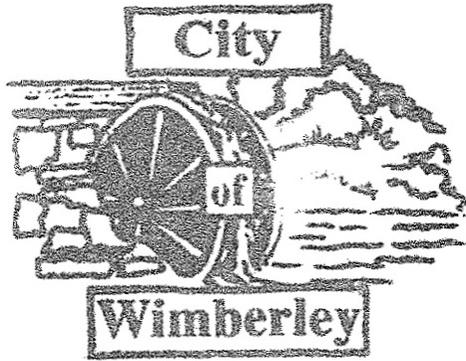


CITY OF WIMBERLEY, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2018**



CITY OF WIMBERLEY
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

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CITY OF WIMBERLEY
ANNUAL FINANCIAL REPORT
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CITY OF WIMBERLEY

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

SUSAN JAGGERS

CITY COUNCIL

MIKE MCCULLOUGH

CRAIG FORE

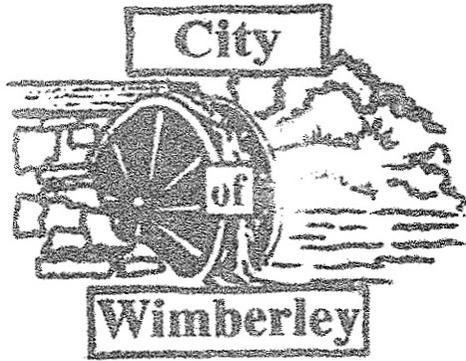
ALLISON DAVIS

GARY BARCHFELD

PATRICIA CANTU KELLY

CITY ADMINISTRATOR

SHAWN COX





INDEPENDENT AUDITOR'S REPORT

The 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 the City of Wimberley as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise City of Wimberley's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Wimberley's 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 accounting 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 of Wimberley, as of September 30, 2018, 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, budgetary comparison information, and pension and other post employment benefit schedules as listed in the table of contents, 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 of Wimberley's basic financial statements as a whole. The combining nonmajor fund financial statements and comparative individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

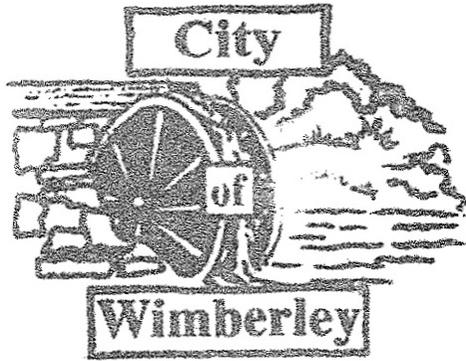
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2019 on our consideration of the City of Wimberley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Wimberley's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

February 5, 2019



MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of Wimberley’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended September 30, 2018. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

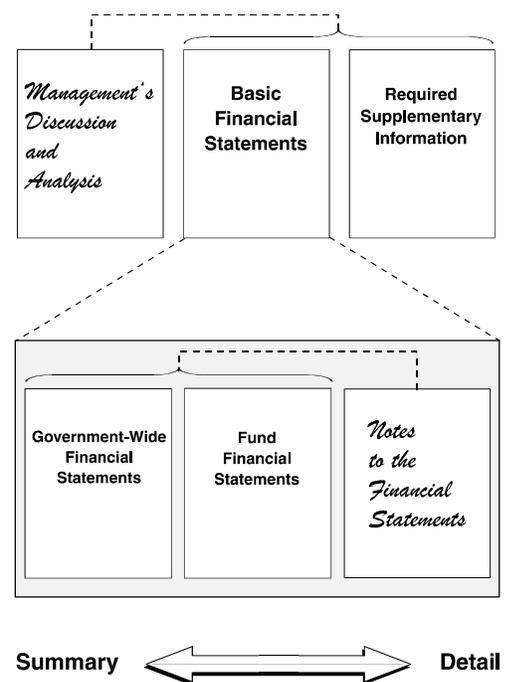
- The City’s total combined net position was \$13.2 million at September 30, 2018.
- The City’s governmental expenses (including assistance to the wastewater utility) were \$775 thousand more than the \$1.9 million generated in general and program revenues for governmental activities. The total cost of the City’s governmental programs decreased 33.3% from the prior year.
- The City’s business-type expenses were \$418 thousand more than the \$165 thousand generated in charges for services and other revenues. The City transferred \$372 thousand from governmental funds to assist with the Wastewater Project. The total cost of the City’s business-type activities increased 436% from the prior year, due primarily to the new Wastewater Project.
- The general fund reported a fund balance this year of \$1.42 million, a decrease of 9% due primarily to transfers to support the wastewater utility.
- The City issued \$5,255,000 of revenue bonds in support of the new Wastewater Project. These bonds bear interest rates of .7% to 2.15% and mature serially through 2046.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.

Figure A-1F, Required Components of the City’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

| Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements | | | |
|---|--|---|--|
| <i>Type of Statements</i> | Fund Statements | | |
| | Government-wide | Governmental Funds | Proprietary Funds |
| <i>Scope</i> | Entire City's government (except fiduciary funds) and the City's component units | The activities of the town that are not proprietary or fiduciary | Activities of the City that operate similar to private businesses: wastewater |
| <i>Required financial statements</i> | • Statement of net position | • Balance Sheet | • Statement of net position |
| | • Statement of activities | • Statement of revenues, expenditures & changes in fund balances | • Statement of revenues, expenses & changes in net position • Statement of cash flows |
| <i>Accounting basis and measurement focus</i> | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| <i>Type of asset/liability information</i> | All assets and liabilities, both financial and capital, short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term |
| <i>Type of inflow/outflow information</i> | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter. | All revenues and expenses during year, regardless of when cash is received or paid |

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position—the difference between the City's assets and liabilities—is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City’s tax base.
- The government-wide financial statements of the City include the *Governmental activities*. Most of the City’s basic services are included here, such as administration, inspections, police, court, streets, culture and recreation, and parks. Sales taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City’s most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, which explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's combined net position was \$13 million at September 30, 2018. (See Table A-1).

Table A-1
City's Net Position

| | Governmental Activities | | Business-Type Activities | | Total | | Percentage Change |
|----------------------------|----------------------------|----------------------|-----------------------------|-------------------|----------------------|----------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | |
| <i>Assets:</i> | | | | | | | |
| Current Assets | \$ 2,076,882 | \$ 2,553,912 | \$ 126,610 | \$ 180,499 | \$ 2,203,492 | \$ 2,734,411 | (19.4) |
| Other Assets | 163,527 | 322,048 | 3,986,050 | 166,529 | 4,149,577 | 488,577 | 749.3 |
| Capital Assets (net) | 10,451,747 | 10,843,463 | 2,770,149 | 754,460 | 13,221,896 | 11,597,923 | 14.0 |
| <i>Total Assets</i> | <u>12,692,156</u> | <u>13,719,423</u> | <u>6,882,809</u> | <u>1,101,488</u> | <u>19,574,965</u> | <u>14,820,911</u> | 32.1 |
| <i>Deferred Outflows:</i> | <u>32,086</u> | <u>15,054</u> | <u>-</u> | <u>-</u> | <u>32,086</u> | <u>15,054</u> | 113.1 |
| <i>Liabilities:</i> | | | | | | | |
| Current Liabilities | 101,373 | 432,216 | 988,951 | 137,992 | 1,090,324 | 570,208 | 91.2 |
| Long-Term Liabilities | 111,331 | 17,678 | 5,195,000 | 219,431 | 5,306,331 | 237,109 | 2137.9 |
| <i>Total Liabilities</i> | <u>212,704</u> | <u>449,894</u> | <u>6,183,951</u> | <u>357,423</u> | <u>6,396,655</u> | <u>807,317</u> | 692.3 |
| <i>Deferred Inflows:</i> | <u>19,984</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,984</u> | <u>-</u> | 100.0 |
| <i>Net Position:</i> | | | | | | | |
| Invested in Capital Assets | 10,451,747 | 10,843,463 | 419,363 | 443,655 | 10,871,110 | 11,287,118 | (3.7) |
| Restricted | 170,520 | 334,401 | 714,190 | 131,600 | 884,710 | 466,001 | 89.9 |
| Unrestricted | 1,869,287 | 2,106,719 | (434,695) | 168,810 | 1,434,592 | 2,275,529 | (37.0) |
| <i>Total Net Position</i> | <u>\$ 12,491,554</u> | <u>\$ 13,284,583</u> | <u>\$ 698,858</u> | <u>\$ 744,065</u> | <u>\$ 13,190,412</u> | <u>\$ 14,028,648</u> | (6.0) |

Governmental Activities

- Sales tax revenues decreased \$15 thousand, or 1.6%, and franchise tax revenues fell \$12 thousand, or 4.2%. The hotel occupancy tax, reduced to 0% in the prior fiscal year, was repealed by Council action in September, 2018.
- In the prior year the City received \$137 thousand from a disaster recovery grant administered by the Texas Department of Public Safety and recognized insurance proceeds of \$921 thousand for infrastructure damage from the City's insurance carrier.

Business-Type Activities

- Expenses increased 436% due expenses associated with the Wastewater Project.
- Rates were kept the same as fiscal year 2017 to help reduce the burden on the City's one major customer.

