



Control Number: 44200



Item Number: 18

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
Legislature, Regular Session, transferred the functions
relating to the economic regulation of water and sewer
utilities from the TCEQ to the PUC effective
September 1, 2014

The Village Of Wimberley

44200

Budget for the Fiscal Year October 1 through September 30, 2001

INCOME

Tax	\$242,601.00	
Sales Receipts	\$0.00	
Hotel/Motel		\$242,601.00
Franchise Fees	\$52,877.00	
Pedernales Electric Coop	\$16,796.00	
Telephone	\$13,997.00	
Cable	\$11,197.00	
Trash	\$0.00	
Propane	\$0.00	
Waste Water	\$0.00	
Wimberley Water Supply		\$94,867.00
Development Fees	\$15,000.00	
Subdivision	\$5,000.00	
Site	\$7,500.00	
Building Permits		\$27,500.00
Other	\$1,000.00	
Municipal Court Fines	\$1,000.00	
Miscellaneous		\$2,000.00
	\$0.00	
Grants		
Loans		
Total Income		\$366,968.00

EXPENSES

Personnel Costs	\$35,000.00	
Full time City Administrator	\$12,500.00	
Half time Secretary	\$6,650.00	
Fringe Benefits	\$1,950.00	
Employee Travel	\$2,000.00	
Employee Seminars & Training	\$10,000.00	
Contract Labor & Start-up cost		\$68,100.00
Professional Services	\$35,000.00	
Legal Assistance	\$25,000.00	
City Engineer	\$2,500.00	
City Treasurer volunteer with some help	\$5,000.00	
Audit Services	\$30,000.00	
Unanticipated Professional Services Start Up Costs		\$97,500.00
Texas Municipal League Dues & Insurance	\$5,700.00	
Office Furniture & Equipment	\$8,000.00	
Office Supplies	\$4,500.00	
Dues, Fees & Publications	\$1,000.00	
		\$19,200.00
Office	\$6,000.00	
Rent	\$1,000.00	
Telephone - 2 lines	\$600.00	
Electricity	\$360.00	
Water	\$150.00	
Trash	\$900.00	
Postage & Shipping	\$1,000.00	
Misc.		\$10,010.00
	\$0.00	
Police Protection		
Road Maintenance	\$82,000.00	
		\$82,000.00
Election & Public Notices	\$1,000.00	
Beautification Projects	\$20,000.00	
Signage	\$5,000.00	
		\$26,000.00
Loan Payments		
Interest		
Contingency	\$64,158.00	
		\$64,158.00
Debt	\$0.00	
Total Expenses		\$366,969.00

Exhibit 1

May, 2001
Expenses

Date	Check #	Company or Person	Reason	Total
5/1/01	1170	Adelle Turpen	Salary	\$ 1,000.02
5/4/01	1171	Kinkos	maps	\$ 27.44
5/4/01	1172	Wimberley Ace Hardware	bulletin brd, letters, cups	\$ 48.00
5/4/01	1173	Crawford Appraisers	park appraisal	\$ 600.00
5/4/01	1174	The Paper Clip	copies	\$ 293.29
5/4/01	1175	TexStar Electronics	phone	\$ 162.88
5/4/01	1177	Inter Conf of Bldg Off	ADM Guide	\$ 37.50
5/4/01	1178	Viking Office Products	desk products setup	\$ 169.63
5/11/01	1179	Office Comm Systems	lease payment	\$ 170.00
5/11/01	1180	Office Comm Systems	copy overage	\$ 572.56
5/11/01	1181	Mary Northern	cake at City B/D party	\$ 41.99
5/11/01	1182	Able Home Pro Inspectors	contract inspections	\$ 864.00
5/18/01	1183	Professional Graffiti	100 zoning signs	\$ 400.00
5/18/01	1184	A T & T	long distance	\$ 34.41
5/18/01	1185	TML	dues 8/01 - 7/02	\$ 1,231.00
5/18/01	1186	Hays Cnty Elections Adm	city election	\$ 1,604.08
5/18/01	1187	Dell Hood	seminar, grant	\$ 30.00
5/18/01	1188	Englehart Printing	Bbusiness cards	\$ 55.00
5/18/01	1189	TML	workman's comp coverage	\$ 66.93
5/18/01	1190	U S postmaster	stamps	
5/18/01	1192	Hays County Abstract	earnest money contract	\$ 1,000.00
5/18/01	1193	Adelle Turpen	payroll - May	\$ 1,000.03
Repayment	5/4/01	1176 Balcones Bank	Loan payment	\$ 14,985.43
Total Exp				\$ 24,394.19
Interest	4/30/01			\$ 28.68
Deposits	5/4/01		bldg permits	\$ 1,007.25
			copies	\$ 31.50
			maps	\$ 20.00
			signs	\$ 75.50
			zoning	\$ 602.00
				\$ 1,736.25
	5/11/01		bldg permits	\$ 50.00
			copies	\$ 0.70
			signs	\$ 140.00
			zoning	\$ 74.50
				\$ 265.20
	5/18/01		bldg permits	\$ 416.21
			copies	\$ 67.00
			notices	\$ 32.00
			signs	\$ 59.00
			zoning	\$ 1,132.65
			Verizon	\$ 17,617.82
				\$ 19,315.68
Total R, I, D				\$ 21,345.81
Net Total				\$ (3,048.38)
Carry Forward				\$ 46,882.58
Grand Total				\$ 43,834.20

