City of Wimberley

221 Stillwater, Wimberley, Texas 78676

REGULAR CITY COUNCIL MEETING
WIMBERLEY CITY HALL – CITY COUNCIL CHAMBERS
221 STILLWATER, WIMBERLEY, TEXAS 78676
THURSDAY, JULY 6, 2023 - 6:00 PM

AGENDA

1. **CALL TO ORDER** July 6, 2023, at 6:00 PM

2. **CALL OF ROLL**

3. **INVOCATION**

4. **PLEDGE OF ALLEGIANCE/SALUTE TO THE TEXAS FLAG**

5. **PROCLAMATIONS/RECOGNITIONS**

   5.1. A proclamation of the City of Wimberely, Texas recognizing July 2023 as Parks and Recreation Month.

6. **CITIZENS COMMUNICATIONS**
   The City Council welcomes comments from citizens at regular meetings. Citizens wishing to speak must sign up prior to the meeting being called to order. We abide by the Texas Open Meetings Act, so council members are allowed only to speak about items posted on the agenda. All other inquiries will be forwarded to staff and may be placed on a future agenda for discussion. Speakers will have one opportunity to speak during the time period, and they must observe the three-minute time limit. After you state your name, staff will start the timer and you have 3 minutes to speak. We will endeavor to ensure that meetings are conducted in a courteous manner, and in an atmosphere free of defamation, intimidation, personal affronts, profanity, or threats of violence.

7. **CONSENT AGENDA**

   7.1. Consider approval of the following meeting minutes:

   a. June 15, 2023 Regular Meeting Minutes
   b. June 20, 2023 Strategic Planning Workshop Meeting

8. **PRESENTATION AND POSSIBLE ACTION**

   8.1. Presentation and possible action regarding the City of Wimberley Annual Financial and Compliance Report for the Fiscal Year ending September 30, 2022, completed by Nefendorf & Blocker, P.C. *(Tim Patek, City Administrator)*

9. DISCUSSION AND POSSIBLE ACTION

9.1. Discuss and consider possible action on Resolution No. 09-2023, adopting a statement of Financial Policies and Grant Procedures for the City when the City is a recipient of Federal and/or State Funding for the development of projects and/or services to the community and providing an effective date. (Tim Patek, City Administrator)

9.2. Discuss and consider authorizing Aqua Texas to provide sewer service within the City of Wimberley's CCN for a property located at 110 Hillsedge Road. *(Tim Patek, City Administrator)*

9.3. Discus and consider action on a Hotel Occupancy Tax Fund Reimbursement Grant Agreement between the City of Wimberley and the following organizations/events:
(A). Wimberley Valley Arts and Cultural Alliance (WVACA) Music Destination
(B.) Wimberley Valley Arts and Cultural Alliance (WVACA) Stars Over Wimberley Concert Series
(C.) Chamber - Wings Over Wimberley
(D.) Kathleen Utts Texas Textiles 2023
(E.) Wimberley Players
(F.) Wimberley Institute of Cultures
(G). Central Texas Theatre Academy Shakespeare in the Park
(H). Wimberley Civic Club Annual Home Tour

9.4. Discuss and consider action on a Hotel Occupancy Tax Fund Reimbursement Grant Agreement between the City of Wimberley and the Lions Club. *(Leanne Kirby, Tourism Director)*

10. CITY COUNCIL REPORTS

10.1. Annoucements

10.2. Future Agenda Items

11. ADJOURNMENT

EXECUTIVE SESSION NOTE: The City Council may adjourn into Executive Session to consider any item listed on this agenda if a matter is raised that is appropriate for Executive Session discussion. An announcement will be made of the basis for the Executive Session discussion. The City Council may also publicly discuss any item listed on the agenda for Executive Session

Attendance by Other Elected or Appointed Officials: It is anticipated that members of other governmental bodies, and/or city boards, commissions and/or committees may attend the meeting in numbers that may constitute a quorum. The members of the boards, commissions and/or committees may be permitted to participate in discussion on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless item and action is specifically provided for on an agenda for that body, board, commission or committee subject to the Texas Open Meetings Act.

CERTIFICATION

I hereby certify the above Notice of Meeting was posted on the bulletin board at Wimberley City Hall, a place convenient and readily accessible to the general public at all times, and to the City's website, www.cityofwimberley.com, in compliance with Chapter 551, Texas Government Code, on Friday, June 30, 2023, by 6:00 p.m., and remained posted for at least 72 continuous hours preceding the scheduled time of said meeting.

Tammy Heller, City Secretary

The City of Wimberley is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. Please contact Interim City Secretary Tammy Cook at (512) 648-2403 two business days in advance of the meeting for appropriate arrangements.

City of Wimberley

Proclamation

THE STATE OF TEXAS §
COUNTY OF HAYS §
CITY OF WIMBERLEY §

WHEREAS, parks and recreational spaces play an essential role in enhancing the quality of life for residents and visitors alike, providing opportunities for leisure, physical activity, social interaction, and environmental appreciation; and

WHEREAS, the City of Wimberley, nestled amidst the natural beauty of the Texas Hill Country, is blessed with an array of picturesque parks, trails, and recreational facilities that showcase the city's commitment to preserving and promoting outdoor spaces for the enjoyment and well-being of its community; and

WHEREAS, the City of Wimberley Parks and Recreation Department has continuously demonstrated its dedication to maintaining and improving the parks and recreational amenities, ensuring that they remain accessible, safe, and sustainable for all to enjoy; and

WHEREAS, the City of Wimberley Parks and Recreation Department has undertaken various initiatives and programs to engage individuals of all ages and abilities, fostering a sense of community, promoting healthy lifestyles, and fostering environmental stewardship; and

WHEREAS, Parks and Recreation Month, observed annually in July, serves as a time to recognize the significant contributions of parks and recreation professionals and the positive impact their efforts have on the physical, social, and mental well-being of individuals and communities; and

WHEREAS, the City of Wimberley acknowledges the importance of Parks and Recreation Month and wishes to express gratitude for the tireless dedication and hard work of the Parks and Recreation Department staff in enhancing the city's parks and recreational spaces;

NOW, THEREFORE, I, Rebecca Minnick by virtue of the authority vested in me as Mayor Pro Tem of the City of Wimberley, Texas do herby proclaim the month of July 2023 as

PARKS AND RECREATION MONTH

and I call upon all residents, businesses, organizations, and visitors to join in recognizing the countless benefits and opportunities provided by our parks and recreational facilities.

I further urge all community members to take full advantage of the diverse range of programs, activities, and events offered throughout the month, embracing the spirit of camaraderie, wellness, and environmental appreciation that our parks and recreational spaces inspire.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused to be affixed the Seal of the City of Wimberley, Texas this 6th Day of July 2023.

OFFICIAL SEAL OF THE CITY
City of Wimberley
OFFICIAL SEAL OF THE CITY

CITY OF WIMBERLEY

____
Gina Fulkerson, Mayor

AGENDA ITEM:	1. Consider approval of the following meeting minutes: a. June 15, 2023 Regular Meeting Minutes b. June 20, 2023 Strategic Planning Workshop Meeting
SUBMITTED BY:	Tammy Heller
DATE SUBMITTED:	06/21/2023
MEETING DATE:	July 6, 2023

AGENDA FORM

ITEM DESCRIPTION/SUMMARY

REQUESTED ACTION

Motion

FINANCIAL

N/A

STAFF RECOMMENDATION

Recommend minutes as attached (or amend if necessary)

ATTACHMENT/S

1. 06-15-2023 Regular Meeting Minutes
2. 06-20-2023 Special Meeting Minutes

City of Wimberley

221 Stillwater, Wimberley, Texas 78676

REGULAR CITY COUNCIL MEETING
WIMBERLEY CITY HALL – CITY COUNCIL CHAMBERS
221 STILLWATER, WIMBERLEY, TEXAS 78676
THURSDAY, JUNE 15, 2023 - 6:00 PM

MINUTES

1. CALL TO ORDER June 15, 2023, at 6:00 PM

Mayor Gina Fulkerson called the Regular Meeting to order at 6:00 p.m.

2. CALL OF ROLL

Council Members Present:
Gina Fulkerson, Mayor
Rebecca Minnick, Place 1
Teresa Shell, Place 2
Chris Sheffield, Place 3
Jim Chiles, Place 4
David Cohen, Place 5

Staff Members Present:
Tim Patek, City Administrator
Tammy Heller, City Secretary
Nathan Glaiser, Director of Planning and Public Works
Richard Shaver, Director of Parks
Charlie Zech, City Attorney

3. INVOCATION Jerry Vance, Wimberley UMC

Mayor Fulkerson led the pledges of allegiance.

4. PLEDGE OF ALLEGIANCE/SALUTE TO THE TEXAS FLAG

Mayor Fulkerson led the pledges of allegiance.

5. CITIZENS COMMUNICATIONS

No Citizen Comments this evening.

6. PROCLAMATIONS/RECOGNITIONS

6.1. Wimberley ISD Academic and Athletic Student Recognition *(Mayor Gina Fulkerson)*

Mayor Gina Fulkerson recognized the many students that participated in various UIL Academic, Athletic and Artistic competitions during the 2022-2023 School Year. She will be recognizing these students with a proclamation at the School Board meeting next week.

Mayor Fulkerson read a proclamation recognizing June 19, 2023 as Juneteenth in Wimberley.

7. CONSENT AGENDA

A motion was made by Council Member Minnick, seconded by Council Member Sheffield to approve the consent agenda. The motion carried unanimously (5-0).

7.1. Consider approval of minutes from the June 1, 2023 Regular City Council Meeting. *(Tammy Heller,* City Secretary*)*

7.2. Approval of the May 2023 Revenue and Expenditure Report for the City of Wimberley. *(Tim Patek, City Administrator)*

7.3. Consider approval of the following appointments to the Economic Support and Development Committee:
a. Josh Smith
b. Molly Bowen
c. Phil Collins

7.4. Consider approval of Council Member David Cohen's appointment of Tim Dodson to the Board of Adjustment. *(Tammy Heller, City Secretary)*

8. PRESENTATION AND POSSIBLE ACTION

8.1. Receive a recommendation from the Transportation Advisory Board. *(Tim Patek, City Administrator)*

Ben O'Kane, Chair of the Transportation Advisory Board, presented the following recommendations their board would like the Council to consider for future action:
1. Speed Control: Request is to add a three-way stop sign at Chaparral. This was approved unanimously by the Transportation Advisory Board.
2. Transportation Master Plan: Request to re-instate the three line items that were removed from the Transportation Master Plan. These include items 14, 19, and 20. This was approved unanimously by the Transportation Advisory Board.

Council Member Minnick asked about the location of the stop sign at Chapparal. Mr. O'Kane stated this is a difficult area, but this was one idea the board agreed upon. Council Member Minnick expressed support.

There was consensus to re-visit this after speaking with the County and after a review of recent legislation regarding development and planning.

Mr. O'Kane noted that the Transportation Advisory Board would be meeting with the City's engineer for training related to road grading. This will assist with prioritizing road repairs.

9. PUBLIC HEARINGS AND POSSIBLE ACTION

9.1. Public Hearing and consider action on an Ordinance that would amend Chapter 9 of the Wimberley Code of Ordinances, Planning and Development Regulations, pertaining to subdivision and parkland dedication. *(Tim Patek, City Administrator)*

Bryce Cox, with DNRBZ Law Firm, provided a brief update to Council on the Subdivision Ordinance. Due to recent legislation, there will be revisions needed, so he requested that the Public Hearing be held this evening with no action. He stated that House Bill 3699 is something that will allow for the City Council to delegate the ability to approve, approve with conditions or denial of a plat to city staff. Plat waivers would still be brought before City Council for approval or denial.

Amendments to the Subdivision Ordinance, due to legislation, would be brought forward at the last meeting in August, just prior to legislation going into effect on September 1, 2023.

Mayor Fulkerson opened the Public Hearing at 6:33 p.m. There being no comments, the Mayor closed the Public Hearing at 6:33 p.m.

No action was taken this evening.

9.2. Hold a Public Hearing and discuss the establishment of a Local Historic District and the adoption of Historic District Design Guidelines. *(Tim Patek, City Administrator)*

Ellis Mumford-Russell, provided a brief update on the timeline of events since Post Oak Preservation was hired by the City. She also provided the distinction of the National Register Historic District and a Local Historic District.

Discussion was held on the integrity of buildings, how boundaries have changed over time, the difference between contributing and non-contributing buildings, and the application process for modifications within the district. Mr. Patek, City Administrator, presented the proposed recommendation made by the Planning and Zoning Commission that would add additional properties to the district.

There was a question related to the percentage of contributing buildings within a district and the timeline of consideration. Ms. Mumford-Russell stated they have made the best recommendation they could and it is at the discretion of City Council to make adjustments. She also stated that Post Oak Solutions could come back to a future meeting, after comments are received this evening, to review, adjust, and adopt at a future time. No action to be taken this evening.

Mayor Fulkerson opened the Public Hearing at 6:56 p.m.

Those who spoke:

Mayor Fulkerson read a letter from Dana Lombard. This letter was a request that the residential property at 180 Oak Drive be removed from consideration of the proposed Local District Map.

Marcillia Bishop, owns the property at 110 Oak Drive. She stated this property was built in 1980. She stated there is no historical district significance to this building and she would like to be excluded from the district. Mrs. Mumford-Russell will confirm date and the status of contributing vs. non-contributing.

Bill Johnston, read the letter his attorney provided. He requests that his property in Old Town Plaza, address 13709 RR 12, be excluded from consideration of the Local Historical District.

Charles Soechting, representing the Romano Family Interest, asked that the property located at 14000 RR12 be excluded from inclusion in the Local Historic District.

Joyce Webb, spoke in opposition of her property, located at 14000 RR 12, being included in the proposed local historic district.

There being no further comments, the Mayor closed the Public Hearing at 7:19 p.m.

Discussion was held on the addition of clarifying language regarding non-contributing buildings. This will be reviewed and considered. Comments were made by Council Members expressing their views on the Historic District and what it may mean for the City. The consensus is to process the comments received this evening, review with the consultants and hold another public hearing at a future date. No action was taken.

10. <u>DISCUSSION AND POSSIBLE ACTION</u>

10.1. Discuss and consider possible action regarding an annual sponsorship policy. *(Richard Shaver, Parks Director)*

Richard Shaver, Director of Parks, presented the annual sponsorship policy and reminded the council that this was discussed at the last meeting. At that meeting there was a recommendation to remove the following wording under the Permissible Sponsors and Message Content section of the agreement:

"Promotion of the sale or consumption of alcoholic or cereal malt beverages, in name, likeness or implication, or promotion of establishments that are licensed for and primarily sell alcoholic or cereal malt beverages, including bars; provided, however, restaurants or other food service establishments and hotels or other places of lodging may be authorized when the commercial message or advertisement promotes only the food services or lodging."

This has been removed from the agreement as recommended.

A motion was made by Council Member Sheffield, seconded by Council Member Chiles to approve the annual sponsorship policy as presented. The motion carried unanimously (5-0).

10.2. Discuss and consider possible action regarding annual sponsorship contracts. *(Richard Shaver, Parks Director)*

Richard Shaver, Director of Parks, stated the only revision from the last meeting is that the effective date would be 60 days after execution of the sponsorship agreements. This would allow staff adequate time to create the materials necessary for the benefits that the City would provide for the sponsors.

A motion was made by Council Member Sheffield, seconded by Council Member Chiles to approve the annual sponsorship contracts as presented. The motion carried unanimously (5-0).

10.3. Discuss and consider possible action related to an Interlocal Agreement between Hays County and the City of Wimberley for floodplain administration and environmental health services. *(Tim Patek, City Administrator)*

Tim Patek, City Administrator, stated this is a contract renewal with Hays County to perform services related to on-site septic facilities, health and sanitation, and flood damage. The City has been contracting with Hays County for these services since 2021. These services include permitting and inspecting restaurants, permitting and inspecting on-site sewage facilities, reviewing plans for structures built in the floodplain, and enforcing code violations related to these activities.

A motion was made by Council Member Cohen, seconded by Council Member Chiles to approve the Interlocal Agreement with Hays county for floodplain administration and environmental health services. The motion carried (5-0).

10.4. Consider the appointment of Tim Patek, City Administrator, as an ex-officio member of the Wimberley Valley Chamber of Commerce. *(Tim Patek, City Administrator)*

Unanimous consent was given to appoint Tim Patek, City Administrator, as an ex-officio member to the Wimberley Valley Chamber of Commerce.

11. CITY COUNCIL REPORTS

11.1. Announcements

The following announcements were made:
1. Strategic Planning Session - June 20, 2023 (9AM)
2. Board/Commission Training - June 29, 2023 (5:30PM)

3. The Mayor and City Administrator attended a legislative update session
4. 4th of July Parade

11.2. Future Agenda Items

The following items were requested to be added to a future agenda:
1. Legislative update from the City Attorney
2. FY2022 Audit
3. Old Kyle Road update

12. <u>ADJOURNMENT</u>

A motion was made by Council Member Cohen, seconded by Council Member Sheffield to adjourn the regular meeting at 7:51 p.m. The motion carried unanimously (5-0).

<u>RECORDED BY:</u>	**<u>APPROVED BY:</u>**
Tammy Heller, City Secretary	**Gina V. Fulkerson, Mayor**

City of Wimberley

221 Stillwater, Wimberley, Texas 78676

WORKSHOP CITY COUNCIL MEETING
WIMBERLEY INN – ARROYO COTTAGE
200 FM 3237, WIMBERLEY, TEXAS 78676
TUESDAY, JUNE 20, 2023 - 9:00 AM

MINUTES

1. CALL TO ORDER June 20, 2023, at 9:00 AM

Mayor Gina Fulkerson called the Special Meeting to order at 9:00 a.m.

2. CALL OF ROLL

Council Members Present:
Gina Fulkerson, Mayor
Rebecca Minnick, Place 1
Teresa Shell, Place 2
Chris Sheffield, Place 3
Jim Chiles, Place 4
David Cohen, Place 5

City Staff Present:
Tim Patek, City Administrator
Tammy Heller, City Secretary
Nathan Glaiser, Director of Planning and Public Works
Richard Shaver, Director of Parks
Monica Alcala, Finance Coordinator and Office Administration

3. WORKSHOP

3.1. The City Council will observe and participate in a Strategic Planning Session.

The City Council participated in a Strategic Planning Session, led by consultant Chantel Seymore of the McMillion Group. They discussed priorities and goals for Fiscal Year 2024, including, but not limited to, health and public safety, the economy, quality of life, and relationships. The City Administrator will bring a finalized document forward, at a future council meeting, for formal adoption by council that outlines all Fiscal Year 2024 goals that were identified during this strategic planning session.