Table A-2
Changes in City's Net Position

| | Governmental Activities | | Business-Type Activities | | Total | | Percentage Change |
|-------------------------------|----------------------------|---------------------|-----------------------------|-------------------|---------------------|---------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | |
| <i>Program Revenues:</i> | | | | | | | |
| Charges for Services | \$ 670,766 | \$ 528,067 | \$ 118,776 | \$ 118,776 | \$ 789,542 | \$ 646,843 | 22.1 |
| Capital Contributions | - | 136,908 | - | - | - | 136,908 | (100.0) |
| <i>General Revenues:</i> | | | | | | | |
| Taxes | 1,192,176 | 1,294,921 | - | - | 1,192,176 | 1,294,921 | (7.9) |
| Interest Earnings | 3,925 | 2,341 | 45,915 | 141 | 49,840 | 2,482 | 1908.1 |
| Insurance Proceeds | - | 921,019 | - | - | - | 921,019 | (100.0) |
| Miscellaneous | 23,124 | 56,977 | - | - | 23,124 | 56,977 | (59.4) |
| TOTAL REVENUES | 1,889,991 | 2,940,233 | 164,691 | 118,917 | 2,054,682 | 3,059,150 | (32.8) |
| <i>Program Expenses:</i> | | | | | | | |
| Administration | 895,850 | 690,304 | - | - | 895,850 | 690,304 | 29.8 |
| Inspections | 43,954 | 46,354 | - | - | 43,954 | 46,354 | (5.2) |
| Police and Court | 130,428 | 64,413 | - | - | 130,428 | 64,413 | 102.5 |
| Public Works | 161,311 | 78,201 | - | - | 161,311 | 78,201 | 106.3 |
| Highways and Roads | 276,718 | 157,913 | - | - | 276,718 | 157,913 | 75.2 |
| Sanitation | 38,625 | 37,887 | - | - | 38,625 | 37,887 | 1.9 |
| Culture and Recreation | 154,342 | 148,632 | - | - | 154,342 | 148,632 | 3.8 |
| Parks | 591,318 | 496,176 | - | - | 591,318 | 496,176 | 19.2 |
| Wastewater | - | - | 582,201 | 133,438 | 582,201 | 133,438 | 336.3 |
| TOTAL EXPENSES | 2,292,546 | 1,719,880 | 582,201 | 133,438 | 2,874,747 | 1,853,318 | 55.1 |
| Transfers | (372,303) | (132,871) | 372,303 | 132,871 | - | - | 280.2 |
| Change in Net Position | \$ (774,858) | \$ 1,087,482 | \$ (45,207) | \$ 118,350 | \$ (820,065) | \$ 1,205,832 | 168.0 |

Table A-3 presents the cost of each of the City's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars. The cost of all *governmental* activities this year was \$2.3 million.

Table A-3
Net Cost of Selected City Functions

| | Total Cost of Services | | | Percentage Change | Net Cost of Services | | | Percentage Change |
|------------------------|---------------------------|------------|-------|----------------------|-------------------------|----------|--|----------------------|
| | 2018 | 2017 | | | 2018 | 2017 | | |
| Administration | \$ 895,850 | \$ 690,304 | 29.8 | \$ 895,850 | \$ 689,504 | 29.9 | | |
| Inspections | 43,954 | 46,354 | (5.2) | (80,375) | (66,140) | 21.5 | | |
| Police and Court | 130,428 | 64,413 | 102.5 | 129,760 | 53,072 | 144.5 | | |
| Public Works | 161,311 | 78,201 | 106.3 | 161,311 | 78,201 | 106.3 | | |
| Highways and Roads | 276,718 | 157,913 | 75.2 | 276,718 | 157,913 | 75.2 | | |
| Sanitation | 38,625 | 37,887 | 1.9 | 38,625 | 37,887 | 1.9 | | |
| Culture and Recreation | 154,342 | 148,632 | 3.8 | 100,720 | 101,967 | (1.2) | | |
| Parks | 591,318 | 496,176 | 19.2 | 99,171 | 139,409 | (28.9) | | |
| Wastewater | 582,201 | 133,438 | 336.3 | (463,425) | 14,662 | (3260.7) | | |

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

- The fund balance of the General Fund declined by \$154 thousand, primarily due to support of the new Wastewater Project.
- The Hotel Occupancy Tax was reduced to 0 effective January 31, 2017 and completely repealed September 20, 2018.
- Revenue bonds in the amount of \$5,255,000 were issued to cover the cost of the Wastewater Project.

Budgetary Highlights

- General Fund revenues were over budget by \$37 thousand due mainly to better than expected sales tax revenues.
- General Fund expenditures were \$94 thousand below budget overall due primarily to lower than expected expenditures for road repairs and capital outlay savings.
- Overall the City's General Fund change in fund balance exceeded the budget by \$131 thousand due to the factors noted above.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2018, the City had invested \$13.2 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) The significant most significant capital addition was the construction in process related to the Wastewater Project. The City also purchased a portable restroom facility for the Downtown Square.

Table A-4
City's Capital Assets
(in thousands dollars)

| | Governmental Activities | | Business-Type Activities | | Total | | Total Percentage Change |
|--------------------------------|----------------------------|-----------------|-----------------------------|---------------|-----------------|-----------------|-------------------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | |
| Land | \$ 3,483 | \$ 3,483 | \$ - | \$ - | \$ 3,483 | \$ 3,483 | 0.0 |
| Buildings and Improvements | 6,429 | 6,428 | - | - | 6,429 | 6,428 | 0.0 |
| Infrastructure | 2,910 | 2,910 | 224 | 224 | 3,134 | 3,134 | 0.0 |
| Equipment | 382 | 344 | - | - | 382 | 344 | 11.0 |
| Construction in Progress | 10 | 11 | 2,586 | 564 | 2,596 | 575 | 351.5 |
| Totals at Historical Cost | 13,214 | 13,176 | 2,810 | 788 | 16,024 | 13,964 | 14.8 |
| Total Accumulated Depreciation | (2,762) | (2,332) | (40) | (34) | (2,802) | (2,366) | 18.4 |
| Net Capital Assets | <u>\$10,452</u> | <u>\$10,844</u> | <u>\$ 2,770</u> | <u>\$ 754</u> | <u>\$13,222</u> | <u>\$11,598</u> | 14.0 |

More detailed information about the City's capital assets is presented in the notes to the financial statements.

Long Term Debt

The City's debt balances are outlined in Table A-5. As noted above, the City issued \$5,255,000 in revenue bonds during the year. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-5
City's Long-Term Debt
(in thousands dollars)

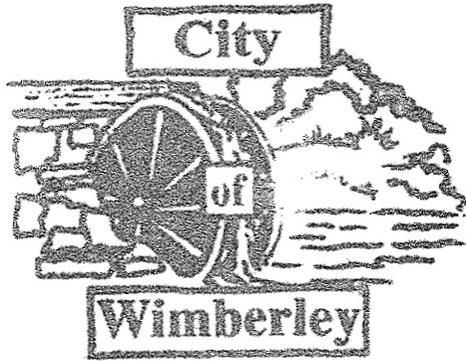
| | Governmental Activities | | Business-Type Activities | | Total | | Total Percentage Change |
|-----------------------------|----------------------------|------|-----------------------------|--------|----------|--------|-------------------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | |
| Note Payable - GBRA | \$ - | \$ - | \$ 29 | \$ 57 | \$ 29 | \$ 57 | (49.1) |
| Notes Payable - 2013 Series | - | - | 190 | 285 | 190 | 285 | (33.3) |
| Bonds Payable - 2018 Series | - | - | 5,255 | - | 5,255 | - | 100.0 |
| Total Long-Term Debt | \$ - | \$ - | \$ 5,474 | \$ 342 | \$ 5,474 | \$ 342 | 1500.6 |

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

For the 2019 fiscal year, the City projects General Fund revenues are expected to remain at \$1.3 million. Expenditures and operating transfers to the wastewater utility are budgeted to increase to \$1.8 million, due primarily to expected increases in the wastewater utility transfer and legal fees. The deficit is projected to come from fund balance. The City is planning for expenses related to the new wastewater treatment facility to ultimately be funded by user fees. No other major changes are planned to City services.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall at (512) 847-0025 or visit the City’s website at www.cityofwimberley.com.

