such as changes in the condition of the Village's facilities.

In the Statement of Net Assets and the Statement of Activities, we report the following kind of activities:

- Governmental activities – Most of the Village's basic services are reported in governmental here. Sales taxes and state and federal grants finance most of these activities.

Reporting the Village's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about the most significant funds – not the Village as a whole. Laws and contracts require the Village to establish some funds, such as grants. The Village's administration establishes other funds to help it control and manage money for particular purposes. The Village has one type of fund which is governmental.

- Governmental funds – Most of the Village'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 Village's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

**Management's Discussion and Analysis
Village of Wimberley, Texas
For the Year Ended September 30, 2004**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the Village's governmental activities.

Net assets of the Village's governmental activities increased from \$1,141,781 to \$2,278,813. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$1,451,144 at September 30, 2004.

Table I
Village of Wimberley, Texas
Net Assets

	Governmental Activities <u>2004</u>
Current and other assets	\$ 1,709,224
Capital assets	<u>631,669</u>
Total assets	<u>2,340,893</u>
Current liabilities	<u>62,080</u>
Total liabilities	<u>62,080</u>
Net Assets:	
Invested in capital assets, net of related debt	631,669
Restricted	196,000
Unrestricted	<u>1,451,144</u>
Total net assets	<u>\$ 2,278,813</u>

**Management's Discussion and Analysis
Village of Wimberley, Texas
For the Year Ended September 30, 2004**

Table II
Village of Wimberley, Texas
Change in Net Assets

	Governmental Activities <u>2004</u>
Revenues:	
Program Revenues:	
Charges for services	\$ 80,642
Operating grants and contributions	862,148
General Revenues:	
Property taxes	-
Sales taxes	426,860
Franchise taxes	127,218
Grants and contributions not restricted	517,811
Miscellaneous revenue	54,078
Investment earnings	6,283
Total Revenue	<u>2,075,040</u>
Expenses:	
General government	368,224
Public safety	36,816
Public works	168,341
Culture and recreation	364,627
Total Expenses	<u>938,008</u>
Change in Net Assets	1,137,032
Net assets at 10/1/03	<u>1,141,781</u>
Net assets at 9/30/04	<u>\$ 2,278,813</u>

**Management's Discussion and Analysis
Village of Wimberley, Texas
For the Year Ended September 30, 2004**

THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$1,647,144, which is above last year's total of \$1,064,974. Included in this year's total change in fund balance is an increase of \$53,543 in the Village's General Fund.

CAPITAL ASSETS

Capital Assets

At the end of 2004, the Village had \$631,669 invested in a broad range of capital assets, including land, infrastructure, and machinery and equipment. This amount represents a net increase of \$72,058 from last year.

Table III
Village of Wimberley, Texas
Capital Assets

	Governmental Activities <u>2004</u>
Land	\$ 465,494
Infrastructure	24,134
Machinery and equipment	43,365
Construction in Progress	<u>115,694</u>
	648,687
Less Accumulated Depreciation	<u>(17,018)</u>
Capital assets, net of depreciation	<u><u>\$ 631,669</u></u>

**Management's Discussion and Analysis
Village of Wimberley, Texas
For the Year Ended September 30, 2004**

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village's business office, at Village of Wimberley, Texas, 13210 R.R. 12, Wimberley, Texas 78676.

VILLAGE OF WIMBERLEY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 1,646,520
Receivables (net of allowance for uncollectibles)	62,704
Capital Assets:	
Land	465,494
Infrastructure	24,134
Machinery and Equipment	43,365
Accumulated Depreciation	(17,018)
Construction in Progress	115,694
Total Assets	2,340,893
LIABILITIES	
Accounts Payable and other current liabilities	62,080
Total Liabilities	62,080
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	631,669
Restricted for Public Works	196,000
Unrestricted Net Assets	1,451,144
Total Net Assets	\$ 2,278,813

The accompanying notes are an integral part of this statement.

