

CITY OF WIMBERLEY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2015



SINGLETON, CLARK  
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WIMBERLEY, TEXAS  
 ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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# **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

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 City of Wimberley, Texas (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

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 as of September 30, 2015, 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.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section preceding the basic financial statements and the pension related schedules and budgetary schedules following the notes to the financial statements 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 inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

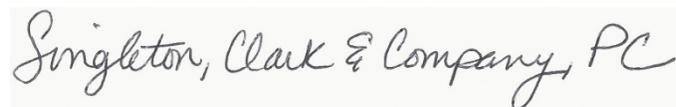
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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 January 6, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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's internal control over financial reporting and compliance.



Singleton, Clark & Company, PC  
Cedar Park, Texas

January 6, 2016

CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2015

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 activities of the City for the fiscal year ended September 30, 2015. Please read it in conjunction with the independent auditors' report on page 1 and the City's Basic Financial Statements which follow this section.

**Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$11,341,943 (*net position*). Of this amount, \$1,851,463 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased during the year by \$49,290, primarily because of depreciation expense being recorded on the City's assets.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$1,725,983, an increase of \$58,951 in comparison with the prior year.
- At the end of the current fiscal year, all fund balance amounts were either restricted or committed for specific operating purposes.

**Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, sanitation, and culture and recreation. The business-type activities of the City include a wastewater utility operation.

CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2015

The government-wide financial statements can be found on pages 11-13 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Blue Hole Park Fund which are considered to be major funds. Data from the other three governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its General Fund and the Blue Hole Park Fund. Budgetary comparison schedules have been provided within this report for both of these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

**Proprietary Funds.** The City has the option of maintaining two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its wastewater utility operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a City's departments. Because the services provided by internal service funds predominantly benefit governmental rather than business-type functions, they are usually included within *governmental activities* in the government-wide financial statements. The City is not currently utilizing an internal service fund.

CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2015

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the wastewater utility, which is considered to be a major fund of the City. Conversely, when internal service funds are utilized, they are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are then provided in the form of combining statements in the combining and individual fund statements and schedules section.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 21-42 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's pension obligations and budgetary information for selected funds.

Required supplementary information can be found on pages 43-47 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

Combining statements can be found on pages 49-50 of this report.

### **Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial condition. In the case of the City, assets for governmental activities exceeded liabilities by \$10,935,638 at the close of the most recent fiscal year and assets for business-type activities exceeded liabilities by \$406,305.

CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2015

**City of Wimberley, Texas's Net Position**

	Governmental Activities 2015	Governmental Activities 2014	Change	Business- Type Activities 2015	Business- Type Activities 2014	Change
Current & other assets	\$ 1,819,193	\$ 1,715,293	\$ 103,900	\$ 528,701	\$ 572,107	\$ (43,406)
Capital assets	9,224,315	9,446,493	(222,178)	462,339	417,016	45,323
Deferred outflows	6,314	-	6,314	-	-	-
<b>Total assets and def. outflows</b>	<b>\$ 11,049,822</b>	<b>\$ 11,161,786</b>	<b>\$ (111,964)</b>	<b>\$ 991,040</b>	<b>\$ 989,123</b>	<b>\$ 1,917</b>
Current liabilities	\$ 93,210	\$ 48,261	\$ 44,949	\$ 6,901	\$ 9,835	\$ (2,934)
Long-term liabilities	19,995	17,105	2,890	577,834	690,901	(113,067)
Deferred inflows	979	-	979	-	-	-
<b>Total liabilities and def. inflows</b>	<b>114,184</b>	<b>65,366</b>	<b>48,818</b>	<b>584,735</b>	<b>700,736</b>	<b>(116,001)</b>
<b>Net Position</b>						
Net investment in capital assets	9,224,315	9,446,493	(222,178)	232,587	126,696	105,891
Restricted	33,578	85,625	(52,047)	-	-	-
Unrestricted	1,677,745	1,564,302	113,443	173,718	161,691	12,027
<b>Total net position</b>	<b>\$ 10,935,638</b>	<b>\$ 11,096,420</b>	<b>\$ (160,782)</b>	<b>\$ 406,305</b>	<b>\$ 288,387</b>	<b>\$ 117,918</b>

By far, the largest portion of the City's net position (84.3%) reflects its total investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (less than 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,851,463 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's overall net position decreased by \$49,290 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, net position for governmental activities decreased \$167,208 from the prior fiscal year for an ending balance of \$10,935,638. The decrease is a reflection of depreciation expense being recorded on the City's assets.

CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2015

**City of Wimberley, Texas's Changes in Net Position**

	Governmental Activities 2015	Governmental Activities 2014	Change	Business- Type Activities 2015	Business- Type Activities 2014	Change
Revenues:						
Program Revenues:						
Charges for services	\$ 475,307	\$ 472,659	\$ 2,648	\$ 140,807	\$ 204,190	\$ (63,383)
Operating grants & contributions	-	92,157	(92,157)	-	-	-
General Revenues:						
Sales and franchise taxes	808,304	709,092	99,212	-	-	-
Grants and contributions not restricted to specific programs	239,402	263,662	(24,260)	-	-	-
Other	25,757	65,173	(39,416)	118	99	19
Total revenue	1,548,770	1,602,743	(53,973)	140,925	204,289	(63,364)
Expenses:						
General government	677,558	624,700	52,858	-	-	-
Public safety	156,767	174,783	(18,016)	-	-	-
Highways and streets	281,421	220,613	60,808	-	-	-
Sanitation	24,643	22,399	2,244	-	-	-
Culture and recreation	481,702	394,637	87,065	-	-	-
Wastewater operations	-	-	-	116,894	162,628	(45,734)
Total expenses	1,622,091	1,437,132	184,959	116,894	162,628	(45,734)
Increase (decrease) in net position before transfers	(73,321)	165,611	(238,932)	24,031	41,661	(17,630)
Transfers	(93,887)	(87,489)	(6,398)	93,887	87,489	6,398
Increase (decrease) in net position	(167,208)	78,122	(245,330)	117,918	129,150	(11,232)
Net position - beginning	11,096,420	11,018,298	78,122	288,387	159,237	129,150
Prior period adjustment	6,426	-	6,426	-	-	-
Net position - ending	\$ 10,935,638	\$ 11,096,420	\$ (160,782)	\$ 406,305	\$ 288,387	\$ 117,918

**Business-type Activities.** For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$406,305. The total increase in net position for business-type activities (wastewater operations) was \$117,918 or 41% from the prior fiscal year. Wastewater operations commenced in 2012 and this activity has been steadily building net position since that time.

CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2015

**Financial Analysis of Governmental Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's governing council.

At September 30, 2015, the City's governmental funds reported combined fund balances of \$1,725,983, an increase of \$58,951 in comparison with the prior year. Of this amount, 95% constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. In accordance with the City's fund balance policy, the General Fund unrestricted fund balance has been reported as 100% committed as of year end for purposes of public works, improvements, and grant matches.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year the total fund balance had increased by \$28,606 to end at \$1,311,401. This increase is a direct result of strong collections of sales tax revenues and effective management of expenditures.

As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total General Fund expenditures. Total fund balance represented approximately 118 percent of total General Fund expenditures as of year end.

The Blue Hole Park fund, a major fund, had an increase in fund balance of \$29,741 during the fiscal year to end at \$356,582. The fund balance increase is a reflection of the continued popularity of this regional park.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Wastewater Fund at the end of the year was \$173,718. This reflects an increase in total net position of \$117,918. The wastewater utility is in its fourth year of operation and has intended to increase net position for financial stability.

CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2015

**General Fund Budgetary Highlights**

**Original budget compared to final budget.** During the year a significant budget amendment was made to increase General Fund sales tax revenues by approximately \$105,000 due to higher than expected collections as the year progressed. A corresponding increase to the expenditures side of the budget was not needed and therefore the General Fund experienced an increase in fund balance for the year.

In addition, the Blue Hole Park fund amended the charges for services revenue line item of the budget up by approximately \$22,000 to reflect increased park attendance during the season.

**Capital Assets and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$9,686,654 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, and the water treatment plant.

**City of Wimberley - Capital Assets**

	Governmental Activities 2015	Governmental Activities 2014	Change	Business Activities 2015	Business Activities 2014	Change
Land	\$ 3,468,142	\$ 3,391,499	\$ 76,643	\$ -	\$ -	\$ -
Buildings	6,400,441	6,400,441	-	223,970	223,970	-
Furniture and equipment	330,838	307,285	23,553	-	-	-
Infrastructure	674,659	663,227	11,432	-	-	-
Construction in progress	10,736	10,736	-	259,704	208,285	51,419
Total	<u>10,884,816</u>	<u>10,773,188</u>	<u>111,628</u>	<u>483,674</u>	<u>432,255</u>	<u>51,419</u>
Less accum. depreciation	<u>(1,660,501)</u>	<u>(1,326,695)</u>	<u>(333,806)</u>	<u>(21,335)</u>	<u>(15,239)</u>	<u>(6,096)</u>
Capital assets, net of depr.	<u>\$ 9,224,315</u>	<u>\$ 9,446,493</u>	<u>\$ (222,178)</u>	<u>\$ 462,339</u>	<u>\$ 417,016</u>	<u>\$ 45,323</u>

Additional information on the City's capital assets can be found in Note IV.D on page 32 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City had total debt outstanding of \$597,830. Of this amount, \$19,995 represents the City's liability for compensated absences earned by employees as of year end. The remaining \$577,835 represents notes payable liabilities within the Wastewater Fund for infrastructure financing.

CITY OF WIMBERLEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR END SEPTEMBER 30, 2015

**City of Wimberley - Outstanding Debt**

	Governmental			Business		
	Activities 2015	Activities 2014	Change	Activities 2015	Activities 2014	Change
Notes Payable	\$ 18,981	\$ 17,105	\$ 1,876	\$ 577,835	\$ 690,901	\$ (113,066)
Net Pension Liability	\$ 1,014	-	1,014	-	-	-
Total	\$ 19,995	\$ 17,105	\$ 2,890	\$ 577,835	\$ 690,901	\$ (113,066)

The City's total debt decreased by \$110,176, or 18, percent during the current fiscal year. The primary reason for the decrease was due to scheduled debt payments made during the year on the Wastewater Fund notes payable.

Additional information on the City's long-term debt can be found in Note IV.L on pages 40-41 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The City's elected and appointed officials considered many factors when setting the fiscal year 2015/2016 budget. The City adopted a General Fund budget for 2016 with expenditures totaling \$1,300,051. This represents a 9% increase over the prior year's General Fund final amended budget. The increased budget amount is primarily a reflection of planned City road improvement projects to occur during the year. The City continues to be supported primarily by sales taxes and franchise fees and its citizens therefore enjoy no City property tax.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Wimberley's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, Don Ferguson, by calling (512) 847-0025 or visiting City Hall at 221 Stillwater, Wimberley, Texas 78676.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WIMBERLEY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,510,079	\$ 170,721	\$ 1,680,800
Investments - current	177,121	-	177,121
Accounts receivable, net	131,993	9,898	141,891
Other assets	-	348,082	348,082
Capital assets, not being depreciated:			
Land	3,468,142	-	3,468,142
Construction in progress	10,736	259,704	270,440
Capital assets, being depreciated:			
Buildings and improvements	6,400,441	223,970	6,624,411
Machinery, equipment, and vehicles	330,838	-	330,838
Infrastructure	674,659	-	674,659
Accumulated depreciation	(1,660,501)	(21,335)	(1,681,836)
Total Assets	<u>11,043,508</u>	<u>991,040</u>	<u>12,034,548</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources	6,314	-	6,314
Total Deferred Outflows of Resources	<u>6,314</u>	<u>-</u>	<u>6,314</u>
<b>LIABILITIES</b>			
Accounts payable	62,578	697	63,275
Accrued salaries and benefits	28,172	-	28,172
Accrued interest payable	-	6,204	6,204
Customer deposits	2,460	-	2,460
Noncurrent liabilities:			
Due within one year	5,694	114,547	120,241
Due in more than one year	14,301	463,287	477,588
Total Liabilities	<u>113,205</u>	<u>584,735</u>	<u>697,940</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources	979	-	979
Total Deferred Inflows of Resources	<u>979</u>	<u>-</u>	<u>979</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,224,315	232,587	9,456,902
Restricted for federal grants	28,561	-	28,561
Restricted for capital projects	5,017	-	5,017
Unrestricted	1,677,745	173,718	1,851,463
Total Net Position	<u>\$ 10,935,638</u>	<u>\$ 406,305</u>	<u>\$ 11,341,943</u>