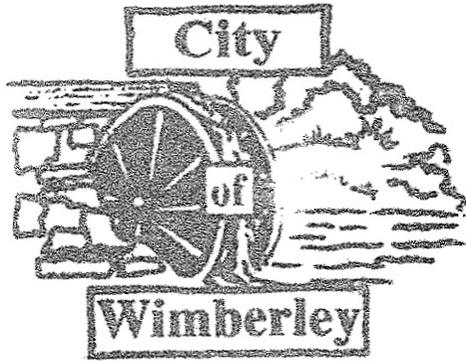


BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Proprietary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



CITY OF WIMBERLEY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,850,873 | \$ 125,374 | \$ 1,976,247 |
| Receivables | 226,009 | 1,236 | 227,245 |
| Restricted Cash | 153,436 | 3,986,050 | 4,139,486 |
| Prepaid Items | 10,091 | - | 10,091 |
| Capital Assets (net) | 10,451,747 | 2,770,149 | 13,221,896 |
| TOTAL ASSETS | 12,692,156 | 6,882,809 | 19,574,965 |
| DEFERRED OUTFLOWS | | | |
| Deferred Other Post Employment Benefit Related Outflows | 1,705 | - | 1,705 |
| Deferred Pension Related Outflows | 30,381 | - | 30,381 |
| TOTAL DEFERRED OUTFLOWS | 32,086 | - | 32,086 |
| LIABILITIES | | | |
| Accounts Payable | 64,229 | 443,088 | 507,317 |
| Accrued Wages | 10,103 | - | 10,103 |
| Payroll Deductions and Withholdings | 6,452 | - | 6,452 |
| Accrued Compensated Absences | 15,489 | - | 15,489 |
| Accrued Interest | - | 23,427 | 23,427 |
| Deposits and Unearned Revenue | 5,100 | 243,005 | 248,105 |
| Current Portion of Long-term Debt | - | 279,431 | 279,431 |
| <i>Noncurrent Liabilities:</i> | | | |
| Long-term Debt Net of Current Portion | - | 5,195,000 | 5,195,000 |
| Total Other Post Employment Benefit Liability | 21,897 | - | 21,897 |
| Net Pension Liability | 89,434 | - | 89,434 |
| TOTAL LIABILITIES | 212,704 | 6,183,951 | 6,396,655 |
| DEFERRED INFLOWS | | | |
| Deferred Pension Related Outflows | 19,984 | - | 19,984 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 10,451,747 | 419,363 | 10,871,110 |
| Restricted for: | | | |
| Debt Service and Bond Reserve | - | 714,190 | 714,190 |
| Federal Program | 17,844 | - | 17,844 |
| Municipal Court | 3,421 | - | 3,421 |
| Capital Projects | 5,025 | - | 5,025 |
| Tourism Development | 144,230 | - | 144,230 |
| Unrestricted | 1,869,287 | (434,695) | 1,434,592 |
| TOTAL NET POSITION | \$ 12,491,554 | \$ 698,858 | \$ 13,190,412 |

See accompanying notes to basic financial statements.

CITY OF WIMBERLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| <u>Functions and Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | |
|--|---------------------|---------------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Primary Government: | | | | |
| <i>Governmental Activities:</i> | | | | |
| Administration | \$ 895,850 | \$ - | \$ - | \$ - |
| Inspections | 43,954 | 124,329 | - | - |
| Police and Court | 130,428 | 668 | - | - |
| Public Works | 161,311 | - | - | - |
| Highways and Roads | 276,718 | - | - | - |
| Sanitation | 38,625 | - | - | - |
| Culture and Recreation | 154,342 | 53,622 | - | - |
| Parks | 591,318 | 492,147 | - | - |
| <i>Total Governmental Activities</i> | <u>2,292,546</u> | <u>670,766</u> | <u>-</u> | <u>-</u> |
| <i>Business-Type Activities:</i> | | | | |
| Wastewater Utility | 582,201 | 118,776 | - | - |
| <i>Total Business-Type Activities</i> | <u>582,201</u> | <u>118,776</u> | <u>-</u> | <u>-</u> |
| Total Primary Government | <u>\$ 2,874,747</u> | <u>\$ 789,542</u> | <u>\$ -</u> | <u>\$ -</u> |
| General Revenues: | | | | |
| Taxes | | | | |
| Sales Taxes | | | | |
| Franchise Taxes | | | | |
| Interest and Investment Earnings | | | | |
| Miscellaneous | | | | |
| Total General Revenues | | | | |
| Transfers | | | | |
| Change in Net Position | | | | |
| Net Position at Beginning of Year | | | | |
| Prior Period Adjustment | | | | |
| Net Position at End of Year | | | | |

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position
Primary Government

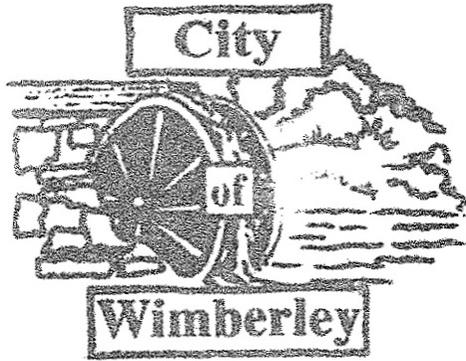
| <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|------------------------------------|-------------------------------------|----------------------|
| \$ (895,850) | | \$ (895,850) |
| 80,375 | | 80,375 |
| (129,760) | | (129,760) |
| (161,311) | | (161,311) |
| (276,718) | | (276,718) |
| (38,625) | | (38,625) |
| (100,720) | | (100,720) |
| (99,171) | | (99,171) |
| <u>(1,621,780)</u> | | <u>(1,621,780)</u> |
| | \$ (463,425) | (463,425) |
| | <u>(463,425)</u> | <u>(463,425)</u> |
| | | <u>(2,085,205)</u> |
| 915,250 | - | 915,250 |
| 276,926 | - | 276,926 |
| 3,925 | 45,915 | 49,840 |
| 23,124 | - | 23,124 |
| <u>1,219,225</u> | <u>45,915</u> | <u>1,265,140</u> |
| <u>(372,303)</u> | <u>372,303</u> | <u>-</u> |
| (774,858) | (45,207) | (820,065) |
| 13,284,583 | 744,065 | 14,028,648 |
| (18,171) | | (18,171) |
| <u>\$ 12,491,554</u> | <u>\$ 698,858</u> | <u>\$ 13,190,412</u> |

CITY OF WIMBERLEY
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

| | Major Fund General Fund | Major Fund Blue Hole Park | Major Fund Hotel Occupancy |
|---|-------------------------------|---------------------------------|----------------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,266,274 | \$ 565,845 | \$ 144,230 |
| Receivables (net of allowances for uncollectibles): | | | |
| Other Receivables | 226,009 | - | - |
| Prepaid Items | - | - | 10,091 |
| TOTAL ASSETS | \$ 1,492,283 | \$ 565,845 | \$ 154,321 |
| LIABILITIES AND FUND BALANCES | | | |
| <i>Liabilities:</i> | | | |
| Accounts Payable | \$ 60,497 | \$ 2,973 | \$ - |
| Accrued Wages | 7,160 | 2,943 | - |
| Payroll Deductions and Withholdings | 4,950 | 1,502 | - |
| Unearned Revenue | 4,200 | 900 | - |
| <i>Total Liabilities</i> | 76,807 | 8,318 | - |
| <i>Fund Balances:</i> | | | |
| Nonspendable for: | | | |
| Prepaid Items | - | - | 10,091 |
| Restricted for: | | | |
| Federal Program | 17,844 | - | - |
| Municipal Court | - | - | - |
| Tourism Development | - | - | 144,230 |
| Capital Projects | - | - | - |
| Committed for: | | | |
| Public Works | 559,053 | - | - |
| Wastewater System | 504,204 | - | - |
| Grant Matches | 334,375 | - | - |
| Park Operations and Improvements | - | 557,527 | - |
| <i>Total Fund Balances</i> | 1,415,476 | 557,527 | 154,321 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,492,283 | \$ 565,845 | \$ 154,321 |

See accompanying notes to basic financial statements.

| Other Nonmajor Funds | Total Governmental Funds |
|----------------------------|--------------------------------|
| \$ 27,961 | \$ 2,004,310 |
| - | 226,009 |
| - | 10,091 |
| <u>\$ 27,961</u> | <u>\$ 2,240,410</u> |
| | |
| \$ 760 | \$ 64,230 |
| - | 10,103 |
| - | 6,452 |
| - | 5,100 |
| <u>760</u> | <u>85,885</u> |
| | |
| - | 10,091 |
| - | 17,844 |
| 3,421 | 3,421 |
| - | 144,230 |
| 5,025 | 5,025 |
| - | 559,053 |
| - | 504,204 |
| - | 334,375 |
| 18,755 | 576,282 |
| <u>27,201</u> | <u>2,154,525</u> |
| | |
| <u>\$ 27,961</u> | <u>\$ 2,240,410</u> |



CITY OF WIMBERLEY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

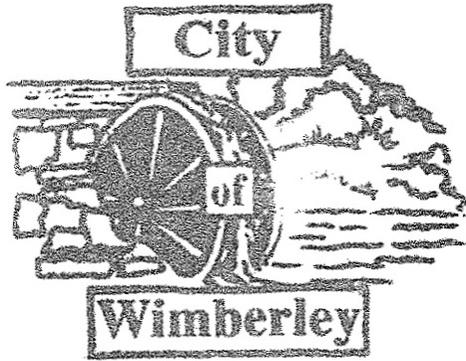
| | | |
|---|----------|---------------|
| TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS | | \$ 2,154,525 |
| <p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p> | | |
| Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 10,451,747 |
| Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds. | | (15,489) |
| Net pension liabilities (and related deferred outflows of resources) do not consume current financial resources and are not reported in the funds. | | |
| Net Pension Liability | (89,434) | |
| Pension Related Deferred Outflows | 30,381 | (59,053) |
| Net other post employment benefit (OPEB) liabilities (and related deferred outflows of resources) do not consume current financial resources and are not reported in the funds. | | |
| Net OPEB Liability | (21,897) | |
| OPEB Related Deferred Outflows | 1,705 | (20,192) |
| TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES | | \$ 12,491,554 |