4. ADJOURNMENT
A motion was made by Council Member Minnick, seconded by Council Member Shell to adjourn the special meeting at 2:20 p.m. The motion carreid unanimously.

RECORDED BY:

____
Tammy Heller, City Secretary

APPROVED BY:

____
Gina V. Fulkerson, Mayor

AGENDA ITEM:	1. Presentation and possible action regarding the City of Wimberley Annual Financial and Compliance Report for the Fiscal Year ending September 30, 2022, completed by Nefendorf & Blocker, P.C. *(Tim Patek, City Administrator)*
SUBMITTED BY:	Tim Patek
DATE SUBMITTED:	05/31/2023
MEETING DATE:	July 6, 2023

AGENDA FORM

ITEM DESCRIPTION/SUMMARY

Nefendorf & Blocker, P.C will present the 2022 Audit report.

REQUESTED ACTION

Motion
Discussion

FINANCIAL

STAFF RECOMMENDATION

ATTACHMENT/S

1. City of Wimberley - Audit Final

REPORT OF EXAMINATION

CITY OF WIMBERLEY

Wimberley, Texas

For the Year Ended
September 30, 2022

CITY OF WIMBERLEY, TEXAS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022

CITY OF WIMBERLEY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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NEFFENDORF & BLOCKER, P.C.

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wimberley, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wimberley, Texas, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Wimberley, Texas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Wimberley, Texas, ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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P.O. Box 874 · 512 S Adams Street, Fredericksburg, TX 78624
MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & TEXAS SOCIETY OF CPAs

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Wimberley's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Wimberley's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes in Total Other Post-Employment Benefits Liability and Related Ratios on pages 4-9 and 40-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The combining nonmajor fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 14, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provides an opinion on the effectiveness of the City of Wimberley's 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.

Neffendorf & Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas

June 14, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Wimberley, Texas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial statements of the City for the year ended September 30, 2022. Please read it in conjunction with the independent auditors' report on page 1, and the City's Basic Financial Statements which begin on page 10.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $14,619,247 (net position). Of this amount, $1,589,523 (unrestricted net position) may be used to meet the City's ongoing obligations to citizen's and creditors.
- The City's net position increased by $744,591 as a result of this year's operations.
- At September 30, 2022, the City's governmental funds reported combined ending fund balances of $2,144,064, a decrease of $455,871 in comparison with the prior year.
- At September 30, 2022, the City's Enterprise Funds reported unrestricted net position of $(63,247), a decrease of $103,992 in comparison with the prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 through 12). These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (beginning on page 13) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for the appropriations budget.

The notes to the financial statements (starting on page 22) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedule (general fund), Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes in Total OPEB Liability and Related Ratios are presented as required supplementary information on page 40 through 48.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider other factors as well, such as changes in the City's customers or its sales tax collections and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City has two kinds of activity:

- Governmental activity - Most of the City's basic services are reported here, including the public safety, municipal court and administration. User charges, sales tax and franchise tax finance most of these activities.

- Business-type activity - The City's wastewater system is reported as a business-type activity since the fees charged to customers cover the cost of services provided.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

The City has two kinds of funds:

- Governmental funds - All of the City's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Note II to the financial statements.

- Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. The City's utility fund (Wastewater) is a business-type activity and provides both long and short-term financial information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the City's governmental and business-type activities.

Net position of the City's governmental activities increased from $11,893,285 to $12,633,195. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was $1,652,770 at September 30, 2022. This increase in governmental net position was the result of five factors. First, the City's expenditures exceeded the revenue by $455,871. Second the City acquired capital assets and paid debt principal in the amount of $1,729,747. Third, the City recorded depreciation in the amounts of $465,361. Fourth, GASB Statement No. 68 required a decrease in expenses in the amount of $23,992. Fifth, GASB Statement No. 75 required an increase in expenses in the amount of $4,438.

Net position of the City's business-type activities increased from $1,981,371 to $1,986,052. Unrestricted net position was $(63,247) at September 30, 2022. This increase in business-type net position was the result of net income of $4,681.

Table I
City of Wimberley

NET POSITION
In thousands

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2022	2021	2022	2021	2022	2021
Current and Restricted Assets	$ 2,946	$ 3,035	$ 759	$ 1,363	$ 3,705	$ 4,398
Capital Assets	11,351	10,208	6,193	6,071	17,544	16,279
Total Assets	$ 14,297	$ 13,243	$ 6,952	$ 7,434	$ 21,249	$ 20,677
Deferred Outflow of Resources						
Pension Plan	31	21	-	-	31	21
OPEB Plan	9	10	-	-	9	10
Total Deferred Outflows of Resources	$ 40	$ 31	$ -	$ -	$ 40	$ 31
Current Liabilities	$ 951	$ 569	$ 506	$ 832	$ 1,457	$ 1,401
Net Pension Liability	8	38		-	8	38
OPEB Liability	40	35		-	40	35
Noncurrent Liabilities	663	711	4,460	4,620	5,123	5,331
Total Liabilities	$ 1,662	$ 1,353	$ 4,966	$ 5,452	$ 6,628	$ 6,805
Deferred Inflow of Resources						
Pension Plan	$ 41	$ 26	$ -	$ -	$ 41	$ 26
OPEB Plan	1	2	-	-	1	2
Total Deferred Inflows of Resources	$ 42	$ 28	$ -	$ -	$ 42	$ 28
Net Position:						
Net Investment in Capital Assets	$ 10,554	$ 9,384	$ 2,049	$ 1,927	$ 12,603	$ 11,311
Restricted	426	460		14	426	474
Unrestricted	1,653	2,049	(63)	41	1,590	2,090
Total Net Position	$ 12,633	$ 11,893	$ 1,986	$ 1,982	$ 14,619	$ 13,875

Table II
City of Wimberley

CHANGES IN NET POSITION
In thousands

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Sales Tax	$ 1,419	$ 1,298	$ -	$ -	$ 1,419	$ 1,298
Franchise Tax	294	205	-	-	294	205
Other Taxes	441	43	-	-	441	43
Charges for Services	740	893	322	122	1,062	1,015
Miscellaneous		23		-	-	23
Grants and Contributions	379	304	103	-	482	304
Interest Earnings	5	3	2	1	7	4
Total Revenue	$ 3,278	$ 2,769	$ 427	$ 123	$ 3,705	$ 2,892
Expenses:						
Administration	$ 635	$ 534	$ -	$ -	$ 635	$ 534
Legal	71	104	-	-	71	104
Council/Board	147	90	-	-	147	90
Building	61	39	-	-	61	39
Public Safety	66	76	-	-	66	76
Municipal Court	6	5	-	-	6	5
Public Works	380	214	-	-	380	214
Public Works- Wastewater	102	173	423	340	525	513
Tourism	52	-		-	52	-
Community Center	149	113	-	-	149	113
Parks	782	471	-	-	782	471
Interest	10	2	-	-	10	2
Capital Outlay	77	24	-	-	77	24
Total Expenses	$ 2,538	$ 1,845	$ 423	$ 340	$ 2,961	$ 2,185
Increase (Decrease) in Net Position Before Transfers & Capital Contributions	$ 740	$ 924	$ 4	$ (217)	$ 744	$ 707
Transfers		(596)		596	-	-
Net Change	740	328	4	379	744	707
Net Position - Beginning	11,893	11,565	1,982	1,603	13,875	13,168
Net Position - Ending	$ 12,633	$ 11,893	$ 1,986	$ 1,982	$ 14,619	$ 13,875

The cost of all governmental activities this year was $2,541,212. However, as shown in the Statement of Activities on page 10, the amount that our taxpayers ultimately financed for these activities through City taxes was only $2,154,472 because the other costs were paid by user charges ($739,697), grants ($378,853), interest ($4,659) and other miscellaneous ($-0-).

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a fund balance of $2,144,064, which is less than last year's total of $2,599,925. Included in this year's total change in fund balance is a decrease of $110,753 in the City's General Fund. The decrease in the General Fund balance was caused by the transfers out to the capital projects fund(capital improvements) and debt service fund(tax note payments).

The City adopted the General Fund Budget. Actual revenues were more than budgeted amounts and actual expenditures were less than the budgeted amounts.

CAPITAL ASSETS

At September 30, 2022, the City had the following amounts invested in capital assets, net of depreciation:

CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2022	2021	2022	2021	2022	2021
Land	$ 4,015,482	$ 4,015,482	$ -	$ -	$ 4,015,482	$ 4,015,482
Buildings and Improvements	6,840,477	6,587,937	-	-	6,840,477	6,587,937
Infrastructure	4,408,319	3,242,421	6,404,710	261,256	10,813,029	3,503,677
Machinery & Equipment	392,098	329,909	39,083	7,380	431,181	337,289
Right-to-Use Leased Assets	95,792				95,792	-
Construction In Progress	-	-		5,861,186	-	5,861,186
Total Capital Assets	$ 15,752,168	$ 14,175,749	$ 6,443,793	$ 6,129,822	$ 22,195,961	$ 20,305,571
Less: Accumulated Depreciation	(4,392,658)	(3,967,696)	(250,457)	(58,850)	(4,643,115)	(4,026,546)
Less: Accumulated Amortization	-8522				(8,522)	-
Capital Assets, Net	$ 11,350,988	$ 10,208,053	$ 6,193,336	$ 6,070,972	$ 17,544,324	$ 16,279,025

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

DEBT

At September 30, 2022, the City had the following outstanding debt:

OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2022	2021	2022	2021	2022	2021
Bonds Payable	$ -	$ -	$ 4,620,000	$ 4,780,000	$ 4,620,000	$ 4,780,000
Tax Note Payable	711,000	824,000	-	-	711,000	824,000
Leases Payable	86,344				86,344	-
Total Outstanding Debt	$ 797,344	$ 824,000	$ 4,620,000	$ 4,780,000	$ 5,417,344	$ 5,604,000

For business-type activities, the City paid $160,000 in principal payments on long-term debt.
For governmental activities, the City paid principal payments on the tax notes of $113,000 and leases of $8,451.
More detailed information about the City's long-term liabilities is presented in Notes F, G and H to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2022 budget. The major factors are population growth and expansion of the wastewater services. These indicators were taken into account when adopting the General Fund budget for 2022. Amounts available for appropriation in the General Fund budget are $1,860,500 and expenditures are estimated to be $1,860,500.

If these estimates are realized, the City's budgetary General fund balance is expected to be about the same by the close of 2022.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC

FINANCIAL STATEMENTS

CITY OF WIMBERLEY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 2,135,692	$ 39,611	$ 2,175,303
Investments - Current	424,253	-	424,253
Accounts Receivable, Net	46,725	-	46,725
Due from Other Governments	261,244	-	261,244
Due from Other Funds	77,761	(77,761)	-
Restricted Cash- TWDB	-	718,968	718,968
Capital Assets:			
Land Purchase and Improvements	4,015,482	-	4,015,482
Infrastructure, Net	3,386,930	6,157,155	9,544,085
Buildings, Net	3,765,848	-	3,765,848
Machinery & Equipment, Net	95,458	36,181	131,639
Right-to-Use Lease Assets	87,270	-	87,270
Total Assets	14,296,663	6,874,154	21,170,817
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pension Plan	31,009	-	31,009
Deferred Outflow Related to OPEB	9,330	-	9,330
Total Deferred Outflows of Resources	40,339	-	40,339
LIABILITIES			
Accounts Payable	321,007	14,586	335,593
Wages and Salaries Payable	50,369	-	50,369
Compensated Absences Payable	13,093	-	13,093
Intergovernmental Payable	712	-	712
Accrued Interest Payable	1,463	10,511	11,974
Unearned Revenues	429,523	243,005	672,528
Bonds Payable - Current	115,000	-	115,000
Right-to-Use Leases Payable - Current	19,344	-	19,344
Noncurrent Liabilities:			
Due Within One Year	-	160,000	160,000
Due in More Than One Year:			
Bonds Payable - Noncurrent	663,000	4,460,000	5,123,000
Net Pension Liability	8,352	-	8,352
Net OPEB Liability	39,636	-	39,636
Total Liabilities	1,661,499	4,888,102	6,549,601
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	41,054	-	41,054
Deferred Inflow Related to OPEB	1,254	-	1,254
Total Deferred Inflows of Resources	42,308	-	42,308
NET POSITION			
Net Investment in Capital Assets and Lease Assets	10,553,644	2,049,299	12,602,943
Restricted:			
Restricted for Municipal Court	2,266	-	2,266
Restricted for Tourism Development	419,412	-	419,412
Restricted for Capital Acquisition	5,103	-	5,103
Unrestricted	1,652,770	(63,247)	1,589,523
Total Net Position	$ 12,633,195	$ 1,986,052	$ 14,619,247

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

CITY OF WIMBERLEY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
Administration	$ 635,228	$ 62,041	$ 21,744	$ -
Legal	70,638	-	-	-
Council/Boards	147,436	-	-	-
Building	60,822	61,599	-	-
Public Safety	65,991	-	-	-
Municipal Court	5,635	-	-	-
Public Works	261,700	-	-	-
Public Works - Roads	117,738	-	-	-
Public Works - Wastewater	101,913	-	-	-
Tourism	52,215	-	-	-
Community Center	148,933	35,913	-	-
Parks	782,161	580,144	-	-
Interest on Debt and Right-to-Use Leases	10,400	-	-	-
Capital Outlay	76,961	-	77,109	280,000
Total Governmental Activities	2,537,771	739,697	98,853	280,000
BUSINESS-TYPE ACTIVITIES:				
Wastewater Utility	422,239	321,592	-	102,765
Total Business-Type Activities	422,239	321,592	-	102,765
TOTAL PRIMARY GOVERNMENT	$ 2,960,010	$ 1,061,289	$ 98,853	$ 382,765

General Revenues:
Taxes:
General Sales and Use Taxes
Franchise Tax
Other Taxes
Investment Earnings
Total General Revenues

Change in Net Position
Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (551,443)	$ -	$ (551,443)
(70,638)	-	(70,638)
(147,436)	-	(147,436)
777	-	777
(65,991)	-	(65,991)
(5,635)	-	(5,635)
(261,700)	-	(261,700)
(117,738)	-	(117,738)
(101,913)	-	(101,913)
(52,215)	-	(52,215)
(113,020)	-	(113,020)
(202,017)	-	(202,017)
(10,400)	-	(10,400)
280,148	-	280,148
(1,419,221)	-	(1,419,221)
-	2,118	2,118
-	2,118	2,118
(1,419,221)	2,118	(1,417,103)
1,419,653	-	1,419,653
293,914	-	293,914
440,905	-	440,905
4,659	2,563	7,222
2,159,131	2,563	2,161,694
739,910	4,681	744,591
11,893,285	1,981,371	13,874,656
$ 12,633,195	$ 1,986,052	$ 14,619,247

CITY OF WIMBERLEY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	Blue Hole Park Fund	Hotel Occupancy Tax Fund
ASSETS			
Cash and Cash Equivalents	$ 684,237	$ 714,845	$ 298,947
Investments - Current	424,253	-	-
Accounts Receivable, Net	-	-	46,725
Due from Other Governments	261,244	-	-
Due from Other Funds	82,626	-	-
Total Assets	$ 1,452,360	$ 714,845	$ 345,672
LIABILITIES			
Accounts Payable	$ 28,343	$ 28,979	$ 4,275
Wages and Salaries Payable	34,116	14,268	1,985
Intergovernmental Payable	-	-	-
Due to Other Funds	259,351	4,865	-
Unearned Revenues	-	-	-
Total Liabilities	321,810	48,112	6,260
FUND BALANCES			
Restricted Fund Balance:			
Restricted for Municipal Court	-	-	-
Restricted for Capital Projects	-	-	-
Restricted for Tourism Development	-	-	339,412
Assigned Fund Balance:			
Committed for Park Operations & Improvements	-	666,733	-
Unassigned Fund Balance	1,130,550	-	-
Total Fund Balances	1,130,550	666,733	339,412
Total Liabilities and Fund Balances	$ 1,452,360	$ 714,845	$ 345,672

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

Capital Projects	American Rescue Plan Fund	Other Funds	Total Governmental Funds
$ -	$ 429,523	$ 8,140	$ 2,135,692
-	-	-	424,253
-	-	-	46,725
-	-	-	261,244
259,351	-	-	341,977
$ 259,351	$ 429,523	$ 8,140	$ 3,209,891
$ 259,351	$ -	$ 59	$ 321,007
-	-	-	50,369
-	-	712	712
-	-	-	264,216
-	429,523	-	429,523
259,351	429,523	771	1,065,827
-	-	2,266	2,266
-	-	5,103	5,103
-	-	-	339,412
-	-	-	666,733
-	-	-	1,130,550
-	-	7,369	2,144,064
$ 259,351	$ 429,523	$ 8,140	$ 3,209,891

CITY OF WIMBERLEY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total Fund Balances - Governmental Funds	$	2,144,064
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		9,384,053
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements,but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2022capital outlays and debt principal payments is to increase net position.		1,729,747
The City is required under GASB statement No. 68 to report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of $8,352,a deferred resource inflow of $41,054 and a deferred resource outflow of $31,009. The net effect of these was to decrease the ending net position by $18,397.		(18,397)
The City is required under GASB Statement No.75 to report their OPEB benefit plan through TMRS. The requirement resulted in an OPEB liability of $39,636,a deferred resource inflow of $1,254 and a deferred resource outflow of $9,330. The net effect of these is to decrease net position.		(31,560)
The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. Please note this includes the amortization of the right-to-use leaseed assets.		(465,361)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of right-to-use leases as an increase in leases payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(109,351)
Net Position of Governmental Activities	$	12,633,195

