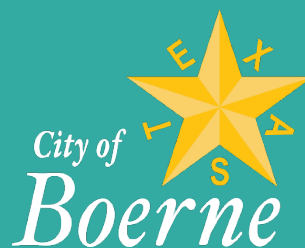


#BOERNE  
STRONG

City of Boerne, Texas 2020

# Comprehensive Annual Financial Report

Fiscal year ended September 30, 2020



Service | Excellence | Integrity | Respect | Collaboration

City of Boerne, Texas

Comprehensive Annual Financial Report  
Fiscal Year Ended  
September 30, 2020

Prepared by the Finance Department



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**CITY OF BOERNE, TEXAS**

Comprehensive Annual Financial Report  
September 30, 2020

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## INTRODUCTORY SECTION



*P.O. Box 1677 • 447 N. Main  
Boerne, Texas 78006*

March 9, 2021

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Boerne, Texas:

State law requires that all municipalities be audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby include the auditors' report in this comprehensive annual financial report of the City of Boerne (The City) for the fiscal year ended September 30, 2020.

This report consists of management's representations concerning the finances of the City of Boerne. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Boerne has established an internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Boerne's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City of Boerne's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Boerne's financial statements have been audited by ABIP, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Boerne for the fiscal year ended September 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Boerne's financial statements for the fiscal year ended September 30, 2020, are fairly presented in conformity with accounting principles generally

accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report. Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Boerne's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City of Boerne, Texas, incorporated in 1909, is located in the south-central part of the state just west of the San Antonio metroplex, the Nation's seventh largest city and recognized internationally as the top tourist destination in Texas. The City acts as the service center for the surrounding community, providing retail, recreation, and food service to a population of 47,431 people. Similarly, the City serves as the County Seat for Kendall County. The City of Boerne currently occupies a land area of 11.89 square miles with a population of 18,065. The City of Boerne is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when requested by property owners in the areas adjacent to the City and approved by City Council. The City has operated under the council-manager form of government since 1995. Policy-making and legislative authority are vested in a governing council consisting of the mayor and five other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for the hiring and firing of employees. The council is elected on a non-partisan basis. Council members serve two-year staggered terms, with three council members elected every year.

The City of Boerne provides a full range of services, including:

Animal Control	Municipal Court
Cemetery	Parks and Recreation
Code Enforcement	Planning and Community Development
Dispatch/Communications	Police Protection
Emergency Operations	Street Construction and Maintenance
Fire Protection	Visitor Information Center
Library	

In addition, the City provides electric, water, wastewater, reclaimed water, gas and solid waste collection and recycling services to its citizens.

The annual budget serves as the foundation for the City of Boerne's financial planning and control. All departments of the City of Boerne are required to submit requests for appropriation to the Budget Officer early in the budget process each year. The

Budget Officer uses these requests as the starting point for developing a proposed budget. The council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than September 20, near the close of the City of Boerne's fiscal year. The appropriated budget is prepared by fund, function, and department. The City Manager and Budget Officer may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General fund, this comparison is presented as part of the required supplementary information section of this report. For all other governmental funds with appropriated annual budgets, this comparison is presented in the other supplementary information section of this report.

### **Local economy**

The City of Boerne currently enjoys a favorable economic environment partially due to the fact that Boerne is located in close proximity to the San Antonio metropolitan area. To an extent, Boerne's economy aligns with that of San Antonio, benefitting from an influx of tourists to the area. Boerne does not have any major manufacturers or industries within city boundaries but does enjoy a very favorable position of being strategically located between San Antonio and the very popular and beautiful Texas Hill Country along Interstate Highway (IH10). Boerne is a favorite destination for visiting tourists from all parts of Texas, from all over the country, and from the residents of San Antonio.

The City's population has seen a healthy growth rate of almost 69% over the last ten years compared to the US growth rate of 6.3% for that same period. Of the total City population 49% are between the ages of 18 and 65 and an additional 19% are over the age of 65. The median household income for the area surrounding Boerne, Kendall County, of \$72,776 fared well above the State median of \$61,874. The unemployment for the Boerne and Kendall County area at September 30, 2020, was 5.20%. During this fiscal year, the region stood about 1.7% under the State unemployment rate and 2.8% under the U.S. rate at September 30, 2020. The outlook is expected to mirror that of the past decade and Boerne should continue to experience a healthy sales tax and property tax climate. In fact, over the last ten years property tax values have increased 87.4% in amount, while property tax rates have increased by three cents (6.70%) over the rate in effect ten years ago.

### **Long-term financial planning**

Each year the City develops a Five-Year Financial Forecast and Capital Improvement Plan (Five-Year Plan), which is the guiding document for long-range fiscal planning and serves as the framework for development of the next adopted budget. The Five-Year Plan is adopted annually and contains projections that inform the City Council and the public of the long-term costs of programs and projected revenue growth. The

Five-Year Plan also demonstrates that the City maintains fund balances in the governmental funds which cover program costs and maintain the minimum fund balance required by the City's fiscal policy. A copy of the Five-Year Plan can be obtained on the City of Boerne's website.

### **Relevant financial policies**

For this fiscal year, the City of Boerne had no new policies or changes in existing financial policies that would have made a significant impact on the current period's financial statements.

### **Major projects planned**

Despite having to address the challenges of the COVID-19 pandemic, the City continued to experience consistent and strong growth with fiscal year 2020 Ad Valorem tax collections increasing by 11.52%. Sales Tax also showed continued, strong growth over a sustained period with an increase year over year of 6.57%. Economic development efforts since 2011 have focused on attracting quality retail additions within the city limits. The COVID-19 pandemic caused hotel and motel occupancy rates to drop, but by fiscal year end began to show strengthening numbers. The Special Projects Department is focused on constant improvement of the downtown core of the city & enhancing the success of the Dickens on Main Christmas program which draws an estimated 20,000 attendees over the post-Thanksgiving weekend. In 2020, a reimagined event continued to safely bring guests to the City. A shop local "Boerne Strong" campaign has been well received. The City also sponsored a stimulus program for local business totaling \$303,943. The city experienced new home starts of more than 370 once again which results in a population increase of about 1,000 citizens for a total of 18,065.

Utility plant capacities and a focus on reliability through system redundancy has brought about significant capital additions in the Electric, Water, Reclaimed Water, Wastewater, and Natural Gas Utilities in recent years. The Gas utility continues to be the fastest growing of the city's 5 utility systems with 12.15% new customer growth year over year in 2020. The Gas Utility will need another supply main on Hwy 46 east to accommodate growing demand and additional customers on the eastern side of the city. Customer count in the Gas department stood at 3,027 at the end of the year. The gas utility showed a positive net income in fiscal year 2020.

The Electric Utility showed steady growth of 5.54% in 2020. The system serves load from two substations, including a substation at the south end of the City which was built in cooperation with the Lower Colorado River Authority (LCRA) and Bandera Electric Cooperative (BEC). All four feeder lines from the new substation are operational and all have had load transferred to them. The Electric Utility continues to work on upgrading four feeders extending from both substations in order to balance load and enhance redundancy including a \$600,000 project which was completed in 2017. That effort continued through 2020 with the completion of a

\$416,000 electric line reconductoring project providing alternate paths of flow of electricity throughout the city. The project will be completed in 2021.

Wastewater system customer count continued to grow at a strong and steady rate of 4.88% in 2020 and the total count now stands at 6,342. Construction was completed on the Wastewater Treatment and Recycling Center in April of 2013. The plant serves the southern half of the City as well as the high growth area in the northeastern sector. The new plant was designed for and is producing Type I reclaimed wastewater for use as another source of water for irrigation in the northeast area of the City where much of the new home growth (4,500 homes in various stages of development) is occurring. 3,500 of those homes will have reclaimed water as the source for irrigation water used. The city has entered into an agreement with WCID#3A to provide wholesale wastewater treatment to the 375-acre development. The new wholesale customer base will provide additional revenues and pay for significant capital improvements to the wastewater system.

The Water system is now the city's largest in terms of customer count at 7,115 with 4.5% growth in 2020. The city continues to prepare for the eventual expansion of the water treatment plant to meet future peaking needs that will more than double the treatment capacity to three million gallons per day from the current 1.2MGD. The City's Water 2070 Plan indicates that this expansion could be necessary between 2025 and 2030. This plant improvement will be performed when the water utility system summer peaks, usually associated with irrigation, exceed the current ability to meet high demand usage. A water main loop from the Water Department Facilities on Cascade Caverns Road to Hwy 46 will be needed in the next 5 years to meet demand on the high growth eastern side of the city.

The potential for new customers for the reclaimed water system, as well as conservation measures, has allowed the city to defer the Water Treatment Plant expansion from its original projected construction timing. The City began serving reclaimed water to retail customers in January 2016 and as of January 31, 2020, there are now just over 507 customers on the reclaimed water system, up 125 from a year ago.

Projects to increase service capacity and redundancy in the Natural Gas utility have been recently completed. These improvements included constructing a second gate station south of the City and extending mains to that station. The City also extended a new main along IH-10 to help balance system pressure during high demand periods and open new territory to service from that utility. Efforts to provide gas utility service in areas that are not in the city's electric utility CCN have been very successful.

A majority of the new home sites planned or under construction in and around Boerne will be gas utility customers and accelerated growth of that utility continues. This growth, again primarily located in the northeast sector, will bring with it the need for new mains to meet supply requirements and to loop the gas system for redundancy and reliability. These improvements are planned based on the velocity

of home sales and indicate a need for additional mains and looping in the mid years of the current 5-year Capital Improvement Plan (2021-26).

Design of the new City Hall building was completed in 2018 and construction was completed in January of 2020. City staff relocated to the new City Hall on January 9, 2020. The new building is located at 447 Main Street, is approximately 44,624 square feet and houses 10 City departments that had been in six different buildings and off-site locations.

There are several major roadway projects underway or planned for the upcoming year that will continue to impact economic development opportunities and enhance overall mobility:

The 2018 frontage road extension connecting IH10 to the South Boerne (SoBo) mixed use development district has allowed for the construction of a new full-service hotel as well as a medical office building in that area. Other projects in that area are forthcoming including a 288 unit Class A apartment complex to be built utilizing tax exempt financing through the Boerne Public Facility Corporation.

Scenic Loop Overpass at IH10 (Completed in 2018) – This TxDOT project added four travel lanes underneath IH 10, placed turn lanes in each direction approaching the bridge on the Frontage Roads and raised the bridge to allow unobstructed travel for vehicles over 13'. The project's total cost was \$11,000,000 including a local match of \$1.1M from the City of Boerne (\$550,000), Kendall County (\$550,000). Extension of Scenic Loop Road south of IH 10 is a new project from the recent mobility committee report. Kendall County and the City are considering the project for possible submission for funding through the Alamo Area Metropolitan Planning Organization.

Highway 46 East Expansion (Completed in 2020) – This \$11M TxDOT project also has a \$1.1M local match from the City of Boerne and Kendall County. It expanded the segment of Highway 46 East, known as River Road in Boerne, to four lanes from the Esser Bridge to Amman Road.

Highway 46 at IH10 & Highway 87 at IH10 (Underway) – TxDOT has combined two large overpass projects estimated at \$64,000,000 in total in order to facilitate the conversion of the frontage roads and address key traffic issues in Boerne. The Hwy 87 overpass project will be needed prior to the construction of the new Buc-ees on the west side of IH 10. The projects were let in March of 2018 and construction began later that year. Completion is projected for 2022.

TxDOT has recently announced that all areas of IH10 will be expanded from two lanes in each direction to 4 lanes from Loop 1604 in San Antonio to Hwy 46 in Boerne in the coming years.

The mobility committee also recommended a project to expand Scenic Loop Road North of IH 10, the Southern section of Old San Antonio Road and Cascade Caverns Road. This project will be submitted to the MPO by the City in April 2021.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boerne for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2019. This was the thirty-third consecutive year that the City of Boerne has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We wish to express our appreciation to the entire staff of the finance and administration departments who assisted and contributed to the preparation of this report. In addition, we would like to thank the members of our City Council and the Mayor for the ongoing support to maintain the highest professional standards in the management of the City of Boerne's finances.