CITY OF WIMBERLEY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | <u>Major Fund</u> General Fund | <u>Major Fund</u> Blue Hole Park | <u>Major Fund</u> Hotel Occupancy |
|--|--------------------------------------|--|---|
| REVENUES | | | |
| Sales Taxes | \$ 915,250 | \$ - | \$ - |
| Franchise Tax | 342,891 | - | - |
| Licenses and Permits | 58,363 | - | - |
| Charges for Services | 53,622 | 492,147 | - |
| Fines and Penalties | 596 | - | - |
| Interest Income | 3,570 | 204 | 121 |
| Miscellaneous | 14,184 | 8,561 | - |
| TOTAL REVENUES | <u>1,388,476</u> | <u>500,912</u> | <u>121</u> |
| EXPENDITURES | | | |
| <i>Current:</i> | | | |
| Administration | 685,357 | - | 147,277 |
| Police and Court | 119,611 | - | - |
| Inspections | 43,954 | - | - |
| Highways and Streets | 205,848 | - | - |
| Sanitation | 31,595 | - | - |
| Culture and Recreation | 103,780 | - | - |
| Parks | 7,360 | 347,357 | - |
| Capital Outlay | 38,420 | 6,338 | - |
| TOTAL EXPENDITURES | <u>1,235,925</u> | <u>353,695</u> | <u>147,277</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 152,551 | 147,217 | (147,156) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | <u>(306,760)</u> | <u>(65,543)</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(306,760)</u> | <u>(65,543)</u> | <u>-</u> |
| Net Change in Fund Balance | (154,209) | 81,674 | (147,156) |
| Fund Balances at Beginning of Year | 1,569,685 | 475,853 | 301,477 |
| Fund Balances at End of Year | <u>\$ 1,415,476</u> | <u>\$ 557,527</u> | <u>\$ 154,321</u> |

See accompanying notes to basic financial statements.

| Total Nonmajor Funds | Total Governmental Funds |
|----------------------------|--------------------------------|
| \$ - | \$ 915,250 |
| - | 342,891 |
| - | 58,363 |
| - | 545,769 |
| 253 | 849 |
| 33 | 3,928 |
| - | 22,745 |
| 286 | 1,889,795 |
| - | 832,634 |
| 6,900 | 126,511 |
| - | 43,954 |
| 69,135 | 274,983 |
| - | 31,595 |
| - | 103,780 |
| - | 354,717 |
| - | 44,758 |
| 76,035 | 1,812,932 |
| (75,749) | 76,863 |
| - | (372,303) |
| - | (372,303) |
| (75,749) | (295,440) |
| 102,950 | 2,449,965 |
| \$ 27,201 | \$ 2,154,525 |



CITY OF WIMBERLEY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (295,440)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay. (391,716)

Governmental funds report required contributions to employee pensions and other post employment benefits as expenditures. However in the Statement of Activities the cost of these plans are recorded at the actuarially determined cost. This is the amount that actuarially determined plan cost exceeded contributions. (78,434)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Compensated Absences (9,268)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ (774,858)

CITY OF WIMBERLEY
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2018

| | Wastewater Utility |
|---|-----------------------|
| ASSETS | |
| <i>Current Assets:</i> | |
| Cash and Cash Equivalents | \$ 125,374 |
| Receivables | 1,236 |
| <i>Total Current Assets</i> | 126,610 |
| <i>Other Assets:</i> | |
| Property and Equipment (net) | 2,770,149 |
| Restricted Cash | 3,986,050 |
| <i>Total Other Assets</i> | 6,756,199 |
| TOTAL ASSETS | 6,882,809 |
| LIABILITIES | |
| <i>Current Liabilities:</i> | |
| Accounts Payable | 443,088 |
| Accrued Interest | 23,427 |
| Unearned Revenue | 243,005 |
| Current Portion of Long-Term Debt | 279,431 |
| <i>Total Current Liabilities</i> | 988,951 |
| <i>Long-term Liabilities:</i> | |
| Long-term Debt (Net of Current Portion) | 5,195,000 |
| <i>Total Long-term Liabilities</i> | 5,195,000 |
| TOTAL LIABILITIES | 6,183,951 |
| NET POSITION | |
| Net Investment In Capital Assets | 419,363 |
| Restricted | 714,190 |
| Unrestricted (Deficit) | (434,695) |
| TOTAL NET POSITION | \$ 698,858 |

See accompanying notes to basic financial statements.

CITY OF WIMBERLEY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR SEPTEMBER 30, 2018

| | Wastewater Utility |
|---|-----------------------|
| OPERATING REVENUES | |
| Charges for Utility Service | \$ 118,776 |
| TOTAL OPERATING REVENUES | 118,776 |
| OPERATING EXPENSES | |
| Utilities | 8,176 |
| Services | 307,790 |
| Depreciation | 6,096 |
| TOTAL OPERATING EXPENSES | 322,062 |
| OPERATING INCOME (LOSS) | (203,286) |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest Income | 45,915 |
| Interest Expense | (94,745) |
| Bond Issue Costs | (165,394) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (214,224) |
| INCOME (LOSS) BEFORE TRANSFERS | (417,510) |
| TRANSFERS | |
| Transfers In | 372,303 |
| CHANGE IN NET POSITION | (45,207) |
| NET POSITION AT BEGINNING OF YEAR | 744,065 |
| NET POSITION AT END OF YEAR | \$ 698,858 |

See accompanying notes to basic financial statements.

CITY OF WIMBERLEY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | Wastewater Utility |
|--|-----------------------|
| Cash Flows From Operating Activities: | |
| Cash Received From Customers | \$ 118,158 |
| Cash Paid to Suppliers for Goods and Services | 115,415 |
| Net Cash Provided (Used) by Operating Activities | 233,573 |
| Cash Flows From Noncapital Financing Activities: | |
| Transfers from Other Funds | 372,303 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 372,303 |
| Cash Flows From Capital and Related Financing Activities: | |
| Purchase of Capital Assets | (2,021,786) |
| Capital Grants Received | 243,005 |
| Proceeds from Issuance of Bonds | 5,255,000 |
| Principal Payments on Long-Term Debt | (122,717) |
| Bond Issue Costs Paid | (165,394) |
| Interest Paid | (74,885) |
| Net Cash Provided (Used) by Capital Financing Activities | 3,113,223 |
| Cash Flows From Investing Activities: | |
| Investment Interest Received | 45,915 |
| Net Cash Provided (Used) by Investing Activities | 45,915 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 3,765,014 |
| Cash and Cash Equivalents at Beginning of Year | |
| Unrestricted | 179,881 |
| Restricted | 166,529 |
| Total Cash and Cash Equivalents at Beginning of Year | 346,410 |
| Cash and Cash Equivalents at End of Year | |
| Unrestricted | 125,374 |
| Restricted | 3,986,050 |
| Total Cash and Cash Equivalents at End of Year | \$ 4,111,424 |

See accompanying notes to basic financial statements.

CITY OF WIMBERLEY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | Wastewater Utility |
|---|-----------------------|
| Reconciliation of Operating Income to Net Cash | |
| Provided (Used) by Operating Activities: | |
| Operating Income (Loss) | \$ (203,286) |
| Adjustments to Reconcile Operating Income to Net Cash | |
| Provided (Used) by Operating Activities: | |
| Depreciation Expense | 6,096 |
| (Increase) Decrease in Operating Assets: | |
| Accounts Receivable (net) | (618) |
| Increase (Decrease) in Current Liabilities: | |
| Accounts Payable | 431,381 |
| Total Adjustments to Reconcile Operating Activities | 436,859 |
| Net Cash Provided (Used) by Operating Activities | \$ 233,573 |

See accompanying notes to basic financial statements.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wimberley, Texas (“City”) was incorporated in 2000 as the “Village of Wimberley” under the provisions of the State of Texas. In June 2008, the name was officially changed to City of Wimberley. The City operates as a general law municipality with a Mayor/Council form of government. With few exceptions, all powers of the City are vested in the Mayor and elected five-member Council. The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. REPORTING ENTITY

Component Units

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. As of September 30, 2018, the City had no component units.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities reflects the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund, Blue Hole Park Fund and Hotel Occupancy Fund meet the criteria as *major governmental funds*. The City’s proprietary Wastewater Utility Fund is also a major fund.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types which have been accrued consist of revenue from the investments, property taxes, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

Governmental fund level financial statements are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences, pension benefits and other post-employment benefits, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include sales tax, franchise tax and permits. Primary expenditures are for general administration, public safety, recreation, and public works.

Blue Hole Park Fund is used to account for the operations of the Blue Hole Regional Park, a 126 acre park with walking trails, picnic areas and swimming. Gate fees and facility rentals are charged to help fund the operational costs of the park.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Hotel Occupancy Tax Fund is used to account for the proceeds of an occupancy tax adopted October 2015. The occupancy tax has since been repealed, but a balance remains that is to be used to promote tourism in the City.

The City has the following nonmajor governmental funds: Municipal Court, Low Water Crossing, FM 2325 Sidewalks, and Blue Hole Development.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's proprietary fund is a Wastewater Utility.

The **Proprietary Fund** is accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

Cash segregated into a separate fund is not reported as restricted cash unless it has restrictions narrower than the purpose of the fund. However, on the Statement of Net Position, all restricted cash is reported as such separately from cash and cash equivalents.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair market value except for certificates of deposit which are carried at amortized cost.