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

CITY OF WIMBERLEY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Blue Hole Park Fund	Hotel Occupancy Tax Fund
REVENUES:			
Taxes:			
General Sales and Use Taxes	$ 1,419,653	$ -	$ -
Franchise Tax	293,914	-	-
Other Taxes	70,992	-	369,913
Licenses and Permits	64,027	-	-
Intergovernmental Revenue and Grants	5,950	-	-
Charges for Services	95,526	-	-
Investment Earnings	4,048	553	33
Rents and Royalties	-	22,140	-
Other Revenue	-	558,004	-
Total Revenues	1,954,110	580,697	369,946
EXPENDITURES:			
Current:			
Administration	543,583	-	-
Legal	57,956	-	-
Council/Boards	123,210	-	-
Building	49,902	-	-
Public Safety	75,422	-	-
Municipal Court	4,647	-	-
Public Works	266,909	-	-
Public Works - Roads	105,507	-	-
Public Works - Wastewater	66,336	-	-
Tourism	-	-	132,215
Community Center	131,096	-	-
Parks	3,879	850,334	-
Debt Service:			
Principal on Debt and Right-to-Use Leases	7,620	831	-
Interest on Debt and Right-to-Use Leases	400	80	-
Capital Outlay:			
Capital Outlay	79,849	-	-
Total Expenditures	1,516,316	851,245	132,215
Excess (Deficiency) of Revenues Over (Under) Expenditures	437,794	(270,548)	237,731
OTHER FINANCING SOURCES (USES):			
Proceeds from Right-to-Use Leases	64,871	29,924	-
Transfers In	-	8,272	-
Transfers Out	(613,418)	-	-
Total Other Financing Sources (Uses)	(548,547)	38,196	-
Net Change in Fund Balances	(110,753)	(232,352)	237,731
Fund Balance - October 1 (Beginning)	1,241,303	899,085	101,681
Fund Balance - September 30 (Ending)	$ 1,130,550	$ 666,733	$ 339,412

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

Capital Projects	American Rescue Plan Fund	Other Funds	Total Governmental Funds
$ -	$ -	$ -	$ 1,419,653
-	-	-	293,914
-	-	-	440,905
-	-	-	64,027
-	372,903	-	378,853
-	-	-	95,526
-	-	25	4,659
-	-	-	22,140
-	-	-	558,004
-	372,903	25	3,277,681
-	-	-	543,583
-	-	-	57,956
-	-	-	123,210
-	-	-	49,902
-	-	-	75,422
-	-	-	4,647
-	-	-	266,909
-	-	-	105,507
-	-	-	66,336
-	-	-	132,215
-	-	-	131,096
-	-	-	854,213
-	-	113,000	121,451
-	-	11,395	11,875
489,023	372,903	342,250	1,284,025
489,023	372,903	466,645	3,828,347
(489,023)	-	(466,620)	(550,666)
-	-	-	94,795
489,023	-	124,395	621,690
-	-	(8,272)	(621,690)
489,023	-	116,123	94,795
-	-	(350,497)	(455,871)
-	-	357,866	2,599,935
$ -	$ -	$ 7,369	$ 2,144,064

CITY OF WIMBERLEY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Total Net Change in Fund Balances - Governmental Funds	$	(455,871)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2022 capital outlays and debt principal payments is to increase the change in net position.		1,729,747
The entries required by GASB 68 did require that some expenses on B-1 be adjusted. Total credits to expenses were $53,754 and total debits to expenses were $29,762. The net effect on the change in net position on Exhibit B-1 is an increase of $23,992.		23,992
The entries required by GASB Statement No. 75 did require that some expenses on Exhibit B-1 be adjusted. The net effect on Exhibit B-1 is a decrease in the change in net position.		(4,438)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(465,361)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of right-to-use leases, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.		(88,159)
Change in Net Position of Governmental Activities	$	739,910

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

CITY OF WIMBERLEY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business Type Activities Wastewater Utility
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 39,611
Restricted Assets - Current:	
Restricted Cash- TWDB	718,968
Total Current Assets	758,579
Noncurrent Assets:	
Capital Assets:	
Infrastructure	6,404,710
Accumulated Depreciation - Infrastructure	(247,555)
Machinery & Equipment	39,083
Accumulated Depreciation - Machinery & Equipment	(2,902)
Total Noncurrent Assets	6,193,336
Total Assets	6,951,915
LIABILITIES	
Current Liabilities:	
Accounts Payable	14,586
Due to Other Funds	77,761
Accrued Interest Payable	10,511
Unearned Revenues	243,005
Bonds Payable - Current	160,000
Total Current Liabilities	505,863
Noncurrent Liabilities:	
Bonds Payable - Noncurrent	4,460,000
Total Noncurrent Liabilities	4,460,000
Total Liabilities	4,965,863
NET POSITION	
Net Investment in Capital Assets and Lease Assets	2,049,299
Unrestricted	(63,247)
Total Net Position	$ 1,986,052

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

CITY OF WIMBERLEY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities
	Wastewater Utility
OPERATING REVENUES:	
Charges for Services	$ 321,592
Total Operating Revenues	321,592
OPERATING EXPENSES:	
Purchased Professional & Technical Services	116,398
Purchased Property Services	34,978
Other Operating Costs	29,525
Depreciation	159,729
Total Operating Expenses	340,630
Operating Income (Loss)	(19,038)
NONOPERATING REVENUES (EXPENSES):	
Investment Earnings	2,563
Interest Expense - Nonoperating	(81,609)
Total NonOperating Revenue (Expenses)	(79,046)
Income (Loss) Before Contributions	(98,084)
Capital Contributions	102,765
Change in Net Position	4,681
Total Net Position - October 1 (Beginning)	1,981,371
Total Net Position - September 30 (Ending)	$ 1,986,052

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

CITY OF WIMBERLEY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT D-3

	Business-Type Activities
	Wastewater Utility
Cash Flows from Operating Activities:	
Cash Received from User Charges	$ 321,592
Cash Payments for Contract Services	(358,231)
Cash Payments for Professional & Technical Service	(116,398)
Cash Payments for Other Operating Expenses	(29,525)
Net Cash Provided by (Used for) Operating Activities	(182,562)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(261,032)
Capital Contributed by Other Funds	81,704
Principal Payments on Long-Term Debt	(160,000)
Interest Paid	(84,871)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(424,199)
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	2,563
Net Increase (Decrease) in Cash and Cash Equivalents	(604,198)
Cash and Cash Equivalents at Beginning of Year	1,362,777
Cash and Cash Equivalents at End of Year	$ 758,579
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Operating Income (Loss)	$ (19,038)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	159,729
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	(401,014)
Increase (Decrease) in Due to Other Funds	77,761
Net Cash Provided by (Used for) Operating Activities	$ (182,562)

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

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Wimberley, Texas, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The *Government Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. Reporting Entity – The City of Wimberley, Texas ("City"), was incorporated in 2000 as the "Village of Wimberley" under the provisions of the State of Texas In June 2008, the name was officially changed to City of Wimberley. The City is a municipal corporation governed by an elected mayor and five members of the city council, and provides the following services: public safety (law enforcement), public transportation (streets), health, culture, recreation, public facilities, wastewater services, legal, election functions, and general administrative services.

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. As of September 30, 2022, the City had no component units.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City of Wimberley nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, sales tax, franchise tax, municipal court fines, charges for services and other miscellaneous revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of sales tax. Sales tax revenues are recognized under the "susceptible to accrual" concept; that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

D. Fund Accounting

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

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

Hotel Occupancy Tax Fund – The Hotel Occupancy Tax Fund is used to account for the proceeds of an occupancy tax adopted in December 2021.

Capital Projects Fund- The Capital Projects Fund is used to account for major construction projects (little ranches paving project and oak drive center project).

American Rescue Plan – The American Rescue Plan Fund is used to account for the Coronavirus Local Fiscal Recovery funds provided by the American Rescue Plan Act.

Additionally, the City reports the following fund type(s):

Special Revenue Funds:

Municipal Court Fund – The Municipal Court Fund is used to account for municipal court costs.

Debt Service Fund:
The Debt Service Fund is used to account for principal and interest payments on general long-term debt of the City other than debt service payments made by the enterprise fund.

Capital Projects Funds:

Blue Hole Development Projects – The Blue Hole Development Projects Fund is used to account for financial resources used for acquisition of major capital improvements at Blue Hole Park.

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

Series 2021 Tax Note Construction Fund-The construction fund is used to account for the expenditures out of the tax note proceeds for the Wimberley Square Project.

Proprietary Fund:
Enterprise Fund- The Enterprise Fund is used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's enterprise fund is the Wastewater Fund (used to account for the operating activities of the City's wastewater management).

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

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

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

E. Other Accounting Policies

1. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

2. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

4. Accounts Receivable – Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

   Revenues for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts, and billable services for the City's wastewater services. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts.

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

6. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than $5,000 and estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

   The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

   Buildings, furniture and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Water & Sewer Plant & Facilities	20-40
Buildings and Improvements	5-40
Furniture, Machinery and Equipment	5-10

7. Compensated Absences – Full time regular employees earn eight (8) hours of paid vacation leave per month beginning with the first month of employment. Part-time regular employees earn a proportionate number of hours based upon the amount of time the employee regularly

works each week (available for use after three months of service is completed) up to a maximum of 24 days per year. Annual leave exceeding 24 days will not be carried over.

Employees earn sick leave at the rate of eight (8) per month starting with the first month of employment. No sick leave days are paid when an employee leaves city employment and no liability is reported for unpaid sick leave. Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

8. The City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

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

9. Deferred Inflows/ Deferred Outflows

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

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

10. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

11. The original budget is adopted by the City Council prior to the beginning of the fiscal year through passage of an ordinance. The budget includes proposed expenditures and the means of financing them.

    Budgeted amounts for expenditures from the various funds may not exceed the beginning balances of those funds plus the anticipated revenues for the fiscal year. The final amended budget has been presented in this report.

12. Pensions. For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Other Post-Employment Benefits. GASB 75 requires the recognition of the Total OPEB Liability (TOL), deferred (inflows)/outflows of resources, and total OPEB expense on the face of the employer's financial statements. The TOL is calculated by the System's actuary in accordance with the provisions of GASB 75. The OPEB expense and deferred (inflows)/outflows of resources related to OPEB, which are required to be reported by an employer, primarily result from changes in the components of the TOL. Most changes in the TOL will be included in OPEB expense in the period of the change. The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund.

14. As of October 1, 2021, the City adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for lease that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Disclosures required by this standard are included in Note H.

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

NOTE II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At September 30, 2022, the carrying amount of the City's deposits was $2,175,303 and the bank balance was $2,255,542. The City's cash deposits held at September 30, 2022 and during the year ended September 30, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) 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, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City was in substantial compliance with the requirements of the Act and with local policies.

The City's temporary investments at September 30, 2022, are shown below:

Name	Carrying Amount	Market Value	FDIC Coverage	Pledged Securities
TexPool	$ 188,988	$ 188,988	$ *	$ *
Certificates of Deposit-				
Ozona Bank	235,265	235,265	235,265	-
Total	$ 424,253	$ 424,253	$ 235,265	$ -

*Local government investment pools use amortized cost rather than market value to report net position to computer share prices. Accordingly, the market value of the position in these pools is the same as the value of the shares in the pool, which approximates the carrying amount. The investment pools are organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

TexPool is an investment pool in which the Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company (The Trust Company), which Is authorized to operate the pool. Federated Investors, Inc. manages the assets under an agreement with the Comptroller, acting on behalf of the Trust Company. TexPool is reported at amortized cost and does not have any limitation or restriction on participants' withdrawals. At September 30, 2022, TexPool had a weighted average maturity of 24 days and a net asset value of $1.00011.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy does address the following risks:

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the City's agent bank in the City's name.

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments (certificates of deposit) were secured by FDIC insurance and pledged securities. Positions in external investment pools are not subject to this risk.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2022, the City was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

B. Restricted Assets

Restricted assets consist of cash balances that are dedicated to the following:

	Governmental	Business-Type	Total
TWDB Escrow	$ -	$ 718,968	$ 718,968
Coronavirus Local Fiscal Recovery		-	-
Total Restricted Cash	$ -	$ 718,968	$ 718,968

D. Land, Structures and Equipment-Enterprise Funds

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

	Beginning Balannce	Additions	Deletions	Ending Balance
Infrastructure	$ 261,256	$ 6,143,454	$ -	$ 6,404,710
Machinery and Equipment	7,380	31,703	-	39,083
Construction in Progress	5,861,186		(5,861,186)	-
Totals	$ 6,129,822	$ 6,175,157	$ (5,861,186)	$ 6,443,793
Accumulated Depreciation	(58,850)	(191,611)	-	(250,461)
Fixed Assets, Net	$ 6,070,972	$ 5,983,546	$ (5,861,186)	$ 6,193,332

E. Capital Asset Activity

Capital asset activity for the City for the year ended September 30, 2022, was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	$ 4,015,482	$	$	$ 4,015,482
Buildings and Improvements	6,587,937	252,540		6,840,477
Infrastructure	3,242,421	1,218,837	52,939	4,408,319
Machinery and Equipment	329,910	62,188		392,098
Total Assets	$ 14,175,750	$ 1,533,565	$ 52,939	$ 15,656,376
Accumulated Depreciation				
Buildings and Improvements	$ (2,801,923)	$ (272,706)	$	$ (3,074,629)
Infrstructure	(888,140)	(165,127)	31,878	(1,021,389)
Machinery and Equipment	(277,634)	(19,006)		(296,640)
Total Accumulated Depreciation	$ (3,967,697)	$ (456,839)	$ 31,878	$ (4,392,658)
Capital Assets, Net	$ 10,208,053	$ 1,076,726	$ 84,817	$ 11,263,718
Right-to-Use Lease Assets being, Amortized	$	$	$	$
Equipment/Vehicles		95,792		95,792
Total Right-to-Use Lease Assets	$ -	$ 95,792	$ -	$ 95,792
Less Accumulated Amortization:	$	$	$	$
Equipment/Vehicles		(8,522)		(8,522)
Total Accumulated Amortization	$ -	$ (8,522)	$ -	$ (8,522)
Total Right-to-Use Lease Assets being Amortized, Net	$ -	$ 87,270	$ -	$ 87,270
Governmental Activities Capital Assets, Net	$ 10,208,053	$ 1,163,996	$ 84,817	$ 11,350,988

Depreciation expense was charged to governmental functions as follows:

Administration	$ 115,938
Legal	12,682
Council/Board	24,226
Building	10,920
Public Safety	7,896
Municipal Court	988
Public Works	31,136
Public Works- Roads	22,931
Tourism	14,516
Community Center	28,687
Parks	186,919
	$ 456,839

Amortization expense was charged to governmental functions as follows:

Administration	$ 7,180
Public Works	445
Parks	897
	$ 8,522

F. Changes in Long-Term Liabilities

A summary of changes in long-term debt for the year ended September 30, 2022 follows:

Description	Amounts Outstanding 9/30/21	Additions	Deletions	Amounts Outstanding 9/30/22	Due in One Year
Governmental Activities:					
Bonds Payable					
Tax Note					
Series 2021	$ 824,000	$ -	$ (113,000)	$ 711,000	$ 115,000
Leases Payable		94,795	(8,451)	86,344	19,343
Net Pension Liability	37,827	29,958	(59,433)	8,352	
Total OPEB Liability	34,859	5,324	(547)	39,636	-
Compensated Absences	18,254	-	(5,161)	13,093	-
Total Governmental Activities	$ 914,940	$ 130,077	$ (186,592)	$ 858,425	$ 134,343

Description	Interest Rate	Amounts Original Issue	Amounts Outstanding 9/30/21	Additions	Deletions	Amounts Outstanding 9/30/22	Due in One Year
Business-Type Activities:							
Refunding Bonds - Series 2020	0.37%-2.15%	$ 4,940,000	$ 4,780,000	$	$ (160,000)	$ 4,620,000	160,000
Total Business Type Activities		$ 4,940,000	$ 4,780,000	$ -	$ (160,000)	$ 4,620,000	$ 160,000

G. Long-term Debt

Tax Note, Series 2021

The City issued $824,000 Tax Notes, Series 2021 to finance the costs incurred in connection with acquiring, constructing, installing, and equipping additions, improvements, extensions and equipment for Wimberley Square. The Certificates were issued at interest rates of 1.00% to 1.55%. These Notes are payable from and secured by levying an annual ad valorem tax. The City set the annual tax rate at -0- for the 2021 tax year.

Debt service requirements are as follows:

Year Ended September 30	Tax Notes Payable Principal	Interest	Total
2023	115,000	8,974	123,974
2024	116,000	7,767	123,767
2025	118,000	6,491	124,491
2026	119,000	5,134	124,134
2027	120,000	3,611	123,611
2028-2029	123,000	1,589	124,589
	$ 711,000	$ 33,565	$ 744,565

Exchange Refunding Bonds, Series 2020 (TWDB)

The City issued $4,940,000 in bonds for the exchange and refund of the Series 2017 Bonds. In 2017, the City issued $5,255,000 in bonds for the construction of a comprehensive sewer system. The bonds mature serially through August 1, 2046 and bear interest at rates between 0.7% and 2.15%. The bonds were privately placed with a bank. Due to a change in project scope, the bonds that had not been defeased before August 15, 2020 ($4,940,000) were reissued on August 27, 2020. These bonds were issued under identical repayment principal, interest and timing terms. They were also privately placed with a bank and there are no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences.

Year Ended September 30	Bonds Payable Principal	Interest	Total
2023	160,000	83,687	243,687
2024	160,000	82,551	242,551
2025	165,000	81,191	246,191
2026	165,000	79,492	244,492
2027	165,000	77,495	242,495
2028-2032	870,000	348,309	1,218,309
2033-2037	955,000	265,750	1,220,750
2038-2042	1,050,000	165,980	1,215,980
2043-2046	930,000	50,295	980,295
	$ 4,620,000	$ 1,234,750	$ 2,437,725

H. LEASES PAYABLE

The City has entered into multiple agreements that are considered "right-to-use" leases. The leases are for City equipment (vehicles, copier and postage machine).

Annual requirements to amortize leases payable and related interest are as follows:

Year Ended September 30	Leases Payable Principal	Interest	Total
2023	19,343	1,640	20,983
2024	19,303	1,242	20,545
2025	18,366	863	19,229
2026	18,739	490	19,229
2027	10,593	143	10,736
	$ 86,344	$ 4,378	$ 90,722

I. RETIREMENT PLAN

Plan Description

The City of Wimberley, Texas participates as one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at *tmrs.com*.