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, 2015

Functions/Programs:	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
Governmental activities:			
General government	\$ 677,558	\$ 68,910	\$ -
Police	72,396		-
Inspection	84,371	47,764	-
Highways and streets	281,421	-	-
Sanitation	24,643	-	-
Culture and recreation	146,915	358,633	-
Parks	334,787	-	-
Total Governmental Activities:	<u>1,622,091</u>	<u>475,307</u>	<u>-</u>
Business-type activities:			
Wastewater services	116,894	140,807	-
Total Business-Type Activities:	<u>116,894</u>	<u>140,807</u>	<u>-</u>
Total primary government	<u>\$ 1,738,985</u>	<u>\$ 616,114</u>	<u>\$ -</u>

General Revenues:

Sales taxes  
Franchise taxes  
Investment earnings  
Miscellaneous  
Transfers  
Total general revenues and transfers

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
\$ (608,648)	\$ -	\$ (608,648)
(72,396)	-	(72,396)
(36,607)	-	(36,607)
(281,421)	-	(281,421)
(24,643)	-	(24,643)
211,718	-	211,718
(334,787)	-	(334,787)
<u>(1,146,784)</u>	<u>-</u>	<u>(1,146,784)</u>
-	23,913	23,913
-	23,913	23,913
<u>(1,146,784)</u>	<u>23,913</u>	<u>(1,122,871)</u>
808,304	-	808,304
239,402	-	239,402
930	118	1,048
24,827	-	24,827
(93,887)	93,887	-
<u>979,576</u>	<u>94,005</u>	<u>1,073,581</u>
(167,208)	117,918	(49,290)
<u>11,096,420</u>	<u>288,387</u>	<u>11,384,807</u>
6,426	-	6,426
<u>\$ 10,935,638</u>	<u>\$ 406,305</u>	<u>\$ 11,341,943</u>

FUND BASIS FINANCIAL STATEMENTS

CITY OF WIMBERLEY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015

	General Fund	Blue Hole Park Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,073,732	\$ 377,074	\$ 59,273	\$ 1,510,079
Investments - current	177,121	-	-	177,121
Accounts receivable	142,292	-	-	142,292
Allowance for uncollectible accounts receivable	(10,299)	-	-	(10,299)
Due from other funds	1,200	-	-	1,200
Total assets	<u>\$ 1,384,046</u>	<u>\$ 377,074</u>	<u>\$ 59,273</u>	<u>\$ 1,820,393</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 52,350	\$ 10,155	\$ 73	\$ 62,578
Accrued salaries and benefits	18,135	10,037	-	28,172
Due to other funds	-	-	1,200	1,200
Customer deposits	2,160	300	-	2,460
Total liabilities	<u>72,645</u>	<u>20,492</u>	<u>1,273</u>	<u>94,410</u>
<b>FUND BALANCES</b>				
Restricted for:				
Federal grants	28,561	-	-	28,561
Capital projects	-	-	5,017	5,017
Committed for:				
Public works	513,135	-	-	513,135
Wastewater improvements	320,710	-	-	320,710
Grant matches	448,994	-	-	448,994
Capital projects	-	-	46,154	46,154
Park operations and improvements	-	356,582	-	356,582
Municipal court	-	-	6,829	6,829
Total fund balances	<u>1,311,401</u>	<u>356,582</u>	<u>58,000</u>	<u>1,725,983</u>
Total liabilities and fund balances	<u>\$ 1,384,046</u>	<u>\$ 377,074</u>	<u>\$ 59,273</u>	<u>\$ 1,820,393</u>

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

CITY OF WIMBERLEY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 1,725,983
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,224,315
Long-term debt, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(18,981)
An additional long-term liability related to the recognition of the City's net pension liability is not reported in the funds.	4,321
Net position of governmental activities	<u>\$ 10,935,638</u>

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  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Blue Hole Park Fund	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>				
Sales taxes	\$ 808,304	\$ -	\$ -	\$ 808,304
Franchise taxes	239,402	-	-	239,402
Licenses and permits	60,001	-	-	60,001
Charges for services	102,539	306,428	549	409,516
Fines	4,390	-	-	4,390
Investment earnings	731	144	55	930
Rents and royalties	1,400	-	-	1,400
Miscellaneous revenue	20,906	3,921	-	24,827
Total revenues	1,237,673	310,493	604	1,548,770
<b>EXPENDITURES</b>				
Current:				
General government	607,971	-	-	607,971
Public safety:				
Police	61,267	-	-	61,267
Inspection	67,937	-	-	67,937
Highways and streets	228,101	-	-	228,101
Sanitation	29,113	-	-	29,113
Culture and recreation	117,912	-	-	117,912
Parks	2,879	280,752	-	283,631
Total expenditures	1,115,180	280,752	-	1,395,932
Excess(deficiency) of revenue over expenditures	122,493	29,741	604	152,838
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(93,887)	-	-	(93,887)
Total Other Financing Sources (Uses)	(93,887)	-	-	(93,887)
Net change in fund balance	28,606	29,741	604	58,951
Fund balance - beginning	1,282,795	326,841	57,396	1,667,032
Fund balance - ending	\$ 1,311,401	\$ 356,582	\$ 58,000	\$ 1,725,983