Respectfully submitted,



Ben Thatcher  
City Manager



Jeff Thompson  
Deputy City Manager



Sandra Mattick, CPA, CGFO  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

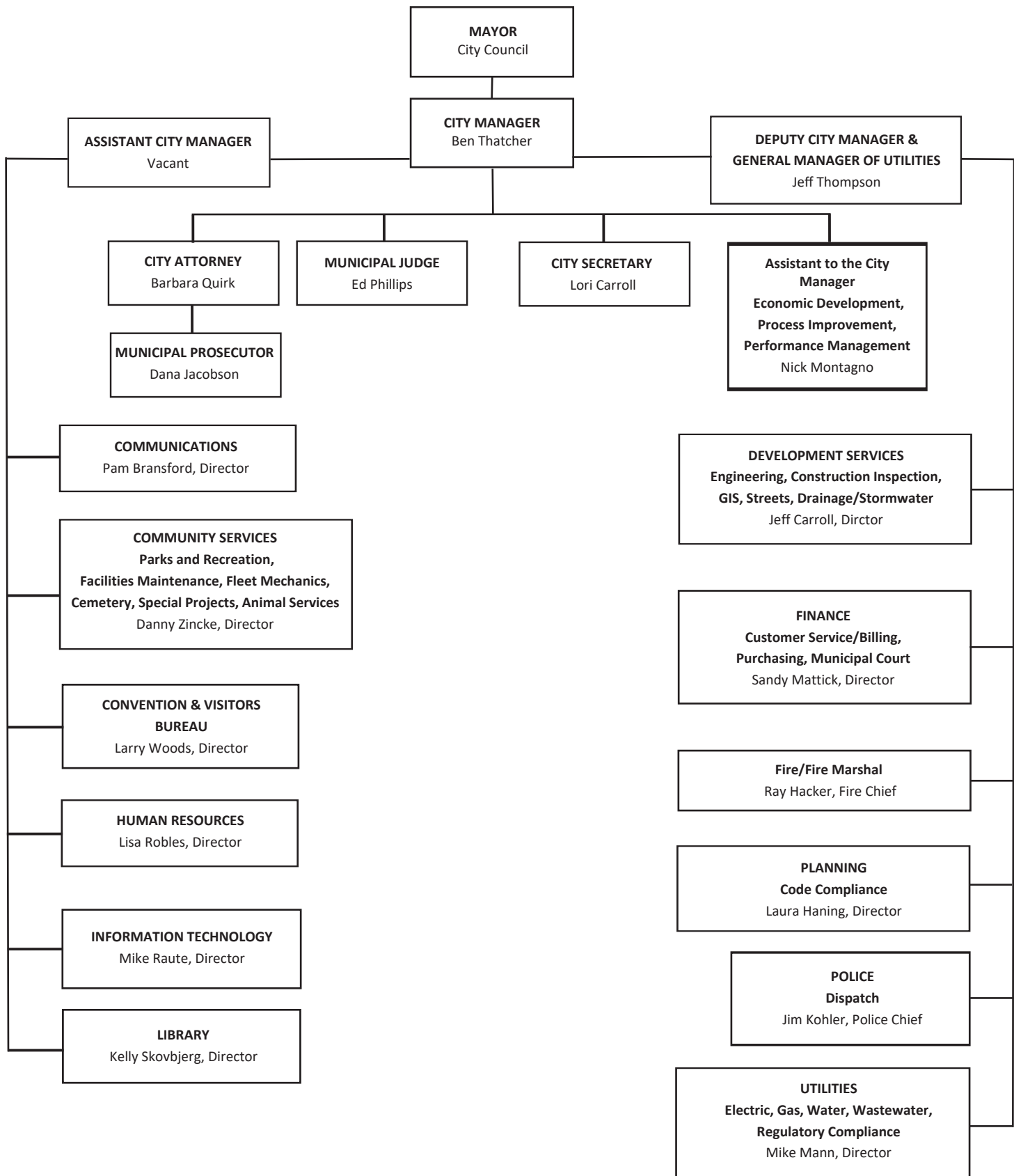
**City of Boerne  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO



**City of Boerne, Texas  
List of Principal Officials  
September 30, 2020**

<b><u>Title</u></b>	<b><u>Name</u></b>
Mayor	Tim Handren
Mayor Pro Tem – District 2	Nina Woolard
City Council Members	
District 1	Ty Wolosin
District 3	Quinten Scott
District 4	Bryce Boddie
District 5	Joseph Macaluso
City Manager	Ben Thatcher
Deputy City Manager/Utilities	Jeff Thompson
City Attorney	Barbara Quirk
City Secretary	Lori Carroll
Code Compliance Director	Jesse Aguirre
Communications/Media Director	Pam Bransford
Community Services Director	Danny Zincke
Convention and Visitors Bureau Director	Larry Woods
Finance Director	Sandra Mattick, CPA, CGFO
Assistant Finance Director	Angelene Rios, CPA
Fire Chief/Fire Marshal	Ray Hacker
Information Technology Director	Mike Raute
Library Director	Kelly Skovbjerg
Chief of Police/Dispatch	James Kohler
Planning & Community Development Director	Laura Talley
Special Projects Director	Paul Barwick
Utilities Director	Michael Mann, PE
Development Services	Jeff Carroll



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## FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Members of the City Council  
City of Boerne, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Boerne, Texas (the City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Boerne, Texas as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund, Schedule of Changes in the Net Pension Liability and TMRS Related Ratios; Schedule of Contributions and Notes to Schedules of Contributions - Net Pension Liability, Schedule of Changes in the Other Postemployment Benefits Liability and TMRS Related Ratios - SDBF; Schedule of Contributions and Notes to Schedules of Contributions - SDBF and Schedule of Changes in the Other Postemployment Benefits Liability – Retiree Health Insurance, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual for the Debt Service Fund, Hotel-Motel/Convention and Visitor's Bureau Special Revenue Fund, Park Special Revenue Fund, Library Special Revenue Fund, Economic Development Special Revenue Fund, Capital Projects Fund, and Cemetery Permanent Fund as listed in the table of contents as other supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 provide an opinion on the effectiveness of the City'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 City's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas  
March 9, 2021

## **Management's Discussion and Analysis**

As management of the City of Boerne ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### **Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$143,668,080 (*net position*). Of this amount, \$38,154,507 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$7,896,568 which can be attributed to an increase in general revenues and expenses being held to small increases due to the COVID-19 pandemic.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,376,231.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$14,246,963 or 80.01% of total general fund expenditures.
- The City's general obligation debt decreased by \$3,445,000 during the current fiscal year. The decrease is due to principal retirements.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Boerne's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, special revenue, debt service, capital projects, and permanent funds. The business-type activities of the City include Electric, Water, Wastewater, Gas and Solid Waste operations.

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

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

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

The City maintains nine individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Debt Service Fund, and the 2017 Tax Notes Construction Fund which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary funds.** The City maintains six proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater, gas and solid waste operations. Additionally, the City also reports the Internal Service Fund, which is used to account for facility maintenance services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, wastewater, gas and solid waste operations, and Internal Service Fund.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Boerne's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund did not have any activity in 2020.

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

**Other information.** In addition to the basic financial statements and the accompanying notes, this report also presents required supplementary information which includes a budgetary comparison schedule for the General Fund to demonstrate compliance with the budget. This report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees and retirees.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In fiscal year 2020, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$143,668,080.

A very large portion of the City's net position (64.01%) reflects its net investment in capital assets, \$91,961,815 (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens: consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Boerne's Net Position information:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$25,024,111	\$29,378,391	\$52,003,013	\$48,440,059	\$77,027,124	\$77,818,450
Capital assets	79,433,163	73,933,696	86,124,248	87,215,534	165,557,411	161,149,230
Total assets	104,457,274	103,312,087	138,127,261	135,655,593	242,584,535	238,967,680
Deferred outflows of resources	2,495,058	5,101,661	1,944,298	3,095,513	4,439,356	8,197,174
Long-term liabilities	52,408,296	59,260,686	41,210,610	45,466,206	93,618,906	104,726,892
Other liabilities	4,833,579	3,720,693	4,457,447	2,706,049	9,291,026	6,426,742
Total liabilities	57,241,875	62,981,379	45,668,057	48,172,255	102,909,932	111,153,634
Deferred inflows of resources	350,129	167,580	95,750	72,128	445,879	239,708
Net Position:						
Net investment in capital assets	41,258,458	39,484,568	50,703,357	50,259,285	91,961,815	89,743,853
Restricted-debt service	701,236	782,309	136,043	1,674,388	837,279	2,456,697
Restricted – tourism	200,989	278,808	-	-	200,989	278,808
Restricted – public safety	149,809	132,968	-	-	149,809	132,968
Restricted – capital improvements	-	-	11,520,873	9,957,638	11,520,873	9,957,638
Nonexpendable-cemetery fund	842,808	791,598	-	-	842,808	791,598
Unrestricted	6,207,028	3,794,538	31,947,479	28,615,412	38,154,507	32,409,950
Total net position	\$49,360,328	\$45,264,789	\$94,307,752	\$90,506,723	\$143,668,080	\$135,771,512

An additional portion of the City of Boerne's net position, \$13,551,758; represents resources that are subject to external restrictions on how they may be used. There was a 0.48% decrease, \$65,951, in total restricted net position reported: a decrease of \$90,841 in governmental activities and an increase of \$24,890 in the City's business-type activities.

The remaining balance of \$38,154,507 is unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Boerne is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. All funds had positive balances in all three categories of net position for the prior fiscal year. The major components of the changes in net position are explained in more detail on pages 26-29.

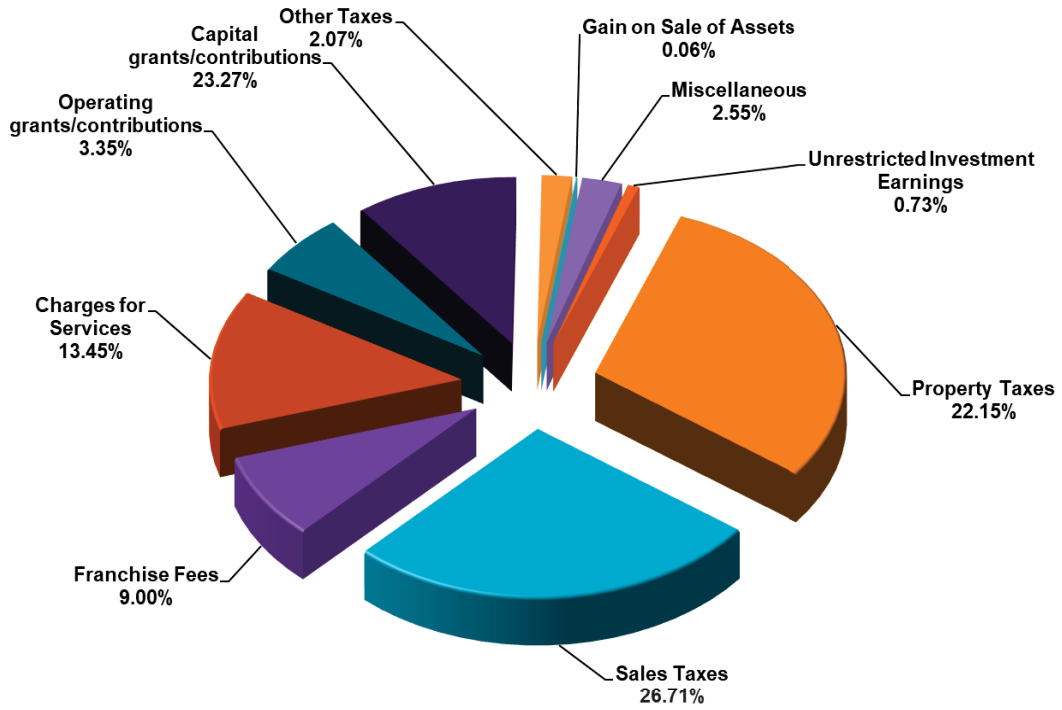
## City of Boerne's Revenues, Expense, Changes in Net Position information:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 4,245,455	\$ 4,803,146	\$ 31,106,743	\$ 32,356,023	\$ 35,352,198	\$ 37,159,169
Operating Grants and Contributions	1,920,520	1,084,571	-	-	1,920,520	1,084,571
Capital Grants and Contributions	3,316,197	4,527,738	5,973,143	12,135,613	9,289,340	16,663,351
<b>General revenues:</b>						
Property taxes	9,387,036	8,401,600	-	-	9,387,036	8,401,600
Sales taxes	8,432,288	7,912,673	-	-	8,432,288	7,912,673
Other taxes	612,466	687,407	-	-	612,466	687,407
Franchise fees	2,599,006	2,765,491	-	-	2,599,006	2,765,491
Investment Earnings and Other	1,054,084	797,227	643,833	1,000,392	1,697,917	1,797,619
<b>Total revenues</b>	<b>31,567,052</b>	<b>30,979,853</b>	<b>37,723,719</b>	<b>45,492,028</b>	<b>69,290,771</b>	<b>76,471,881</b>
<b>Expenses:</b>						
General government	6,459,119	5,196,910	-	-	6,459,119	5,196,910
Public safety	11,863,284	11,416,777	-	-	11,863,284	11,416,777
Highways/streets	3,884,976	3,814,779	-	-	3,884,976	3,814,779
Economic development	1,307,105	819,239	-	-	1,307,105	819,239
Culture and recreation	4,534,013	4,595,613	-	-	4,534,013	4,595,613
Interest on long-term debt	1,026,511	1,073,959	-	-	1,026,511	1,073,959
Electric	-	-	13,956,777	13,718,766	13,956,777	13,718,766
Water	-	-	6,873,574	6,522,913	6,873,574	6,522,913
Wastewater	-	-	7,892,719	7,547,160	7,892,719	7,547,160
Gas	-	-	2,665,897	2,774,933	2,665,897	2,774,933
Garbage	-	-	930,228	855,222	930,228	855,222
<b>Total expenses</b>	<b>29,075,008</b>	<b>26,917,277</b>	<b>32,319,195</b>	<b>31,418,994</b>	<b>61,394,203</b>	<b>58,336,271</b>
Increase (Decrease) in net position before transfers	2,492,044	4,062,576	5,404,524	14,073,034	7,896,568	18,135,610
Transfers	1,603,495	1,978,071	(1,603,495)	(1,978,071)	-	-
Increase (Decrease) in net position	4,095,539	6,040,647	3,801,029	12,094,963	7,896,568	18,135,610
Beginning net position	45,264,789	39,224,142	90,506,723	78,411,760	135,771,512	117,635,902
Ending net position	\$ 49,360,328	\$ 45,264,789	\$ 94,307,752	\$ 90,506,723	\$ 143,668,080	\$ 135,771,512