CERTIFIED COPY

STATE OF TEXAS

VILLAGE OF WIMBERLEY--COUNTY OF HAYS

The undersigned, the City Secretary of the Village of Wimberley in the State and County aforesaid, does by these presents certify that the attached and foregoing is a true and correct copy of a part of the records, papers and books in the Office of the City Secretary, and that I am the custodian of such papers, books and records as an officer of the Village of Wimberley.


City Secretary

Reviewed by: Matt Manis Councilman 5/17/01

The Village Of Wimberley

Revised Work Session Budget

8/30/01

Budget for the Fiscal Year October 1, 2001 through September 30, 2002

	Estimated 2000-01	Proposed 2001-02	
INCOME			
Tax			
Sales Tax - 1%	\$105,000.00	\$290,000.00	increase due to 12 months
Sales Tax - Mixed Drinks	\$4,900.00	\$8,000.00	increase due to 12 months
Hotel/Motel			
Franchise Fees			
Caprock Corp	\$350.00	\$800.00	increase due to 12 months
P E C Electric	\$74,000.00	\$70,000.00	gave city 15 months last year
SW Tel Comm	\$50.00	\$200.00	increase due to 12 months
Verizon Telephone	\$35,000.00	\$65,000.00	increase due to 12 months
Warner Cable	\$9,200.00	\$25,000.00	increase due to 12 months
Propane			
Trash		\$0.00	
Waste Water			
Water Supply			
Hotel - Motel Tax			
Development Fees			
Building Permits	\$8,000.00	\$15,000.00	increase due to 12 months
Inspections		\$14,000.00	new due to State law - Plb, Ele & Mech
Sign Permits	\$2,500.00	\$3,600.00	increase due to 12 months
Subdivision		\$2,000.00	expected subdivisions
Zoning	\$6,000.00	\$12,000.00	increase due to 12 months, notices
Ordinance Copies	\$600.00	\$1,000.00	increase due to 12 months
Map Sales	\$300.00	\$500.00	increase due to 12 months
Plb, Ele & Mech Licenses		\$1,000.00	new due to State law
Engineer Plan Review		\$10,000.00	expected subdivisions
Fines			
Municipal Court Fines			
Interest			
	\$150.00	\$1,000.00	
Misc			
Donations	\$285.00		
Grant Money			
Refunds	\$230.00		
DQE Aqua Source Legal	\$1,981.35		
Omni Copier	\$965.00		
Voided			
Carry Forward		\$70,000.00	expected
Loans	\$45,000.00		
Total Income	\$294,511.35	\$589,100.00	