The City reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool maintains a consistent net asset value per share that approximates the fair value of the underlying securities. These investments are reported at net asset value.

6. ACCOUNTS RECEIVABLE

Accounts receivable includes amounts due from grantors for approved grants for specific programs, tax collections related to the fiscal year reported and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles, although the allowance was zero as of September 30, 2018.

Revenues that the City has an enforceable legal claim to but are not yet available to fund current operations are reported as deferred inflows of resources.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

8. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

9. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Revenue not expected to be available for the current period are reflected as deferred revenue. Unavailable revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more and a useful life in excess of 1 year. Infrastructure assets include City-owned streets, sewer, sidewalks, curbs and utilities. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. CAPITAL ASSETS (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| Asset | Estimated Life |
|---------------------------------------|----------------|
| Buildings and Improvements | 5 to 40 years |
| Streets, Utilities and Infrastructure | 20 to 40 years |
| Furniture, Fixtures, Vehicles | 5 to 10 years |

11. COMPENSATED ABSENCES

Employees accumulate vacation leave. Liabilities for compensated absences are recognized in the fund statements only to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

12. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt (including capital leases) and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bond. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. PENSIONS

The net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. FUND BALANCES

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - Represents amounts that can only be used for a specific purpose by a resolution of City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints through the same formal action. By policy, Council has made the following commitments:

- a. Revenues in the Blue Hole Park and Blue Hole Development Funds are committed to development of Blue Hole Park.
- b. Unrestricted General Fund Balance will be committed as follows:
 - a. 40% for public works (roads, drainage and similar infrastructure)
 - b. 25% for future grant matches
 - c. 35% for wastewater improvements

Assigned - Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. Assignments may be created by the Council or City Administrator.

Unassigned - Represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second and assigned third.

It is the City's policy to maintain three months of operating expenses in unrestricted General Fund balance and nine months of operating expenses in unrestricted Blue Hole Park Fund (to include committed and assigned balances). Should fund balance fall below this threshold, Council will take appropriate budgetary action to restore compliance.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. NET POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

16. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

17. INTERFUND TRANSFERS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

18. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

19. COMPARATIVE INFORMATION

Comparative information for the year ending September 30, 2017 has been reported in conformity with the presentation of the financial statements for September 30, 2018. These reclassifications for presentation purposes had no impact on ending fund balance or net position.

20. ADOPTION OF GASBY STATEMENT NO. 75

In accordance with GASB Statement No. 75, the City has recorded a prior period adjustment to recognize Other Post Employment Benefits Liability (OPEB) as described in Note I., below. The OPEB liability restated the beginning balance as noted by the prior period adjustment in the financial statements.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE B -- DEPOSITS AND INVESTMENTS

1. Deposits

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At September 30, 2018, the carrying amount of the City's deposits were fully collateralized by a combination of federal deposit insurance (FDIC) and securities pledged by the City's depository.

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City materially adhered to the requirements of the Act. Additionally, investment practices of the City were in material compliance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) banker's acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The City's investment policy further limits investments to: (1) federally insured bank deposits, (2) collateralized bank deposits, (3) U.S. Government Treasury bills and notes, including sweep accounts that invest in them, (4) U.S. Government Agencies, and (5) Public Funds Investment Pools. No other investments may be made without authorization of City Council.

The City's investments at September 30, 2018 consist of \$181,632 in TexPool, a 2a7-like public funds investment pool. TexPool operates in accordance with the provisions of the Texas Public Funds Investment Act and is rated AAAM. The investment in TexPool is included in cash and cash equivalents and is reported at net asset value which approximates fair market value.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE B -- DEPOSITS AND INVESTMENTS (Cont.)

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the specific investment risks at year end and if so, the reporting of certain related disclosures. The City has analyzed its investment risks and determined that for the year ending September 30, 2018 the City was not exposed to any significant risks.

NOTE C -- RESTRICTED CASH

As of September 30, 2018, the City reported the following restricted cash balances:

| | Amount |
|---|------------|
| <i>Governmental Activities:</i> | |
| Restricted for Tourism Development | \$ 144,230 |
| Restricted for FM 2325 Sidewalks | 5,025 |
| Restricted for Municipal Court | 4,181 |
| <i>Total Governmental Activities</i> | \$ 153,436 |
| <i>Wastewater Utility/Business-Type Activities:</i> | |
| Restricted for Loan Forgiveness | \$ 245,280 |
| Restricted for Debt Service/Bond Reserve | 737,617 |
| Restricted for Wastewater System Development | 3,003,153 |
| <i>Total Business-Type Activities</i> | 3,986,050 |

NOTE D -- OTHER RECEIVABLES

Other receivables for the City as of September 30, 2018 are as follows:

| | General Fund | Governmental Totals | Wastewater Utility |
|------------------------------|-----------------|------------------------|-----------------------|
| Sales and Mixed Beverage Tax | \$ 156,682 | \$ 156,682 | \$ - |
| Franchise Taxes | 65,905 | 65,905 | - |
| Customer Charges | 3,422 | 3,422 | 1,236 |
| Total Other Receivables | \$ 226,009 | \$ 226,009 | \$ 1,236 |

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE E -- INTERFUND TRANSFERS

Interfund transfers during the year ending September 30, 2018 were as follows:

| <u>Transfer From</u> | <u>Transfer to</u> | <u>Amount</u> | <u>Purpose</u> |
|----------------------|--------------------|-------------------|--------------------------------------|
| General | Wastewater | \$ 306,760 | <i>Support of Wastewater Project</i> |
| Blue Hole Park | Wastewater | 65,543 | <i>Support of Wastewater Project</i> |
| | | <u>\$ 372,303</u> | |

In addition, the Wastewater Utility Fund bills the Blue Hole Park Fund \$618 per month for treatment costs. These transactions are reported as a revenue and expenditure, respectively.

NOTE F -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

| <u>Governmental Activities</u> | <u>Balance 10/1/2017</u> | <u>Additions</u> | <u>Disposals/ Transfers</u> | <u>Balance 9/30/2018</u> |
|---------------------------------|------------------------------|---------------------|---------------------------------|------------------------------|
| Land | \$ 3,482,732 | \$ - | \$ - | \$ 3,482,732 |
| Buildings and Improvements | 6,427,941 | - | - | 6,427,941 |
| Infrastructure | 2,910,193 | - | - | 2,910,193 |
| Vehicles and Equipment | 343,866 | 38,420 | - | 382,286 |
| Construction in Progress | 10,736 | - | - | 10,736 |
| | <u>13,175,468</u> | <u>38,420</u> | <u>-</u> | <u>13,213,888</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Improvements | (1,743,928) | (264,655) | - | (2,008,583) |
| Vehicles and Equipment | (299,069) | (19,971) | - | (319,040) |
| Infrastructure | (289,008) | (145,510) | - | (434,518) |
| | <u>(2,332,005)</u> | <u>(430,136)</u> | <u>-</u> | <u>(2,762,141)</u> |
| Capital Assets, Net | <u>\$ 10,843,463</u> | <u>\$ (391,716)</u> | <u>\$ -</u> | <u>\$ 10,451,747</u> |
| | | | | |
| <u>Business-Type Activities</u> | <u>Balance 10/1/2017</u> | <u>Additions</u> | <u>Disposals/ Transfers</u> | <u>Balance 9/30/2018</u> |
| Infrastructure | \$ 223,970 | \$ - | \$ - | \$ 223,970 |
| Construction in Progress | 564,016 | 2,021,785 | - | 2,585,801 |
| | <u>787,986</u> | <u>2,021,785</u> | <u>-</u> | <u>2,809,771</u> |
| Less Accumulated Depreciation | | | | |
| Infrastructure | (33,526) | (6,096) | - | (39,622) |
| | <u>(33,526)</u> | <u>(6,096)</u> | <u>-</u> | <u>(39,622)</u> |
| Capital Assets, Net | <u>\$ 754,460</u> | <u>\$ 2,015,689</u> | <u>\$ -</u> | <u>\$ 2,770,149</u> |

Land and Construction in Progress are not depreciated.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE F -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

| | |
|---|--------------------------|
| Administration | \$ 25,866 |
| Police and Court | 4,249 |
| Highways and Streets | 140,961 |
| Sanitation | 7,030 |
| Culture and Recreation | 43,907 |
| Parks | <u>208,123</u> |
| Total Depreciation Expense - Governmental Activities | <u><u>\$ 430,136</u></u> |

NOTE G -- LONG-TERM DEBT

Guadalupe Blanco River Authority Note Payable

In 2011, the City agreed to purchase a wastewater treatment plant from Guadalupe Blanco River Authority (GBRA) for eight annual payments of \$31,250 through January 1, 2019. The non-interest bearing note is discounted at a rate of 5%.

Combination Tax and Surplus Revenue Anticipation Notes, Series 2013

The City issued \$650,000 in notes in 2013 for wastewater system improvements. The notes mature serially through August 1, 2020 and bear interest at rates between 0.44% and 2.36%.