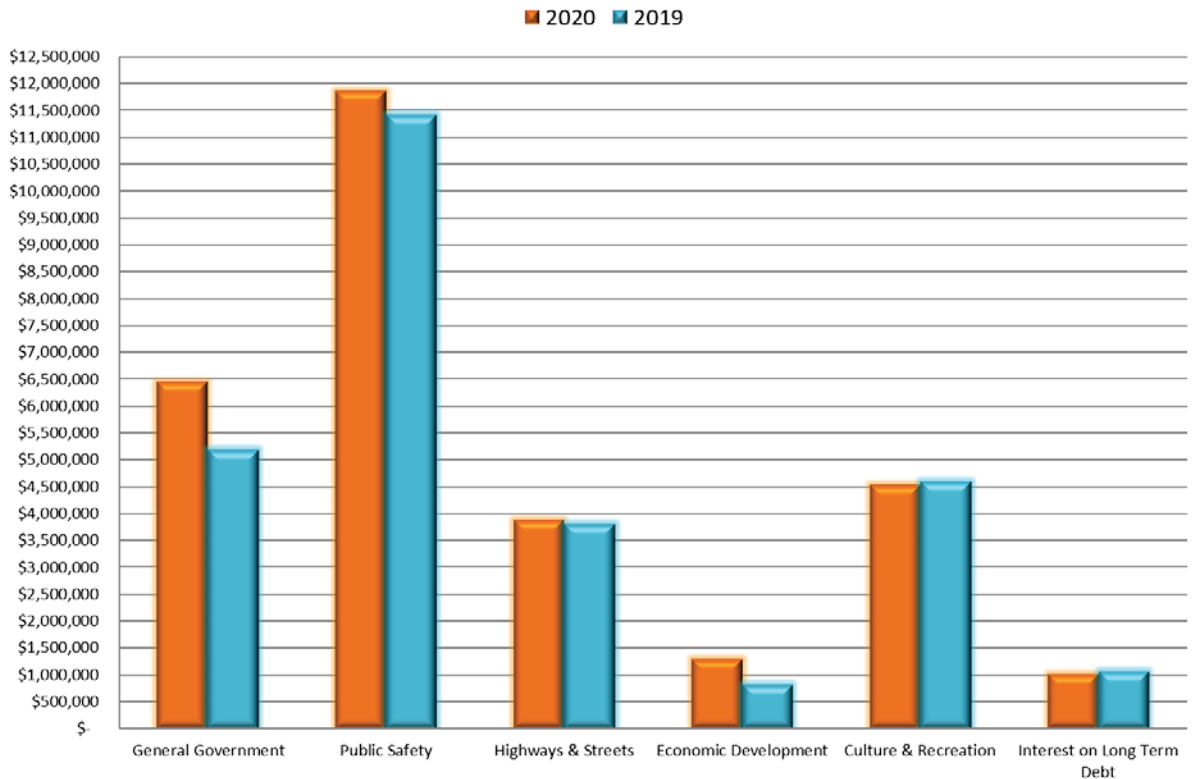
**Governmental activities.** Governmental activities increased the City of Boerne's net position by \$4,095,539. Key elements of this increase are as follows:

- Property and sales tax revenues increased by 11.73% and 6.57% or \$985,436 and \$519,615 from the previous year. This increase in these revenues is due to growth in the City.
- Operating grants and contributions increased by 77.08% or \$835,949, from the previous year. The increase is due to CARES Act grant funds received in the current year to assist with costs associated with the COVID pandemic.
- Transfers from other funds added \$1,603,495 to the change in net position. These transfers included funding for capital projects and debt service payments.

### Revenues by Source - Governmental Activities

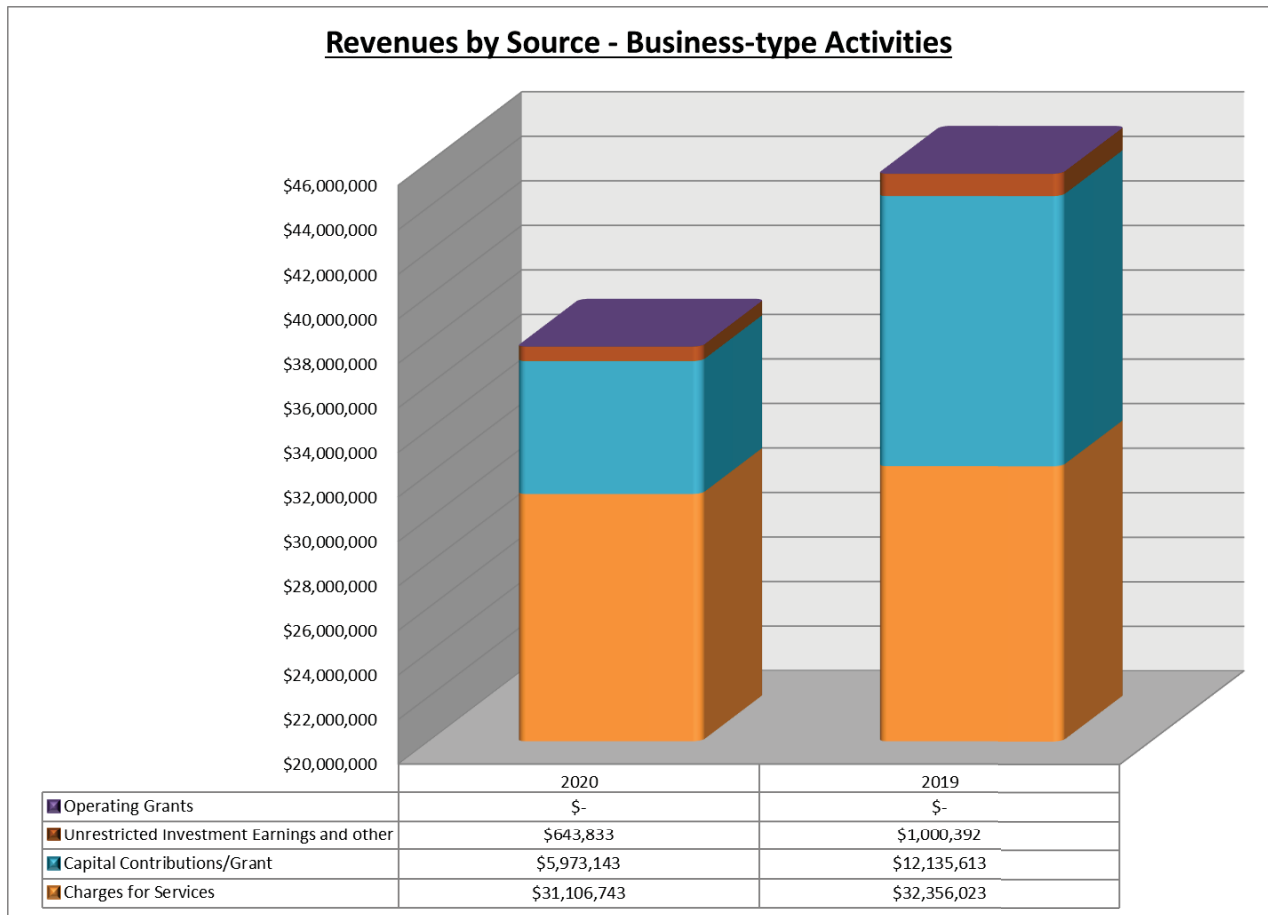


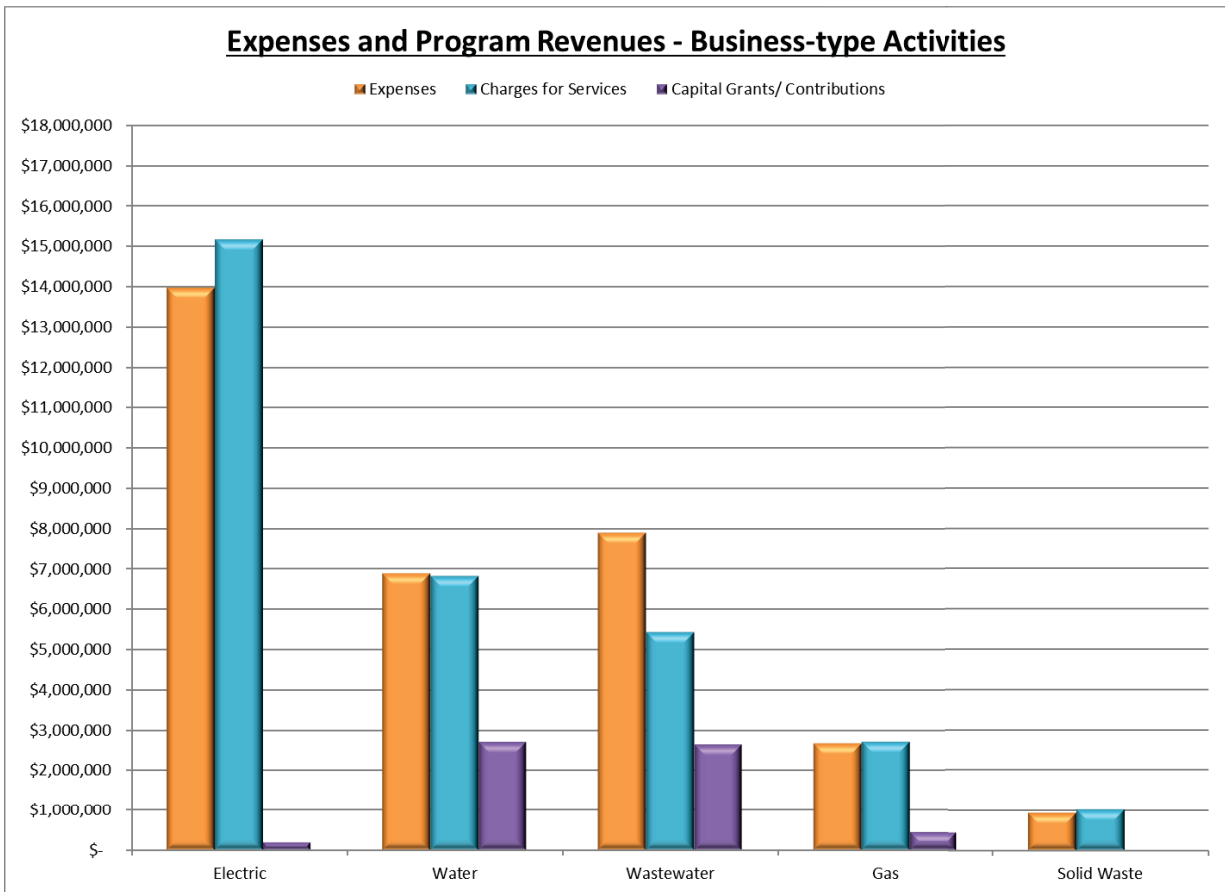
### Expenses - Governmental Activities



**Business-type activities.** Revenues of the City’s business-type activities were \$37,723,719 for the fiscal year ending September 30, 2020. Expenses and transfers for the City’s business-type activities were \$32,319,195 and \$1,603,495 for the year, resulting in a net increase in net position of \$3,801,029. The net revenues are the result of several factors, including the following:

- The City’s water system recorded charges for services of \$6,811,700 and capital grants and contributions of \$2,700,000, which exceeded expenses of \$6,873,574. The most significant expenses of the Water Fund are \$2,040,469 for salaries and benefits, \$1,657,164 for cost of water and \$1,880,406 in depreciation.
- The City’s electric system recorded charges for services of \$15,158,611, which exceeded expenses of \$13,956,777. The most significant expenses of the electric fund are \$8,151,433 for the purchase of power, \$2,577,295 for salaries and benefits, and \$1,420,863 for transfers to other funds.