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member's contributions and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2020	Plan Year 2021
Deposit Rate:	5%	5%
Matching Ratio (City to Employee):	2 to1	2 to1
Years required for vesting	5 yrs	5 yrs
Service retirement eligibility	Vested and age 60 or 20 years and any age	Vested and age 60 or 20 years and any age
Updated Service Credit	100% - Transfers	100% - Transfers

Employees covered by benefit terms.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	15
Active employees	11
	31

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Wimberley, Texas were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Wimberley, Texas were 6.14% and 5.96% in calendar years 2021 and 2022, respectively. The city's contributions to TMRS for the year ended September 30, 2022, were $34,753, and were equal to the required contributions.

<u>Net Pension Liability</u>
The city's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Schedule of Changes in Net Pension Liability/(Asset)

	Increase/(Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset (a)-(b)
Balances as of December 31, 2020	$ 542,059	$ 504,232	$ 37,827
Changes for the year:			
Service cost	45,084		45,084
Interest	37,810		37,810
Changes of Benefit Terms	-		-
Difference between Expected and Actual Experience	8,576		8,576
Changes in Assumptions	-		-
Contributions - Employer		30,520	(30,520)
Contributions - Employee		24,853	(24,853)
Net investment income		65,874	(65,874)
Benefit Payments, Including Refunds of Employee Contributions	(8,901)	(8,901)	-
Administrative Expense		(304)	304
Other Changes		2	(2)
	-		-
Net Changes	82,569	112,044	(29,475)
Balances as of December 31, 2021	$ 624,628	$ 616,276	$ 8,352

Sensitivity of the net pension liability to changes in the discount rate:

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

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
City's Net Pension Liability	$ 105,677	$ 8,352	$ (69,841)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at *tmrs.com*.

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

For the year ended September 30, 2022, the City recognized pension expense of $10,759.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 7,337	$ 5,649
Changes of assumptions	359	-
Net difference between projected and actual investment earnings	33,358	-
Contributions made subsequent to measurement date	-	25,360
	$ 41,054	$ 31,009

$25,360 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2022	$ (10,195)
2023	(11,750)
2024	(7,093)
2025	(6,367)
2026	-
Thereafter	-
Total	$ (35,405)

J. Defined Other Post-Employment Benefit Plan

Benefit Plan Description. Texas Municipal Retirement System ("TMRS") administers an optional death benefit plan, the Supplemental Death Benefits Fund ("SDBF"). The plan is a cost-sharing multiple-employer defined benefit group life insurance plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide supplemental death benefits for their active Members with optional coverage for their retirees. The death benefit for active Members provides a lump-sum payment approximately equal to the Member's annual salary (calculated based on the Member's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The participating city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active Member and retiree deaths on a pay-as-you-go basis.

All eligible employees of the city are required to participate in the SDBF.

The City's contributions to the TMRS SDBF for the year ended 2022 and 2021 were $1,711 and $984 respectively, which equaled the required contributions each year.

Employees covered by benefit terms.
At the December 31, 2021 valuation and measurement date, the following employees were covered by benefit terms:

Inactive employees currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	1
Active Employees	11
Total	17

Total OPEB Liability
The City's Total OPEB Liability (TOL) was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions:
The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Discount Rate*	1.84%
Retirees' share of benefit-related cost	$0
Administrative Expenses	All administrative expenses are paid through the Pension trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates- service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational baiss by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 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.

Discount Rate
Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

Covered Payroll	$	497,067
Total OPEB Liability- Beginning of Year		34,859
Changes for the year		
Service Cost		2,883
Interest on Total OPEB Liability		721
Changes of benefit terms		-
Differences between expected and actual experience		459
Changes in assumptions or other inputs		1,261
Benefit Payments**		(547)
Net Changes		4,777
Total OPEB Liability- End of Year		39,636
Total OPEB Liability as a Percentage of Covered Payroll		7.97%

** Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Sensitivity of the Total OPEB Liability to changes in the discount rate

The following presents the Total OPEB Liability of the City, calculated using the discount rate of 1.84%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	1% Decrease (0.84%)	Current Discount Rate (1.84%)	1% Increase (2.84%)
City's Total OPEB Liability	$ 49,073	$ 39,636	$ 32,618

OPEB Expense and Deferred Outflows of Resources

For the year ended September 30, 2022, the City recognized OPEB expense of $5,188

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Ouflows of Resources
Differences between expected and actual experience	$ 827	$ 1,790
Changes in assumption and other inputs	427	6,958
Contributions made subsequent to measurement date	-	582
	$ 1,254	$ 9,330

$582 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:		
2022	$	1,464
2023		1,542
2024		2,026
2025		1,799
2026		663
Thereafter		-
Total	$	7,494

K. Interfund Receivable and Payables

Interfund balances at September 30, 2022, consisted of the following:

	Receivable	Payable
General Fund -		
Capital Projects Fund		259,351
Blue Hole Park Fund	4,865	
Wastewater Utility Fund	77,761	
Capital Projects Fund-		
General Fund	259,351	
Blue Hole Park Fund-		
General Fund		4,865
Wastewater Utility Fund-		
General Fund		77,761
Totals	$ 341,977	$ 341,977

L. Cash Flows Statement - Supplemental Disclosures

Since the City is tax exempt no income tax was paid in 2022 and 2021. The City paid interest in the amount of $94,166 in 2022 and $79,120 in 2021.

M. Risk Management

The City's risk management program includes coverage for property, general liability, automobile liability, public officials' liability, and employee dishonesty bonds. The City participates in the Texas Municipal League joint self-insurance fund, which is a public entity risk pool. The premiums paid to TML result in the transfer of risk to the pool.

N. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

O. Unearned Revenues

Unspent Texas Department of Emergency Management Coronavirus State and Local Fiscal Recovery Funds in the amount of $429,523 are classified as unearned revenue in the American Rescue Plan Fund. The funds are for response to the COVID-19 public health emergency.

Unspent Texas Water Development Board Loan Forgiveness funds in the amount of $243,005 are classified as unearned revenue in the Utility Fund. Subsequent to the audit period, the funds were refunded to the Texas Water Development Board.

P. Hotel Occupancy Tax

The City adopted Ordinance No. 2021-33 in December, 2021 authorizing the city to impose a hotel occupancy tax for the purpose of promoting tourism and the convention and hotel industry. The tax rate of seven percent (7%) was imposed on the consideration paid for a hotel room located within the city on a effective date of January1, 2022.

Q. Excess Expenditure Over Budget

Actual expenditures exceeded appropriation in the General Fund for several line items but not in total.

R. Subsequent Events

The City has evaluated subsequent events through June 14, 2023, the date which the financial statements were available to be issued. The City is not aware of any subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WIMBERLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
General Sales and Use Taxes	$ 1,285,657	$ 1,285,657	$ 1,419,653	$ 133,996
Franchise Tax	275,000	275,000	293,914	18,914
Other Taxes	25,000	25,000	70,992	45,992
Licenses and Permits	54,000	54,000	64,027	10,027
Intergovernmental Revenue and Grants	-	-	5,950	5,950
Charges for Services	84,100	84,100	95,526	11,426
Investment Earnings	3,000	3,000	4,048	1,048
Other Revenue	50,000	50,000	-	(50,000)
Total Revenues	1,776,757	1,776,757	1,954,110	177,353
EXPENDITURES:				
Current:				
Administration	473,531	623,531	543,583	79,948
Legal	100,000	100,000	57,956	42,044
Council/Boards	131,700	131,700	123,210	8,490
Building	38,000	38,000	49,902	(11,902)
Public Safety	121,069	121,069	75,422	45,647
Municipal Court	13,275	13,275	4,647	8,628
Public Works	238,107	273,107	266,909	6,198
Public Works - Roads	102,000	102,000	105,507	(3,507)
Public Works - Wastewater	10,000	10,000	66,336	(56,336)
Community Center	146,180	146,180	131,096	15,084
Parks	5,000	5,000	3,879	1,121
Debt Service:				
Principal on Debt and Right-to-Use Leases	-	-	7,620	(7,620)
Interest on Debt and Right-to-Use Leases	-	-	400	(400)
Capital Outlay:				
Capital Outlay	50,000	50,000	79,849	(29,849)
Total Expenditures	1,428,862	1,613,862	1,516,316	97,546
Excess (Deficiency) of Revenues Over (Under) Expenditures	347,895	162,895	437,794	274,899
OTHER FINANCING SOURCES (USES):				
Proceeds from Right-to-Use Leases	-	-	64,871	64,871
Transfers Out	(344,395)	(495,395)	(613,418)	(118,023)
Total Other Financing Sources (Uses)	(344,395)	(495,395)	(548,547)	(53,152)
Net Change	3,500	(332,500)	(110,753)	221,747
Fund Balance - October 1 (Beginning)	1,241,303	1,241,303	1,241,303	-
Fund Balance - September 30 (Ending)	$ 1,244,803	$ 908,803	$ 1,130,550	$ 221,747

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

CITY OF WIMBERLEY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
A. Total Pension Liability			
Service Cost	$ 45,084	$ 41,069	$ 44,185
Interest (on the Total Pension Liability)	37,810	34,258	29,874
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	8,576	(17,639)	(1,208)
Changes of Assumptions	-	-	(1,676)
Benefit Payments, Including Refunds of Employee Contributions	(8,901)	(5,251)	(4,075)
Net Change in Total Pension Liability	$ 82,569	$ 52,437	$ 67,100
Total Pension Liability - Beginning	542,059	489,622	422,522
Total Pension Liability - Ending	$ 624,628	$ 542,059	$ 489,622
B. Total Fiduciary Net Position			
Contributions - Employer	$ 30,520	$ 28,722	$ 37,191
Contributions - Employee	24,853	21,892	23,628
Net Investment Income	65,874	32,424	49,551
Benefit Payments, Including Refunds of Employee Contributions	(8,901)	(5,251)	(4,075)
Administrative Expense	(304)	(210)	(280)
Other	2	(8)	(8)
Net Change in Plan Fiduciary Net Position	$ 112,044	$ 77,569	$ 106,007
Plan Fiduciary Net Position - Beginning	504,232	426,662	320,655
Plan Fiduciary Net Position - Ending	$ 616,276	$ 504,231	$ 426,662
C. Net Pension Liability	$ 8,352	$ 37,828	$ 62,960
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.66%	93.02%	87.14%
E. Covered Payroll	$ 497,067	$ 437,840	$ 472,564
F. Net Pension Liability as a Percentage of Covered Payroll	1.68%	8.64%	13.32%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
$ 38,459	$ 25,805	$ 21,061	$ 22,391	$ 22,714
26,015	23,305	15,099	12,969	10,986
-	90,245	-	-	-
(4,903)	(9,438)	(4,066)	962	(1,336)
-	-	-	5,463	-
(6,458)	(5,246)	(1,015)	(4,396)	(3,352)
$ 53,113	$ 124,671	$ 31,079	$ 37,389	$ 29,012
369,409	244,738	213,659	176,270	147,258
$ 422,522	$ 369,409	$ 244,738	$ 213,659	$ 176,270
$ 35,932	$ 9,066	$ 6,241	$ 7,077	$ 5,003
19,743	17,846	14,790	16,085	15,539
(8,366)	31,421	13,085	258	8,561
(6,458)	(5,247)	(1,015)	(4,396)	(3,352)
(162)	(163)	(148)	(158)	(89)
(9)	(8)	(8)	(7)	(7)
$ 40,680	$ 52,915	$ 32,945	$ 18,859	$ 25,655
279,975	227,060	194,115	175,256	149,601
$ 320,655	$ 279,975	$ 227,060	$ 194,115	$ 175,256
$ 101,867	$ 89,434	$ 17,678	$ 19,544	$ 1,014
75.89%	75.79%	92.78%	90.85%	99.42%
$ 394,855	$ 356,919	$ 295,799	$ 321,706	$ 310,774
25.80%	25.06%	5.98%	6.08%	0.33%

CITY OF WIMBERLEY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2022

	2022	2021	2020
Actuarially Determined Contribution	$ 34,753	$ 27,234	$ 31,820
Contributions in Relation to the Actuarially Determined Contributions	34,753	(27,234)	(31,820)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered Payroll	$ 601,032	$ 437,175	$ 451,530
Contributions as a Percentage of Covered Payroll	5.78%	6.23%	7.05%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

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

CITY OF WIMBERLEY, TEXAS
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2022

Valuation Date:

Notes — Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months later.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 Years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based tables of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes — There were no benefit changes during the year.

CITY OF WIMBERLEY, TEXAS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
Total OPEB Liability			
Service Cost	$ 2,883	$ 1,751	$ 1,229
Interest on the Total OPEB Liability	721	730	743
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	459	1,848	249
Changes of Assumptions	1,261	4,909	4,235
Benefit Payments*	(547)	(131)	(236)
Net Change in Total OPEB Liability	4,777	9,107	6,220
Total OPEB Liability - Beginning	34,859	25,752	19,532
Total OPEB Liability - Ending	$ 39,636	$ 34,859	$ 25,752
Covered Payroll	$ 497,067	$ 437,840	$ 472,564
Total OPEB Liability as a Percentage of Covered Payroll	7.97%	7.96%	5.45%

*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
$ 1,303	$ 1,071
745	712
-	-
(2,863)	-
(1,471)	1,848
(79)	(71)
(2,365)	3,560
21,897	18,337
$ 19,532	$ 21,897
$ 394,855	$ 356,919
4.95%	6.14%

CITY OF WIMBERLEY, TEXAS
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2022

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months later.

Methods and assumptions used to determine contribution rates:

Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation.
Discount rate*	1.84%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates- service retirees	2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis with Scale UMP.
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas mortality tables with a 4 year set-forward for males and a 3-year set-forward for males. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect impairment for younger members who become disabled males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

Other Information:

Notes There were no benefit changes during the year.

SUPPLEMENTARY INFORMATION

CITY OF WIMBERLEY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	Municipal Court	Debt Service	BHP Development Projects	Series 2021 Tax Note Constuction
ASSETS				
Cash and Cash Equivalents	$ 3,037	$ -	$ -	$ -
Total Assets	$ 3,037	$ -	$ -	$ -
LIABILITIES				
Accounts Payable	$ 59	$ -	$ -	$ -
Intergovernmental Payable	712	-	-	-
Total Liabilities	771	-	-	-
FUND BALANCES				
Restricted Fund Balance:				
Restricted for Municipal Court	2,266	-	-	-
Restricted for Capital Projects	-	-	-	-
Total Fund Balances	2,266	-	-	-
Total Liabilities and Fund Balances	$ 3,037	$ -	$ -	$ -

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

Donations/ Sidewalks	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
$ 5,103	$ 5,103	$ 8,140
$ 5,103	$ 5,103	$ 8,140
$ -	$ -	$ 59
-	-	712
-	-	771
-	-	2,266
5,103	5,103	5,103
5,103	5,103	7,369
$ 5,103	$ 5,103	$ 8,140

CITY OF WIMBERLEY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Municipal Court	Debt Service	BHP Development Projects	Series 2021 Tax Note Constuction
REVENUES:				
Investment Earnings	$ 2	$ -	$ 4	$ -
Total Revenues	2	-	4	-
EXPENDITURES:				
Debt Service:				
Principal on Debt and Right-to-Use Leases	-	113,000	-	-
Interest on Debt and Right-to-Use Leases	-	11,395	-	-
Capital Outlay:				
Capital Outlay	-	-	-	292,250
Total Expenditures	-	124,395	-	292,250
Excess (Deficiency) of Revenues Over (Under) Expenditures	2	(124,395)	4	(292,250)
OTHER FINANCING SOURCES (USES):				
Transfers In	-	124,395	-	-
Transfers Out	-	-	(8,272)	-
Total Other Financing Sources (Uses)	-	124,395	(8,272)	-
Net Change in Fund Balance	2	-	(8,268)	(292,250)
Fund Balance - October 1 (Beginning)	2,264	-	8,268	292,250
Fund Balance - September 30 (Ending)	$ 2,266	$ -	$ -	$ -

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

Donations/ Sidewalks	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
$ 19	$ 23	$ 25
19	23	25
-	113,000	113,000
-	11,395	11,395
50,000	342,250	342,250
50,000	466,645	466,645
(49,981)	(466,622)	(466,620)
-	124,395	124,395
-	(8,272)	(8,272)
-	116,123	116,123
(49,981)	(350,499)	(350,497)
55,084	355,602	357,866
$ 5,103	$ 5,103	$ 7,369

REPORT ON INTERNAL CONTROL

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wimberley, Texas as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City 's basic financial statements, and have issued our report thereon dated June 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Wimberley, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Wimberley, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Wimberley, Texas's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exit that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-001- 2022-003 to be a material weakness.

TEL: 830 997 3348 **EMAIL:** info@nb-cpa.com
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MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & TEXAS SOCIETY OF CPAs

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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

City of Wimberley, Texas's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on City of Wimberley, Texas's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Wimberley, Texas's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

Neffendorf & Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas

June 14, 2023

City of Wimberley, Texas

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Section I - Summary of Auditor's Results

1 **Financial Statements**

Type of auditor's report issued	**Unmodified**	
Internal control over financial reporting		
Material weakness(es) identified	X yes	____ no
Significant deficiencies identified that are not considered to be material weaknesses	____ yes	X no
Noncompliance material to financial statements noted?	____ yes	X no

B. Section II - Findings Related to the Financial Statements

2022-001

Type of Finding: Material Weakness

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

Condition: The City did not reconcile the bank for the entire twelve months of fiscal year 2022. The accounts were not reconciled until several months past the fiscal year end (April 2023).

Cause: The City failed to monitor the information received from the firm hired to prepare the bank reconciliations and the firm was not preparing the reconciliations.

Effect: The City bank accounts were unreconciled at year-end causing the financial statements to be potentially materially misstated.

Questioned Costs: None

Recommendation: The City should monitor the information being received and require copies of the bank reconciliations on a timely basis.

Views of responsible officials and planned corrective action: This information is in the attached responses.

2022-002

Type of Finding: Material Weakness

Criteria: The City was required to adopt and implement GASB Statement No. 87, *Leases* for the fiscal year ended September 30, 2022. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistancy of information about the governments' leasing activities.

Condition: The City did not evaluate the City's leases for the requirement to implement GASB Statement No. 87, *Leases.* The City did not adopt and implement GASB Statement No. 87, *Leases.* The City was not in compliance with Governmental Accounting Standards.

Cause: The City did not evaluate the leases of the City to determine materiality.

Effect: Audit procedures were performed with regard to the City's lease assets that met the definition of the Standard. The results of the procedures determined the Right-to-Use lease asset and liability was material to the financial statements.