CERTIFIED COPY

STATE OF TEXAS

VILLAGE OF WIMBERLEY--COUNTY OF HAYS

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Adelle J. Turpin
City Secretary

page 1

Exhibit 2

Passed
8-27-01

Budget for the Fiscal Year October 1, 2001 through September 30, 2002

EXPENSES			
Personnel	\$22,750.00		increase in personnel
Building Inspector		\$18,000.00	
City Administrator (s+ben)		\$60,000.00	
City Office Manager & Clerk		\$20,000.00	
City Recording Secretary		\$2,400.00	
City P & Z Secretary		\$2,400.00	
Code Enforcement		\$12,000.00	
Contract Labor, startup cost	\$4,200.00		
Contract Labor, extra office help		\$5,000.00	extra office help
Employee & Committee Seminars	\$380.00	\$2,200.00	increase for more persons to attend
Employee Tax	\$2,000.00	\$6,000.00	law
Employee Travel & Mayor		\$2,400.00	mileage for some personnel .30/mile
Employee Registration fees		\$1,000.00	training
Comprehensive Plan Cost		\$14,000.00	law that city has to do
Dues, Fees & Publications			
Dues, Fees & Publications	\$650.00	\$3,000.00	more of the items
Professional Services			
Audit Services		\$5,000.00	for year 2000-01
Bookkeeper	\$300.00	\$2,500.00	to keep the books year round
Engineer Service	\$50.00	\$0.00	
Legal	\$80,000.00	\$60,000.00	still need to confer on all city matters
Map Service		\$1,000.00	adjustments to our maps
Municipal Court Judge		\$0.00	
Municipal Court Prosecutor	\$934.00	\$0.00	
Survey		\$40,000.00	will have start this year
Water Testing		\$15,000.00	test creek & river water
Engineer Plan Review		\$10,000.00	expected subdivisions
Texas Municipal League			
Dues	\$2,417.00	\$1,500.00	TML helps city in matters
Insurance	\$3,665.00	\$5,000.00	cover liability
Office Furniture & Equipment			
Computer & Software	\$300.00	\$7,500.00	for mapping & zoning
Furniture	\$2,950.00	\$1,000.00	additions
Equipment	\$750.00	\$1,000.00	additions
Startup Cost	500		
Office Supplies			
Copies - overage	\$800.00	\$600.00	over the monthly copy amount
Copies - out	\$2,400.00	\$1,200.00	some copies on the outside
Map copies	\$300.00	\$500.00	maps
Office Supplies	\$4,200.00	\$6,000.00	increase due to more personnel
Postage & Shipping	\$600.00	\$1,000.00	more mailings

Budget for the Fiscal Year October 1, 2001 through September 30, 2002

Printing	\$1,300.00	\$2,500.00	will have more this year
Other			
Office Expenses			
Cleaning	\$230.00	\$1,000.00	for full year
Copier Lease	\$1,850.00	\$2,700.00	addition of sorter
Electricity	\$2,350.00	\$2,500.00	about the same
Equipment Service	\$800.00	\$600.00	about the same
Post Office Box & Mailing Permit	\$295.00	\$175.00	less because no initial fee for bulk mailing
Rent	\$9,426.00	\$9,000.00	only for 12 months
Telephone Verizon	\$2,200.00	\$2,500.00	about same
Telephone AT&T	\$400.00	\$500.00	about same
Trash			
Water Cooler		\$600.00	new item for 12 months
Petty Cash	\$100.00		
Police Protection			
Roads			
Capital New Roads Fund			
Engineer			
Maintenance	\$14,360.35	\$169,725.00	
Special Roads Fund (Insurance)		\$27,000.00	
Signage	\$1,100.00		
Parking Lot			
Parks & Rec.			
Park - Appraisal	\$1,500.00		
Park - Earnest Money	\$1,000.00		
Park - Grant Writer	\$1,500.00		
Park - Pictures	\$112.00		
Park - Drawing	\$500.00		
Park Research & Development		\$2,000.00	
Park Maintenance			
Historical Research & Development		\$2,000.00	
Elections & Public Notices			
Elections	\$3,100.00	\$2,000.00	once in May
Public Notices	\$5,600.00	\$6,000.00	by law have to post in local paper
Financial			
Loan Payments	\$45,000.00		
Interest	\$1,600.00		
Money Market			
Petty Cash			
Unallocated Budget Expenses	\$70,000.00	\$50,000.00	need for unexpected expenses
Misc			
Special Events	\$42.00	\$1,100.00	
Total Expenses	\$294,511.35	\$589,100.00	
			page 3
			Submitted 8/31/01, Matt Manis, Concilman, Treasurer
			Resubmitted 9/15/01

Village of Wimberley
Audited Financial Report for the Year Ended
September 30, 2001