VILLAGE OF WIMBERLEY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT B-1

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 368,224	\$ 80,642	\$ -	\$ (287,582)
Public Safety	36,816	-	-	(36,816)
Public Works	168,341	-	-	(168,341)
Culture and Recreation	364,627	-	862,148	497,521
	<u>\$ 938,008</u>	<u>\$ 80,642</u>	<u>\$ 862,148</u>	<u>4,782</u>
General Revenues:				
Property Taxes, Levied for General Purposes				-
Property Taxes, Levied for Debt Service				-
Sales Taxes				426,860
Franchise Taxes				127,218
Grants and Contributions Not Restricted				517,811
Miscellaneous Revenue				54,078
Investment Earnings				6,283
Total General Revenues				<u>1,132,250</u>
Change in Net Assets				<u>1,137,032</u>
Net Assets--Beginning				<u>1,141,781</u>
Net Assets--Ending				<u>\$ 2,278,813</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WIMBERLEY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2004

	General Fund	Cypress Creek Nature Trail Fund	Blue Hole Fund
ASSETS			
Cash and Cash Equivalents	\$ 604,620	\$ 6,138	\$ 700,248
Receivables (net of allowance for Due from Other Funds)	62,704 109,160	- 8,445	- -
Total Assets	\$ 776,484	\$ 14,583	\$ 700,248
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 49,379	\$ -	\$ -
Wages and Salaries Payable	2,245	-	-
Due to Other Funds	170,593	68,041	36,594
Total Liabilities	\$ 222,217	\$ 68,041	\$ 36,594
Fund Balances:			
Reserved For:			
Public Works	\$ 196,000	\$ -	\$ -
Unreserved and Undesignated:			
Reported in the General Fund	358,267	-	-
Reported in the Special Revenue Fund	-	(53,458)	663,654
Reported in the Capital Projects Fund	-	-	-
Total Fund Balances	\$ 554,267	\$ (53,458)	\$ 663,654
 Total Liabilities and Fund Balances	 \$ 776,484	 \$ 14,583	 \$ 700,248

The accompanying notes are an integral part of this statement.

Community Center Fund	Total Governmental Funds
\$ 335,514	\$ 1,646,520
-	62,704
162,148	279,753
\$ 497,662	\$ 1,988,977
\$ 10,456	\$ 59,835
-	2,245
4,525	279,753
\$ 14,981	\$ 341,833
\$ -	\$ 196,000
-	358,267
-	610,196
482,681	482,681
\$ 482,681	\$ 1,647,144
\$ 497,662	\$ 1,988,977

VILLAGE OF WIMBERLEY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2004

Total Fund Balances - Governmental Funds	\$	1,647,144
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase net assets.		559,611
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2004 capital outlays is to increase net assets.		80,731
The 2004 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(8,673)
Net Assets of Governmental Activities	<u>\$</u>	<u>2,278,813</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WIMBERLEY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	General Fund	Cypress Creek Nature Trail Fund	Blue Hole Fund
REVENUES:			
Taxes:			
General Sales and Use Taxes	\$ 426,860	\$ -	\$ -
Franchise Tax	127,218	-	-
Licenses and Permits	67,348	-	-
Intergovernmental Revenue and Grants	-	-	700,000
Charges for Services	13,294	-	-
Investment Earnings	4,420	-	273
Contributions & Donations from Private Sources	-	-	-
Other Revenue	54,078	-	-
Total Revenues	<u>693,218</u>	<u>-</u>	<u>700,273</u>
EXPENDITURES:			
Current:			
General Government	364,794	-	-
Public Safety	36,476	-	-
Public Works	166,784	-	-
Culture and Recreation	1,000	52,473	36,619
Capital Outlay:			
Capital Outlay	70,996	10,135	-
Total Expenditures	<u>640,050</u>	<u>62,608</u>	<u>36,619</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>53,168</u>	<u>(62,608)</u>	<u>663,654</u>
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	375	-	-
Total Other Financing Sources (Uses)	<u>375</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	53,543	(62,608)	663,654
Fund Balance - October 1 (Beginning)	500,724	9,150	-
Fund Balance - September 30 (Ending)	<u>\$ 554,267</u>	<u>\$ (53,458)</u>	<u>\$ 663,654</u>

The accompanying notes are an integral part of this statement.