Questioned Costs: None

Recommendation: The City should review, obtain the necessary education and implement the requirements of GASB Statement No. 87, *Leases* as well as any new GASB Statements that apply to the City.

Views of responsible officials and planned corrective action: This information is in the attached responses.

2022-003

Type of Finding: Material Weakness

Criteria: For governmental funds, generally accepted accounting principles require the adoption of the modified accrual basis of accounting. For enterprise funds, generally accepted accounting principles require the adoption of the full accrual basis of accounting.

Condition: The City did not record all material receivables and payables as of September 30, 2022.

Cause: The City failed to comply with generally accepted accounting principles.

Effect: The City's receivable and payables were understated at year-end.

Questioned Cost: None

Recommendation: The City should record accounts receivable and payable at year-end.

Views of responsible officials and planned corrective action: This information is in the attached responses.

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
September 30, 2022
Prepared by City Administrator

City of Wimberley

City of Wimberley - Summary Schedule of Prior Audit Findings

No prior audit findings noted.

City of Wimberley - Corrective Action Plan

Finding 2022-001

Finding Summary: The City of Wimberley did not reconcile the bank accounts for the entire twelve months of fiscal year 2022. They were not completed in a timely manner, and they were reconciled several months later in April 2023.

Responsible Individuals: Tim Patek, City Administrator
Monica Alcala, Finance Coordinator and Office Administration

Corrective Action Plan: The City of Wimberley will work closely with their accounting firm and ensure bank reconciliations are made monthly. City staff will monitor the information received from the firm to ensure timely and accurate reconciliations.

Anticipated Completion Date: Ongoing

Finding 2022-002

Finding Summary: The City of Wimberley was required to adopt and implement Government Accounting Standards Board (GASB) Statement #87, Leases for the Fiscal Year ending September 30, 2022. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Responsible Individuals: Tim Patek, City Administrator
Monica Alcala, Finance Coordinator and Office Administration

Corrective Action Plan: The City will evaluate the City's new leases and work with our accountant to ensure they comply with all GASB Statements.

Anticipated Completion Date: September 30, 2023

Finding 2022-003

Finding Summary:	The City should follow generally accepted accounting principles for all governmental funds and adopt the modified accrual basis of accounting. For all enterprise funds, generally accepted accounting principles require the adoption of the full accrual basis of accounting. The City did not record all material receivable and payables as of September 30, 2022 and failed to comply with the generally accepted accounting principles, and receivables and payables were understated at year-end.
Responsible Individuals:	Tim Patek, City Administrator Monica Alcala, Finance Coordinator and Office Administration
Corrective Action Plan:	The City will update their financial policy to ensure records are maintained on a basis consistent with accepted principles and standards for local government accounting, as determined by the GASB. The City will also ensure accounts receivable and payables are recorded at year-end.
Anticipated Completion Date:	Ongoing

NEFFENDORF & BLOCKER, P.C.

June 14, 2023

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wimberley, Texas for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 8, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Wimberley, Texas are described in Note 1 to the financial statements. GASB Statement No. 87, *Leases* was required to be adopted and implemented. City of Wimberley, Texas failed to implement the Statement and audit adjustments were necessary for the adoption and implementation. The application of existing policies was not changed during the year ended September 30, 2022. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Significant journal entries (some of which were material) were made to correct and record balances to the financial statements. Management has agreed and corrected all such misstatements.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 14, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Recommendations

Budget Amendments

The City adopted several budget amendments during the year which were not recorded in the general ledger. We recommend all budget amendments be recorded in the general ledger.

Accounting and Grants Manual

Since the City has changed accounting software and received grants from several entities, we again recommend that the City adopt a written accounting and grants manual.

Credit Card Park Receipts Reconciliations

During our test our park gate receipts, we noted that there is no reconciliation of credit card receipts to the bank deposits. We again recommend the City perform a reconciliation of daily credit card receipts to bank deposit amounts.

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

Very truly yours,

Neffendorf & Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas

AGENDA ITEM:	1. Discuss and consider possible action on Resolution No. 09-2023, adopting a statement of Financial Policies and Grant Procedures for the City when the City is a recipient of Federal and/or State Funding for the development of projects and/or services to the community and providing an effective date. (Tim Patek, City Administrator)
SUBMITTED BY:	Tim Patek
DATE SUBMITTED:	06/23/2023
MEETING DATE:	July 6, 2023

AGENDA FORM

ITEM DESCRIPTION/SUMMARY

This Resolution and the supporting documents will help the City come into and remain in compliance with all regulations when the City receives grant funding from state and/or federal resources.

The statement of financial goals and policies also ensures the city is utilizing the best accounting practices for all financial records for the City.

REQUESTED ACTION

Motion
Resolution
Discussion

FINANCIAL

N/A

STAFF RECOMMENDATION

ATTACHMENT/S

1. Resolution No. 09-2023 (Purchasing Policy_Federal Grants Update) 07.06.2023
2. (Exhibit A) City of Wimberley Statement of Financial Goals and Policy
3. (Exhibit B) Federal Grant Procurment Policy

RESOLUTION NO. 09-2023

A RESOLUTION ADOPTING A STATEMENT OF FINANCIAL POLICIES AND GRANT PROCEDURES FOR THE CITY WHEN THE CITY IS A RECIPIENT OF FEDERAL AND/OR STATE FUNDING FOR THE DEVELOPMENT OF PROJECTS AND/OR SERVICES TO THE COMMUNITY AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, it is useful and necessary for good government that the City of Wimberley adopt Financial Goals and Policies and update it, from time to time, in order to provide additional definitions, meet financial requirements, and prevent excessive purchases when utilizing federal and/or state funding; and

WHEREAS, the City of Wimberley will utilize funding from grant awards to include but not exclusive to financing road and utility construction, securing professional services for development and monitoring of the work, acquiring properties and/or services; and

WHEREAS, the City of Wimberley, in consideration for the receipt and acceptance of federal or state funding, agrees to comply with all federal rules and regulations including those rules and regulations governing citizen participation and civil rights protections.

THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WIMBERLEY, TEXAS, THAT:

Section 1

The City Council of the City of Wimberley, Texas hereby adopts the following financial policies and goals when receiving federal and/or state funding:

Exhibit A: Statement of Financial Goals and Policies

Exhibit B: Federal Grant Procurement Policy

This resolution shall be and become effective immediately upon and after its adoption and approval.

PASSED AND APPROVED this 6th day of July 2023

The City of Wimberley, Texas

____
Gina V. Fulkerson, Mayor

Attest:

____
Tammy Heller, City Secretary

OFFICIAL SEAL OF THE CITY
City
of
Wimberley
OFFICIAL SEAL OF THE CITY

EXHIBIT A

CITY OF WIMBERLEY

STATEMENT OF FINANCIAL GOALS AND POLICIES

ORGANIZATIONAL GOAL STATEMENT

The overall financial and service goals of City of Wimberley are to provide the full range of statutorily required services to its citizens while maintaining no (or the lowest prudent) property tax rate. The City of Wimberley intends to continue to expand non-tax revenues to allow for budgetary growth as dictated both by the growth in the City of Wimberley's population and the growth in the demand for the City's services. The City of Wimberley will ensure that budgetary growth is balanced by increases in demand for services. The City of Wimberley will provide for expansion and renewal of its infrastructure through the use of long-term debt when it is considered appropriate and fiscally responsible.

I. GENERAL POLICIES

The City will operate on a fiscal year which begins on October 1 and ends on September 30.

The City of Wimberley will conduct its financial affairs in conformity with State and Federal laws, and this Statement of Financial Policy, which shall be approved by City Council and reviewed on an annual basis as part of the budget process.

II. ACCOUNTING, AUDITING, AND FINANCIAL PLANNING

The City of Wimberley Finance Department will continue to maintain records on a basis consistent with accepted principles and standards for local government accounting, as determined by GASB and GFOA.

Regular monthly and annual financial reports are issued summarizing financial activity by fund, and department, and comparing actual resources and expenditures with budgeted amounts, as required by the City.

The City Administrator provides monthly reports on the total cost of specific services by type of expenditure and by fund, in accordance with City Procedures.

A financial audit will continue to be performed annually by an independent public accounting firm and an official opinion and annual financial report will continue to be published and issued, as authorized by Article 115.043.

The City will continue to identify areas for evaluation efforts, by either staff, committees, or consultants, in order to judge the effectiveness and efficiencies of City services.

Cost benefit studies will be conducted, where appropriate and applicable, on non-recurring expenditures and capital project.

Full disclosure will continue to be provided in the annual financial and budget reports and bond representations, in accordance with Articles 115.045, 114.025, 111.091, and 111.092 of the Revised Statues of Texas.

III. BUDGETING POLICIES

Budgetary Basis – The City's budgetary basis and accounting records are maintained on a modified accrual basis and organized and operated on a fund basis in accordance with generally accepted accounting principles. Encumbrance accounting is utilized for materials, goods and services documented by purchase orders or contracts. The City will increase the subsequent year's appropriations, but only if necessary, to complete these transactions. The approved annual budget with amendments as approved by the City Council is the management control device utilized by the City. Annual appropriated budgets are adopted for the General, Special Revenue, and Debt Service funds. All annual appropriations lapse at fiscal year-end. Encumbrance accounting, under which funds are reserved from purchase orders, contracts, and other commitments, is employed in these funds and as of September 30, encumbrances are subject to re-appropriations in the budget of the subsequent year.

The City of Wimberley budgets resources on a fiscal year which begins October 1 and ends on the following year on September 30.

Budget manuals are distributed, and budget module training sessions are held, for annual budget preparation, which includes forms and instructions are distributed to City Departments in May/June each year. Departments must return their proposals no later than June 30th of that year.

The recommended budget shall be prepared and distributed to the City Council members on or before August of the preceding fiscal year.

The proposed budget estimate shall be presented in the following format:

> Revenue estimates by major item.
>
> Operating and maintenance expenditures by object code, major expense categories, functionally related departments, and program summaries.
>
> Debt Service summarized by issues detailing principal, interest, and reserve amount by fund.

The proposed budget estimate shall also contain information regarding:

Proposed personnel staffing levels.

A detailed listing of capital equipment to be purchased by each department.

A detailed schedule of capital projects.

Any additional information, data, or analysis requested of management by the City Council.

The proposed budgeted revenues shall be provided by the City Administrator's Office including grant revenues, and inter-fund transfers.

The City Council shall adopt the budget by Resolution prior to October 1.

The City budgeting procedures attempt to identify distinct functions and activities performed by the City of Wimberley and to allocate budget resources adequate to perform these functions and activities at a specified level of service.

The City will continue to integrate performance measurement and productivity indicators with the budget process where appropriate.

The committed, but not yet received purchases as of September 30, the end of fiscal year, will be re-appropriated in the subsequent fiscal year per a list prepared by the City Administrator with appropriate Budget Amendment.

Only the City Council shall have authority to transfer expenditure appropriations from any department category of object codes to any other department or non-departmental major object code category. Transfers of such funds amount to a new appropriation and therefore must be adjusted prior to expenditure of such amounts.

Any transfer shall ONLY be made when it is submitted on the appropriate Budget Amendment Request or Intra-Departmental Operating Transfer forms. Each amendment request must be signed by an authorized departmental representative with review in the Finance Office. All transfer requests are submitted to the City Council for final approval.

IV. BUDGET AMENDMENT POLICY

City Policy allows a Department Head or City Administrator to request budget amendments throughout the fiscal year as follows:

BUDGET AMENDMENT STATUTE:

Pursuant to Local Government Code Section 111.070, the City Council may spend City funds only in strict compliance with the budget. The City Council by Resolution may amend the budget to transfer an amount budgeted for one item to another budgeted item without authorizing an emergency expenditure.

INTRA-DEPARTMENTAL OPERATING TRANSFER:

Transfers may be made up to $1,000 (cumulative total for Intra-Departmental Operating Transfers for the fiscal year) between operating line items and surplus funds from capital items within an individual departmental budget. This type of amendment will be presented on the standing weekly agenda item for Intra-Departmental Operating Transfers. The amendment summary will be sent to each member of City Council and other affected departments two (2) working days prior to the actual Council meeting. When a line item will be increased or decreased by more than $1,000 (cumulative total for Intra-Departmental Operating Transfers for the fiscal year), or if a new capital items is requested, the amendment must be presented to City Council for consideration and action as a separate agenda item.

ROUTINE BUDGET AMENDMENTS:

Includes transfer of funds within the maintenance and operations line items within the elected official or department head budget(s). These items can be placed directly on the consent agenda.

NON-ROUTINE BUDGET AMENDMENTS:

Inter-Departmental – Any amendment which moves funds from one elected official or department head's budget to another elected official or department heads budget must be presented to City Council/Commissioners Court for consideration and action.

Inter-Fund – Where permitted by law, any amendment which moves funds from one fund to another fund must be presented to the City Council for consideration and action.

Personnel – Requests to transfer funds from any salary or benefit account are allowed for the specific purpose of salary related expenditures such as contract labor. Budget amendment requests for capital and operating accounts from personnel line items are allowed if there are no other funds available in that department's budget and the City Council deems it to be necessary.

Capital – Any request for additional capital equipment must be justified and specified in detail with cost estimates. Requests for additional capital items not included in the adopted budget or substitution of one item for another also requires approval from the City Council. Surplus funds in a budgeted capital item can be transferred to cover a shortage up to $1,000 in another budgeted line item with an Intra-Departmental Operating Transfer.

Computers – Any request including computer equipment, software, computer maintenance or technological requests requires a written recommendation from Technology Services when submitting the Budget Transfer / Amendment Request Form.

The re-appropriation at the beginning of a fiscal year of funds committed under valid Purchase Orders of the City but unspent by September 30, end date of fiscal year, or the prior fiscal year requires a budget amendment from fund balance. These budget amendments have no net effect on spending but simply changes the accounting year for expenditures.

Pursuant to Local Government Code, Section 111.014, the City Council may authorize a contingency item. The item must be included in the itemized budget under Section 111.004(a) in the same manner as a project for which an appropriation is established in the budget. Budget amendment(s) may be made against this item during the year in case of grave public ***necessity*** to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention.

Pursuant to Local Government Code, Sections 111.0105 through 111.0108, when revenues not included in the original budget are received, such as proceeds of bonds or other obligations, grant or aid money, revenue form intergovernmental contract, and pledging revenues as security for bonds and other obligations, a budget amendment is required to expend those funds. The adopted City of Wimberley wide budget will increase however the revenues should exceed or equal the expenditure. This type of amendment must be submitted to City Council for consideration and action.

Any transfer that creates an increase in budgetary commitment for the next fiscal year must be presented to the City Council for consideration and action.

New employee positions cannot be created without City Council consideration and action. Creation of a new position within a departmental budget will require that the City Council declare an emergency unless the actual line item under which that new position would be categorized currently exists within that specific budget. New employee requests outside of the budget process must include substantial written justification for the position.

New line items can only be created for Contracts or Grant-based programs. For any other department, the creation of a new line item that has not been previously created for the specific department will require that the City Council declare an emergency in order to establish a new line item.

RESTRICTED LINE ITEM TRANSFERS:

Certain line items have restrictions, which are only allowed for specific purposes.

> Council ordered expenditures can only be transferred to other council ordered line items.
>
> Vehicle related expenditures can oy be transferred to other vehicle related line items.
>
> Salary related expenditures – See Non-routine Budget Amendments / Personnel.
>
> Body Armor – only excess funds from items requested and purchased can be transferred to another line item.

PROCEDURES:

Any request for a budget amendment must be justified and submitted to the City Administrator. All requests must be submitted to the City Administrator by Thursday noon in order to be placed on the following City Council Agenda (approximately seven / 7 working days later) by the City Administrator. The City Administrator may hold a request that is not complete until clarified with the appropriate department. Scanned copies are acceptable as long as they all are legible.

Budget Amendment transfer authorization may be delegated by the City Administrator to other employees. Notification of signature authority must be on file in the Budget Office before requests are accepted. Therefore, the Budget/Transfer Request must be personally signed by the City Administrator or Department Head who administers the department budget(s) or their designee(s).

The City Council reserves the right on a case by case basis, where legally permissible, to curtail a departments right to make Intra-Departmental Operating Transfers if the budget transfers appear to be making a programmatic change that was not approved by the City Council in budget hearings or if the financial condition of the department and/or the City of Wimberley warrants such a curtailment.

Notification of approved Budget Amendments and Intra-Departmental Operating Transfers will be e-mailed to the appropriated department(s) after the amendment is posted. The Finance Office is responsible for posting budget amendments on the financial computer once the Resolution has all signatures and is received from the City Secretary's Office.

Budget Amendment Requests for new capital equipment must be submitted to the City Administrator for the current fiscal year by June 30. This will allow the Purchasing Officer/Department to secure bids and order equipment prior to the end of the fiscal year.

Budget Amendment Requests other than capital requests for the current fiscal year must be submitted to the Budget Office no later than (30 days prior to end of fiscal year). Exceptions to the deadlines will be placed on the Agenda for consideration by the City Council.

Any request for placement on the agenda of a budget amendment or Intra-Departmental Operating Transfers, past the amendment deadlines, request a separate memo from the requesting department stating the urgency of the request.

V. <u>REVENUES AND TRANSFERS AND POLICIES</u>

The City will maintain a diversified and stable revenue system to shelter it from short-term fluctuations in any one revenue source by doing the following:

Establishing user charges and fees as permitted by law at a level related to the cost of providing that service including indirect costs.

Pursuing legislative change, where necessary, to permit increases in user charges and fee.

The City will pay for all current expenditures with current resources as required by Article XI, Section 7 of the Constitution, and by Article 111.091-111.092 of the Revised Statutes of Texas.

Transfers of monies between funds will only be accomplished after approval of the City Council.

VI. <u>CONTINGENCY FUND POLICIES</u>

The City will maintain an unappropriated contingency to provide for small increases in service delivery costs as well as unanticipated needs that may arise throughout the year.

THEREFORE, IT WILL BE NECESSARY FOR OFFICALS AND DEPRTMENT HEADS TO REVIEW AND CONTROL EXPENDITURES SUCH THAT THE RATE OF EXPENDITURE DOES NOT EXCEED THE APPROVED BUDGET.

Cases of anticipated material deviation should be covered by a request for a budget amendment. This request shall be from the Department Head in writing and include justification for such action.

Such requests should be submitted to the City Administrator for initial review, they will then process the request and forward to City Council for their consideration and approval.