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

CITY OF WIMBERLEY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	58,951
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		(222,178)
Accruals for compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(1,876)
The expense for pension costs is based on the accrual of earned benefits, rather than current contributions made to the pension plan.		(2,105)
Change in net position - governmental activities	<u>\$</u>	<u>(167,208)</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, 2015

	Business-Type Activities
	Wastewater Fund
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 170,721
Accounts receivable, net	9,898
Restricted cash	348,082
Total current assets	528,701
Noncurrent Assets:	
Buildings	223,970
Accumulated depreciation	(21,335)
Construction in progress	259,704
Total noncurrent assets	462,339
Total assets	991,040
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	697
Accrued interest payable	6,204
Notes payable - current	114,547
Total current liabilities	121,448
Noncurrent Liabilities:	
Notes payable	463,287
Total noncurrent liabilities	463,287
Total liabilities	584,735
<b>NET POSITION</b>	
Net investment in capital assets	232,587
Unrestricted	173,718
Total net position	\$ 406,305

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

CITY OF WIMBERLEY, TEXAS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities
	Wastewater Fund
Operating revenues:	
Charges for services:	
Wastewater service	\$ 140,807
Total operating revenues	140,807
Operating expenses:	
Purchased prof. and technical services	85,913
Materials and supplies	249
Other operating expenses	10,822
Depreciation	6,096
Total operating expenses	103,080
Operating income (loss)	37,727
Nonoperating revenues (expenses)	
Investment earnings	118
Interest expense	(13,814)
Total nonoper. revenues (expenses)	(13,696)
Income before transfers in (out)	24,031
Transfers in	98,887
Transfers out	(5,000)
Change in net position	117,918
Net position-beginning	288,387
Net position-ending	\$ 406,305

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, 2015

	Business-Type Activities
	Wastewater Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 150,743
Payments to suppliers and service providers	(11,071)
Payments for purchased services	(86,404)
Net cash provided by (used for) operating activities	53,268
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	93,887
Net cash provided by (used for) capital and financing activities	93,887
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(51,419)
Principal paid on capital debt	(113,067)
Interest paid on capital debt	(16,257)
Net cash provided by (used for) capital and related financing activities	(180,743)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	118
Net cash provided by investing activities	118
Net increase (decrease) in cash and cash equivalents	(33,470)
Cash and cash equivalents-beginning	552,273
Cash and cash equivalents-ending	\$ 518,803
<b>Reconciliation of operating income (loss) to net cash provided (used for) operating activities:</b>	
Operating income (loss)	\$ 37,727
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	6,096
(Increase) decrease in accounts receivable	9,936
(Decrease) increase in accounts payable	(491)
Total adjustments	15,541
Net cash provided by (used for) operating activities	\$ 53,268
<b>Schedule of non-cash capital and related financing activities:</b>	
Contributions of capital assets	

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**I. Summary of significant accounting policies**

**A. Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

**B. Reporting entity**

The City of Wimberley was incorporated on May 5, 2000 as the “Village of Wimberley” under the provisions of the State of Texas. In June 2008, the Village of Wimberley officially changed its name to the “City of Wimberley (hereafter the “City”). The City, a general law municipality, operates as a Mayor/Council form of government and the Mayor is the executive officer of the City. With few exceptions, all powers of the City are vested in the Mayor and the elected five member Council which enacts local legislation, adopts budgets, determines policies, and appoints the City Administrator, City Attorney, and the Municipal Court Judge. The Mayor and Council are also primarily responsible for fiscal matters.

The City provides the following services – public safety, street maintenance, parks, recreation programs, community development, public improvements, and general administrative services.

**C. Basis of presentation – government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**D. Basis of presentation – fund financial statements**

The fund financial statements provide information about the government’s funds, including its fiduciary funds and blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *General Fund* is the government’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Blue Hole Park Fund*, a special revenue fund, is used to account for the revenue, expenditures, and residual fund balances related to the operation of the Blue Hole Park within the City of Wimberley.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**I. Summary of Significant Accounting Policies (continued)**

**D. Basis of presentation – fund financial statements (continued)**

The government reports the following major enterprise funds:

The *Wastewater Fund* accounts for the revenues, expenses, and residual equity related to the operation of the City's wastewater services.

Additionally, the government currently reports the following additional fund types within the nonmajor funds category:

*Capital project funds* are used to account for the acquisition and construction of the government's major capital facilities and improvement projects, other than those financed by proprietary funds.

*Special revenue funds* are used to account for activities outside of the General Fund that have revenue sources restricted, committed, or assigned for specific activities.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds or advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**E. Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**I. Summary of Significant Accounting Policies (continued)**

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary activities are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as described for the government-wide financial statements.

**F. Budgetary information**

***1. Budgetary basis of accounting***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Blue Hole Park Fund. Other City funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budgets are prepared by fund and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**I. Summary of Significant Accounting Policies (continued)**

***2. Excess of expenditures over appropriations***

For the year ended September 30, 2015, expenditures did not exceed appropriations in any of the City's funds.

**G. Assets, liabilities, deferred outflows/inflows, and net position/fund balance**

***1. Cash and cash equivalents***

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.

***2. Investments***

Investments for the government are reported at fair value (generally based on quoted market prices) except for positions in Local Government Investment Pools like, TexPool, when applicable. In accordance with state law, these investment pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

***3. Inventories and prepaid items***

The City does not report inventories of supplies or consumable items due to the unused amount of these items on hand at any given time being immaterial. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***4. Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life of more than one year.

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

**I. Summary of Significant Accounting Policies (continued)**

**4. Capital assets (continued)**

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	20-40
Machinery and equipment	5
Vehicles	5
Infrastructure	20-40

**5. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government currently does not have any financial transactions that qualify for reporting in this category. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government currently does not have any financial transactions that qualify for reporting in this category.