Exhibit 3

Freemon, Shapard & Story

Village of Wimberley
Audited Financial Report for the Year Ended
September 30, 2001

VILLAGE OF WIMBERLEY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2001

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
FINANCIAL SECTION		
Independent Auditors' Report	1	
<u>General-Purpose Financial Statements:</u>		
Combined Balance Sheet - All Fund Types and Account Groups	2	A-1
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	3	A-2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund	4	A-3
Notes to the Financial Statements	5	

FINANCIAL SECTION

FREEMON, SHAPARD & STORY
CERTIFIED PUBLIC ACCOUNTANTS

6010 Balcones Drive, Suite 210
Austin, Texas 78731-4270
(512)454-6010 Fax (512)454-3494

Jack N. Clark, CPA, CGFM
Merlin D. "Mert" Darling, CPA
Jim Huckaby, CPA

Independent Auditor's Report

Honorable Mayor and City Council
Village of Wimberley
P. O. Box 2027
Wimberley, Texas 78676

Honorable Mayor and City Council Members:

We have audited the accompanying general-purpose financial statements of Village of Wimberley (the Village) as of and for the year ended September 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Village's administrators. Our responsibility is to express an opinion on these general-purpose 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Village of Wimberley as of September 30, 2001, and the results of its operations for the year then ended in conformity with United States generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Village of Wimberley taken as a whole.

Freemon, Shapard & Story

Freemon, Shapard & Story
March 7, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF WIMBERLEY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2001

GOVERNMENTAL FUND TYPES			
	General Fund	Special Revenue Fund	Total
ASSETS AND OTHER DEBITS			
Cash and Equivalents	\$ 75,474	\$	\$ 75,474
Due from Other Governments	17,892	2,612	20,504
Due from Other Funds	2,612		2,612
Other Receivables	<u>45,742</u>	<u></u>	<u>45,742</u>
Total Assets and Other Debits	\$ <u>141,720</u>	\$ <u>2,612</u>	\$ <u>144,332</u>
LIABILITIES			
Accounts Payable	\$ 1,560	\$	\$ 1,560
Payroll Liabilities	1,291		1,291
Due to Other Funds	<u></u>	<u>2,612</u>	<u>2,612</u>
Total Liabilities	2,851	2,612	5,463
FUND EQUITY AND OTHER CREDITS			
Unreserved, Undesignated Fund Balance	<u>138,869</u>	<u></u>	<u>138,869</u>
Total Liabilities, Fund Equity and Other Credits	\$ <u>141,720</u>	\$ <u>2,612</u>	\$ <u>144,332</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WIMBERLEY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED SEPTEMBER 30, 2001

	<u>GOVERNMENTAL FUND TYPES</u>		
	General Fund	Special Revenue Fund	Total
REVENUES			
Local and Interemmediate Sources:			
Investment Income	\$ 173	\$	\$ 173
Sales Tax Revenue	129,169		129,169
Franchise Fee Revenue	159,877		159,877
Building and Zoning Fees	20,199		20,199
Other Local and Intermediate Sources	<u>3,846</u>		<u>3,846</u>
Total Local and Intermediate Sources	313,264	-	313,264
State Program Revenues	<u>-</u>	<u>2,612</u>	<u>2,612</u>
Total Revenue	<u>313,264</u>	<u>2,612</u>	<u>315,876</u>
EXPENDITURES			
Personnel	31,515		31,515
Professional Services	85,947		85,947
Texas Municipal League	4,300		4,300
Capital Outlay	5,289		5,289
Office Supplies	13,369		13,369
Dues, Fees and Publications	935		935
Office Expense	16,525		16,525
Road and Bridge	1,100		1,100
Elections and Public Notices	8,820		8,820
Interest Expense	1,566		1,566
Miscellaneous Expense	5,029		5,029
Park Expenditures		<u>2,612</u>	<u>2,612</u>
Total Expenditures	<u>174,395</u>	<u>2,612</u>	<u>177,007</u>
Excess of Revenues Over Expenditures	138,869	-	138,869
Other Resources	45,000		45,000
Other (Uses)	<u>(45,000)</u>		<u>(45,000)</u>
Excess of Revenues and Other Resources over Expenditures and Other Uses	138,869	-	138,869
Fund Balance Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance Ending	<u>\$ 138,869</u>	<u>\$ -</u>	<u>\$ 138,869</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WIMBERLEY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2001