**Financial Analysis of the Government’s Funds**

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

**Government funds.** The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$22,376,231, a decrease of \$2,835,744 in comparison with the prior year. The change is due to the expenditure of the tax note funds on the new City Hall capital project in the current year. Approximately 63.67% of this total amount, \$14,246,963, constitutes *unassigned fund balance*, which is available for spending at the City’s discretion. Of the remaining fund balance, \$1,102,034 is *restricted* to indicate that there are constraints on the use of the funds. These *restricted* fund balances can only be used to pay debt service, promote tourism in the City, to pay for Capital projects currently underway from a Tax Note issuance, and to pay for certain Police and Court expenditures. An additional \$850,558 is nonspendable in that the funds have already been spent (prepaids) or are required to be maintained intact as in the case of the permanent Cemetery fund. The other \$6,176,676 is reported as *assigned* fund balance. This *assigned* fund balance is constrained by the City’s intent to use these funds for maintenance of the City’s Park

programs, to maintain the Public Library, for Economic Development projects within the City, and for Capital Projects.

The general fund is the chief operating fund of the City of Boerne. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,246,963. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 80.01% of total general fund expenditures. The fund balance in the City's general fund increased by \$2,049,490 (16.60%) during the current fiscal year. This increase in fund balance can be mainly attributed to continued strong earnings in tax revenues, permits and franchise fees.

**Proprietary funds.** The City of Boerne's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the year amounted to: Electric \$12,831,891, Water \$8,775,547, Wastewater \$9,455,708, Gas \$309,208, Solid Waste \$575,125 and Internal Service Fund \$465,142. The total increase in net position for the utility funds of \$3,801,029, which was an increase of \$202,023, \$2,431,246, \$436,429, \$678,556, and \$52,775 to Electric, Water, Wastewater, Gas, and Solid Waste respectively. The Internal Service Fund net position increased \$133,338.

All utilities except Water and Wastewater had positive net income before capital contributions and transfers. Water was at (\$61,874) due to increases in personnel costs from the addition of new employees and an increase in depreciation expense. Wastewater was at (\$1,203,454) due to increases in personnel costs from the addition of new employees, and increase in utility expenses, and an increase in depreciation expense. Electric, Gas and Solid Waste utilities were at \$1,219,396; \$76,274; and \$83,880 respectively. The positive net income in Electric can be attributed to revenues remaining ahead of expenses and a very small increase in expenses. The positive net income in Gas is due to an increase in gas sales as a result of growth in customers keeping revenues ahead of the increase in expenses. The positive net income in Solid Waste is due to a growth in sales for the year along with an increase in rates keeping revenues ahead of the growth in expenses.

The combined utilities (not including Solid Waste) have a bond coverage ratio of 2.96 times coverage which is a decrease from the previous year's 3.77 times coverage. This decrease in coverage ratio can be attributed to a decrease in revenue available over the prior year.

### **General Fund Budgetary Highlights**

The original General Fund budget and the final adjusted budget were the same. Adjustments were made to move funds between departments, however, there was no increase to the overall budget.

There were also several variances between the final General Fund budget and the actual amounts of revenues and expenditures. Examples of these variances would be:

- Sales tax revenue exceeded the final budget by \$403,997 due to growth in population in the City;
- Grant revenue exceeded the final budget by \$904,689 due to CARES Act funding received by the City;
- Total expenditures were \$1,434,965 under budget due to personnel vacancies and reduced operations costs due to the COVID pandemic;

### Capital Asset and Debt Administration

**Capital Assets.** The City’s investment in capital assets for its governmental and business type activities as of September 30, 2020, amounts to \$165,557,411 (net of accumulated depreciation). This investment in capital assets includes land, buildings and plant, improvements other than buildings, machinery and equipment, and construction in progress. The total increase in the City’s investment in capital assets for the current fiscal year was \$4,408,181 (a 7.44% increase for governmental activities and a 1.25% decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Infrastructure contributed by developers to streets - \$3,154,631;
- Infrastructure contributed by developers for electric distribution system - \$189,375;
- Infrastructure contributed by developers for water system – \$1,218,047;
- Infrastructure contributed by developers for wastewater system – \$1,356,563;
- Infrastructure contributed by developers for the gas system - \$638,572;

### City of Boerne’s Capital Assets (Net of Depreciation)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2020	2019	2020	2019	2020	2019
Land	\$ 10,378,857	\$ 10,378,857	\$ 2,699,574	\$ 2,699,574	\$ 13,078,431	\$ 13,078,431
Buildings and Plant	32,784,644	12,749,578	22,782,338	24,079,867	55,566,982	36,829,445
Improvements Other Than Buildings	5,025,956	5,609,273	-	-	5,025,956	5,609,273
Machinery & Equipment	1,599,505	1,613,341	1,453,088	1,330,800	3,052,593	2,944,141
Infrastructure Construction In Progress	29,573,273	28,103,355	58,499,605	57,939,386	88,072,878	86,042,741
	70,928	15,479,292	689,643	1,165,907	760,571	16,645,199
Total	\$ 79,433,163	\$ 73,933,696	\$ 86,124,248	\$ 87,215,534	\$ 165,557,411	\$ 161,149,230

For a more detailed presentation on capital assets, please refer to the Notes to Financial Statements on pages 65-66.

## Long-term Debt.

At the end of the current fiscal year, the City of Boerne had total debt outstanding of \$71,045,000. The total debt is backed by the full faith and credit of the government, however, \$33,510,000 is being paid for by the business-type activities.

### City of Boerne's Outstanding Debt

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2020	2019	2020	2019	2020	2019
General Obligation Revenue Bonds	\$ 37,535,000	\$39,545,000	\$33,510,000	\$34,945,000	\$71,045,000	\$74,490,000
	-	-	-	-	-	-
Total	\$ 37,535,000	\$39,545,000	\$33,510,000	\$34,945,000	\$71,045,000	\$74,490,000

The City's total debt decreased by \$3,445,000 during the current fiscal year. The decrease was the result of principal payments on the debt.

The City currently has a rating from Moody's of Aa2 on its General Obligation bonded debt, and a rating from Fitch of AA on General Obligation debt with the rating outlook as stable.

State statutes limit the amount of general obligation debt a governmental entity may issue to ten percent of its total assessed valuation. The current debt limitation for the City of Boerne is \$164,009,722, which is significantly in excess of the City of Boerne's outstanding \$37,535,000 General Obligation debt. Additional detailed information on debt for the City may be found in the Notes to Financial Statements on pages 68-71.

### Economic Factors and Next Year's Budgets

- Sales Tax revenues are stable and have been escalating over the last several years. Budgets were reduced for 2021 due to the COVID-19 pandemic.
- Appraisal values are expected to continue to increase while new additions to the tax rolls will be driven by the velocity of the new home construction and ancillary commercial projects related to that growth. The budget projects a 5.30% growth rate in ad valorem tax revenues based on the tax rolls received from the appraisal district.
- New development and new home construction are projected to continue at a pace similar to recent years. Demographic data from BISD and the Greater San Antonio Builders Association indicates new home starts of 350 to 375 in 2021.
- Over 3,000 home sites are in some stage of development in or adjacent to Boerne. WCID #3 will add another 1,000 pad sites once it is online, likely in 2022.
- City staff and the City Council are active in using incentives as allowed by Chapter 380 of the Texas Local Government Code for economic development. The 2013 budget established an economic development fund in order to set aside monies for use in economic development projects. For fiscal year 2021,

\$600,000 was set aside to be used for this purpose, which is the same amount as the prior two years. Several Chapter 380 Economic Development Agreements have been executed since 2013. The goal is to use a return on investment (ROI) approach to evaluate potential projects and infrastructure initiatives that are strategically aimed at being a catalyst for growth to increase City revenues. The increased revenues will come from taxes, fees and utility services. It is anticipated that funding for economic development initiatives will continue into fiscal year 2021 and beyond and is included in the City's 5-year financial plan. City Council has indicated a desire to increase the emphasis of economic development efforts towards higher paying jobs.

- The frontage road extension connecting IH10 to the South Boerne (SoBo) mixed use development district has allowed for the construction of a new full-service hotel as well as a medical office building in that area. Other projects in that area are forthcoming including a 288 unit Class A apartment complex to be built utilizing tax exempt financing through the Boerne Public Facility Corporation.
- The City and the Boerne Kendall County Economic Development Corporation have been selected by the UT Austin Planet Texas 2050 program. The 3-month project will result in a long-term strategic plan for the area to address balance and preservation during this period of high growth for the area.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Boerne's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Boerne, Office of the Finance Director, P. O. Box 1677, Boerne, Texas 78006.

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## BASIC FINANCIAL STATEMENTS



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**CITY OF BOERNE, TEXAS**

Statement of Net Position  
September 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,655,203	\$ 25,172,024	\$ 39,827,227
Investments	6,043,736	8,070,214	14,113,950
Receivables (net of allowance)	2,634,822	4,466,123	7,100,945
Inventories	-	1,267,579	1,267,579
Prepays	7,750	15,823	23,573
Restricted assets:			
Cash and cash equivalents	1,232,795	8,785,974	10,018,769
Investments	449,805	4,225,276	4,675,081
Capital assets not being depreciated:			
Land	10,378,857	2,699,574	13,078,431
Construction in progress	70,928	689,643	760,571
Capital assets net of accumulated depreciation:			
Buildings and plant	32,784,644	22,782,338	55,566,982
Improvements other than buildings	5,025,956	-	5,025,956
Infrastructure	29,573,273	58,499,605	88,072,878
Machinery and equipment	1,599,505	1,453,088	3,052,593
Total Capital assets	79,433,163	86,124,248	165,557,411
Total Assets	104,457,274	138,127,261	242,584,535
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	526,750	1,201,815	1,728,565
Deferred outflows related to pension	1,436,999	568,772	2,005,771
Deferred outflows related to OPEB	531,309	173,711	705,020
Total deferred outflows of resources	2,495,058	1,944,298	4,439,356
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	2,042,943	2,746,581	4,789,524
Non-current liabilities:			
Due within one year	2,790,636	1,710,866	4,501,502
Due beyond one year	52,408,296	41,210,610	93,618,906
Total Liabilities	57,241,875	45,668,057	102,909,932
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to OPEB	350,129	95,750	445,879
<b>NET POSITION</b>			
Net investment in capital assets	41,258,458	50,703,357	91,961,815
Restricted for:			
Debt service	701,236	136,043	837,279
Tourism	200,989	-	200,989
Law enforcement	149,809	-	149,809
Capital improvements	-	11,520,873	11,520,873
Nonexpendable:			
Cemetery Fund - perpetual care	842,808	-	842,808
Unrestricted	6,207,028	31,947,479	38,154,507
Total net position	\$ 49,360,328	\$ 94,307,752	\$ 143,668,080