**6. Net position flow assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**7. Fund balance flow assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**I. Summary of Significant Accounting Policies (continued)**

**G. Assets, liabilities, deferred outflows/inflows and net position/fund balance (continued)**

**8. Fund balance policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The council has by resolution authorized the City Administrator to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**H. Revenues and expenditures/expenses**

**1. Program revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property taxes**

The City currently does not assess ad valorem property taxes for either maintenance and operations or debt service.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**I. Summary of Significant Accounting Policies (continued)**

**H. Revenues and expenditures/expenses (continued)**

**3. *Compensated absences***

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from City service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Sick Leave

Accumulated sick leave lapses when employees leave the employment of the City and, upon separation from service, no monetary obligation exists.

**4. *Pensions***

For purposes of measuring the net pension liability, 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.

**5. *Proprietary funds operating and nonoperating revenues and expenses***

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund and electric fund are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

**II. Reconciliation of government-wide and fund financial statements**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Items shown in summary form on that reconciliation are provided in detail below.

One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this amount are as follows:

Land	\$ 3,468,142
Construction in progress	10,736
Buildings and improvements	6,400,441
Machinery, equipment, and vehicles	330,838
Infrastructure	674,659
Accumulated depreciation	(1,660,501)
	_____
Net adjustment to increase <i>fund balance - total governmental funds</i> related to capital assets to arrive at <i>net position - governmental activities</i>	\$ 9,224,315

Another element of the reconciliation explains that an additional liability related to the recognition of the City’s net pension liability is not reported in the funds. The details of this amount are as follows:

Prior period adjustment related to beginning of the year amounts	\$ 6,426
Cumulative current period increase related to net pension liability change	(2,105)
	_____
Net adjustment to increase <i>fund balance - total governmental funds</i> related to net pension liability to arrive at <i>net position - governmental activities</i>	\$ 4,321

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

**II. Reconciliation of government-wide and fund financial statements (continued)**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. Items shown in summary form on that reconciliation are provided in detail below.

One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.”

The details of this amount are as follows:

Capital outlay	\$ 111,628
Depreciation expense	(333,806)
	_____
Net adjustment related to capital items to decrease <i>net changes in fund balance - total governmental funds</i> related to capital assets to arrive at <i>changes in net position of governmental activities</i>	\$ (222,178)
	_____

Another element of that reconciliation explains that expense for pension costs is based on the accrual of earned benefits, rather than current contributions made to the pension plan: The details of this amount are as follows:

Full accrual cost of accrued pension benefits within the measurement period	\$ (7,810)
De-expense of current contributions made after the measurement date	5,705
	_____
Net adjustment to decrease <i>net changes in governmental funds</i> related to pension cost to arrive at <i>changes in net position of governmental activities</i>	\$ (2,105)
	_____

**III. Stewardship, compliance and accountability**

**A. Violations of legal or contractual provisions**

No violations of legal or contractual provisions were noted during the current year.

**B. Deficit fund equity**

For the year ended September 30, 2015 there were no funds reported with deficit fund equity.

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

**IV. Detailed notes on all activities and funds**

**A. Cash deposits with financial institutions**

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City addresses this risk by ensuring that deposits are insured by FDIC and pledged security coverage. As of September 30, 2015, the City’s bank balance was \$1,679,850 all of which was insured and collateralized with securities held by the pledging or financial institution’s trust department or agent, but not in the city’s name.

**B. Investments**

The City currently holds investments with TexPool, the largest local government investment pool in the State of Texas. TexPool has a credit rating of AAAM from Standard & Poor’s Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool’s investments are governed by the Public Funds Investment Act (PFIA), Chapter 2256 of the Texas Government Code. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and government investment pools.

As of September 30, 2015, the government had the following investments:

Investment Type	Maturity Time in Years			
	Less than 1	1-5	6-10	More Than 10
TexPool	\$ 177,121	-	-	-
Total Investments	\$ 177,121	\$ -	\$ -	\$ -

*Interest rate risk.* In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than ten months.

*Credit risk.* State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the government’s policy to limit its investments in these investment types to the top rating issued by NRSROs. As of September 30, 2015, the government’s investment in TexPool was rated AAAM by Standard & Poor’s.

*Concentration of credit risk.* The government’s investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the government’s total investments. This restriction however does not apply to government investment pools due to the low risk nature of this type of investment.

*Custodial credit risk-investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**IV. Detailed notes on all activities and funds (continued)**

**C. Receivables**

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is a detail of receivables for the major and nonmajor funds of both the governmental and proprietary funds of the government, including the applicable allowances for uncollectible accounts:

Governmental Funds:

Receivables	General Fund
Sales taxes	\$ 61,485
Franchise taxes	66,592
Customer receivables	14,215
Gross receivables	142,292
Less: Allowance for uncollectibles	(10,299)
Net receivables	\$ 131,993

Proprietary Funds:

Receivables	Wastewater Fund
Customer receivables	\$ 9,898
Gross receivables	9,898
Less: Allowance for uncollectibles	-
Net receivables	\$ 9,898

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**IV. Detailed notes on all activities and funds (continued)**

**D. Capital Assets**

Capital assets activity for the year ended September 30, 2015, was as follows:

Governmental Activities:

	Balance 10/1/14	Increases	Decreases	Balance 9/30/15
Capital assets, not being depreciated:				
Land	\$ 3,391,499	\$ 76,643	\$ -	\$ 3,468,142
Construction-in-progress	10,736	-	-	10,736
Total capital assets, not being depreciated	<u>3,402,235</u>	<u>76,643</u>	<u>-</u>	<u>3,478,878</u>
Capital assets, being depreciated:				
Buildings and improvements	6,400,441	-	-	6,400,441
Machinery, equipment, and vehicles	307,285	23,553	-	330,838
Infrastructure	663,227	11,432	-	674,659
Total capital assets, being depreciated	<u>7,370,953</u>	<u>34,985</u>	<u>-</u>	<u>7,405,938</u>
Less accumulated depreciation for:				
Buildings and improvements	(951,741)	(263,967)	-	(1,215,708)
Machinery, equipment, and vehicles	(201,803)	(36,106)	-	(237,909)
Infrastructure	(173,151)	(33,733)	-	(206,884)
Total accumulated depreciation	<u>(1,326,695)</u>	<u>(333,806)</u>	<u>-</u>	<u>(1,660,501)</u>
Total capital assets being depreciated, net	<u>6,044,258</u>	<u>(298,821)</u>	<u>-</u>	<u>5,745,437</u>
Governmental activities capital assets, net	<u>\$ 9,446,493</u>	<u>\$ (222,178)</u>	<u>\$ -</u>	<u>\$ 9,224,315</u>

Depreciation expense was charged to the departments of the governmental activities of the City as follows:

Governmental activities:

General government	\$ 145,382
Police	14,651
Inspection	16,246
Highways and streets	54,545
Sanitation	6,962
Culture and recreation	28,196
Parks	67,824
Total depreciation expense - governmental activities	<u>\$ 333,806</u>

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**IV. Detailed notes on all activities and funds (continued)**

Business-Type Activities:

	Balance 10/1/14	Increases	Decreases	Balance 9/30/15
Capital assets, not being depreciated:				
Construction-in-progress	\$ 208,285	\$ 51,419	\$ -	\$ 259,704
Total capital assets, not being depreciated	208,285	51,419	-	259,704
Capital assets, being depreciated:				
Buildings and improvements	223,970	-	-	223,970
Total capital assets, being depreciated	223,970	-	-	223,970
Less accumulated depreciation for:				
Buildings and improvements	(15,239)	(6,096)	-	(21,335)
Total accumulated depreciation	(15,239)	(6,096)	-	(21,335)
Total capital assets being depreciated, net	208,731	(6,096)	-	202,635
Business-type activities capital assets, net	\$ 417,016	\$ 45,323	\$ -	\$ 462,339

**E. Accrued liabilities**

Accrued liabilities reported by governmental and proprietary funds at September 30, 2015, were as follows:

Governmental Funds:

	General Fund
Accounts payable	\$ 52,350
Accrued salaries and benefits	18,135
Customer deposits	2,160
Total accrued liabilities	\$ 72,645

Proprietary Funds:

	Wastewater Fund
Accounts payable	\$ 697
Accrued interest	6,204
Total accrued liabilities	\$ 6,901

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

**IV. Detailed notes on all activities and funds (continued)**

**F. Defined Benefit Pension Plans**

*Plan Description*

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency 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 municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.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 benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

*Plan Provisions*

Employee Deposit Rate	5%
Municipal Current Matching Ratio	1-1

*Employees covered by benefit terms*

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	8
Active employees	8
	19
	19

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**IV. Detailed notes on all activities and funds (continued)**

**F. Defined Benefit Pension Plans (continued)**

*Contributions*

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, 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 actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 1.82% and 2.44% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$7,279, and were equal to the required contributions.

*Net Pension Liability*

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3% per year
Overall payroll growth	3.5% to 12% per year
Investment Rate of Return	7%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by a factor of 93.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**IV. Detailed notes on all activities and funds (continued)**

**F. Defined Benefit Pension Plans (continued)**

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	<u>100%</u>	

*Discount Rate*

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee 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 employees. 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.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**IV. Detailed notes on all activities and funds (continued)**

**F. Defined Benefit Pension Plans (continued)**

*Changes in Net Pension Liability*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 147,258	\$ 149,601	\$ (2,343)
Changes for the year:			
Service cost	22,714	-	22,714
Interest	10,986	-	10,986
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,336)	-	(1,336)
Changes of assumptions	-	-	-
Contributions - employer	-	5,003	(5,003)
Contributions - employee	-	15,539	(15,539)
Net investment income	-	8,561	(8,561)
Benefit payments, including refunds of employee contr.	(3,352)	(3,352)	-
Administrative expense	-	(89)	89
Other changes	-	(7)	7
Net changes	29,012	25,655	3,357
Balance at 12/31/2014	<u>\$ 176,270</u>	<u>\$ 175,256</u>	<u>\$ 1,014</u>

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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate 7.0%	1% Increase in Discount Rate (8.0%)
City's net pension liability	\$ 21,756	\$ 1,014	\$ (16,323)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2015 the city recognized pension expense of \$7,810.

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

**IV. Detailed notes on all activities and funds (continued)**

**F. Defined Benefit Pension Plans (continued)**

At September 30, 2015, 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 economic experience	\$ -	\$ 979
Difference between projected and actual investment earnings	1,529	-
Contributions subsequent to the measurement date	4,785	-
Total	\$ 6,314	\$ 979

Deferred outflows of resources related to pensions in the amount of \$5,705 resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended Dec 31:	Pension Expense Amount
2015	\$ 25
2016	25
2017	117
2018	383

**G. Long-Term Liabilities**

General Obligation Bonds

The government issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and certificates of obligation have been issued for both governmental and business-type activities. These long-term debt instruments are direct obligations and pledge the full faith and credit of the government. General obligation bonds and certificates of obligation generally are issued with repayment scheduled to occur as equal amounts of principal maturing each year with maturities that range from 5 to 20 years.

The government issues maintenance tax notes or obtains regular notes payable financing arrangements from banks to provide funds for the acquisition of equipment or minor capital projects. Tax notes and regular notes payable are direct obligations and pledge the full faith and credit of the government. These debt instruments are generally repaid in equal installments of principal and interest over a period of 3 to 10 years.