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Local and Intermediate Sources:			
Investment Income	\$ 152	\$ 174	\$ 22
Sales Tax Revenue	87,547	129,169	41,622
Franchise Fee Revenue	123,090	159,877	36,787
Building and Zoning Fees	22,681	20,199	(2,482)
Other Local and Intermediate Sources	1,326	3,846	2,520
Total Local and Intermediate Sources	234,796	313,265	78,469
State Program Revenues	-	-	-
Total Revenue	234,796	313,265	78,469
EXPENDITURES			
Personnel	27,869	31,515	(3,646)
Professional Services	65,265	85,947	(20,682)
Texas Municipal League	6,083	4,300	1,783
Capital Outlay	3,679	5,289	(1,610)
Office Supplies	12,306	13,369	(1,063)
Dues, Fees and Publications	681	935	(254)
Office Expense	16,091	16,525	(434)
Road and Bridge	12,600	1,100	11,500
Elections and Public Notices	8,425	8,820	(395)
Interest Expense	-	1,566	(1,566)
Miscellaneous Expense	5,129	5,029	100
Park Expenditures	-	-	-
Total Expenditures	158,128	174,395	(16,267)
Excess of Revenues Over Expenditures	76,668	138,870	62,202
Other Resources	45,000	45,000	-
Other (Uses)	(121,668)	(45,000)	76,668
Excess of Revenues and Other Resources over Expenditures and Other Uses	-	138,870	138,870
Fund Balance Beginning	-	-	-
Fund Balance Ending	\$ -	\$ 138,870	\$ 138,870

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Village of Wimberley is a general law city incorporated May 5, 2000. The Village operates under a Mayor/Council form of government. The Mayor is the executive officer of the Village. The Village provides the following services: Street Maintenance, Recreation Programs, Municipal Court, Community Development, and General Administrative Services.

For financial reporting purposes, in conformance with the Statements and Interpretations of the National Council on Governmental Accounting and the Governmental Accounting Standards Board, the Village includes all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent on the Village's executive or legislative branches. Specifically, control by or dependence, on the Village is determined by the following criteria:

Selection of the governing authority

Designation of management

Ability to significantly influence operations

Accountability for fiscal matters include budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Village, obligation of the Village to finance any deficits which may occur, or receipt of significant subsidies from the Village.

In accordance with GASB pronouncements, the Village's financial statements include all funds, account groups, agencies, boards, commissions and other organizations over which the Council exercises oversight responsibility.

Oversight responsibility includes appointment of governing bodies, budget authority, approval of tax levies, outstanding debt secured by the Village's full faith and credit or revenues, and responsibility for funding deficits.

As a result of applying the entity definition criteria of the Governmental Accounting Standards Board, no entities have been included or excluded in this Financial Report.

B. BASIS OF PRESENTATION

The financial reporting practices of the Village conform to generally accepted accounting principles as applicable to local governments.

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Individual funds and account groups, which are used by the Village and are summarized in the accompanying combined financial statements, are classified as follows:

GOVERNMENTAL FUNDS

GENERAL FUND - to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the Village.

SPECIAL REVENUE FUND - To account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that is legally restricted to expenditures for specified purposes.

C. BASIS OF ACCOUNTING

Basis of accounting refers to the method by which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using a modified accrual basis of accounting and the flow of financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The Village uses estimates when accounting for certain items. These estimates are based on a combination of prior historical knowledge and projected future events.

REVENUE RECOGNITION

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current period or soon enough thereafter to be used to pay obligations of the current period): investment earnings, special assessments due in the current year, fines and forfeitures. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made.

Property taxes and special assessments, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available. Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

EXPENDITURE RECOGNITION

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related liability is incurred except for un-matured principal and interest on general long-term debt which are recognized when due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. BUDGETARY DATA

GENERAL BUDGET POLICIES

By August 15, the City Administrator submits an annual operating budget for all funds for the following fiscal year to Village Council for consideration and passage. While the Village adopts a budget for all funds, the Village is legally required to report on such budgets only for its Governmental Fund Types. An appropriations ordinance (the appropriated budget) to control the level of expenditures must be legally enacted on or about September 1. The Village maintains its legal level of budgetary control at the department level. However, management control is exercised at the fine item level. The Village Manager is authorized to transfer amounts between objects of expenditure and agencies so long as the total appropriation for each department does not exceed that of the Council approved appropriation. Amendments to the budget were approved by Village Council as provided by law. Unencumbered appropriation balances lapse at year-end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

ENCUMBRANCES

As part of formal budgetary control over governmental funds, purchase orders, contracts and other commitments for the expenditure of funds are encumbered and recorded as the equivalent of expenditures on the Non-GAAP budget basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balance for subsequent-year expenditures for the governmental funds. There were no outstanding encumbrances as of September 30, 2001.