Community Center Fund	Total Governmental Funds
\$ -	\$ 426,860
-	127,218
-	67,348
162,148	862,148
-	13,294
1,590	6,283
517,811	517,811
-	54,078
<u>681,549</u>	<u>2,075,040</u>
-	364,794
-	36,476
-	166,784
271,164	361,256
-	<u>81,131</u>
<u>271,164</u>	<u>1,010,441</u>
<u>410,385</u>	<u>1,064,599</u>
-	<u>375</u>
-	<u>375</u>
<u>410,385</u>	<u>1,064,974</u>
<u>72,296</u>	<u>582,170</u>
<u>\$ 482,681</u>	<u>\$ 1,647,144</u>

VILLAGE 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, 2004

Total Net Change in Fund Balances - Governmental Funds	\$	1,064,974
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2004 capital outlays is to increase net assets.		80,731
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 net assets.		(8,673)
 Change in Net Assets of Governmental Activities	 \$	 <u>1,137,032</u>

The accompanying notes are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Village of Wimberley, Texas (the Village) was incorporated on May 5, 2000 under the provisions of the State of Texas. The Village, a general law municipality, operates as a Mayor/Council form of government. The Mayor is the executive officer of the Village. With few exceptions, all powers of the Village are vested in the Mayor and an elective Council, which enacts local legislation, adopts budgets, determines policies, and appoints the Village Manager, Village Attorney and the Municipal Court Judge. The Village provides the following services: street maintenance, recreation programs, community development, public improvements, and general administrative services.

For financial reporting purposes, in conformance with generally accepted accounting principles, the Village's financial statements include all funds, account groups, agencies, boards, commissions and other organizations over which the Council is financially accountable.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

- For the first time, the financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Village's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the Village's activities.

- A change in fund financial statements to focus on the major funds.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Village's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, grants and other intergovernmental revenues. The Statement of Activities demonstrates how other people or entities that participate in programs the Village 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 Village. The "operating grants and contributions" column includes amounts paid by organizations outside the Village to help meet the operational requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the Village's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due froms 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 Balances. All interfund transactions between governmental funds are eliminated on the government-wide statements.

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

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 claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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 Village to refund all or part of the unused amount.

D. FUND ACCOUNTING

The Village reports the following major governmental funds:

General Fund – The general fund is the Village’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Cypress Creek Nature Trail – This fund is used to account for the proceeds of revenue sources that are legally restricted to expenditures for the Cypress Creek Nature Trail.

Blue Hole – This fund is used to account for the proceeds of revenue sources that are legally restricted to expenditures for the Blue Hole Park.

Community Center Fund – The proceeds from revenues and expenditures related to authorized construction and other capital asset acquisitions for the Village Community Center are accounted for in this fund.

E. OTHER ACCOUNTING POLICIES

1. The Village reports inventories of supplies as the lower of cost (first-in, first-out) or market. Supplies are recorded as expenditures when they are consumed.

2. Capital assets, which include land, infrastructure, machinery & equipment and construction in progress are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. 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.

Infrastructure and machinery & equipment of the Village are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Infrastructure	40
Machinery & Equipment	5

3. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.
4. When the Village 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.

II. BUDGETARY DATA

A. GENERAL BUDGET POLICIES

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

The Village Manager, at least thirty (30) days prior to the commencement of the fiscal year, shall prepare and submit a budget to the Council, which shall contain the following:

1 – a budget message which shall outline the proposed financial policies for the year with explanations of significant changes in expenditures from previous years and any other major changes of policy and a statement regarding the financial condition of the Village;

2 – an estimate of all revenues from taxes and other sources;

3 – summaries of proposed expenditures by function, department and activity and of proposed expenditures by character and object;

4 – a description of all outstanding bond indebtedness, showing the amount, date of issue, rate of interest and maturity date, as well as any other indebtedness which the Village has incurred and which is unpaid;

5 – a statement describing any capital expenditures proposed to be undertaken during the year and recommending provisions for financing such expenditures.

The budget and all supporting schedules shall be filed with the Village Secretary when submitted to the Council and shall be open to public inspections by anyone interested.

At the Council meeting at which time the budget is submitted, the Council shall, in conformance with the requirements of state law, determine the place and time of a public hearing and shall cause to be published a notice of the place and time thereof. At this hearing, interested citizens may express their opinions concerning items of expenditure, giving their reasons for wishing to increase or decrease any such items.

After public hearing, the Council shall analyze the budget, making any additions or deletions considered appropriate, and shall, at least three (3) days prior to the beginning of the fiscal year, adopt the budget by a favorable vote.

On final adoption, the budget shall be in effect for the budget year. Final adoption of the budget by the Council shall constitute the official appropriations of proposed expenditures for the year. Estimated expenditures will in no case exceed proposed revenues plus reserves on hand.

The Village Manager may recommend for approval by the Council one or more contingency accounts to be used for unanticipated items of expense which were not included in the budget as original items of expenditure.

Under conditions which may arise and which could not have been foreseen in the normal process of budget preparation, the Council may, by a majority vote, amend the budget. Such amendments shall be by ordinance and shall become an attachment to the original budget, kept on file by the Village Secretary.