CITY OF WIMBERLEY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**IV. Detailed notes on all activities and funds (continued)**

**G. Long-Term Liabilities (continued)**

Details of long-term debt obligations outstanding at September 30, 2015 are as follows:

Business-type Activities:

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/15
<b>Notes Payable:</b>					
Guadalupe-Blanco River Authority	2012	\$ 172,870	5.00%	2019	\$ 107,835
Comb. Tax and Surplus Rev. Ant. Notes, Series 2013	2013	650,000	.44%-2.36%	2020	470,000
Total Notes Payable					\$ 577,835

Changes in long-term liabilities

Changes in the government's long-term liabilities for the year ended September 30, 2015 are as follows:

**Governmental Activities:**

Description	Balance 10/1/14	Additions	Deletions	Balance 9/30/15	Due in One Year
Compensated absences	\$ 17,105	\$ 1,876	\$ -	\$ 18,981	\$ 5,694
Net Pension Liability	-	1,014	-	1,014	-
Governmental activities long-term liabilities	\$ 17,105	\$ 2,890	\$ -	\$ 19,995	\$ 5,694

For compensated absences, the general fund normally liquidates 80 percent, with the Blue Hole Park Fund liquidating the remaining 20%.

**Business-type Activities:**

Description	Balance 10/1/14	Additions	Deletions	Balance 9/30/15	Due in One Year
Notes payable	\$ 690,901	\$ -	\$ (113,066)	\$ 577,835	\$ 114,547
Governmental activities long-term liabilities	\$ 690,901	\$ -	\$ (113,066)	\$ 577,835	\$ 114,547

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

**IV. Detailed notes on all activities and funds (continued)**

**G. Long-Term Liabilities (continued)**

The debt service requirements for the government's bonds, loans, and notes are as follows:

Business-type Activities:

Year Ended September 30,	Principal	Interest	Total Requirements
2016	114,547	14,080	128,627
2017	121,102	11,769	132,871
2018	122,736	9,025	131,761
2019	124,450	5,866	130,316
2020	95,000	2,242	97,242
	<u>\$ 577,835</u>	<u>\$ 42,982</u>	<u>\$ 620,817</u>

**H. Fund balance**

The City has adopted a fund balance policy whereby for external financial reporting purposes any fund balance amounts other than those within the nonspendable and restricted categories are reported as committed fund balance in accordance with the following percentages:

- 40% committed for public works (roads, drainage, etc.)
- 25% committed for future grant matches
- 35% committed for wastewater improvements

As a result of this policy, unless alternative action is taken, the City will not report assigned or unassigned fund balance amounts as of year end.

**I. Interfund receivables and payables**

The composition of interfund balances as of September 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Municipal Court Fund	1,200
Total		<u>\$ 1,200</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to several nonmajor governmental funds which the general fund expects to collect in the subsequent year.

CITY OF WIMBERLEY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

**IV. Detailed notes on all activities and funds (continued)**

**J. Interfund transfers**

The composition of interfund transfers for the year ended September 30, 2015 is as follows:

	<b>Transfer in to:</b>
	Enterprise Funds
	Wastewater Fund
<b>Transfer out from:</b>	
General fund	\$ 93,887
Total	\$ 93,887

During the year, recurring transfers are used to 1) move revenues from a fund with collection authority to another fund with related expenditure requirements, 2) move general fund resources to provide subsidies to other funds as needs arise, and 3) move resources from the General Fund to the Wastewater Fund to subsidize debt service for the wastewater infrastructure notes payable.

**K. Contingencies**

The City participates in federal grant programs from time to time which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the City’s compliance with applicable grant requirements will be established at a future date. The amount of expenditures which could possibly be disallowed by any applicable granting agency cannot be determined at this time, although the City anticipates such amounts, if any, would be immaterial.

The City is a defendant in a lawsuit. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City’s legal counsel, the resolution of this matter will not have a material adverse effect on the financial condition of the City.

In May 2015, the City of Wimberley experienced catastrophic flooding caused by the swelling of the Blanco River after a major multi-day rain event. Following the flood, the City contracted with Hays County for the collection of flood debris within the corporate limits of the City with the commitment to pay the County the City’s proportionate share of collection costs not reimbursed by state or federal agencies. As of the date of these financial statements, the amount of the City’s share of the cleanup costs, if any, cannot be estimated and is not anticipated to be material.

**L. Subsequent events**

The City has evaluated subsequent events through January 06, 2016, the date of the audit report. The City is not aware of any subsequent events that materially affect the financial statements as of that date.

**M. Prior Period Adjustment**

During fiscal year 2015, the City adopted GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions* (GASB-68). With GASB-68, the District must record a liability for any pension liabilities in excess of net pension assets, or *Net Pension Liability*, as reported to the City by the Texas Municipal Retirement System (TMRS). Initial adoption of GASB-68 required a prior period adjustment to beginning net position in the amount of \$6,426.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WIMBERLEY, TEXAS  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

A. Total pension liability	
1. Service cost	\$ 22,714
2. Interest (on the Total Pension Liability)	10,986
4. Difference between expected and actual experience	(1,336)
6. Benefit payments, including refunds of employee contributions	<u>(3,352)</u>
7. Net change in total pension liability	\$ 29,012
8. Total pension liability - beginning	<u>147,258</u>
9. Total pension liability - ending	<u><u>\$176,270</u></u>
B. Plan fiduciary net position	
1. Contributions - employer	\$ 5,003
2. Contributions - employee	15,539
3. Net investment income	8,561
4. Benefit payments, including refunds of employee contributions	(3,352)
5. Administrative expense	(89)
6. Other	<u>(7)</u>
7. Net change in plan fiduciary net position	\$ 25,655
8. Plan fiduciary net position - beginning	<u>149,601</u>
9. Plan fiduciary net position - ending	<u><u>\$175,256</u></u>
C. Net pension liability [A.9 - B.9]	\$ 1,014
D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	99.42%
E. Covered-employee payroll	\$310,774
F. Net position as a percentage of covered employee payroll [C / E]	0.33%

CITY OF WIMBERLEY, TEXAS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>2015</u>
Actuarially Determined Contribution	\$ 5,003
Contributions in relation to the actuarially determined contribution	<u>5,003</u>
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$310,774
Contributions as a percentage of covered employee payroll	1.6%

CITY OF WIMBERLEY, TEXAS  
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**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	29 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	3%
Salary Increases	3.50% to 12.00% Including Inflation
Investment Rate of Return	7.0%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:**

Notes There were no benefit changes during the year.