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

**CITY OF BOERNE, TEXAS**

Statement of Activities  
Year Ended September 30, 2020

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and contributions	Capital Grants and contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 6,459,119	\$ 90,498	\$ 610,934	\$ -
Public safety	11,863,284	3,596,418	962,019	87,607
Highways and streets	3,884,976	-	-	3,154,631
Economic development & assistance	1,307,105	-	-	-
Culture and recreation	4,534,013	558,539	347,567	73,959
Interest on long-term debt	1,026,511	-	-	-
<b>Total governmental activities</b>	<b>29,075,008</b>	<b>4,245,455</b>	<b>1,920,520</b>	<b>3,316,197</b>
Business-type activities				
Electric	13,956,777	15,158,611	-	189,375
Water	6,873,574	6,811,700	-	2,700,000
Wastewater	7,892,719	5,420,652	-	2,630,411
Gas	2,665,897	2,701,672	-	453,357
Solid Waste	930,228	1,014,108	-	-
<b>Total business-type activities</b>	<b>32,319,195</b>	<b>31,106,743</b>	<b>-</b>	<b>5,973,143</b>
<b>Total Primary Government</b>	<b>\$ 61,394,203</b>	<b>\$ 35,352,198</b>	<b>\$ 1,920,520</b>	<b>\$ 9,289,340</b>

General revenues:

Taxes:

Property taxes

Sales taxes

Other taxes

Franchise Fees

Investment earnings

Miscellaneous

Gain on Sale of Assets

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

(Continued)

**CITY OF BOERNE, TEXAS**

Statement of Activities  
Year Ended September 30, 2020

Net (Expenses) Revenues and Changes in Net Position		
Governmental	Business	Total
\$ (5,757,687)	\$ -	\$ (5,757,687)
(7,217,240)	-	(7,217,240)
(730,345)	-	(730,345)
(1,307,105)	-	(1,307,105)
(3,553,948)	-	(3,553,948)
(1,026,511)	-	(1,026,511)
<u>(19,592,836)</u>	<u>-</u>	<u>(19,592,836)</u>
-	1,391,209	1,391,209
-	2,638,126	2,638,126
-	158,344	158,344
-	489,132	489,132
-	83,880	83,880
<u>-</u>	<u>4,760,691</u>	<u>4,760,691</u>
<u>\$ (19,592,836)</u>	<u>\$ 4,760,691</u>	<u>\$ (14,832,145)</u>
\$ 9,387,036	\$ -	\$ 9,387,036
8,432,288	-	8,432,288
612,466	-	612,466
2,599,006	-	2,599,006
229,749	635,431	865,180
805,946	-	805,946
18,389	8,402	26,791
1,603,495	(1,603,495)	-
<u>23,688,375</u>	<u>(959,662)</u>	<u>22,728,713</u>
<u>4,095,539</u>	<u>3,801,029</u>	<u>7,896,568</u>
<u>45,264,789</u>	<u>90,506,723</u>	<u>135,771,512</u>
<u>\$ 49,360,328</u>	<u>\$ 94,307,752</u>	<u>\$ 143,668,080</u>

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



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CITY OF BOERNE, TEXAS

Balance Sheet - Governmental Funds  
September 30, 2020

	General Fund	Debt Service Fund	2017 Tax Notes Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,724,941	\$ 695,281	\$ -	\$ 6,658,956	\$ 14,079,178
Investments	6,043,736	-	-	-	6,043,736
Receivables	2,490,854	7,498	-	136,470	2,634,822
Prepays	1,500	-	-	6,250	7,750
Restricted cash and cash equivalents	71,173	-	771,683	389,939	1,232,795
Restricted investments	-	-	-	449,805	449,805
Total assets	<u>\$ 15,332,204</u>	<u>\$ 702,779</u>	<u>\$ 771,683</u>	<u>\$ 7,641,420</u>	<u>\$ 24,448,086</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 860,620	\$ -	\$ 721,683	\$ 329,719	\$ 1,912,022
Other payables	23,438	-	-	15,080	38,518
Total liabilities	<u>884,058</u>	<u>-</u>	<u>721,683</u>	<u>344,799</u>	<u>1,950,540</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	49,874	1,543	-	43,937	95,354
Unavailable revenue - parks fees	-	-	-	25,961	25,961
Total deferred inflows of resources	<u>49,874</u>	<u>1,543</u>	<u>-</u>	<u>69,898</u>	<u>121,315</u>
<b>FUND BALANCES:</b>					
Nonspendable:					
Cemetery fund	-	-	-	842,808	842,808
Prepays	1,500	-	-	6,250	7,750
Restricted:					
Law enforcement seized funds	71,173	-	-	-	71,173
Court technology	19,966	-	-	-	19,966
Court security	58,670	-	-	-	58,670
Debt service	-	701,236	-	-	701,236
Hotel/Motel-tourism promotion	-	-	-	200,989	200,989
Capital projects funds:					
City Hall	-	-	50,000	-	50,000
Assigned:					
Parks & recreation	-	-	-	2,146,401	2,146,401
Library	-	-	-	613,999	613,999
Cemetery	-	-	-	545,451	545,451
Economic Development	-	-	-	749,894	749,894
Capital projects funds:					
City Hall	-	-	-	141,305	141,305
Sidewalks	-	-	-	704,626	704,626
Parks	-	-	-	475,000	475,000
Street Construction	-	-	-	700,000	700,000
Entry Corridor/Street Improvements	-	-	-	100,000	100,000
Unassigned	14,246,963	-	-	-	14,246,963
Total fund balances	<u>14,398,272</u>	<u>701,236</u>	<u>50,000</u>	<u>7,226,723</u>	<u>22,376,231</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,332,204</u>	<u>\$ 702,779</u>	<u>\$ 771,683</u>	<u>\$ 7,641,420</u>	

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

Capital assets net of accumulated depreciation, used in governmental activities activities are not financial resources and therefore, are not reported in the funds.	79,433,163
Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore, are not reported in the funds.	(55,035,675)
Deferred outflows (inflows) relating to deferred amounts on refunding and pensions are not financial resources and therefore are not reported in the funds.	2,084,757
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	121,315
The assets and liabilities of the internal service fund are not included in the fund financial statements, but are included in the governmental activities of the statement of net position	465,142
Accrued interest on debt is not reported in the funds.	<u>(84,605)</u>
Net position of governmental activities	<u>\$ 49,360,328</u>

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

**CITY OF BOERNE, TEXAS**

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended September 30, 2020

	General Fund	Debt Service Fund	2017 Tax Notes Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Ad valorem taxes	\$ 4,611,110	\$ 1,700,907	\$ -	\$ 3,088,495	\$ 9,400,512
Sales tax	8,432,288	-	-	-	8,432,288
Hotel-Motel Tax	-	-	-	612,466	612,466
Library, parks & swimming pool	-	-	-	642,402	642,402
Franchise fees	2,599,006	-	-	-	2,599,006
Licenses and permits	1,152,585	-	-	-	1,152,585
Fines	216,500	-	-	-	216,500
Grants	934,689	-	-	78,338	1,013,027
Contributions & donations	2,700,856	-	-	343,188	3,044,044
Miscellaneous	739,976	-	-	147,948	887,924
Investment earnings	229,749	17,386	47,386	86,272	380,793
<b>Total revenues</b>	<b>21,616,759</b>	<b>1,718,293</b>	<b>47,386</b>	<b>4,999,109</b>	<b>28,381,547</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Administration	3,472,048	-	-	-	3,472,048
Streets	1,575,084	-	-	-	1,575,084
Law enforcement	5,461,126	-	-	-	5,461,126
Municipal court	324,636	-	-	-	324,636
Animal control	347,976	-	-	-	347,976
Code enforcement	469,100	-	-	-	469,100
Planning	735,236	-	-	-	735,236
Communications	1,252,138	-	-	-	1,252,138
Information technology	954,324	-	-	-	954,324
Fire department	2,524,074	-	-	-	2,524,074
Park Fund	-	-	-	2,000,733	2,000,733
Library Fund	-	-	-	1,351,673	1,351,673
Hotel/Motel Fund	-	-	-	538,535	538,535
Cemetery Fund	-	-	-	17,764	17,764
Economic Development Fund	-	-	-	665,144	665,144
Capital outlay	672,014	-	5,772,663	1,737,816	8,182,493
<b>Debt service:</b>					
Principal	-	2,010,000	-	-	2,010,000
Interest	-	1,026,206	-	-	1,026,206
Fiscal agent fees	-	1,545	-	-	1,545
<b>Total expenditures</b>	<b>17,787,756</b>	<b>3,037,751</b>	<b>5,772,663</b>	<b>6,311,665</b>	<b>32,909,835</b>
Excess/(Deficiency) of revenues over (under) expenditures	3,829,003	(1,319,458)	(5,725,277)	(1,312,556)	(4,528,288)

(Continued)

**CITY OF BOERNE, TEXAS**

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended September 30, 2020

	General Fund	Debt Service Fund	2017 Tax Notes Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):					
Transfers in	90,000	1,238,385	-	2,743,115	4,071,500
Transfers out	(1,878,753)	-	-	(589,252)	(2,468,005)
Sale of Capital Assets	9,240	-	-	12,852	22,092
Capital lease	-	-	-	66,957	66,957
Total other financing sources	<u>(1,779,513)</u>	<u>1,238,385</u>	<u>-</u>	<u>2,233,672</u>	<u>1,692,544</u>
Net change in fund balances	2,049,490	(81,073)	(5,725,277)	921,116	(2,835,744)
Fund balances - beginning	12,348,782	782,309	5,775,277	6,305,607	25,211,975
Fund balances - ending	<u>\$ 14,398,272</u>	<u>\$ 701,236</u>	<u>\$ 50,000</u>	<u>\$ 7,226,723</u>	<u>\$ 22,376,231</u>

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

**CITY OF BOERNE, TEXAS**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended September 30, 2020

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

Net change in fund balances-total governmental funds	\$ (2,835,744)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciable expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. There was \$1,068,082 in capital outlay expense which did not meet capitalization threshold.	2,411,708
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, donations) is to increase net position.	3,150,928
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of the governmental funds. Neither transaction has an effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,044,894
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	12,485
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(822,070)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) is reported with the governmental activities.	133,338
Change in net position of governmental activities	<u><u>\$ 4,095,539</u></u>