BUDGETS

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budget is based upon the modified accrual basis of accounting for the governmental funds and the accrual basis for the proprietary funds.

E. INTERGOVERNMENTAL REVENUES

Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlements occur. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures/expenses are incurred.

F. INTERFUND TRANSACTIONS

During the course of normal operations, the Village has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets, and service debt. The accompanying combined financial statements generally reflect such transactions as operating transfers. To the extent that certain transactions between funds had not been paid or received as of September 30, 2001, interfund amounts receivable or payable have been recorded.

G. CASH AND CASH EQUIVALENTS

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three month.

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS, AND INVESTMENTS

Deposits were with the contracted depository bank in interest bearing accounts which were secured throughout the year by FDIC coverage and by securities conforming to the provisions of Chapter 2257 Collateral for Public Funds of the Government Code in an amount sufficient to protect the Village on a day-to-day basis during the period of the contract. The pledge is waived only to the extent of Federal Deposit Insurance Corporation ("FDIC") Insurance. All deposits are deemed collateralized under the provisions of the Governmental Accounting Standards Board's "Codification of Governmental Accounting Standards."

Cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

Category 1 Deposits that are insured or collateralized with securities held by the entity or by its agent in the entities name.

Category 2 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 Deposits which are not collateralized.

The Village's cash and investments are categorized as Category 2.

NOTE 3 - RISK MANAGEMENT

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

NOTE 4 - BUDGETARY DEFICITS

We noted the General fund had an unfavorable variance. The Village adopts its budget at the Department level. Budget amendments are required at year-end to ensure proper appropriations are available to cover deficits. Procedures are in place to ensure amendments are timely made in the future.

NOTE 5 – SUBSEQUENT EVENT

Subsequent to year-end the Village was presented with a petition calling for an election to determine if the Village's incorporation should be rescinded. Hays County election officials have not yet certified signatures on the petition and an election has not been called. However, if the election is called and the measure is successful, the Village would be unincorporated.

CERTIFIED COPY

STATE OF TEXAS

VILLAGE OF WIMBERLEY--COUNTY OF HAYS

The undersigned, the City Secretary of the Village of Wimberley in the State and County aforesaid, does by these presents certify that the attached and foregoing is a true and correct copy of a part of the records, papers and books in the Office of the City Secretary, and that I am the custodian of such papers, books and records as an officer of the Village of Wimberley.


City Secretary

FREEMON, SHAPARD & STORY
CERTIFIED PUBLIC ACCOUNTANTS

Jack N. Clark, CPA, CGFM

807 8th Street, 2nd Floor
Wichita Falls, Texas 76301-3381
(940)322-4436 Fax (940)761-3365

6010 Balcones, Suite 210
Austin, Texas 78731
(512)454-6010 Fax (512)454-3494

March 7, 2002

To the Honorable Mayor and City Council
The Village of Wimberley, Texas

We have audited the financial statements of the Village of Wimberley, Texas for the year ended September 30, 2001, and have issued our report thereon dated March 7, 2002. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS

As stated in our engagement letter to the Village, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the Village of Wimberley. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

SIGNIFICANT ACCOUNTING POLICIES

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village of Wimberley are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2001. We noted no transactions entered into by the Village of Wimberley during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Exhibit 4

Offices

Wichita Falls ♦ Austin ♦ Crested Butte ♦ Dallas ♦ Denton ♦ Gunnison ♦ Lampasas ♦ Marble Falls ♦ Smithville ♦ Windthorst

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no such sensitive estimates that affected the financial statements.

AUDIT ADJUSTMENTS

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Village's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Village, either individually or in the aggregate, indicate matters that could have a significant effect on the Village's financial reporting process.