VII. PERSONNEL POLICIES

The number of employees on the payroll shall not exceed the total number of positions approved unless authorized by City Council. All personnel actions shall at all times be in strict conformance with applicable federal, state, and City of Wimberley policies.

Deletion and downgrades of positions may occur at any time during the fiscal year at the department head or City Administrator's request or if a review of workload statistics indicates that a reduction in force is practical in a department.

Additions, position reclassifications, reorganizations, and equity adjustments must be presented with the initial budget request. Exceptions to this policy will only be allowed with Council approval.

The Council may institute a freeze during the fiscal year on hiring, promotions, transfers, and capital equipment purchases. Such action will be used arbitrarily and will allow for exceptions in appropriate areas to comply and emergency needs such as natural disasters and/or loss of major revenue source.

VIII. FIXED ASSET POLICES

All purchases of physical assets with a value of $5,000 (five thousand dollars) except computer software shall be placed on the City inventory.

The City will maintain these assets at a level adequate to protect City's capital investment and to minimize future maintenance and replacement costs by:

> Providing for adequate maintenance of capital equipment and equipment replacement under the above stated amount in the annual operating budget.

Capital expenditures for projects and equipment are budgeted by item or project and must be spent accordingly. Any request for unbudgeted capital equipment or projects throughout the fiscal year must be submitted to the City Administrator and approved by the City Council as a budget amendment prior to a requisition being presented to Purchasing.

Where possible, items in good useable condition placed in surplus will be used:

> To supplement expenditure for new, budgeted capital purchases.
> To supplement expenditure for replacement/budgeted capital purchases.
> To supply needed unbudgeted new and replacement equipment.

IX. DEBT MANAGEMENT POLICIES

The City recognizes the foundation of any well-managed debt program is a comprehensive debt policy. A debt policy sets forth the parameters for issuing debt and managing outstanding debt, and it provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated.

POLICY SUMMARY

The City will adhere to the following specific policy statements with regards to (1) conditions for debt issuance; (2) restrictions on debt issuance; (3) debt service limitations; (4) limitations on outstanding debt; (5) debt structure; (6) the debt issuance process; and (7) debt maintenance procedures.

Conditions for debt issuance – The City of Wimberley will consider the use of debt financing only for one-time capital improvement projects. Long-term borrowing will not be used to finance current operations or normal maintenance. Debt financing may include general obligation bonds, revenue bonds, certificate of obligation, certificates of participation, tax notes, lease/purchase agreements, and other obligations permitted to be issued or incurred under Texas law. The City of Wimberley shall consider refunding outstanding bonds if one or more of the following conditions exist: (1) present value savings are at least 3% with certain exceptions, of the par amount of the refunding bonds; (2) the bonds to be refunded have restrictive or outdated covenants; or (3) restructuring debt is deemed to be desirable.

Restrictions on debt issuance - Proceeds from long-term debt will not be used for current ongoing operations.

Debt Service Limitations – In evaluating debt capacity, general-purpose annual debt service payment should generally not exceed 20% of the City's total budgeted expenditures for all funds.

Limitations on Outstanding Debt - As provided in the Constitution of the State of Texas, the Net Bonded Debt the City shall not exceed twenty-five percent (25%) of the net value of the taxable real property of the City..

Characteristic of Debt Structure – The City will design the repayment of its overall debt so as to recapture rapidly its credit capacity for future use. The City shall strive to repay at least 20 percent of the principal amount of its general obligation debt within five years and at least 40 percent within ten years. The scheduled maturity of individual debt issued shall not exceed the expected useful life of the capital project of asset(s) financed. Also, the City shall consider purchasing bond insurance for debt issues when the present value of the estimated debt service savings from insurance (to be derived)) is equal to or greater than the insurance premium.

Debt Issuance Process – The City shall use a competitive bidding process in the sale of debt unless market conditions the nature of the issue, such as refunding bonds, warrants a negotiated sale. The City will employ outside financial specialists, including financial advisors and bond counsel, to assist it in developing a bond issuance strategy, preparing bond documents and marketing bonds to investors.

Debt Maintenance Responsibilities – The City will seek to maintain and, if possible, improve our current bond ratings to minimize borrowing costs and preserve access to credit. The City will adhere to a policy of full public disclosure with regard to the issuance of debt, and the City will meet all requirements for continuing disclosure on debt of the City.

X. BONDED DEBT COMPLIANCE MANAGEMENT POLICY

The City acknowledges and will abide by any federal or state law regarding tax-exempt bonds.

POLICY SUMMARY

The City will adhere to the following specific policy statement with regards (1) separate record keeping per bond issuance; (2) not mingling bond issuance money; (3) the use of bond proceeds only for their approved purposes; (4) the intent to use bond funds within three (3) years of issuance; (5) meeting post-issue reporting requirements; (6) keeping interest earning with bond principal or debt service; (7) maintaining an interest and sinking fund for all tax-exempt debt; and (8) maintaining the tax-exempt status of all outstanding bonded debt of City of Wimberley.

Separate Accounting – The City of Wimberley will keep separate financial records of each bond issuance. A construction fund will be maintained for each bond issuance in the City's general ledger, the fund will be accounted for separately from all other funds of the City of Wimberley, and the fund will be used solely to pay costs of the projects for which the debt obligations were issued.

Not Mingling Bond Funds – Bond proceeds will not be co-mingled with any other City of Wimberley funds.

Approved Purposes – Bond proceeds will only be used for allowable purposes as specified by bond election and bond order authorizing the issuance of the bonds.

Intent to Use within Three Years of Issuance – City of Wimberley intends to use bond proceeds for their approved purposes within three (3) years of their issuance.

Post-Issue Reporting Requirements – The City will adhere to all reporting requirements and deadlines that are applicable to tax exempt bonds. Specifically, The City will comply with the requirements of Securities and Exchange Commission Rule 15c2-12 which requires the filing of annual financial reports and other financial data and the filing of any required material events notices with each agency designated as an information repository. The City will also comply with US Treasury Regulation Section 148 which requires the computation and payment of any arbitrage rebate owed no less frequent than five (5) years after issuing any tax-free debt.

Interest Earned Remains with Principal or Debt Service – Interest earned on bond proceeds will remain with the bond principal and will be used only to pay any cost overruns on approved projects, to fund new projects meeting the usage criteria in the original bond indentures, or it will be specified to go towards the payment of Debt Service.

Interest and Sinking Fund – Currently, the City does not levy a tax on taxable property in the City to pay principal of and interest on bonds or debt instruments issued. If, in the future, the City, does levy a tax, the amounts collected from the tax levied will be deposited to the credit of the Interest and Sinking Fund maintained in the accounting records of the City. The City will maintain its Interest and Sinking Fund in a manner to a proper matching of revenues and debt service payments on its debt issues. Specifically, the Interest and Sinking fund will be depleted at least once each bond year to the amount of the allowable carryover, all amounts deposited to the fund will be expended within twelve months of receipt, and all amounts received from the investment of the fund will be deposited to the fund and expended within twelve months.

Maintenance of Tax-Exempt Status – The City shall not use, permit the use, or omit the use the gross proceeds of any debt issuance in a manner which if allowed or omitted would cause the interest on any bond or debt instrument of the City to become includable in the gross income of the owner of the bond for federal income tax purposes The City will specifically comply with bond covenants which prohibit: (1) private use or private payments of assets constructed or acquired with debt proceeds; 2) private loans of bond proceeds to any person other than a state or local government; (3) investment of bond proceeds in any investment with a yield that exceeds that of the bonds; (4) taking any actions that would cause the bonds to be federally guaranteed within the meaning of section 149(b) of the Internal Revenue Code; and (5) taking any unauthorized action having the effect of diverting arbitrage profits from payment to the US Treasury, City will maintain its financial records until three (3) years after final payment of all bonds to show compliance with federal and state laws regarding tax-exempt debt.

XI. INVESTMENT AND CASH MANAGEMENT

The Treasurer's Office will continue to collect, disburse, and deposit all funds on a schedule which insures optimum cash availability, in accordance with Article 113.043, 113.065, 113.901, 113.001-005, 113.021-024, and 113.041-047.

The City Finance Office shall handle all original reconciliation of City bank accounts with the Depository Bank and shall resolve any financial difference between City and the Depository Bank.

The City Administrator, as authorized by the City Council, shall invest the funds of the City to achieve the highest and best yield, while at the same time maintaining the security and integrity of said funds.

The City shall maintain a written City Investment Policy, as approved by the City Council, to achieve the highest and best yield, while at the same time, maintaining the security and integrity of said funds.

The City Finance Office will maintain an original copy of all security and/or surety pledges made by the Depository Bank on behalf of City funds.

The City Finance Office will maintain an original copy of all security advice for all City investment transactions.

The City Administrator will continue to provide regular information concerning the cash position and investment performance as required by Articles 114.025, 111.091, and 111.092.

The City conducts its treasury activities with financial institution(s) based upon written contracts which specify compensating balances, service charges, term, and other conditions as authorized by the Local Government Code inclusive of the Revised Statues of Texas.

XII. GENERAL FUND UNRESERVED FUND BALANCE POLICY

GENERAL FUND UNRESERVED FUND BALANCE POLICY

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are a crucial consideration, too, in long-term financial planning. In most cases, discussions of fund balance will properly focus on a government's general fund.

Credit rating agencies carefully monitor levels of fund balance and unreserved fund balance in a government's general fund to evaluate a government's continued creditworthiness. Likewise, laws and regulations often govern appropriate levels of fund balance and unreserved fund balance for state and local governments.

POLICY

The Governmental Accounting Standards Board (GASB) released Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement is intended to improve the usefulness of the amount reported in fund balance by providing more structured classifications.

The purpose of this policy is to establish operating and reporting guidelines for the fund balances of the governmental funds for the City.

The City governmental-fund financial statements will present fund balances classified in a hierarchy based on the strength of the constraints governing how those balances can be spent. These classifications are listed below in descending order of restrictiveness:

Nonspendable Fund Balance: This classification includes amounts that cannot be spent because they: (a) are not in spendable form (e.g., inventories and prepaid items); (b) are expected to be converted into cash within the current period or at all (e.g., long-term receivables); or (c) are legally or contractually required to be maintained intact (e.g., the non-spendable corpus of an endowment).

Restricted Fund Balance: This classification includes amounts subject to usage constraints that have either been: (a) externally imposed by creditors (e.g., through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance: This classification includes amounts that are constrained to use for specific purposes pursuant to formal action of City Council. These amounts cannot be used for other purposes unless the Council/Court removes or changes the constraints via the same a type of action used to initially commit them.

Assigned Fund Balance: This classification includes amounts intended by the City for use for a specific purpose, but which do not qualify for classification as either restricted or committed. The intent can be expressed by City Council or by a Council designee (e.g., City Administrator). This classification applies to the positive unrestricted and uncommitted fund balances of all governmental funds except the General Fund.

Unassigned Fund Balance: This classification applies to the residual fund balance of the General Fund and to any deficit fund balances of other governmental funds.

Order of Spending: Where appropriate, the City will typically use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned resources, but it reserves the right to deviate from this general strategy.

Minimum Fund Balance: City of Wimberley generally aims to maintain the following minimum fund balance:

General Fund: Unassigned fund balance of approximately 2.5 to 4.5 months of budgeted expenditures for the fiscal year, to be used for unanticipated needs.

1. A commitment of fund balance requires formal action as to purpose but not as to amount; the latter may be determined and ratified by the Council at a later date. This is often important near year-end, when a purpose or need is known but a cost is not.

2. An assignment of fund balance implies intent of City Council, but operationally, the ability to implement the intent may be delegated to one or more persons.

PROCEDURES

A goal of each year's budgeting process will be to adopt a budget that maintains compliance with the stated General fund unreserved fund balanced policy.

Specific City financial conditions, economic conditions, or special initiatives may be considered reasons for temporary non-compliance with this policy.

In the event of either planned or unplanned non-compliance, it is the City's intention to take action during the annual budget process to reach compliance within two (2) annual budget cycles.

Actions in the budget process available to increase the unreserved General Fund balance may include increasing taxes decreasing spending in specific areas, dedicating one-time revenues to fund reserves, or making transfers of excess fund balances form other funds.

In the event that the level of unreserved General Fund balance is judged to be in excess of the amount acquired by this policy, amounts over that required may be used to fund one-time, non-recurring expenditures such as acquisition of capital items. Excess fund balances will not be used to fund recurring operating expenditures.

XIII. CAPITAL BUDGET IMPACT ON OPERATING BUDGET

All Capital Improvement Program requests must include the operating budget impact of the request including but not limited to additional staffing, operating expenses as well as any cost savings anticipated if the request is approved and funded.

A Capital Improvement request form must be submitted with the overall capital project justification and operating expenses data. Projects without sufficient data will not be considered.

Operating expenses for capital projects will be funded on a pay-as-you-go basis for annual, recurring maintenance type expenses.

XIV. INTERNAL GUIDELINES FOR MANAGEMENT OF FEDERAL AND/OR STATE FUNDS

All costs charged by the City must be necessary, reasonable, allowable, and allocable to all Federal and/or State grant programs received administered by the City of Wimberley. The City of Wimberley must assure that all costs are appropriate and eligible including but not limited to the following areas of concern:

- Administrative requirements - Including duplication of benefits requirements, provisions related to charging pre-award costs, conflict of interest, reporting fraud, and distinction between agencies/government components, contractors, developers, and beneficiaries;
- Recordkeeping and Reporting requirements - Including records retention and financial reporting requirements;
- Procurement requirements - Including requirements related to bonding, insurance, suspension, and debarment;
- Contract conditions;
- Force Account - Including requirements for tracking, documenting, and charging personnel costs and applicable fringe benefits and classification, purchasing, tracking, insuring, and disposing of equipment, supplies, and federally purchased tangible and intangible property;
- Contract amendments;
- Contract closeout;
- Monitoring and Quality Assurance - Including requirements related to preventing fraud, waste, and abuse;
- Audit - Including Single Audit or program-specific audit requirements

The following is a list of key federal and state regulations governing financial management of grant programs:

- 24 CFR § 570 Subpart I- governs the state CDBG-DR program;

- 2 CFR § 200, including all of Subpart E Cost Principles;

- Uniform Grant Management Standards (UGMS) - Texas Comptroller of Public Accounts and guidance under 2 CFR § 200;

- Texas Local Government Code Chapter 171

It is the City's responsibility to be knowledgeable and compliant with these requirements to ensure the appropriate, effective, timely, and eligible use of all funds related to Federal and/or State Programs. The City of Wimberley is responsible for monitoring vendors and projects and compliance with applicable financial management standards, for processing payment requests for funds, and for audit review.

A cost objective is a pool of related costs, which could be related based on the City's departments, function, eligible, activity, agreement with State and/or Federal agencies or any other basis. The term is used to capture a variety of scenarios in which costs may be categorized for purposes of cost allocation or eligibility determinations.

As per of 2 CFR § 200.303, the City has established this and other written policies and procedures for internal controls and guidance documentation for responsible financial management of federal and/or state funds and include the adherence to the following:

- All federal, state, and local conflict of interest provisions, including the requirements of Texas Local Government Code Chapter 171;

- The City has an established internal control system and documented segregation of duties. Including the appropriate segregation of duties as follows:

    - No person has complete control over every phase of a significant transaction. For example, the person who authorizes payments to contractors should not draft and issue the payment check and the person who writes a payment check should not reconcile associated bank records;

    - Monthly bank reconciliation and/or direct deposit monthly statements are reviewed by someone who is not responsible for handling cash or issuing checks;

    - the person issuing checks for grant expenses does not also handle payroll preparation/issuance of paychecks;

- The City will take prompt action when an instance of noncompliance is identified internally or through audit findings;

- The City takes reasonable measures to safeguard protected personally identifiable information (PII) and other information that the City of Wimberley considers sensitive consistent with applicable Federal, state, and local laws regarding privacy and obligations of confidentiality;

Per 24 CFR § 570.502, through established budgets and accounting records, the City is responsible for ensuring all Federal and/or State expenditures are authorized in an approved, documented budget and do not exceed the total budget amount and do not exceed the amount in the City of Wimberley's grant agreement(s).

The City will use one of two general methods available to draw federal and/or state grant funds to pay for project and vendor costs: the reimbursement method and the cash advance method.

- The reimbursement method entails a transfer of grant funds to the City based on actual expenditures already incurred by the City before it requests a draw;

- The cash advance method entails the transfer of grant funds from the federal and/or state agency based upon the City's received invoices before the actual cash disbursements have been made by the City.

The City establishes a separate account for each grant it receives. When using a cash advance basis process, the City of Wimberley will ensure that all received grant funding is held in an insured, interest-bearing account (2 CFR § 200.305(b)). Distinct accounting information for each grant is created. Accurate records of encumbrances/obligations against distinct line items within each grant for vendor contracts are made. Accurate records on grant awards, unobligated balances, assets, liabilities, expenditures, program income (if any) and applicable interest are kept and supported by sources documentation, including vendor contracts, invoices, and purchase orders.

Pursuant to 2 CFR § 200.302(a), the City's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, are sufficient to permit the preparation of reports required to demonstrate compliance with general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the City of Wimberley's State and/or Federal grant agreement(s).

The City through its annual audit process has proven effective control over, and accountability for, all funds, property, and other assets in its possession. The City of Wimberley makes every effort to adequately safeguard all assets and assure that they are used solely for their intended purpose.

Financial Records for all Federal and/or State grant programs include the following:

- Transaction registry documenting:
    - All invoices associated with each Request for Payment; and
    - Source of funds for each invoice (grant funds by activity, matching funds, and/or other funds)

- Source documentation, including the following:
    - Copies of Requests for Payment;
    - Addendum record of direct deposit payments;
    - Verification of deposits;
    - Monthly bank statements
    - Check register/transaction ledger;
    - Employee time sheets (as applicable);
    - Equipment time record sheets (as applicable);
    - Property inventory;
    - Purchase orders, invoices, and contractor requests for payments;
    - Electronic Transfer Form (EFT);
    - All original source documents

The City for each grant agreement received, establishes Responsible Persons. Through resolution, the City identifies the Responsible Persons (a minimum of 2, by job title) responsible for both contractual documents (executed City agreement(s), associated amendments, and various program certifications) and financial documents (requests for payment, issuance of check).