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

CITY OF BOERNE, TEXAS

Statement of Net Position  
Proprietary Funds  
September 30, 2020

	Business-type Activities-Enterprise Funds						Governmental Activities Internal Service Fund
	Major Funds			Non-Major Funds			
	Electric	Water	Wastewater	Gas	Solid Waste	Total	
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 8,057,846	\$ 5,948,202	\$ 9,876,059	\$ 704,216	\$ 585,701	\$ 25,172,024	\$ 576,025
Investments	4,610,517	3,205,887	253,810	-	-	8,070,214	-
Accounts receivable	2,375,893	1,010,305	723,017	273,924	82,984	4,466,123	-
Inventories	915,729	218,621	12,012	121,217	-	1,267,579	-
Prepays	15,823	-	-	-	-	15,823	-
Restricted cash and cash equivalents:							
Customer deposits	595,539	581,359	-	209,936	-	1,386,834	-
Revenue bond interest and sinking accounts	8,355	-	116,460	11,228	-	136,043	-
Total current assets	16,579,702	10,964,374	10,981,358	1,320,521	668,685	40,514,640	576,025
Non-current assets:							
Restricted cash and cash equivalents:							
Revenue bond reserve accounts	-	-	-	-	-	-	-
Bond construction	-	-	-	-	-	-	-
Capital improvements	-	4,095,412	3,167,685	-	-	7,263,097	-
Restricted investments:							
Revenue bond covenant accounts	-	-	-	-	-	-	-
Capital improvements	-	4,225,276	-	-	-	4,225,276	-
Capital assets:							
Land	75,517	792,133	1,787,655	44,269	-	2,699,574	-
Buildings/Plant	773,342	1,929,694	38,622,854	141,725	-	41,467,615	-
Infrastructure	15,364,161	40,873,317	32,908,537	12,632,383	-	101,778,398	-
Machinery and equipment	2,346,569	1,431,008	1,334,330	592,660	-	5,704,567	-
Construction in progress	42,936	175,892	270,124	200,691	-	689,643	-
Less accumulated depreciation	(10,648,782)	(21,352,211)	(29,255,194)	(4,959,362)	-	(66,215,549)	-
Total capital assets (net)	7,953,743	23,849,833	45,668,306	8,652,366	-	86,124,248	-
Total non-current assets	7,953,743	32,170,521	48,835,991	8,652,366	-	97,612,621	-
Total assets	24,533,445	43,134,895	59,817,349	9,972,887	668,685	138,127,261	576,025
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred charge on refunding	17,746	-	1,136,123	47,946	-	1,201,815	-
Deferred outflows related to pension	212,896	150,439	127,761	77,676	-	568,772	53,263
Deferred outflows related to OPEB	68,090	43,518	40,115	21,988	-	173,711	15,373
Total deferred outflows of resources	298,732	193,957	1,303,999	147,610	-	1,944,298	68,636
<b>LIABILITIES</b>							
Current liabilities payable from non-restricted assets:							
Accounts payable	731,179	209,170	48,279	68,865	80,407	1,137,900	7,798
Other payables	83,733	-	-	6,293	13,153	103,179	-
Compensated absences	5,940	4,729	3,763	3,518	-	17,950	-
Total current liabilities payable from non-restricted assets	820,852	213,899	52,042	78,676	93,560	1,259,029	7,798
Current liabilities payable from restricted assets:							
Customer deposits	595,539	581,359	-	209,936	-	1,386,834	-
Capital lease payable	30,162	-	-	-	-	30,162	-
Revenue bonds payable	59,906	-	1,442,985	159,863	-	1,662,754	-
Accrued interest payable	1,242	-	114,116	3,311	-	118,669	-
Total current liabilities payable from restricted assets	686,849	581,359	1,557,101	373,110	-	3,198,419	-
Total current liabilities	1,507,701	795,258	1,609,143	451,786	93,560	4,457,448	7,798
Non-current liabilities:							
Compensated absences	112,866	89,857	71,493	66,842	-	341,058	-
Capital lease payable	30,535	-	-	-	-	30,535	-
Revenue bonds payable	350,785	-	33,656,826	952,341	-	34,959,952	-
Net pension liability	1,917,580	1,140,897	1,039,755	577,337	-	4,675,569	56,867
Total OPEB liabilities	473,958	300,374	277,576	151,587	-	1,203,495	106,390
Total non-current liabilities	2,885,724	1,531,128	35,045,650	1,748,107	-	41,210,609	163,257
Total liabilities	4,393,425	2,326,386	36,654,793	2,199,893	93,560	45,668,057	171,055
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows related to OPEB	37,708	23,898	22,084	12,060	-	95,750	8,464
<b>NET POSITION</b>							
Net investment in capital assets	7,560,798	23,849,833	11,704,618	7,588,108	-	50,703,357	-
Restricted net position							
Restricted for debt service	8,355	-	116,460	11,228	-	136,043	-
Restricted for capital improvements - impact fees	-	8,353,188	3,167,685	-	-	11,520,873	-
Unrestricted	12,831,891	8,775,547	9,455,708	309,208	575,125	31,947,479	465,142
Total Net Position	\$ 20,401,044	\$ 40,978,568	\$ 24,444,471	\$ 7,908,544	\$ 575,125	\$ 94,307,752	\$ 465,142

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

**CITY OF BOERNE, TEXAS**

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 Year Ended September 30, 2020

	Business-type Activities-Enterprise Funds						Governmental Activities Internal Service Fund
	Major Funds			Non-Major Funds			
	Electric	Water	Wastewater	Gas	Solid Waste	Total	
<b>Operating revenues:</b>							
Charges for sales and services	\$ 14,491,240	\$ 6,322,113	\$ 5,343,006	\$ 2,271,905	\$ 1,012,512	\$ 29,440,776	\$ 1,071,504
Connection fees	24,787	57	30,007	341,081	-	395,932	-
Primary extensions	155,770	109,811	-	-	-	265,581	-
Penalties	93,860	46,071	36,395	24,214	1,596	202,136	-
Other	392,954	333,648	11,244	64,472	-	802,318	-
Total operating revenues	15,158,611	6,811,700	5,420,652	2,701,672	1,014,108	31,106,743	1,071,504
<b>Operating expenses:</b>							
Cost of fuel and water reservation	8,151,433	1,657,165	-	542,377	-	10,350,975	-
Personnel	2,577,295	2,040,469	1,778,635	1,072,698	-	7,469,097	700,573
Franchise fees	1,269,501	321,127	264,203	113,726	883,368	2,851,925	-
Administration	1,161,861	956,318	1,221,562	321,694	46,860	3,708,295	237,593
Depreciation	707,401	1,880,406	3,339,392	563,054	-	6,490,253	-
Other	71,724	18,089	20,314	11,849	-	121,976	-
Total operating expenses	13,939,215	6,873,574	6,624,106	2,625,398	930,228	30,992,521	938,166
Operating income (loss)	1,219,396	(61,874)	(1,203,454)	76,274	83,880	114,222	133,338
<b>Non-operating revenues (expenses):</b>							
Investment earnings	227,510	258,983	138,660	6,383	3,895	635,431	-
Grant income	-	-	-	-	-	-	-
Interest expense	(17,562)	-	(1,268,213)	(40,499)	-	(1,326,274)	-
Grant expense	-	-	-	-	-	-	-
Bond costs	-	-	(400)	-	-	(400)	-
Gain on sale of capital assets	-	-	-	8,402	-	8,402	-
Total non-operating revenues (expenses)	209,948	258,983	(1,129,953)	(25,714)	3,895	(682,841)	-
Income (loss) before capital contributions and transfers	1,429,344	197,109	(2,333,407)	50,560	87,775	(568,619)	133,338
Capital contributions	189,375	2,700,000	2,630,411	453,357	-	5,973,143	-
Transfers in	4,167	-	150,000	185,214	-	339,381	-
Transfers out	(1,420,863)	(465,863)	(10,575)	(10,575)	(35,000)	(1,942,876)	-
Change in net position	202,023	2,431,246	436,429	678,556	52,775	3,801,029	133,338
Net position - beginning	20,199,021	38,547,322	24,008,042	7,229,988	522,350	90,506,723	331,804
Net position - ending	\$ 20,401,044	\$ 40,978,568	\$ 24,444,471	\$ 7,908,544	\$ 575,125	\$ 94,307,752	\$ 465,142

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

**CITY OF BOERNE, TEXAS**

Statement of Cash Flows  
Proprietary Funds  
Year Ended September 30, 2020

	Business-type Activities-Enterprise Funds						Governmental Activities Internal Service Fund
	Major Funds			Non-Major Funds			
	Electric	Water	Wastewater	Gas	Solid Waste	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 14,762,817	\$ 6,794,100	\$ 5,296,094	\$ 2,708,722	\$ 1,004,038	\$ 30,565,771	\$ 1,071,504
Payments to suppliers	(10,803,679)	(3,016,456)	(1,533,203)	(966,729)	(921,926)	(17,241,993)	(243,016)
Payments to employees	(2,491,640)	(1,973,428)	(1,727,203)	(1,026,690)	-	(7,218,961)	(690,767)
Net cash provided by operating activities	1,467,498	1,804,216	2,035,688	715,303	82,112	6,104,817	137,721
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers in	4,167	-	150,000	185,214	-	339,381	-
Transfers out	(1,420,863)	(465,863)	(10,575)	(10,575)	(35,000)	(1,942,876)	-
Net cash provided by (used in) noncapital financing activities	(1,416,696)	(465,863)	139,425	174,639	(35,000)	(1,603,495)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Bond issue costs paid	-	-	(400)	-	-	(400)	-
Acquisition of capital assets	(735,498)	(298,006)	(480,566)	(564,659)	-	(2,078,729)	-
Capital lease principal payment	(29,295)	-	-	-	-	(29,295)	-
Capital Recovery Contributions	-	1,379,057	1,273,848	-	-	2,652,905	-
Proceeds from sale of assets	-	-	-	8,402	-	8,402	-
Revenue bonds and certificates-principal	(52,977)	-	(1,237,542)	(144,481)	-	(1,435,000)	-
Revenue bonds and certificates-interest	(17,183)	-	(1,373,864)	(39,557)	-	(1,430,604)	-
Net cash used in capital and related financing activities	(834,953)	1,081,051	(1,818,524)	(740,295)	-	(2,312,721)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Net sale (purchase) of investments	(491,441)	1,040,534	992,829	-	-	1,541,922	-
Interest earned	227,510	258,983	138,660	6,383	3,895	635,431	-
Net cash provided by (used in) investing activities	(263,931)	1,299,517	1,131,489	6,383	3,895	2,177,353	-
Net increase in cash and cash equivalents	(1,048,082)	3,718,921	1,488,078	156,030	51,007	4,365,954	137,721
Balances - beginning of year	9,709,822	6,906,052	11,672,126	769,350	534,694	29,592,044	438,304
Balances - end of year	\$ 8,661,740	\$ 10,624,973	\$ 13,160,204	\$ 925,380	\$ 585,701	\$ 33,957,998	\$ 576,025
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	\$ 1,219,396	\$ (61,874)	\$ (1,203,454)	\$ 76,274	\$ 83,880	\$ 114,222	133,338
Adjustments to reconcile operating income (loss) to net cash provided by operating activities							
Depreciation expense	707,401	1,880,406	3,339,392	563,054	-	6,490,253	-
Changes in assets, liabilities and deferred outflows:							
Accounts payable	(94,376)	20,660	(27,873)	82,414	8,302	(10,873)	(5,423)
Receivables	(361,140)	(59,316)	(124,558)	(46,945)	(10,070)	(602,029)	-
Inventory	(78,853)	(42,702)	749	(5,502)	-	(126,308)	-
Prepays	(10,585)	-	-	-	-	(10,585)	-
Deferred outflows	414,815	286,193	251,893	149,540	-	1,102,441	88,365
Net pension liability	(364,007)	(284,206)	(248,855)	(147,703)	-	(1,044,771)	(94,502)
Net OPEB liability	71,025	45,013	41,597	22,717	-	180,352	15,943
Compensated absences	(36,178)	20,042	6,797	21,454	-	12,115	-
Net cash provided by operating activities	\$ 1,467,498	\$ 1,804,216	\$ 2,035,688	\$ 715,303	\$ 82,112	\$ 6,104,817	\$ 137,721
Noncash, investing, capital, and financing activities:							
Contribution of capital assets by Developers	\$ 189,375	\$ 1,320,943	\$ 1,356,563	\$ 453,357	\$ -	\$ 3,320,238	-
Capital assets acquired through capital lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

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

# CITY OF BOERNE, TEXAS

Notes to the Financial Statements  
September 30, 2020

## I. Summary of significant accounting policies

### A. Reporting entity

The City of Boerne is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Based on our review at September 30, 2020 there are no component units or other entities that meet the criteria for inclusion in the basic financial statements.

### B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements, however, interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges for service which represent charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### C. Measurement focus, basis of accounting, and financial statement presentation

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and

# CITY OF BOERNE, TEXAS

## Notes to the Financial Statements September 30, 2020

fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

In accordance with state statutes, the City levies property tax in October (the assessment date) of each year based on the assessed value of the previous January 1 for all real property. The assessed date represents the date in which an enforceable legal claim to the assets arise. Appraised values established by the Kendall County Appraisal District are to equal to 100 percent of the appraised market value as required under the State Property Code. Taxes are payable upon receipt of the tax bill and are due the following February 1 to avoid penalty and interest charges.

Total value for real and personal property on the tax roll was approximately \$2,020,000,000 as of October 1, 2019, as certified by the Kendall County Appraisal District.

The City's assessed tax rate approved by the City Council for 2020 is \$0.4720 per \$100 of taxable value of all taxable property within the City.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and qualifying expenditures have been incurred.

Agency funds, however, are unlike all other types of funds, reporting only assets and liabilities. Therefore, Agency funds cannot be said to have a measurement focus. The agency fund did not have any activity during 2020.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

The *debt service fund* accounts for all financial resources that are restricted, committed, or assigned for the payment of principal and interest of long-term obligations of governmental funds. \*

## CITY OF BOERNE, TEXAS

Notes to the Financial Statements  
September 30, 2020

The *2017 tax notes capital projects fund* accounts for all financial resources of the 2017 Tax Note that are restricted, committed, or assigned to expenditure for capital outlays for various capital construction projects such as a new City Hall and road and bridge additions.