DISAGREEMENTS WITH MANAGEMENT

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

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

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

ISSUES DISCUSSED PRIOR TO RETENTION OF INDEPENDENT AUDITORS

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

COMMUNICATION OF OTHER MATTERS

INTERNAL CONTROLS

Segregation of Duties

Due to the small size of the Village's staff, they were unable to properly segregate duties (i.e. incompatible duties such as writing and recording check and deposits were performed by the same person). After year-end, the Village management has instituted a policy of having an outside accounting firm record transactions.

Collateralization of Public Funds

During the year ended September 30, 2001, the Village's cash deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC). However, in our review of events subsequent to the balance sheet date, we noted that the Village's deposits have grown to exceed the \$100,000 FDIC coverage to which the Village is entitled. Although the Village's deposits are held in a high quality financial institution, we recommend that the Village's management investigate options to ensure that all Public Funds under their control are properly collateralized. We have noted that the Village has formed an Investment Committee to address this issue.

Council Participation

The Village was newly incorporated in May of 2000. Due to a lack of funds and a small staff, a member of the City Council volunteered to perform accounting functions for the Village. Ordinarily, the Council's function should be limited to over-sight of operations and approval of transactions. We noted that as soon as possible, the Village hired outside assistance to perform these functions.

CONCLUSION

We would like to thank the Mayor and Council for allowing us to perform the audit. It was a pleasure to work with a highly motivated and professional staff. The staff was extremely helpful and was always willing to answer our questions. We are available throughout the year to assist you in any manner possible. Please do not hesitate to call us.

Village of Wimberley, Texas
Page 4 of 4
March 7, 2002

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

Sincerely,

Freemon, Shapard & Story

Freemon, Shapard & Story
Certified Public Accountants

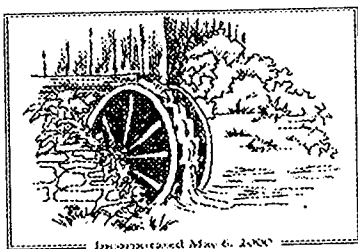
CERTIFIED COPY

STATE OF TEXAS

VILLAGE OF WIMBERLEY--COUNTY OF HAYS

The undersigned, the City Secretary of the Village of Wimberley in the State and County aforesaid, does by these presents certify that the attached and foregoing is a true and correct copy of a part of the records, papers and books in the Office of the City Secretary, and that I am the custodian of such papers, books and records as an officer of the Village of Wimberley.

Adelle J. Turpin
City Secretary



Village of Wimberley

P.O. Box 2027, Wimberley, Texas, 78676

Phone: (512) 847-0025

Fax: 240 359-0508 - E-mail: village@wimberley-tx.com

Linda Hewlett, Mayor Steve Klepfer, Mayor Pro Tem

Council Members: Walter Brown, Mardia Kines, Matt Martin, Tony McOee

April 18, 2002

BICKERSTAFF, HEATH, SMILEY, POLLAN,
KEVER & MCDANIEL
816 Congress #1700
Austin, Texas 78701-2443

Attention: Mr. Bruce Wasinger

Re: Memorandum of Understanding Among The Village of Wimberley, Blue Hole
Management, Ltd. And The Guadalupe-Blanco River Authority

Dear Mr. Wasinger:

Enclosed is a certified copy of the "Memorandum of Understanding Among The Village of Wimberley, Blue Hole Management, Ltd. And The Guadalupe-Blanco River Authority," which was approved by the Village of Wimberley City Council by a vote of 4 to 0, at its Thursday, April 17, 2002 Council Meeting.

The document is now in circulation for signature and will be forwarded to you immediately when all signatures are obtained.

Very truly yours,

VILLAGE OF WIMBERLEY

Linda Hewlett, Mayor

Enclosure

Exhibit 5

**Memorandum of Understanding
Among
The Village of Wimberley, Blue Hole Management Ltd.
And
The Guadalupe-Blanco River Authority**

This MEMORANDUM OF UNDERSTANDING ("MOU") is entered into as of the 18th day of April 2002 (the "Effective Date") by and among the GUADALUPE-BLANCO RIVER AUTHORITY ("GBRA"), a conservation and reclamation district and political subdivision of the State of Texas created pursuant to Article XVI, Section 59 of the Texas Constitution by special act of the Legislature formerly compiled at Article 8280-106, Vernon's Annotated Civil Statutes, the VILLAGE OF WIMBERLEY ("Wimberley"), a municipal corporation, and Blue Hole Management Ltd. ("BHM"), a limited liability partnership, each organized and existing under Texas law and acting in a lawful manner through their legal representatives.