Texas Sewer System Revenue Bonds, Series 2017

The City issued \$5,255,000 in bonds for the construction of a comprehensive sewer system. The bonds mature serially through August 1, 2046 and bear interest at rates between 0.07% and 2.15%. The bonds also provide for a loan forgiveness payment of \$243,000 should the City meet environmental quality standards in the construction of the new Wastewater Facility. The bonds' restrictive covenants require the maintenance of a separate interest and sinking fund bank account, and this account must maintain a balance equal to the next interest and principal payment. The bonds also require the Wastewater Utility to maintain operating revenues of 1.25 times annual debt service payments. The City is in compliance with these debt covenants as of September 30, 2018.

Changes in Long-Term Liabilities

| | Balance 10/1/2017 | Additions | Reductions | Balance 9/30/2018 | Due Within One Year |
|---------------------------------------|----------------------|---------------------|---------------------|----------------------|------------------------|
| <i>Business-Type Activities</i> | | | | | |
| GBRA Note Payable | \$ 57,148 | \$ - | \$ (27,717) | \$ 29,431 | \$ 29,431 |
| Series 2013 Bonds | 285,000 | - | (95,000) | 190,000 | 95,000 |
| Series 2017 Bonds | - | 5,225,000 | - | 5,255,000 | 155,000 |
| <i>Total Business-Type Activities</i> | <u>\$ 342,148</u> | <u>\$ 5,225,000</u> | <u>\$ (122,717)</u> | <u>\$ 5,474,431</u> | <u>\$ 279,431</u> |

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE G -- LONG-TERM DEBT (Cont.)

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2018, including interest payments, are as follows:

| Fiscal Year Ending September 30, | Principal | Interest | Total |
|-------------------------------------|---------------------|---------------------|---------------------|
| <i>Business-Type Activities</i> | | | |
| 2019 | \$ 279,431 | \$ 91,425 | \$ 370,856 |
| 2020 | 255,000 | 87,673 | 342,673 |
| 2021 | 160,000 | 85,063 | 245,063 |
| 2022 | 160,000 | 84,471 | 244,471 |
| 2023 | 160,000 | 83,687 | 243,687 |
| 2024-2028 | 825,000 | 395,930 | 1,220,930 |
| 2029-2033 | 885,000 | 333,534 | 1,218,534 |
| 2034-2038 | 970,000 | 246,927 | 1,216,927 |
| 2039-2043 | 1,075,000 | 144,235 | 1,219,235 |
| 2044-2046 | 705,000 | 30,437 | 735,437 |
| | <u>\$ 5,474,431</u> | <u>\$ 1,583,382</u> | <u>\$ 7,057,813</u> |

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The City participates as one of 883 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.

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

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

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.

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

| | 2016 | 2017 |
|--|------|------|
| Inactive employees or beneficiaries currently receiving benefits | 4 | 5 |
| Inactive employees entitled to but not yet receiving benefits | 11 | 11 |
| Active employees | 7 | 7 |
| | 22 | 23 |

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 of Wimberley were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 2.81% and 9.40% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$28,934, which equaled the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

| | |
|----------------------------|----------------|
| Inflation | 2.50% per year |
| Overall Payroll Growth | 3.00% per year |
| Investment Rate of Return* | 6.75% |

*Net of 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 Health Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates are multiplied by an additional factor of 100%. 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 Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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.

CITY OF WIMBERLEY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|-----------------------|--------------------------|--|
| Domestic Equity | 17.50% | 4.55% |
| International Equity | 17.50% | 6.35% |
| Core Fixed Income | 10.00% | 1.00% |
| Non-Core Fixed Income | 20.00% | 3.90% |
| Real Return | 10.00% | 3.80% |
| Real Estate | 10.00% | 4.50% |
| Absolute Return | 10.00% | 3.75% |
| Private Equity | 5.00% | 7.50% |
| | <u>100.00%</u> | |

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2017:

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|--|----------------------------|--------------------------------|--------------------------|
| Balance at December 31, 2016 | \$ 244,738 | \$ 227,060 | \$ 17,678 |
| Changes for the year: | | | |
| Service Cost | 25,805 | - | 25,805 |
| Interest | 23,305 | - | 23,305 |
| Change of Benefit Terms | 90,245 | - | 90,245 |
| Difference Between Expected and Actual Experience | (9,438) | - | (9,438) |
| Changes of Assumptions | - | - | - |
| Contributions - Employer | - | 9,066 | (9,066) |
| Contributions - Employee | - | 17,846 | (17,846) |
| Net Investment Income | - | 31,421 | (31,421) |
| Benefit Payments, Including Refunds of Employee Contributions | (5,246) | (5,246) | - |
| Administrative Expense | - | (163) | 163 |
| Other Changes | - | (9) | 9 |
| Net Changes | <u>124,671</u> | <u>52,915</u> | <u>71,756</u> |
| Balance at December 31, 2017 | <u>\$ 369,409</u> | <u>\$ 279,975</u> | <u>\$ 89,434</u> |

The following represents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

| | Discount Rate 5.75% | Discount Rate 6.75% | Discount Rate 7.75% |
|-------------------------------|------------------------|------------------------|------------------------|
| Net Pension Liability (Asset) | \$ 139,195 | \$ 89,434 | \$ 48,287 |

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.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

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

For the year ended September 30, 2018, the City recognized pension expense of \$102,437. Also, as of September 30, 2018, 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 | \$ - | \$ 6,999 |
| Changes in Actuarial Assumptions | 627 | - |
| Differences Between Projected and Actual Investment Earnings | - | 7,678 |
| Contributions Subsequent to the Measurement Date | 24,447 | - |
| | \$ 25,074 | \$ 14,677 |

Deferred outflows of resources in the amount of \$24,447 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the calendar year ending December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| For the Plan Year ended December 31, | |
|--------------------------------------|-----------|
| 2018 | \$ 4,809 |
| 2019 | 2,806 |
| 2020 | 3,217 |
| 2021 | 3,218 |
| | \$ 14,050 |

CITY OF WIMBERLEY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE I -- OTHER POSTEMPLOYMENT BENEFITS

Supplemental Death Benefits

The City also participates in the cost sharing single-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB. Membership in the plan at December 31, 2017, the valuation and measurement date, consisted of:

| | |
|--|-------------|
| | <u>2017</u> |
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 5 |
| Inactive Employees Entitled to but Not Yet Receiving Benefits | 0 |
| Active employees | 7 |
| | 12 |

The SDBF required contribution rates, based on these assumptions, are as follows:

| | Total SDBF Contribution Rate | Retiree Portion of SDBF Contribution Rate |
|--------------------------------------|------------------------------------|---|
| For the Plan Year Ended December 31, | | |
| 2017 | 0.27% | 0.02% |
| 2018 | 0.30% | 0.02% |

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method. These assumptions are summarized below:

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE I -- OTHER POSTEMPLOYMENT BENEFITS (Continued)

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------------|---|
| Inflation | 2.50% |
| Salary Increases | 3.50% to 10.50% Including Inflation |
| Discount Rate | 3.31% (Based on Fidelity's 20-Year Municipal GO AA Index) |
| Administrative Expenses | All administrative expenses are paid thru the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68. |
| Mortality Rates - Service Retirees | RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% and projected on a |
| Mortality Rates - Disabled Retirees | RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to |

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2017, the measurement and actuarial valuation date was calculated as follows:

| | Total OPEB Liability |
|---|-------------------------|
| Balance at December 31, 2016 | \$ 18,337 |
| Changes for the year: | |
| Service Cost | 1,071 |
| Interest | 712 |
| Change of Benefit Terms | - |
| Difference Between Expected and Actual Experience | - |
| Changes in Assumptions or Other Inputs | 1,848 |
| Benefit Payments | (71) |
| Net Changes | 3,560 |
| Balance at December 31, 2017 | \$ 21,897 |

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE I -- OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following presents the TOL of the City, calculated using the discount rate of 3.31% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.31%) and 1-percentage point higher (4.31%) than the current rate:

| | Discount Rate 2.31% | Discount Rate 3.31% | Discount Rate 4.31% |
|----------------------|------------------------|------------------------|------------------------|
| Total OPEB Liability | \$ 26,696 | \$ 21,897 | \$ 18,233 |

For the year ended September 30, 2018, the City recognized OPEB expense of \$2,111. Also as of September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Changes in Actuarial Assumptions | \$ 1,520 | \$ - |
| Contributions Subsequent to the Measurement Date | 185 | - |
| | \$ 1,705 | \$ - |

Deferred outflows of resources in the amount of \$185 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability for the plan year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| For the Plan Year ended December 31, | |
|--------------------------------------|----------|
| 2018 | \$ 328 |
| 2019 | 328 |
| 2020 | 328 |
| 2021 | 328 |
| 2022 | 208 |
| Thereafter | - |
| | \$ 1,520 |

NOTE J -- COMMITMENTS AND CONTINGENCIES

Commitments

The City entered into two contracts for the construction of the new Wastewater facility. The first contract was for \$3,068,900. As of September 30, 2018, the City had incurred expenses of \$345,072 under this contract, leaving a commitment of \$2,723,828. However, the contract was terminated subsequent to year-end and the City paid \$200,000 to the Contractor for work completed to date and costs of cancellation. The second contract was in the amount of \$3,616,230. As of September 30, 2018, \$1,417,917 in expenses had been incurred by the City, leaving a commitment balance of \$2,198,313.

CITY OF WIMBERLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE J -- COMMITMENTS AND CONTINGENCIES (Cont.)