The City reports the following major proprietary funds:

The *electric fund* accounts for the activities of the electric distribution operations.

The *water fund* accounts for the activities of the water distribution operations.

The *wastewater fund* accounts for the activities of the wastewater operations.

The *gas fund* accounts for the activities of the gas distribution operations. \*

The solid *waste fund* accounts for the activity of the solid waste collection operation. \*

\*Note: These funds do not meet the criteria for a major fund, but management has elected to present as major funds for the benefit of the financial statement users.

Additionally, the City also reports the Internal Service Fund which is used to account for facility maintenance services.

The City also reports the following fiduciary fund type:

The *agency fund* is used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the City's own programs. The City's role is strictly custodial with the agency fund and holds the assets for a period of time for payment and subsequent return of bonds posted in conjunction with legal cases pending in its municipal court system. The agency fund did not have any activity during 2020.

The City reports the following permanent fund type:

The *cemetery trust fund* is used to account for resources legally held in trust to provide for upkeep of the cemetery. This fund is restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs – that is, for the benefit of the City or its citizens. This fund meets the criteria of a permanent trust fund and thus has been reported as governmental activity in the Statement of Net Position.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services,

# CITY OF BOERNE, TEXAS

Notes to the Financial Statements  
September 30, 2020

administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

## **D. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance**

### ***1. Deposits and investments***

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.

Cities in Texas are authorized to make investments as follows:

- Obligations of the U.S. or its agencies.
- Obligations of the State of Texas or its agencies,
- Obligations guaranteed by the U.S. or the State of Texas,
- Certificates of deposit of federally insured banks and savings and loans domiciled in Texas,
- Various others meeting specific requirements of the Texas Public Funds Investment Act.

The City's investment activity is regulated by state statutes and, as required by state law, the City has a written investment policy approved by the City Council.

The City may invest in any of the various instruments authorized by the Public Funds Investment Act of Texas. Investments are reported at fair value, amortized cost, or net asset value, as applicable.

### ***2. Receivables and payables***

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectability of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

# CITY OF BOERNE, TEXAS

Notes to the Financial Statements  
September 30, 2020

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

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of enterprise funds are recorded as expenses when consumed rather than when purchased. There are no material inventories in the governmental funds.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### ***4. Restricted assets***

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable bond covenants. Customer deposit accounts are used to report deposits paid by customers on utility accounts that could be refunded to the customer. The "revenue bond covenant" account has a current and a non-current portion. The current portion is used to segregate resources accumulated for debt service payments over the next twelve months. The noncurrent portion is used to report resources set aside to make up potential future deficiencies in the current portion. Currently the enterprise funds have no outstanding revenue bonds, and therefore there are no bond covenant requirements. Capital contribution accounts are used to account for impact fees paid that will be used for either debt service on bonds or future capital projects.

Certain resources in the governmental activities are classified as restricted. The cemetery has an endowment fund that is restricted in use for care of the cemetery. The Hotel/Motel fund is restricted to the promotion of tourism within the City. There is one capital project fund that is used to report the unspent proceeds of a Tax Note that is restricted for use in certain construction projects.

### ***5. Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an 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 acquisition value at the date of donation. Infrastructure that was acquired prior to the implementation of GASB-Statement No. 34 is included and reported in the government-wide financial statements in this report. The City used backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year) for the purpose of estimating historical cost for the initial reporting of these assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets

# CITY OF BOERNE, TEXAS

## Notes to the Financial Statements September 30, 2020

lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	20-40
Buildings and plant	20-30
Improvements other than buildings	20-25
Machinery & equipment	3-10

### ***6. Deferred outflows/inflows of resources***

In addition to assets, the Statement of Net Position and or Balance Sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The deferred outflows of resources are reported in the government-wide statement of net position for governmental and business activities and the fund level for the proprietary statement of net position. The City has five items that qualify for reporting in this category. First, the deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Second, the City's contributions to its pension and OPEB plans made from the measurement date of the respective plans to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year. Third, the difference between projected and actual earnings on pension plan investments are deferred and recognized as pension plan expense over a closed five-year period. The fourth item is the difference in the change of assumptions for the pension plan and it is deferred and recognized as pension plan expense over a period of years based on the estimated average remaining service lives of employees that are provided with a pension through the pension plan determined by the plan (active and inactive employees) for the City determined as of the beginning of the measurement date. The fifth item is the difference between projected and actual experience and changes in assumptions for the OPEB plan. That amount is deferred and recognized as OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees who are provided with OPEB through the OPEB Plan (active and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

# CITY OF BOERNE, TEXAS

## Notes to the Financial Statements September 30, 2020

The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

### **7. Pensions**

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

### **8. Compensated absences**

Accumulated unpaid compensated absences are accrued when incurred in all funds reported within the proprietary fund financial statements as well as the governmental activities and business-type activities columns of the government-wide statements. The expense is recognized in the governmental fund financial statements when paid or expected to be paid with current financial resources. Compensated absences liabilities are reported in governmental funds only if they have matured.

### **9. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred. Long-term obligations are not due and payable in the current period, and therefore are not reported in the funds.

### **10. Fund balance**

The City reports several types of fund balances in its governmental funds: "*Unspendable, Restricted, Assigned, and Unassigned*". For purposes of fund balance classification, expenditures are to be spent from "*restricted*" fund balance first, followed in order by "*committed*" fund balance, "*assigned*" fund balance and lastly "*unassigned*" fund balance. The City considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for which both restricted and unrestricted amounts are available.

- 1) "*Nonspendable*" fund balances are those that are not in a spendable form. The City currently reports a nonspendable fund balance for the permanent Cemetery fund and prepaid expenses.

# CITY OF BOERNE, TEXAS

## Notes to the Financial Statements September 30, 2020

2) “*Restricted*” fund balances are those that have constraints placed on the use of their resources. These constraints can be: (a) externally imposed by creditors (i.e. debt covenants), grantors, contributors or laws/regulations of other governments; or (b) imposed by law through constitutional provision or enabling legislation. Both constraints are legally enforceable by an external party. Currently, the City reports restricted fund balances for the major General fund for police seizure funds and restricted court funds, for the major Debt Service fund, for the major 2017 tax notes capital projects fund for City Hall construction and the non-major special revenues Hotel/Motel fund.

3) “*Assigned*” fund balances are those that are constrained by the City’s “intent” to be used for specific purposes but are neither restricted nor committed. Assigned fund balances do not require City Council formal action. The City’s Fiscal and Budget Policy authorizes the City Manager as the City Official responsible for the assignment of fund balance to a specific purpose. The City currently reports five funds containing assigned fund balances: the special revenue Parks fund with specific purpose to maintain the City Parks and recreation programs; the special revenue Library fund with specific purpose to maintain the City’s public library; the special revenue Economic Development fund with the specific purpose to bring economic development to the City; the Capital Projects capital project fund and the Cemetery fund.

4) “*Unassigned*” fund balances are those within the General Fund and represent fund balance that has not been restricted, committed, or assigned. The General fund is the only fund that the City reports with positive unassigned fund balance.

It is important to note that the City has established basic minimum fund balances within all funds. The minimum fund balances are proposed to be available in case of unexpected revenue shortfalls or for unforeseeable expenditures. The basic premise of these minimums is to maintain ninety to one hundred twenty days of operating expense as the desired minimum fund balances. These minimums are reviewed each year during the budgeting process for the upcoming fiscal year budget. If necessary, increases in the minimums are determined prior to the adoption of the new fiscal year budget.

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

### A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position.

Total fund balances of the City’s governmental funds, \$22,376,231, differs from net position of governmental activities, \$49,360,328, reported in the Statement of Net Position. The difference primarily results from the long-term economic focus in the Statement of Net Position versus the current financial resources focus in the Governmental Funds Balance Sheets.

**CITY OF BOERNE, TEXAS**

Notes to the Financial Statements  
September 30, 2020

When capital assets (land, infrastructure, buildings, equipment, and intangible assets) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets, net of accumulated depreciation, among the assets of the City as a whole.

Cost of capital assets	\$ 132,154,355
Accumulated depreciation	<u>(52,721,192)</u>
	<u>\$ 79,433,163</u>

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

Bonds payable	\$ (37,535,000)
Bond premium	(1,216,455)
Capital leases	(139,799)
Compensated absences	(1,206,286)
Postemployment liability	(3,337,943)
Net pension liability	<u>(11,600,192)</u>
	<u>\$ (55,035,675)</u>

Deferred outflows (inflows) of resources related to pensions, other postemployment benefits and debt refunding in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.

Deferred loss on refunding of debt	\$ 526,750
Deferred outflows of resources related to pensions	1,383,736
Deferred outflows/inflows of resources related to OPEB	<u>174,271</u>
	<u>\$ 2,084,757</u>

The assets and liabilities of the internal service fund are not included in the fund financial statements but are included in the governmental activities of the statement of net position.

\$ 465,142

**CITY OF BOERNE, TEXAS**

Notes to the Financial Statements  
September 30, 2020

Because the focus of governmental funds is on the availability of resources, some assets will not be available to pay for current period expenditures. Those assets are offset by unavailable revenues in the governmental funds and thus are not included in fund balance.

Unavailable property tax revenue	\$ 95,354
Unavailable park revenue	25,961
	<u>\$ 121,315</u>

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

\$ (84,605)

**B. Explanation of certain differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities.**

The net change in fund balances for governmental funds, (\$2,835,744), differs from the change in net position for governmental activities, \$4,095,539, reported in the Statement of Activities. The differences arise primarily from the long-term economic focus in the Statement of Activities versus the current financial resources focus in the governmental funds.

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year.

Capital expenditures	\$ 8,182,493
Expenditures under capitalization threshold	(1,068,084)
Depreciation expense	<u>(4,702,701)</u>
	<u>\$ 2,411,708</u>

In the statement of activities, only the *gain* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of capital assets sold.

\$ (3,703)

**CITY OF BOERNE, TEXAS**

Notes to the Financial Statements  
September 30, 2020

Donations of capital assets and capital contributions increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

3,154,631

Net effect of miscellaneous transactions involving capital assets.

\$3,150,928

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has an effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.

Capital lease financing	\$	(66,957)
Principal repayment of long-term debt		2,010,000
Amortization of loss on refunding		(47,886)
Amortization of bond premium		149,737
	<u>\$</u>	<u>2,044,894</u>

Revenues that were unavailable and reported as deferred inflows of resources in the governmental funds are recognized as revenues in the statement of activities.

Change in deferred inflows – parks	\$	25,961
Change in deferred inflows – property tax		<u>(13,476)</u>
	<u>\$</u>	<u>12,485</u>

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

Change in compensated absences	\$	(126,583)
Change in interest expense		3,587
Capital lease interest		(3,892)
Change in pension expense		(438,911)
Change in OPEB expenses		(256,271)
	<u>\$</u>	<u>(822,070)</u>

**CITY OF BOERNE, TEXAS**

Notes to the Financial Statements  
September 30, 2020

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) is reported with the governmental activities.

\$ 133,338

**III. Stewardship, compliance, and accountability**

**A. Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year-end. Before August 1st, the proposed budget is presented to the City’s council for review. The council holds public hearings and the final budget must be prepared and adopted no later than September 20th. The appropriated budget is prepared by fund, function, and department. The City’s manager and budget official may make transfers of appropriations within a department. Transfers of appropriations between departments or an increase in the budget requires the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The council made several budgetary appropriations throughout the year as follows:

	Original Budget	Budget Increase	Amended Budget
Park	\$ 2,647,761	\$ 73,959	\$ 2,721,720
Library	1,506,988	60,000	1,566,988
Economic Development	1,168,105	305,000	1,473,105
2017 Construction	4,700,000	1,145,000	5,845,000
Utility Funds:			
Electric	\$ 17,112,821	\$ 150,000	\$ 17,262,821
Solid Waste	938,064	30,000	968,064
Total	<u>\$ 28,073,739</u>	<u>\$ 1,763,959</u>	<u>\$ 29,837,698</u>

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. There were no outstanding encumbrances at September 30, 2020.

# CITY OF BOERNE, TEXAS

Notes to the Financial Statements  
September 30, 2020

## IV. Detailed notes on all funds

### A. Deposits and investments

#### Public Funds Investment Pools

Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (“the Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The City maintains an account with the Texas Local Government Investment Pool (TexPool). Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State of Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

The City utilizes the Texas Short Term Asset Reserve Program (TexSTAR). JPMorgan Fleming Asset Management Inc. and First Southwest Asset Management, Inc. serve as co-administrators under an agreement with the TexSTAR board of directors to provide investment and participant services for this pool. JPMorgan Chase Bank or its subsidiary JP Morgan Investor Services Co. provides the custodial, transfer, agency, fund accounting, and depository services for this pool.