The City, where allowable by the Federal and/or State funding program, will authorize direct deposits to receive payments from the agency(ies) to post directly to the City of Wimberley's local bank account.

The City will ensure that there exists staff and contractor capacity necessary to manage all grant funds under its control. The City of Wimberley may procure a Grant administrator to assist with management of grant compliance, subject to 2CFR200 procurement guidelines and requirements.

Eligible/Allowable Costs: All costs charged to the City's grant agreement(s) will be deemed eligible as identified in each Grantor's agreement/implementation manual. Eligible costs are those that conform to the federal/state requirements, including limitations and waivers described in applicable Federal Register Notices, comply with federal cost principles, and align with all associated cross-cutting federal requirements (Davis Bacons and Related Acts, Environmental requirements, etc.) and State and Local law.

The City will assure pursuant to 2 CFR § 200.403, costs meet the following general criteria to be allowable as a charge against any Federal award:

- Costs must be necessary and reasonable for the performance of the Federal award and be allocable to that award and not to a different award;
- Costs must conform to any limitations or exclusions set forth in 2 CFR § 200 or in the Federal award as to types or amount of cost items;
- Costs must be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the City;
- Costs must be accorded consistent treatment;
    - A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost;
- Costs must be determined in accordance with generally accepted accounting principles (GAAP);
- Costs must be adequately documented

Reasonable Costs (2 CFR § 200.404): A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration will be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the City or the proper and efficient performance of the State and/or Federal award;

- The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, and other laws and regulations; and terms and conditions of the State and/or Federal award;
- Market prices for comparable goods or services for the geographic area;
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the City, its employees, the public at large, the State Government and/or Federal Government;
- Whether the City significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the cost

The City will insure that all grant reimbursement requests meet the definition of Allocable Costs (2 CFR § 200.405 and § 200.406) A cost is allocable to a particular grant, City agreement, vendor contract, program or other cost objective if the goods or services involved are chargeable or assignable to that cost objective in accordance with relative benefits received. This standard is met if the cost:

- Is incurred specifically for that cost objective; • Benefits both that cost objective and other work of the City and can be distributed in proportions that may be approximated using reasonable methods; and
- Is necessary to the overall operation of the City and is assignable in part to the specified cost objective in accordance with 2 CFR § 200.

Any cost allocable to a particular cost objective may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the City of Wimberley from shifting costs that are allowable under two or more cost objectives in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Costs should only be charged net of all applicable credits. Applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the cost objective. Examples include:

- Purchase discounts;
- Rebates or allowances;
- Recoveries or indemnities on losses;
- Insurance refunds or rebates; and
- Adjustments of overpayments or erroneous charges

To the extent that such credits accruing to or received by the City relate to allowable costs, they must be credited to the State and/or Federal award either as a cost reduction or cash refund, as appropriate. These credits do not constitute program income.

The City will submit a draw request for eligible costs as often as is needed, subject to limitations in grant agreements and at least quarterly throughout the life of a project. The City will submit costs to a Grantor for draw within 60 days of receipt of invoices as allowable.

Pursuant to 24 CFR § 570.489(c), 2 CFR § 200.305(b), and 31 CFR § 205, the City when utilizing the cash advance method will minimize the time elapsing between the transfer of funds from the Federal or State agency and the disbursement by the City for eligible costs. This period must not exceed 3 business days from the date of receipt/deposit of funds.

(EXHIBIT B)

CITY OF WIMBERLEY
FEDERAL GRANT PROCUREMENT POLICY

City of Wimberley follows State of Texas and Federal 2CFR 200.318-200.327 and Appendix II to Part 200 procurement law and guidance in the purchasing and contract management of goods and services. Additional policy guidance below addresses federal purchasing requirements as required by 2 CFR 200 pertaining to the expenditure of federal grant funds.

A. Standards of Conduct

Public employment is a public trust. It is the policy of City of Wimberley to promote and balance the objective of protecting government integrity and the objective of facilitating the recruitment and retention of personnel needed by the City of Wimberley. Such policy is implemented by prescribing essential standards of ethical conduct without creating unnecessary obstacles to entering public service.

Public employees must discharge their duties impartially to assure fair competitive access to governmental procurement by responsible contractors. Moreover, they should conduct themselves in such a manner as to foster public confidence in the integrity of City of Wimberley procurement organization.

To achieve the purpose of this Article, it is essential that those doing business with City of Wimberley also observe the ethical standards prescribed herein.

Code of Ethics

1 Personal Gain. It shall be a breach of ethics to attempt to realize personal gain through public employment with the City of Wimberley by any conduct inconsistent with the proper discharge of the employee's duties.

2 Influence. It shall be a breach of ethics to attempt to influence any public employee of the City of Wimberley to breach the standards of ethical conduct set forth in this code.

3 Conflicts of Interest. It shall be a breach of ethics for any employee of the City of Wimberley to participate directly or indirectly in procurement when the employee knows that:

   1) the employee of any member of the employee's immediate family has a financial interest pertaining to the procurement.
   2) a business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement.

3) any other person, business or organization with which the employee or any members of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.

4 Gratuities. It shall be a breach of ethics to offer, give or agree to give any employee or former employee of the City of Wimberley, or for any employee or former employee of the City of Wimberley to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, requesting for ruling, determination, claim or controversy, or other particular matter pertaining to any program requirement or a contract or subcontract or to any solicitation or proposal therefore pending before this local government.

5 Kickbacks. It shall be a breach of ethics for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor for any contract for the City of Wimberley, or any person associated therewith, as an inducement for the award of a subcontract or order.

6 Contract Clause. The prohibition against gratuities and kickbacks prescribed above shall be conspicuously set forth in every contract and solicitation, therefore.

7 Confidential Information. It shall be a breach of ethics for any employee or former employee of the City of Wimberley knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person.

8 The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

9 The non-federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and condition of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also §200.214.

10 The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and basis for the contract price.

11 (1) The Non-Federal entity may use a time-and-material type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to a non-Federal entity is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

12 The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

Competition

All procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition consistent with the standards of this section and §200.320.

In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

(1) Placing unreasonable requirements on firms in order for them to qualify to do business;

(2) Requiring unnecessary experience and excessive bonding;

(3) Noncompetitive pricing practices between firms or between affiliated companies;

(4) Noncompetitive contracts to consultants that are on retainer contracts;

(5) Organizational conflicts of interest;

(6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and

(7) Any arbitrary action in the procurement process.

The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

(1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
(2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

The non-Federal entity must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the non-Federal entity must not preclude potential bidders from qualifying during the solicitation period.

Five Methods for Procuring with Federal Funds

2 CFR § 200.320 provides for five methods that must be used when making purchases with Federal funds. In some cases, these Federal methods are more restrictive than State requirements; in other cases, the State requirements are more restrictive than these Federal methods. In all cases, the City of Wimberley affirms the more restrictive requirements or methods must be followed when making purchases with Federal funds.

The type of purchase method and procedures required depends on the cost (and type, in some cases) of the item(s) or services being purchased.

- Micro-purchases
- Small purchase procedures
- Sealed bids
- Competitive proposals
- Noncompetitive proposals (sole source)

Micro-Purchases (Purchases up to $3,000.00)

Federal methods provide for procurement by *micro-purchase. Micro-purchase* is defined in 2 CFR § 200.320(a) as a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed $3,000.00. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost.

The City of Wimberley utilizes the micro-purchases method for acquiring supplies or services that do not exceed an aggregate amount of $3,000.00 if the price is reasonable. The program manager responsible for the Federal award determines if the price is reasonable.

Quotes are not required but encouraged. If quotes are obtained for items under $3,500.00, they should be kept in the department and attached to the requisition.

Small Purchase Procedures (Purchases between $3,000.01 and $149,999.99 in the Aggregate)

The Federal threshold for small purchase procedures is $150,000. 2 CFR § 200.320(b).

Small purchase procedures (as defined in 2 CFR § 200.320[b]) may be used in those relatively simple and informal procurement methods for securing non-personal contracted services, supplies, or other property that do not cost more than $149,999.99.

For purchases funded from *local funds*, to obtain the most competitive price, the City of Wimberley, may, at its option, obtain price quotes for items costing less than $150,000. Unlike the mandatory competitive procurement described for purchases over $150,000, if an item to be paid from local funds costs less than $150,000, the City of Wimberley may utilize price quotations or competitive procurement process (purchasing cooperatives, sole source, an existing RFP/bid or a new RFP/bid) to stimulate competition and to attempt to receive the most favorable pricing.

However, if using ***State or*** ***Federal funds*** to purchase goods or services, *price or rate quotations **must** be obtained* from an adequate number of qualified sources for all purchases between $3,000.01 and $49,999.99 or use the competitive procurement process. The City of Wimberley must obtain more than one price or rate quote unless using a purchasing cooperative, existing Bid/RFP or sole source vendor, in which case, the prices have already been awarded. If purchasing from a purchasing cooperative or existing Bid/RFP, the departments can elect to obtain only one quote to purchase the goods or services although it is recommended to obtain more than one quote. Such price or rate quotations may be obtained orally and/or documented in writing, and the City of Wimberley must demonstrate that price or rate quotations were obtained from an adequate number of qualified sources.

Purchases $150,000 or More in the Aggregate

According to Texas law, one of the following competitive methods must be used for purchases of $150,000 or more in the aggregate:

(1) competitive bidding for services other than construction services;
(2) competitive sealed proposals, for services other than construction services;
(3) a request for proposals, for services other than construction services;
(4) an interlocal contract;
(5) a method provided by Chapter 2269, Government Code, for construction services;
(6) the reverse auction procedure as defined by Section 2155.062(d), Government Code; or
(7) the formation of a political subdivision corporation under Section 304.001, Local Government Code.

In addition, one of the three following methods must be used, depending on the circumstance described below, when purchasing with Federal funds: sealed bids (formal advertising); competitive proposals; or noncompetitive proposals (sole source).

Sealed Bids (Formal Advertising)

Bids are publicly solicited and a *firm fixed-price contract* (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the following conditions apply:

- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsible bidders are willing and able to compete effectively for the business; and

- The procurement lends itself to a firm fixed-price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids. The invitation for bids must be publicly advertised.
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond.
- All bids will be opened at the time and place prescribed in the invitation for bids. The bids must be opened publicly.
- A firm fixed-price contract award must be made in writing to the lowest responsive and responsible bidder.

Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound documented reason.

Competitive Proposals

A competitive proposal is normally used with more than one source submitting an offer, and either a *fixed price* or a *cost-reimbursement* type contract is awarded. (A *cost reimbursement contract* reimburses the contractor for actual costs incurred to carry out the contract.) Competitive proposals are generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- Requests for proposals must be publicized and must identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical.
- Proposals must be solicited from an adequate number of qualified sources.
- The City of Wimberley must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

When using Federal funds, the City of Wimberley may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

Noncompetitive Proposals (Sole Sourcing)

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used when using Federal funds only when one or more of the following circumstances apply:

- The item is available only from a single source and an equivalent cannot be substituted. This must be documented.
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
- After solicitation of a number of sources, competition is determined inadequate.

Additionally, *State* requirements related to sole source purchasing are, in some ways, more restrictive. In addition to the Federal requirements above, sole source purchases must meet established criteria:

- Identification and confirmation that competition in providing the item or product to be purchased is precluded by the existence of a patent, copyright, secret process or monopoly;
- A film, manuscript, or book;
- A utility service, including electricity, gas, or water; and
- A captive replacement part or component for equipment.

According to State requirements, sole source does not apply to mainframe data-processing equipment and peripheral attachments with a single item purchase price in excess of $15,000.

In this case, the City of Wimberley must document why only this product can meet their needs and that it is not available from any other vendor. In all cases, the City of Wimberley will obtain and retain documentation from the vendor which clearly delineates the reasons which qualify the purchase to be made on a sole source basis.

Contracting with Historically Underutilized Businesses (HUB), Small and Minority Businesses, Women's Business Enterprises, and Labor Surplus Firms

The City of Wimberley will take all necessary steps to affirmatively assure HUBs, small and minority businesses, women's business enterprises, and labor surplus firms are notified of bidding opportunities and utilized whenever possible. Affirmative steps will include the following:

- Placing qualified small and minority businesses and women's business enterprises on solicitation lists.
- Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources.
- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises.
- Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises.
- Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- Require the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in parts (1)-(5) above.

Domestic preferences for procurements.

As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

"Produced in the United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

"Manufactured products" means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

Procurement of recovered materials.

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired during the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

Cost/Price Analysis for Federal Procurements in Excess of $150,000

In accordance with the requirements in 2 CFR § 200.324, the City of Wimberley will make independent estimates of the goods or services being procured before receiving bids or proposals to get an estimate of how much the goods and services are valued in the current market.

To accomplish this, before bids and proposals are received, the City of Wimberley conducts either a price analysis or a cost analysis, depending on the type of contract, in connection with every procurement with Federal funds in excess of $150,000. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the City of Wimberley will come to an independent estimate prior to receiving bids or proposals, 2 CFR § 200.324(a).

Accordingly, the City of Wimberley performs a cost or price analysis in connection with every Federal procurement action in excess of $150,000, including contract modifications, as follows:

Cost Analysis ➔ Non-competitive Contracts: A cost analysis involves a review of proposed costs by expense category, and the Federal cost principles apply, which includes an analysis of whether the costs are allowable, allocable, reasonable, and necessary to carry out the contracted services. In general,

- A cost analysis must be used for all non-competitive contracts, including sole source contracts.
- The Federal cost principles apply.

- All *non-competitive contracts* must also be awarded and paid on a *cost-reimbursement basis*, and not on a fixed-price basis.
- In a cost-reimbursement contract, the contractor is reimbursed for reasonable actual costs incurred to carry out the contract.
- Profit must be negotiated as a separate element of the price in all cases where there is no competition.

When performing a *cost* analysis, the City of Wimberley negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work, 2 CFR § 200.323(b).

Price Analysis ➔ Competitive Contracts: A *price* analysis determines if the lump sum price is fair and reasonable based on current market value for comparable products or services. In general,

- A price analysis can only be used with *competitive* contracts and is usually used with fixed-price contracts. It cannot be used with non-competitive contracts.
- Compliance with the Federal cost principles is not required for fixed-price contracts, but total costs must be reasonable in comparison to current market value for comparable products or services.
- A competitive contract may be awarded on a fixed-price basis or on a cost-reimbursement basis. If awarded on a cost-reimbursement basis, the Federal cost principles apply and costs are approved by expense category, and not a lump sum.

Costs or prices based on *estimated* costs for contracts are allowable only to the extent that costs incurred, or cost estimates included in negotiated prices would be allowable costs under the Federal cost principles.

<u>Federal awarding agency or pass-through entity review.</u>

The non-Federal entity must make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the non-Federal entity desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

The non-Federal entity must make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:

(1) The Non-Federal entity's procurement procedures or operation fails to comply with the procurement standards in this part;

(2) The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;

(3) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a “brand name” product;

(4) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

The non-Federal entity is exempt from the pre-procurement review in paragraph (b) of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.

The non-Federal entity may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third-party contracts are awarded on a regular basis.

The non-Federal entity may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the non-Federal entity that it is complying with these standards. The non-Federal entity must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

Bonding requirements.

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

(a) A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

(b) A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's requirements under such contract.

(c) A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

Contract Administration

The City of Wimberley maintains the following oversights to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders, 2 CFR § 200.318(b). The program manager/director of the Federal award is responsible for monitoring contractor performance. The manager/director will compare actual performance of contract against projected performance and have the contractor explain any differences. They may also compare fees paid to date to contractor versus how far along the contractor is in performing the contractual duties. The manager/director may establish surveys of those directly benefitted by the contractor’s work for feedback purposes.

To ensure proper administration of contracts and any subgrants that may be awarded by the City of Wimberley, the City of Wimberley uses the following guidelines to determine whether each agreement it makes for the disbursement of Federal funds is a *contract,* whereby funds are awarded to a *contractor*, or a *subaward,* whereby funds are awarded to a *subrecipient*. The substance of the relationship is more important than the form of the written agreement, 2 CFR § 200.330.

Subawards/Subgrants

A *subaward/subgrant* is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. The City of Wimberley determines who is eligible to receive what Federal assistance, and a *subrecipient/subgrantee*:

- Has its performance measured in relation to whether objectives of a Federal program are met
- Has responsibility for programmatic decision making
- Is responsible for adhering to applicable Federal program requirements, and
- In accordance with the subgrant agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the City of Wimberley.

Contracts

A *contract* is for the purpose of obtaining goods or services for the City of Wimberley 's own use and creates a procurement relationship with the contractor.

A *contractor*:

- Provides goods and services within normal business operations
- Provides similar goods or services to many different purchasers
- Normally operates in a competitive environment
- Provides goods or services that are ancillary to the operation of the Federal program, and
- Is not subject to compliance requirements of the Federal program as a result of the contract, though similar requirements may apply for other reasons

<u>Documentation for Contracts</u>

The City of Wimberley maintains the following written documentation, at a minimum, for each contract paid with Federal funds:

1. A copy of the written, signed contract/agreement for services to be performed
2. The rationale or procedure for selecting a particular contractor
3. Evidence the contract was made only to a contractor or consultant possessing the ability to perform successfully under the terms and conditions of the contract or procurement
4. Records on the services performed – date of service, purpose of service – ensuring that services are consistent and satisfactorily performed as described in the signed contract or purchase order

5. Documentation that the contractor was not paid before services were performed, and
6. Records of all payments made (such as a spreadsheet or report generated from the general ledger), including the total amount paid to the contractor

Payment Only After Services Are Performed

For both State and Federally funded contracts, it is not permissible under Texas law to pay a contractor or consultant in *advance* of performing services. Advance payment to contractors is considered "lending credit" to the contractor and is prohibited under the *Texas Constitution*, Article 3, §§ 50 and 52. For ongoing services that occur monthly, payment can be made at the end of every month (based on a proper invoice submitted by the contractor and verification of work performed) for services performed during the month, or some other similar arrangement.

Consultants and contractors will not be paid without having a properly signed and dated contract or other written agreement in place which clearly defines the scope of work to be performed, the beginning and ending dates of the contract, and the agreed-upon price. The contract should also include a description of the payment procedures.