A copy of the budget, as finally adopted, shall be filed with the Village Secretary. The final budget shall be printed or otherwise reproduced, and sufficient copies shall be made available for the use of all offices and agencies and for the use of interested persons and civic organizations.

B. ENCUMBRANCES

As part of formal budgetary control over governmental funds, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budget basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balance for subsequent-year expenditures for the governmental funds. There were no outstanding encumbrances as of September 30, 2004.

C. DEFICIT FUND EQUITY

The following funds reported deficit fund equity at September 30, 2004:

Cypress Creek Nature Trail

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

At year-end the carrying amount of the Village's deposits was \$1,646,520 and the bank balance was \$1,655,272. The Village's cash deposits at September 30, 2004 were entirely covered by FDIC insurance or by pledged collateral held by the Village's agent bank in the Village's name.

Both cash deposits and investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

- Category 1 -Cash or Investments that are insured, registered or held by the Village or by its agent in the Village's name.
- Category 2 -Cash or Investments that are uninsured and unregistered held by the counter-party's trust department or agent in the Village's name.
- Category 3 -Uninsured and unregistered investments held by the counterparty, its trust department, or its agent, but not in the Village's name.

Based on these three levels of risk, all of the Village's cash is classified as Category 1.

B. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at September 30, 2004 consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund		
Cypress Creek Nature Trail Fund	\$ 68,041	\$ 8,445
Community Center Fund	4,525	162,148
Blue Hole Fund	36,594	-
Cypress Creek Fund		
General Fund	8,445	68,041
Blue Hole Fund		
General Fund	-	36,594
Community Center Fund		
General Fund	162,148	4,525
Total	<u>\$ 279,753</u>	<u>\$ 279,753</u>

C. CAPITAL ASSET ACTIVITY

Capital asset activity for the Village for the year ended September 30, 2004, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	\$ 465,494	\$ -	\$ -	\$ 465,494
Infrastructure	-	24,134	-	24,134
Machinery and Equipment	35,946	7,819	400	43,365
Construction in Progress	66,516	49,178	-	115,694
Totals at Historical Cost	567,956	81,131	400	648,687
Less Accumulated Depreciation	(8,345)	(8,673)	-	(17,018)
Governmental Activities Capital Assets, Net	<u>\$ 559,611</u>	<u>\$ 72,458</u>	<u>\$ 400</u>	<u>\$ 631,669</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 3,405
Public Safety	340
Public Works	1,557
Culture and Recreation	<u>3,371</u>
Total Depreciation Expense	<u>\$ 8,673</u>

D. RISK MANAGEMENT

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

E. COMMITMENTS – OPERATING LEASES

The Village leases office space and equipment under agreements that, for accounting purposes, are treated as operating leases. The future obligations under these leases are as follows: 2005 - \$30,000. Rental expense under the leases for the fiscal year was \$34,120.

VILLAGE OF WIMBERLEY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
General Sales and Use Taxes	\$ 388,000	\$ 412,500	\$ 426,860	\$ 14,360
Franchise Tax	160,000	160,000	127,218	(32,782)
Licenses and Permits	51,500	68,500	67,348	(1,152)
Charges for Services	8,400	13,400	13,294	(106)
Investment Earnings	4,000	4,000	4,420	420
Other Revenue	800	65,800	54,078	(11,722)
Total Revenues	<u>612,700</u>	<u>724,200</u>	<u>693,218</u>	<u>(30,982)</u>
EXPENDITURES:				
Current:				
General Government	359,044	406,105	364,794	41,311
Public Safety	28,400	37,400	36,476	924
Public Works	154,306	181,306	166,784	14,522
Culture and Recreation	7,250	1,250	1,000	250
Capital Outlay:				
Capital Outlay	63,700	98,139	70,996	27,143
Total Expenditures	<u>612,700</u>	<u>724,200</u>	<u>640,050</u>	<u>84,150</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>53,168</u>	<u>53,168</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	375	375
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>375</u>	<u>375</u>
Net Change	<u>-</u>	<u>-</u>	<u>53,543</u>	<u>53,543</u>
Fund Balance - October 1 (Beginning)	<u>500,724</u>	<u>500,724</u>	<u>500,724</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 500,724</u>	<u>\$ 500,724</u>	<u>\$ 554,267</u>	<u>\$ 53,543</u>