Litigation

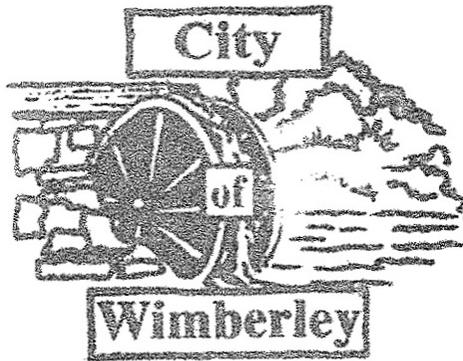
The City is the subject of various other claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

Hays Flood Mitigation (Elevation) Grant

On July 24, 2017 the Texas Division of Emergency Management (TDEM) awarded the City a \$2 million grant for elevation activities to mitigate damage from potential future flooding. This pass-through funding from the Federal Emergency Management Administration (FEMA) has a performance period of July 18, 2017 through July 18, 2019. As of September 30, 2018, no qualifying expenditures have been made that are eligible for reimbursement through this grant. Management intends to move forward with studies and analyses in the near future that may result in mitigation activities that will be reimbursable by the TDEM funds.

NOTE K -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts for losses up to \$1,000,000.



REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability
- Schedule of Pension Contributions
- Schedule of Changes of Total Other Post Employment Benefits Liability

CITY OF WIMBERLEY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | Budget Amounts | | Actual Amounts | Variance |
|--|---------------------|---------------------|---------------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| REVENUES | | | | |
| Sales Taxes | \$ 864,668 | \$ 884,500 | \$ 915,250 | \$ 30,750 |
| Franchise Taxes | 333,250 | 343,380 | 342,891 | (489) |
| Licenses and Permits | 56,000 | 55,800 | 58,363 | 2,563 |
| Charges for Services | 51,700 | 50,000 | 53,622 | 3,622 |
| Fines and Penalties | 5,000 | 600 | 596 | (4) |
| Interest Income | 1,000 | 3,200 | 3,570 | 370 |
| Miscellaneous | 3,000 | 13,900 | 14,184 | 284 |
| TOTAL REVENUES | <u>1,314,618</u> | <u>1,351,380</u> | <u>1,388,476</u> | <u>37,096</u> |
| EXPENDITURES | | | | |
| <i>Current:</i> | | | | |
| Administration | 515,150 | 676,595 | 685,357 | (8,762) |
| Police and Court | 108,710 | 117,530 | 119,611 | (2,081) |
| Inspections | 42,500 | 42,000 | 43,954 | (1,954) |
| Highways and Roads | 243,308 | 230,777 | 205,848 | 24,929 |
| Sanitation | 25,500 | 38,000 | 31,595 | 6,405 |
| Culture and Recreation | 94,690 | 105,951 | 103,780 | 2,171 |
| Parks | 2,500 | 3,600 | 7,360 | (3,760) |
| Capital Outlay | 150,500 | 114,972 | 38,420 | 76,552 |
| TOTAL EXPENDITURES | <u>1,182,858</u> | <u>1,329,425</u> | <u>1,235,925</u> | <u>93,500</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>131,760</u> | <u>21,955</u> | <u>152,551</u> | <u>130,596</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (306,760) | (306,760) | (306,760) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(306,760)</u> | <u>(306,760)</u> | <u>(306,760)</u> | <u>-</u> |
| Net Change in Fund Balance | (175,000) | (284,805) | (154,209) | 130,596 |
| Beginning Fund Balance | 1,569,685 | 1,569,685 | 1,569,685 | - |
| Ending Fund Balance | <u>\$ 1,394,685</u> | <u>\$ 1,284,880</u> | <u>\$ 1,415,476</u> | <u>\$ 130,596</u> |

CITY OF WIMBERLEY
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2018

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The City does not use encumbrances.

CITY OF WIMBERLEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST FOUR CALENDAR YEARS

| | Total Pension Liability | | | |
|---|-----------------------------|-------------------|-------------------|-------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Service Cost | \$ 22,714 | \$ 22,391 | \$ 21,061 | \$ 25,805 |
| Interest (on the Total Pension Liability) | 10,986 | 12,969 | 15,099 | 23,305 |
| Changes of Benefit Terms | - | - | - | 90,245 |
| Difference between Expected and Actual Experience | (1,336) | 962 | (4,066) | (9,438) |
| Change of Assumptions | - | 5,463 | - | - |
| Benefit Payments, Including Refunds of Employee Contributions | (3,352) | (4,396) | (1,015) | (5,246) |
| Net Change in Total Pension Liability | 29,012 | 37,389 | 31,079 | 124,671 |
| Total Pension Liability - Beginning | 147,258 | 176,270 | 213,659 | 244,738 |
| Total Pension Liability - Ending | <u>\$ 176,270</u> | <u>\$ 213,659</u> | <u>\$ 244,738</u> | <u>\$ 369,409</u> |
| | Plan Fiduciary Net Position | | | |
| | 2014 | 2015 | 2016 | 2017 |
| Contributions - Employer | \$ 5,003 | \$ 7,077 | \$ 6,241 | \$ 9,066 |
| Contributions - Employee | 15,539 | 16,085 | 14,790 | 17,846 |
| Net Investment Income | 8,561 | 258 | 13,085 | 31,421 |
| Benefit Payments, Including Refunds of Employee Contributions | (3,352) | (4,396) | (1,015) | (5,247) |
| Administrative Expense | (89) | (158) | (148) | (163) |
| Other | (7) | (7) | (8) | (8) |
| Net Change in Plan Fiduciary Net Position | 25,655 | 18,859 | 32,945 | 52,915 |
| Plan Fiduciary Net Position - Beginning | 149,601 | 175,256 | 194,115 | 227,060 |
| Net Pension Liability - Ending | <u>\$ 175,256</u> | <u>\$ 194,115</u> | <u>\$ 227,060</u> | <u>\$ 279,975</u> |
| Net Pension Liability (Asset) - Ending | \$ 1,014 | \$ 19,544 | \$ 17,678 | \$ 89,434 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 99.42% | 90.85% | 92.78% | 75.79% |
| Covered Payroll | \$ 310,774 | \$ 321,706 | \$ 295,799 | \$ 356,919 |
| Net Pension Liability as a Percentage of Covered Payroll | 0.33% | 6.08% | 5.98% | 25.06% |

Information is being accumulated prospectively until ten years is presented.

CITY OF WIMBERLEY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 LAST FOUR FISCAL YEARS

| | 2015 | 2016 | 2017 | 2018 |
|--|----------------|----------------|----------------|----------------|
| Actuarially Determined Contribution | \$ 5,003 | \$ 6,608 | \$ 9,008 | \$ 25,992 |
| Contributions in Relation to the Actuarially Determined Contribution | 5,003 | 6,608 | 9,008 | 25,992 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 310,774 | \$ 309,522 | \$ 367,940 | \$ 350,458 |
| Contributions as a Percentage of Covered Payroll | 1.61% | 2.13% | 2.45% | 7.42% |

Notes to Schedule of Contributions

Changes in Benefit Terms: On January 1, 2018, the City increased City matching from 1 to 1 to 2 to 1 and updated service credits.

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (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 | 26 Years |
| Asset Valuation Method | 10 Year Smoothed Market; 15% Soft Corridor |
| Inflation | 2.50% |
| Salary Increases | 3.50% to 10.50% including Inflation |
| Investment Rate of Return | 6.75% |
| Retirement Age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014. |
| 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. |

CITY OF WIMBERLEY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES – TOTAL OTHER POST EMPLOYMENT BENEFIT LIABILITY
 AND RELATED RATIOS
 LAST CALENDAR YEAR

| Total OPEB Liability | 2017 |
|---|-------------------------|
| Service Cost | \$ 1,071 |
| Interest | 712 |
| Changes of Benefit Terms | - |
| Difference between Expected and Actual Experience | - |
| Changes in Assumptions or Other Inputs | 1,848 |
| Benefit Payments | <u>(71)</u> |
| Net Change in Total Pension Liability | 3,560 |
| Total OPEB Liability - Beginning | <u>18,337</u> |
| Total OPEB Liability - Ending | <u><u>\$ 21,897</u></u> |
| Covered Employee Payroll | \$ 356,919 |
| Total OPEB Liability as a Percentage of Covered Employee Payroll | 5.14% |

Notes to Schedule

Changes in Benefit Terms: None

Changes in Assumptions: None

Trust:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

Information for this schedule is being accumulated prospectively until a rolling ten year period is available.

SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Combining Statements – Nonmajor Governmental Funds
- Comparative Individual Fund Statements
 - General Fund
 - Wastewater Utility

CITY OF WIMBERLEY
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018 AND 2017

| | Special Revenue | Capital Projects | | | Total Nonmajor Funds |
|--|--------------------|--------------------------|----------------------|-----------------------|----------------------------|
| | Municipal Court | Blue Hole Development | FM 2325 Sidewalks | Low Water Crossing | |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 4,181 | \$ 18,755 | \$ 5,025 | \$ - | \$ 27,961 |
| TOTAL ASSETS | <u>\$ 4,181</u> | <u>\$ 18,755</u> | <u>\$ 5,025</u> | <u>\$ -</u> | <u>\$ 27,961</u> |
| LIABILITIES & FUND BALANCES | | | | | |
| <i>Liabilities:</i> | | | | | |
| Accounts Payable | \$ 760 | \$ - | \$ - | \$ - | \$ 760 |
| <i>Total Liabilities</i> | <u>760</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>760</u> |
| <i>Fund Balances:</i> | | | | | |
| Restricted For: | | | | | |
| Municipal Court | 3,421 | - | - | - | 3,421 |
| Capital Projects | - | - | 5,025 | - | 5,025 |
| Committed For: | | | | | |
| Capital Projects | - | 18,755 | - | - | 18,755 |
| <i>Total Fund Balances</i> | <u>3,421</u> | <u>18,755</u> | <u>5,025</u> | <u>-</u> | <u>27,201</u> |
| TOTAL LIABILITIES & FUND BALANCES | <u>\$ 4,181</u> | <u>\$ 18,755</u> | <u>\$ 5,025</u> | <u>\$ -</u> | <u>\$ 27,961</u> |

CITY OF WIMBERLEY
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2017

| | Special Revenue | Capital Projects | | | Total Nonmajor Funds |
|-------------------------------|------------------------|--------------------------|------------------------|-----------------------|----------------------------|
| | Municipal Court | Blue Hole Development | FM 2325 Sidewalks | Low Water Crossing | |
| REVENUES | | | | | |
| Fines and Forfeitures | \$ 253 | \$ - | \$ - | \$ - | \$ 253 |
| Interest Income | 10 | 20 | 3 | - | 33 |
| TOTAL REVENUES | <u>263</u> | <u>20</u> | <u>3</u> | <u>-</u> | <u>286</u> |
| EXPENDITURES | | | | | |
| <i>Current:</i> | | | | | |
| Police and Court | 6,900 | - | - | - | 6,900 |
| Highways and Roads | - | - | - | 69,135 | 69,135 |
| TOTAL EXPENDITURES | <u>6,900</u> | <u>-</u> | <u>-</u> | <u>69,135</u> | <u>76,035</u> |
| Net Change in Fund Balance | (6,637) | 20 | 3 | (69,135) | (75,749) |
| BEGINNING FUND BALANCE | <u>10,058</u> | <u>18,735</u> | <u>5,022</u> | <u>69,135</u> | <u>102,950</u> |
| ENDING FUND BALANCE | <u><u>\$ 3,421</u></u> | <u><u>\$ 18,755</u></u> | <u><u>\$ 5,025</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 27,201</u></u> |

CITY OF WIMBERLEY
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 SEPTEMBER 30, 2018 AND 2017

| | 2018 | 2017 |
|---|-------------------------|-------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 1,266,274 | \$ 1,461,125 |
| Receivables (net of allowances for uncollectibles): | | |
| Other Receivables | 226,009 | 236,869 |
| Prepaid Items | - | 3,876 |
| Due from Other Funds | - | 284,217 |
| TOTAL ASSETS | \$ 1,492,283 | \$ 1,986,087 |
| LIABILITIES AND FUND BALANCES | | |
| <i>Liabilities:</i> | | |
| Accounts Payable | \$ 60,497 | \$ 400,426 |
| Accrued Wages | 7,160 | 3,612 |
| Payroll Deductions and Withholdings | 4,950 | 2,764 |
| Unearned Revenue | 4,200 | 9,600 |
| <i>Total Liabilities</i> | <i>76,807</i> | <i>416,402</i> |
| <i>Fund Balances:</i> | | |
| Nonspendable: | | |
| Prepaid Items | - | 3,876 |
| Restricted For: | | |
| Federal Program | 17,844 | 17,844 |
| Committed For: | | |
| Public Works | 559,053 | 619,186 |
| Wastewater System | 504,204 | 541,787 |
| Grant Matches | 334,375 | 386,992 |
| <i>Total Fund Balance</i> | <i>1,415,476</i> | <i>1,569,685</i> |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,492,283 | \$ 1,986,087 |

CITY OF WIMBERLEY
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 GENERAL FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2017

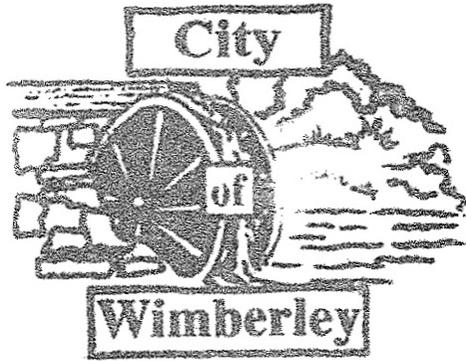
| | 2018 | 2017 |
|--|---------------------|---------------------|
| REVENUES | | |
| Sales Taxes | \$ 915,250 | \$ 929,669 |
| Franchise Fees | 342,891 | 288,987 |
| Fines and Penalties | 596 | 9,994 |
| Licenses and Permits | 58,363 | 112,494 |
| Charges for Services | 53,622 | 47,465 |
| Intergovernmental | - | 136,908 |
| Interest Income | 3,570 | 1,961 |
| Miscellaneous | 14,184 | 52,800 |
| TOTAL REVENUES | 1,388,476 | 1,580,278 |
| EXPENDITURES | | |
| <i>Current:</i> | | |
| Administration | 685,357 | 662,367 |
| Police and Court | 119,611 | 60,451 |
| Inspections | 43,954 | 46,354 |
| Highways and Roads | 205,848 | 192,555 |
| Sanitation | 31,595 | 27,973 |
| Community Center | 103,780 | 104,785 |
| Parks | 7,360 | 2,488 |
| Capital Outlay | 38,420 | 38,268 |
| TOTAL EXPENDITURES | 1,235,925 | 1,135,241 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 152,551 | 445,037 |
| OTHER FINANCING SOURCES (USES) | | |
| Transfer Out | (306,760) | (132,871) |
| TOTAL OTHER FINANCING SOURCES (USES) | (306,760) | (132,871) |
| Net Change in Fund Balance | (154,209) | 312,166 |
| Beginning Fund Balance | 1,569,685 | 1,257,519 |
| Ending Fund Balance | \$ 1,415,476 | \$ 1,569,685 |

CITY OF WIMBERLEY
 COMPARATIVE STATEMENTS OF NET POSITION
 WASTEWATER UTILITY
 SEPTEMBER 30, 2018 AND 2017

| | 2018 | 2017 |
|---|-------------------|-------------------|
| ASSETS | | |
| <i>Current Assets:</i> | | |
| Cash and Cash Equivalents | \$ 125,374 | \$ 179,881 |
| Accounts Receivable | 1,236 | 618 |
| <i>Total Current Assets</i> | 126,610 | 180,499 |
| <i>Other Assets:</i> | | |
| Property and Equipment (net) | 2,770,149 | 754,460 |
| Restricted Cash | 3,986,050 | 166,529 |
| <i>Total Other Assets</i> | 6,756,199 | 920,989 |
| TOTAL ASSETS | 6,882,809 | 1,101,488 |
| LIABILITIES | | |
| <i>Current Liabilities:</i> | | |
| Accounts Payable | 443,088 | 11,707 |
| Accrued Interest | 23,427 | 3,568 |
| Unearned Revenue | 243,005 | - |
| Current Portion of Long-term Debt | 279,431 | 122,717 |
| <i>Total Current Assets</i> | 988,951 | 137,992 |
| <i>Long-term Liabilities:</i> | | |
| Long-term Debt (Net of Current Portion) | 5,195,000 | 219,431 |
| TOTAL LIABILITIES | 6,183,951 | 357,423 |
| NET POSITION | | |
| Net Investment in Capital Assets | 419,363 | 443,655 |
| Restricted | 714,190 | - |
| Unrestricted | (434,695) | 300,410 |
| TOTAL NET POSITION | \$ 698,858 | \$ 744,065 |

CITY OF WIMBERLEY
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 WASTEWATER UTILITY
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2017

| | 2018 | 2017 |
|---|------------|------------|
| Operating Revenues | | |
| Charges for Utility Services | \$ 118,776 | \$ 118,776 |
| Total Operating Revenues | 118,776 | 118,776 |
| Operating Expenses Before Depreciation | | |
| Utilities | 8,176 | 8,477 |
| Services | 307,790 | 107,239 |
| Depreciation | 6,096 | 6,096 |
| Total Operating Expenses Before Depreciation | 322,062 | 121,812 |
| Operating Income (Loss) | (203,286) | (3,036) |
| Other Income (Expense): | | |
| Interest Income | 45,915 | 141 |
| Interest Expense | (94,745) | (11,626) |
| Bond Issue Costs | (165,394) | - |
| Total Other Income (Expense) | (214,224) | (11,485) |
| Income (Loss) Before Transfers | (417,510) | (14,521) |
| Transfers | | |
| Transfers In | 372,303 | 132,871 |
| Change in Net Position | (45,207) | 118,350 |
| Net Position at Beginning of Year | 744,065 | 625,715 |
| Net Position at End of Year | \$ 698,858 | \$ 744,065 |



COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT

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*

Management, Mayor and Council of
City of Wimberley
P.O. Box 2027
Wimberley, TX 78676

We have audited, 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, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Wimberley as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Wimberley's basic financial statements, and have issued our report thereon dated February 5, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Wimberley'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 of Wimberley's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Wimberley'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 of Wimberley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that have been reported to management in a separate letter dated February 5, 2019.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

February 5, 2019