Upon performance of services (at contract milestones or upon completion of services), the contractor is required to submit an *invoice* to the City of Wimberley that contains at a minimum the following:

- a clear identification of the contractor/consultant, including name and mailing address
- a corresponding contract (or written agreement) number, if applicable
- the dates (beginning and ending date) during which the services were performed (i.e., billing period)
- a description of the services/activities completed during the billing period
- the total amount due to the contractor for the billing period

By submitting a properly-prepared invoice, the contractor is certifying that it is true and correct.

Verification of Receipt of Goods and Services Provided by Contractors

If the purpose of the contract or purchase order is to deliver goods, the City of Wimberley will designate the appropriate staff to verify that the quantity and quality of goods were as specified in the contract/purchase order. The receiving report and procedures used in all other State/local purchases will be used for all Federal purchases.

If the purpose of the contract is to purchase services, the contract manager along with the County Judge/City Mayor will verify that the quality and scope of services were received as specified in the contract.

Prompt Payment to Vendors/Contractors

The City of Wimberley pays all vendors/contractors within thirty (30) days of receipt of a proper invoice and the receipt of the goods or services in accordance with the *Texas Prompt Payment Act*. *Government Code, Chapter 2251, Subchapter A, for all contractors, and Property Code, Chapter 28 for Construction Contractors.*

Suspension and Debarment

The City of Wimberley will ensure, prior to award, that all contractors have met all the eligibility requirements outlined in state and Federal law. The following steps will be taken to ensure contractor eligibility for all services procured.

- Contractors: All contractors, including professional consulting and engineering firms, must be cleared via a search of the Federal System of Award Management ('SAM') to ensure the contractor is in good standing and has not been debarred. The SAM portal can be found here: https://sam.gov/SAM/pages/public/searchRecords/search.jsf.
- Subcontractors: Subrecipients must notify the selected prime contractors that it is the sole responsibility of the prime contractor to verify subcontractor eligibility based on factors such as past performance, proof of liability insurance, possession of a federal tax number, debarment, and state licensing requirements.

CITY OF WIMBERLEY	**AGENDA ITEM:**	2. Discuss and consider authorizing Aqua Texas to provide sewer service within the City of Wimberley's CCN for a property located at 110 Hillsedge Road. *(Tim Patek, City Administrator)*
	SUBMITTED BY:	Tim Patek
	DATE SUBMITTED:	06/21/2023
	MEETING DATE:	July 6, 2023

AGENDA FORM

ITEM DESCRIPTION/SUMMARY

The property owner is asking permission from the City to authorize Aqua Texas to provide sewer services to his property at 110 Hillsedge.
The property owner provided a letter to the City Administrator and it has been provided to the council members.

REQUESTED ACTION

Motion
Discussion

FINANCIAL

STAFF RECOMMENDATION

ATTACHMENT/S

None

AGENDA ITEM:	3. Discus and consider action on a Hotel Occupancy Tax Fund Reimbursement Grant Agreement between the City of Wimberley and the following organizations/events: (A). Wimberley Valley Arts and Cultural Alliance (WVACA) Music Destination (B.) Wimberley Valley Arts and Cultural Alliance (WVACA) Stars Over Wimberley Concert Series (C.) Chamber - Wings Over Wimberley (D.) Kathleen Utts Texas Textiles 2023 (E.) Wimberley Players (F.) Wimberley Institute of Cultures (G). Central Texas Theatre Academy Shakespeare in the Park (H). Wimberley Civic Club Annual Home Tour
SUBMITTED BY:	Tammy Heller
DATE SUBMITTED:	05/31/2023
MEETING DATE:	July 6, 2023

AGENDA FORM

ITEM DESCRIPTION/SUMMARY

A presentation and discussion was held at the April 20th City Council meeting regarding the Hotel Occupancy Tax (HOT) Fund Applications. Upon completion of discussion, the council consensus was for staff to bring back an agreement with each of the following entities to approve final funding:

Wimberley Valley Arts and Cultural Alliance (WVACA) Music Destination
Wimberley Valley Arts and Cultural Alliance (WVACA) Stars Over Wimberley Concert Series
Chamber of Commerce - Wings Over Wimberley
Kathleen Utts Texas Textiles 2023
Wimberley Players
Wimberley Institute of Cultures
Central Texas Theatre Academy Shakespeare in the Park
Wimberley Civic Club Annual Home Tour

REQUESTED ACTION

Motion
Discussion

FINANCIAL

STAFF RECOMMENDATION

Staff is seeking funding approvals for each entity listed and approval of agreements as presented.

ATTACHMENT/S

1. Blank HOT funding contract

HOTEL OCCUPANCY TAX FUNDING AGREEMENT

STATE OF TEXAS §

COUNTY OF HAYS §

This Agreement (the "Agreement") is entered into by and between ______________________ ("Recipient"), and the City of Wimberley, Texas, a Texas municipal corporation ("City"). Recipient and City are jointly referred to herein as the "parties" and individually as a "party."

RECITALS:

Whereas, City has made it a priority to promote economic development through tourism, including efforts to attract to the community out-of-town visitors, travelers, businesses, organizations and groups, whether for purposes of business or pleasure; and

Whereas, tourism and tourism-related industries, and the money spent by tourists and visitors in the community are essential components of a diverse local economy aiding in the creation of jobs for local residents, increased revenues for local businesses and increased local sales tax revenue; and

Whereas, City currently levies a local Hotel Occupancy Tax ("HOT"), as defined herein; and

Whereas, pursuant to the Texas Tax Code Section 351.101, City may use HOT for, inter alia, advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity; and

Whereas, Recipient has applied to receive HOT revenue to reimburse its payment of certain expenditures related to a promotional program; and

Whereas, City's HOT Evaluation Committee has reviewed Recipient's application and has recommended its approval to City's Council; and

Whereas, City's Council has reviewed Recipient's application and finds its proposed promotional program will attract tourists and convention delegates or registrants to the municipality or its vicinity and is eligible for HOT reimbursements:

AGREEMENT:

NOW, THEREFORE, for and in consideration of the agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Recipient agree as follows:

ARTICLE 1
RECITALS

1.01 Recitals incorporated. The foregoing recitals are hereby incorporated herein for all purposes.

ARTICLE 2
TERM

2.01 Term. This Agreement shall be effectives as of the Effective Date; and, subject to early termination as provided herein, shall terminate on _____________, 2023. Notwithstanding any provision herein to the contrary the City shall have no obligation to fund any receipt or invoice received after the termination date.

ARTICLE 3
TERMS AND CONDITIONS

3.01 Promotional Services. Pursuant to Section 351.101(c) of Texas Tax Code, City hereby engages Recipient, on the terms and conditions provided in this Agreement, for: ______________________as more fully described in the HOT Grant Application attached hereto as **Exhibit "A."**

3.01.01 Special Conditions

____

3.02 Amount. City agrees to reserve and make available to Recipient HOT funds in an amount, not to exceed, $__________("Total Value Amount") for reimbursement of actual expenses directly related to the Promotional Services.

3.03 Payments. Payment requests may be made monthly, and the City shall remit such payments to Recipient within 30 days of submission by Recipient of a written request for payment on a request for payment form substantially similar to **Exhibit "B"**, with copies of receipts or invoices, marked paid, for which reimbursement is requested; and copies of corresponding cancelled check or similar evidence of debit/electronic transfer attached.

ARTICLE 4
REPORTS

4.01 Reports generally. The Recipient shall deliver a report detailing the use of the Hotel Occupancy Tax revenues following the completion of the projects.

4.02 Report content. Reports shall provide information on the project including total revenues, total expenses, and financial impact of the Promotional Services. Reports shall be in a form acceptable to the City Manager.

ARTICLE 5
DUTY TO CITY

5.01 Recipient's Duty to City. Recipient acknowledges that, pursuant to the terms of this Agreement and Section 351.101 of the Texas Tax Code, it has a fiduciary duty to the City with respect to its handling and use of the HOT reimbursements provided under this Agreement.

ARTICLE 6
RECORDS

6.01 Records. Recipient shall maintain (or cause to be maintained) current and complete books and records reflecting expenditures of funds for which it receives HOT reimbursement in accordance with applicable law and prudent accounting procedures. In the event the Texas Comptroller, or other authorized state agency, challenges any aspect of the City's payment of HOT under this Agreement Recipient shall make such book and records available to the City or the Office of the Texas Comptroller, or such other state agency for inspection during normal business hours upon reasonable advance notice. All such records to the extent considered public records which fall within the provisions of the Texas Government Code, Section 572.001, *et seq*., may be subject to disclosure and Recipient shall cooperate fully with City in timely producing all such records in response to any public request for same.

ARTICLE 7
AUDIT

7.01 In the event the Texas Comptroller, or authorized state agency, challenges any aspect of the City's payment of HOT under this Agreement City reserves the right for City's internal audit department personnel, or an independent certified public accounting firm selected by City, to conduct examinations, during normal business hours, of the books and records maintained by Recipient with respect to the HOT funds, which books and records shall be made available to City at a mutually agreeable location in Hays County, Texas, upon at least thirty (30) days' notice to Recipient of City's inspection and audit.

ARTICLE 8
DEFAULT

8.01 Recipient Default. City may terminate this Agreement by furnishing written notice to Recipient if at any time during the term of this Agreement Recipient materially fails to perform any of its obligations hereunder and such failure to perform such covenant continues for thirty (30) days after written notice given by City to Recipient.

ARTICLE 9
LIABILITY OF RECIPIENT AND CITY

9.01 No Liability of City Personnel. Recipient agrees that no provision of this Agreement is intended to or shall be interpreted to negate or diminish any statutory or common law rights the City may have to immunity under the laws of the State of Texas. Further, Recipient agrees that it may assert claims only against the assets of City and that under no circumstances shall any officer or employee of City be personally liable for any of the obligations of City under this Agreement.

9.02 **INDEMNIFICATION. RECIPIENT AGREES TO INDEMNIFY, SAVE AND HOLD HARMLESS CITY, ITS AGENTS, OFFICERS, REPRESENTATIVES, EMPLOYEES, AND AFFILIATES, OF AND FROM ANY AND ALL PRESENT OR FUTURE CLAIMS, DEMANDS OR CAUSES OF ACTION THAT MAY ACCRUE ON ACCOUNT OF, OR IN ANY WAY ARISING OUT OF, RECIPIENT'S WRONGFUL ACTS AND/OR OMISSIONS UNDER THIS AGREEMENT AND/OR RECIPIENT'S MISUSE OF HOT AND/OR THE MISMANAGEMENT OF SUCH REVENUES**.

9.03 Reimbursement of Funds. If this Agreement or the use of HOT as provide herein is deemed to be impermissible by a court having jurisdiction over the Parties and subject matter, then Recipient agrees to pay back to the City any HOT funds that were adjudicated to have been impermissibly paid by City to Recipient or misspent by Recipient.

9.04 City's Liability Limitations. Should City fail to timely, fully and completely comply with any one or more of the requirements, obligations, duties, terms, conditions or warranties of this Agreement, such failures shall be an Act of Default by City and City shall have sixty (60) days to cure and remove the Default upon receipt of written notice to do so from Recipient. Further, Recipient specifically agrees that City's liability under this Agreement shall in no event exceed the Total Value Amount; and City shall not be liable to Recipient for any other actual, incidental or consequential damages, direct or indirect, or interest for any Act of Default by City under the terms of this Agreement.

9.05 Attorney's Fees. Neither Party shall be liable to the other for any Attorney's Fees or costs incurred in the enforcement of this Agreement; except the City shall be entitled to recover reasonable and necessary attorney's fees, expert witness fees and court costs, incurred to recover HOT funds that were adjudicated by a court of competent jurisdiction to have been impermissibly paid by City to Recipient or misspent by Recipient.

ARTICLE 10
NOTICE

10.01 Notice. Any notice provided for in or permitted under this Agreement shall be made in writing and may be given or served by: (i) delivering the same in person to the Party to be notified, (ii) depositing the same in the United States mail, postage prepaid, registered or certified with return receipt requested, and addressed to the Party to be notified at the address herein specified, or (iii) delivery by private courier with proof of delivery required. If notice is deposited in the United States mail pursuant to (ii) of this Article, it will be effective from and after the date of receipt or delivery thereof if refused. Notice given in any other manner shall be effective only if and when received by the Party to be notified. For the purpose of notice, the address of the parties shall be, until changed as hereinafter provided for, as follows:

If to City: City of Wimberley
Attention:
Address
Address
Tel: ()

If to Recipient: ______________________
Attention:
Address
Address
Tel:

The Parties shall have the right, at any time, to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other Party. Each Party shall have the right from time to time to specify additional parties to whom notice hereunder must be given by delivering to the other Party fifteen (15) days' written notice thereof setting forth the address of such additional party or parties; provided, however, that neither Party shall have the right to designate more than two (2) such additional parties. Notice required to be delivered hereunder to either Party shall not be deemed to be effective until the additional parties, if any, designated by such Party have been given notice in a manner deemed effective pursuant to the terms of this Article.

ARTICLE 11
RELATIONSHIP

11.01 Recipient shall always be an independent contractor of City and not the employee or agent of City, with respect to the matters provided for herein. Recipient shall have no right or power to contract with third parties for, on behalf of, or in the name of City or to otherwise bind or obligate the City.

ARTICLE 12
ASSIGNMENT

12.01 Binding Effect. This Agreement shall be binding upon and inure to the benefit of Parties and their respective heirs, representatives, successors and permitted assigns.

12.02 Assignment by Recipient. Recipient shall not have the right to assign its rights hereunder without the expressed prior written consent of City.

ARTICLE 13
MISCELLANEOUS

13.01 Amendments. This Agreement may be amended only by a written instrument so stating which is executed by the Parties hereto.

13.02 Authority. The person executing this Agreement on behalf of Recipient and City each represents that he/she has the power and authority to do so and to bind his/her principal to the terms of this Agreement.

13.03 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original of this Agreement but all of which, taken together, shall constitute one and the same agreement.

13.04 Exhibits. All exhibits to this Agreement are incorporated herein fully by reference and include:

Exhibit "A" HOT Grant Application.
Exhibit "B" Payment Request Form.

13.05 Force Majeure. It is expressly understood and agreed by the parties to this Agreement that if the performance of any obligations hereunder is delayed by reason of war, civil commotion, acts of God, inclement weather, fire or other casualty, or court injunction, the party so obligated or permitted shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such obligation or requirement shall be extended for a period of time equal to the period such party was delayed.

13.06 Governing Law and Venue. This Agreement shall be construed, interpreted and applied in accordance with and shall be governed by, the laws applicable to the State of Texas. Venue for any disputes arising under this Agreement shall be in Cameron County, Texas.

13.07 Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

13.08 Severability. If any provision of this Agreement shall be invalid or unenforceable for any reason and to any extent, the remainder of this Agreement shall not be affected thereby, but shall be enforced to the greatest extent permitted by law.

13.09 Waivers. No failure or delay of a Party in the exercise of any right given to such Party hereunder or by law shall constitute a waiver thereof, nor shall any single or partial exercise of any such right preclude other further exercise thereof or of any other right. The waiver by a Party of any breach of any provision hereof shall not be deemed to be a waiver of any subsequent breach thereof or of any breach of any other provision hereof.

Remainder of this page was intentionally left blank. Signatures follow on the next page.

THIS AGREEMENT IS DATED EFFECTIVE AS OF THE __________ DAY OF ______________, 2023.

INSERT NAME
RECIPIENT:

A Texas________________________

By: _________________________________

Name: ________________________________

Title: __________________________________

Date: __________________________________

<u>CITY</u>:

CITY OF WIMBERLEY, TEXAS,
A Texas general law type A municipality

By: _____________________________

Date: ____________________________

EXHIBIT “A”

HOT Grant Application.

EXHIBIT “B”

Payment Request Form.

Payment Request Form.

Pursuant to that certain Hotel Occupancy Tax Funding Agreement made by and between _____________ ____ and the City of Wimberley , Texas, the City has agreed to reimburse Recipient for expenditures directly related to certain promotional programs, services and activities, as authorized by Tax Code Section 351.101.

1) Recipient's Name: ____.

2) Recipient's Business Address: ____

____

3) List of attached receipts or invoices (marked paid) and copies of corresponding cancelled checks/debits/electronic transfers (evidencing payment) _________________________________ ____ ______

4) Payment request submission date:____.

5) Month for which reimbursement is requested: ____________________________________.

6) Requested reimbursement amount: $____

NOTE: REQUESTS FOR REIMBURSEMENT SUBMITTED AFTER ____________SHALL NOT BE ACCEPTED BY THE CITY FOR PAYMENT.

Submitted by:_____________________________________
Printed name:_____________________________________
Title: _____________________________________
Organization: _____________________________________

Official Use Only: Payment request received by: ___________________ Date:__/__/__

Payment Request Approved (date):__/__/__ Denied (date): __/__/__
Returned for Additional Information (date): __/__/__ Description of information requested____
____

If Payment Request Approved: Check No. ___ Date mailed __/__/__ Amount $__________
Balance of eligible reimbursement under the Agreement: $_______________

AGENDA ITEM:	4. Discuss and consider action on a Hotel Occupancy Tax Fund Reimbursement Grant Agreement between the City of Wimberley and the Lions Club. *(Leanne Kirby, Tourism Director)*
SUBMITTED BY:	Tammy Heller
DATE SUBMITTED:	06/27/2023
MEETING DATE:	July 6, 2023

AGENDA FORM

ITEM DESCRIPTION/SUMMARY

A presentation and discussion was held at the April 20th City Council meeting regarding the Hotel Occupancy Tax (HOT) Fund Applications. Upon completion of discussion, the council consensus was for staff to bring back an agreement with the Lions Club Shuttle and Lions Club Market Days for further discussion.

REQUESTED ACTION

Motion
Discussion

FINANCIAL

STAFF RECOMMENDATION

Staff is seeking further direction.

ATTACHMENT/S

None

AGENDA ITEM:	1. Annoucements
SUBMITTED BY:	
DATE SUBMITTED:	06/21/2023
MEETING DATE:	July 6, 2023

AGENDA FORM

ITEM DESCRIPTION/SUMMARY

REQUESTED ACTION

FINANCIAL

STAFF RECOMMENDATION

ATTACHMENT/S

None

AGENDA ITEM:	2. Future Agenda Items
SUBMITTED BY:	
DATE SUBMITTED:	06/21/2023
MEETING DATE:	July 6, 2023

AGENDA FORM

ITEM DESCRIPTION/SUMMARY

REQUESTED ACTION

FINANCIAL

STAFF RECOMMENDATION

ATTACHMENT/S

None