RECITALS

WHEREAS, Wimberley believes that the protection of natural resources, including water resources is best achieved through innovative and effective wastewater treatment systems and policies; and

WHEREAS, the conservation, development and protection of the water resources of the Guadalupe River Basin is a fundamental purpose of GBRA; and

WHEREAS, Hays County and Wimberley are important areas within GBRA's service area; and

WHEREAS, GBRA supports the efforts of Wimberley to assure proper protection of water resources and the development of proper wastewater standards and operations; and

WHEREAS, Wimberley is active in monitoring, planning and enforcement of policies and regulations to assure proper water quality standards and protection of area ground and surface water resources; and

WHEREAS, there is substantial growth in population in the Wimberley area; and

WHEREAS, Wimberley has applied to TNRCC for a sewer CCN to provide wastewater service to residents and businesses within Wimberley's proposed service area; and

WHEREAS, the GBRA is assisting Wimberley in its efforts to protect water resources through the development of proper wastewater treatment strategies including the preparation of an application for Certificate of Convenience and Necessity ("CCN")

for wastewater service; Wastewater planning through a GBRA/Texas Water Development Board ("TWBD") wastewater study in 1996; establishment of water quality monitoring stations on the Blanco River; and the proposed development of a master plan for wastewater service; and

WHEREAS, GBRA has substantial experience and expertise in the development, permitting, design, construction, operation and maintenance of rural wastewater treatment systems; and

WHEREAS, GBRA and Wimberley agree that regionalization of services is preferable where possible and in the public interest; and

WHEREAS, the BHM property includes existing wastewater treatment facilities, a CCN, and effluent dispersal permit; and

WHEREAS, BHM is considering the construction of new wastewater treatment facilities to replace its existing facilities and to provide additional service to BHM developments; and

WHEREAS, "regionalization" of wastewater service among Wimberley, GBRA, and BHM and an immediate evaluation of the potential for a joint project in conjunction with the preparation of a Wimberley Wastewater Master Plan, could provide benefits to the area; and

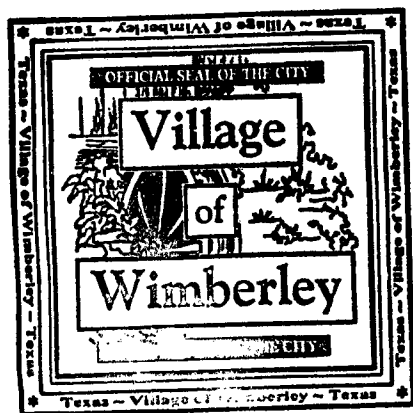
WHEREAS, Wimberley, with support and funding from GBRA, has committed to fund immediately the engineering costs of the master plan; and

WHEREAS, Wimberley has entered into an Operations Agreement with GBRA to construct and operate a wastewater system for Wimberley; and

WHEREAS, additional information is necessary for the Parties to determine whether the regionalization of wastewater service or alternatives is feasible.

NOW THEREFORE BE IT RESOLVED THAT Wimberley, GBRA and BHM agree to evaluate regional wastewater treatment alternatives for the Wimberley area of Hayes County as follows:

1. Wimberley, with assistance of GBRA, will continue with the development of a wastewater master plan ("Master Plan") in support of Wimberley's application for a sewer CCN.
2. Wimberley, GBRA and BHM will cooperate in the development and preparation of technical data, facility plans, and cost evaluations as a part of Phase I of the proposed Master Plan. Wimberley has contracted with the engineering firm of Black & Veatch Corporation to develop the Master



CERTIFIED COPY

STATE OF TEXAS

VILLAGE OF WIMBERLEY--COUNTY OF HAYS

The undersigned, the City Secretary of the Village of Wimberley in the State and County aforesaid, does by these presents certify that the attached and foregoing is a true and correct copy of a part of the records, papers and books in the Office of the City Secretary, and that I am the custodian of such papers, books and records as an officer of the Village of Wimberley.

Date: 4-18-02

Adella Turpin
City Secretary