CITY OF WIMBERLEY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 610,000	\$ 715,145	\$ 808,304	\$ 93,159
Franchise taxes	252,000	252,000	239,402	(12,598)
Licenses and permits	53,000	61,200	60,001	(1,199)
Charges for services	152,500	109,930	102,539	(7,391)
Fines	-	-	4,390	4,390
Investment earnings	750	750	731	(19)
Rents and royalties	1,200	1,200	1,400	200
Miscellaneous revenue	3,000	20,800	20,906	106
Total revenues	<u>1,072,450</u>	<u>1,161,025</u>	<u>1,237,673</u>	<u>76,648</u>
<b>EXPENDITURES</b>				
Current:				
General government	534,686	628,027	607,971	20,056
Police	89,166	61,209	61,267	(58)
Inspection	46,250	68,000	67,937	63
Highways and streets	355,685	250,649	228,101	22,548
Sanitation	20,155	31,425	29,113	2,312
Recreation centers	133,528	118,215	117,912	303
Parks	5,000	3,500	2,879	621
Total Expenditures	<u>1,184,470</u>	<u>1,161,025</u>	<u>1,115,180</u>	<u>45,845</u>
Excess (deficiency) of revenues over expenditures	<u>(112,020)</u>	<u>-</u>	<u>122,493</u>	<u>122,493</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(93,887)	(93,887)	(93,887)	-
Total Other Financing Sources (Uses)	<u>(93,887)</u>	<u>(93,887)</u>	<u>(93,887)</u>	<u>-</u>
Net Change in Fund Balances	(205,907)	(93,887)	28,606	122,493
Fund balance - beginning	1,282,795	1,282,795	1,282,795	-
Fund balance - ending	<u>\$ 1,076,888</u>	<u>\$ 1,188,908</u>	<u>\$ 1,311,401</u>	<u>\$ 122,493</u>

CITY OF WIMBERLEY, TEXAS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL – BLUE HOLE PARK FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Charges for services	260,000	282,770	306,428	23,658
Investment earnings	150	150	144	(6)
Miscellaneous revenues	-	-	3,921	3,921
Total revenues	<u>265,150</u>	<u>287,920</u>	<u>310,493</u>	<u>22,573</u>
<b>EXPENDITURES</b>				
Current:				
Parks	291,261	287,920	280,752	7,168
Total Expenditures	<u>291,261</u>	<u>287,920</u>	<u>280,752</u>	<u>7,168</u>
Excess (deficiency) of revenues over expenditures	<u>(26,111)</u>	<u>-</u>	<u>29,741</u>	<u>29,741</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Net Change in Fund Balances	(26,111)	-	29,741	29,741
Fund balance - beginning	326,841	326,841	326,841	-
Fund balance - ending	<u>\$ 300,730</u>	<u>\$ 326,841</u>	<u>\$ 356,582</u>	<u>\$ 29,741</u>

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes. The City maintains the following special revenue funds that did not meet the criteria for classification as a major fund within the financial statements:

Municipal Court Fund – This fund is used to account for the proceeds of revenue sources which are legally restricted to expenditures for court operations and also to account for general court revenue and expenditures that the City wishes segregate from the General Fund.

Sidewalk Donations Fund – This fund is used to account for donations made to the City to offset the costs related to complete the sidewalk project in the City’s downtown area.

### **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of the government’s major capital facilities and improvements projects, other than those financed by proprietary funds.

Blue Hole Park Capital Projects Fund – This fund is used to account for ongoing projects related to improvements at the City’s Blue Hole Park.

CITY OF WIMBERLEY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Municipal Court Fund	Sidewalk Donations Fund	Blue Hole Park Capital Projects Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,102	\$ 5,017	\$ 46,154	\$ 59,273
Total Assets	<u>\$ 8,102</u>	<u>\$ 5,017</u>	<u>\$ 46,154</u>	<u>\$ 59,273</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 73	\$ -	\$ -	\$ 73
Due to other funds	1,200	-	-	1,200
Total Liabilities	<u>1,273</u>	<u>-</u>	<u>-</u>	<u>1,273</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted for:				
Capital projects	-	5,017	-	5,017
Committed for:				
Capital projects	-	-	46,154	46,154
Municipal court	6,829	-	-	6,829
Total Fund Balances	<u>6,829</u>	<u>5,017</u>	<u>46,154</u>	<u>58,000</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 8,102</u>	<u>\$ 5,017</u>	<u>\$ 46,154</u>	<u>\$ 59,273</u>

CITY OF WIMBERLEY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Municipal Court Fund	Sidewalk Donations Fund	Capital Projects Fund	Total Non-Major Governmental Funds
<b>REVENUES</b>				
Charges for services	\$ 549	\$ -	\$ -	\$ 549
Investment earnings	7	2	46	55
Total revenues	556	2	46	604
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	556	2	46	604
Net Change in Fund Balance	556	2	46	604
Fund Balance - Beginning	6,273	5,015	46,108	57,396
Fund Balance - Ending	\$ 6,829	\$ 5,017	\$ 46,154	\$ 58,000

OTHER SUPPLEMENTARY INFORMATION SECTION



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

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 the City of Wimberley, Texas as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 6, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's 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 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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.

A handwritten signature in black ink that reads "Singleton, Clark & Company, PC". The signature is written in a cursive style and is set against a light gray rectangular background.

Singleton, Clark & Company, PC  
Cedar Park, Texas

CITY OF WIMBERLEY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended September 30, 2015 and 2014.

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

A federal Single Audit was not required for the years ended September 30, 2015 and 2014.