The City is also invested in Texas Daily, a portfolio of the TexasTERM Local Government Investment Pool (“Pool”) which was created by Texas local governments to provide investment programs tailored to the needs of Texas cities, counties, school districts and other public investors. The Pool is directed by an Advisory Board of experienced local government finance directors and treasurers. The Advisory Board contracts for services with professional service providers who are industry leaders in their field.

The City also has an account with Texas Class. They are supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. The Board administers the affairs of the Trust and enters into contracts and agreements on behalf of the Trust in order to effectuate the terms of the Trust Agreement. It also selects the consultants for Texas Class, including the Program Administrator and the Custodian.

**CITY OF BOERNE, TEXAS**

Notes to the Financial Statements  
September 30, 2020

At year end, the City’s carrying amount of deposits was \$4,537,760 and the bank balance was \$4,739,491. Of the bank balance, \$250,000 was covered by federal depositor insurance, and the balance over \$250,000 was covered by collateral held by the City’s agent in the City’s name. As of September 30, 2020, the City had the following cash, cash equivalents and investments:

	Carrying Amount	Investments Weighted Average Maturity (WAM) days
Cash on hand	\$ 2,806	N/A
Cash in bank	4,537,760	N/A
TexPool	27,916,697	36
Texas Term	4,014,740	50
Texas Class	13,351,916	32
TexStar	22,077	25
Total cash & cash equivalents	<u>49,845,996</u>	
Certificates of Deposit	9,539,004	170
Municipal Bonds	8,756,578	161
Commercial Paper	493,449	0
Total investments	<u>18,789,031</u>	
<b>Total</b>	<b>\$ 68,635,027</b>	

*Interest rate risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its invested operating funds and debt service funds to less than 12 months. Similarly, bond proceeds are limited to less than 24 months of weighted average maturity. In addition, investments of debt reserves, contingency reserves and other reserves may exceed 24 months of weighted average maturity but are limited to 60 months with approval of the City Manager or Deputy City Manager.

*Credit risk.* Deposits with the investment pools are recorded at amortized cost or fair value per share of the pool’s underlying investments, as applicable. The investment pools have as one of their objectives the maintenance of a stable net asset value of \$1.00. The City’s investment policy requires that the net asset value of the pools also be \$1.00 and be rated no lower than “AAA” or “AAA-m” or no lower than investment grade with a weighted average maturity no greater than 90 days. As of September 30, 2020, the ratings of the various investment pools were:

# CITY OF BOERNE, TEXAS

Notes to the Financial Statements  
September 30, 2020

<u>Pool</u>	<u>Rating</u>	<u>Rating Agency</u>
Texas Class	AAAm	Standard & Poor's
TexPool	AAAm	Standard & Poor's
Tex STAR	AAAm	Standard & Poor's
Texas TERM	AAAm	Standard & Poor's

*Concentration of credit risk.* The City is required to disclose investments in any one issuer that represent 5 percent or more of total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. The City's investment policy does not specifically address the concentration of credit risk, as this is accomplished through diversity of its holdings. The City had no investments at year end that exceeded 5 percent of total investments.

*Custodial credit risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, 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 are not exposed to custodial credit risk as of September 30, 2020 as they are held by financial institutions in the name of the City.

The City adopted GASB Statement No. 72, *Fair Value Measurement and Application* in fiscal year 2016. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation input used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs which include quoted prices for similar assets in active markets; quoted prices for identical or similar assets in markets that are not active; or other observable inputs such as interest rates and yield curves at commonly quoted intervals, implied volatilities, and credit spreads; or market-corroborated inputs
- Level 3 inputs are significant unobservable inputs

The carrying amount of investments and fair value hierarchy at September 30, 2020 is shown in the following table:

# CITY OF BOERNE, TEXAS

## Notes to the Financial Statements September 30, 2020

	September 30, 2020	Level 1	Level 2	Level 3
Investments by fair value level:				
Certificates of Deposit	\$ 3,987,004	\$ -	\$ 3,987,004	\$ -
Commercial Paper	493,449	-	493,449	-
Debt Securities	-	-	-	-
Municipal Bonds	8,756,578	-	8,756,578	-
Total investments by fair value level:	<u>\$ 13,237,031</u>	<u>\$ -</u>	<u>\$ 13,237,031</u>	<u>\$ -</u>
Investments measured at amortized cost:				
Certificates of Deposit	5,552,000			
External Investment Pools				
TexPool	27,916,697			
Texas Term	4,014,740			
Total External Investment Pools	<u>31,931,437</u>			
Total investments measured at amortized cost	<u>37,483,437</u>			
Investments measured at net asset value ("NAV"):				
External Investment Pools				
Tex STAR	22,077			
Texas Class	13,351,916			
Total External Investment Pools	<u>13,373,993</u>			
Total investments measured at NAV	<u>13,373,993</u>			
Total	<u>\$ 64,094,461</u>			

Certificates of deposit, commercial paper, and debt securities classified in Level 2 of the fair value hierarchy are valued using computerized valuation formulas to arrive at an estimated market value.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments measured at NAV:				
Tex STAR	\$ 22,077	N/A	Daily	N/A
Texas Class	13,351,916	N/A	Daily	N/A
Total External Investment Pools	<u>13,373,993</u>			
Total investments measured at NAV	<u>\$ 13,373,993</u>			

**CITY OF BOERNE, TEXAS**

Notes to the Financial Statements  
September 30, 2020

TexSTAR is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The fund is rated AAAM by Standard and Poor’s and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas PFIA for local government investment pools. The portfolio is a government-repurchase agreement (“REPO”) pool, utilizing primarily U.S. Treasury securities, U.S. agency securities, and REPO collateralized obligations, the principal and interest of which are unconditionally guaranteed or insured by the full faith and credit of the US or its agencies or its instrumentalities. The fair value of the investments in this type have been determined using the NAV per share of the investments.

Texas Cooperative Liquid Assets Securities Systems (“Texas CLASS”) is a local government investment pool specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The fund is rated AAAM by Standard and Poor’s and maintains a maturity of 60 days or less. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas PFIA for local government investment pools. The portfolio may include U.S. Treasuries, agencies, state and local governmental obligations, collateralized certificates of deposit, repurchase agreements (REPOs), and highly rated commercial paper. The fair value of the investments in this type have been determined using the NAV per share of the investments.

**B. Receivables**

Receivables as of year-end for the City’s Governmental major funds, nonmajor and other funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Receivables:	General	Debt Service	Nonmajor Funds	Total
Property taxes	\$ 72,860	\$ 2,255	\$ 64,186	\$ 139,301
Sales taxes	1,417,717	-	-	1,417,717
Access line fees	6,083	-	-	6,083
Franchise fees	68,495	-	-	68,495
Miscellaneous	936,628	5,581	81,912	1,024,121
Gross receivables	2,501,783	7,836	146,098	2,655,717
Less uncollectible	(10,929)	(338)	(9,628)	(20,895)
Net Total				
Receivables	\$ 2,490,854	\$ 7,498	\$ 136,470	\$ 2,634,822

# CITY OF BOERNE, TEXAS

## Notes to the Financial Statements September 30, 2020

Receivables as of year-end for the City's Proprietary funds are as follows:

Receivables:	Electric	Water	Wastewater	Gas	Solid Waste	Total
Interest	\$ 44,426	\$ 63,835	\$ 491	\$ -	\$ -	\$ 108,752
Accounts	2,331,467	946,470	722,526	273,924	82,984	4,357,371
<b>Total Receivables</b>	<b>\$2,375,893</b>	<b>\$ 1,010,305</b>	<b>\$ 723,017</b>	<b>\$273,924</b>	<b>\$ 82,984</b>	<b>\$4,466,123</b>

### C. Capital Assets

Capital asset activity for Governmental Activities for the year ended September 30, 2020, was as follows:

<b>Governmental activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Transfers</b>	<b>Deletions</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:					
Land	\$ 10,378,857	\$ -	\$ -	\$ -	\$ 10,378,857
Construction in progress	15,479,292	7,236,221	(22,644,585)	-	70,928
<b>Total Capital assets, not being depreciated</b>	<b>25,858,149</b>	<b>7,236,221</b>	<b>(22,644,585)</b>	<b>-</b>	<b>10,449,785</b>
Capital assets, being depreciated:					
Buildings and plant	25,507,496	21,573,446	-	-	47,080,942
Improvements other than buildings	14,254,696	40,838	-	-	14,295,534
Infrastructure	46,389,183	3,588,039	-	-	49,977,222
Machinery and equipment	10,095,372	411,912	11,179	(167,591)	10,350,872
<b>Total Capital assets being depreciated</b>	<b>96,246,747</b>	<b>25,614,235</b>	<b>11,179</b>	<b>(167,591)</b>	<b>121,704,570</b>
Less accumulated depreciation for:					
Buildings and plant	(12,757,918)	(1,538,380)	-	-	(14,296,298)
Improvements other than buildings	(8,645,423)	(624,155)	-	-	(9,269,578)
Infrastructure	(18,285,828)	(2,118,121)	-	-	(20,403,949)
Machinery and equipment	(8,482,031)	(422,045)	(11,179)	163,888	(8,751,367)
<b>Total accumulated depreciation</b>	<b>(48,171,200)</b>	<b>(4,702,701)</b>	<b>(11,179)</b>	<b>163,888</b>	<b>(52,721,192)</b>
<b>Total Capital assets being depreciated, net</b>	<b>48,075,547</b>	<b>20,911,534</b>	<b>-</b>	<b>(3,703)</b>	<b>68,983,378</b>
<b>Governmental activities Capital assets, net</b>	<b>\$ 73,933,696</b>	<b>\$28,147,755</b>	<b>\$ (22,644,585)</b>	<b>\$ (3,703)</b>	<b>\$ 79,433,163</b>

# CITY OF BOERNE, TEXAS

## Notes to the Financial Statements September 30, 2020

Capital asset activity for Business-type Activities for the year ended September 30, 2020, was as follows:

<b>Business-type activities:</b>	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 2,699,574	\$ -	\$ -	\$ -	\$ 2,699,574
Construction in progress	1,165,907	432,621	(908,885)	-	689,643
<b>Total Capital assets, not being depreciated</b>	<b>3,865,481</b>	<b>432,621</b>	<b>(908,885)</b>	<b>-</b>	<b>3,389,217</b>
Capital assets, being depreciated:					
Buildings and plant	40,873,964	593,651	-	-	41,467,615
Infrastructure	96,856,586	4,921,812	-	-	101,778,398
Machinery and equipment	5,391,680	359,768	-	(46,881)	5,704,567
<b>Total Capital assets being depreciated</b>	<b>143,122,230</b>	<b>5,875,231</b>	<b>-</b>	<b>(46,881)</b>	<b>148,950,580</b>
Less accumulated depreciation for:					
Buildings and plant	(16,794,097)	(1,891,180)	-	-	(18,685,277)
Infrastructure	(38,917,200)	(4,361,593)	-	-	(43,278,793)
Machinery and equipment	(4,060,880)	(237,480)	-	46,881	(4,251,479)
<b>Total accumulated depreciation</b>	<b>(59,772,177)</b>	<b>(6,490,253)</b>	<b>-</b>	<b>46,881</b>	<b>(66,215,549)</b>
<b>Total Capital assets being depreciated, net</b>	<b>83,350,053</b>	<b>(615,022)</b>	<b>-</b>	<b>-</b>	<b>82,735,031</b>
<b>Business-type activities Capital assets, net</b>	<b>\$ 87,215,534</b>	<b>\$ (182,401)</b>	<b>\$ (908,885)</b>	<b>\$ -</b>	<b>\$ 86,124,248</b>

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental activities:</u>	
General government	\$ 571,177
Public safety	806,655
Highways and streets	2,240,551
Economic development and assistance	67,004
Culture and recreation	1,017,314
<b>Total depr. expense – governmental activities</b>	<b>\$ 4,702,701</b>
<u>Business-type activities:</u>	
Electric utility	\$ 707,401
Water utility	1,880,406
Wastewater utility	3,339,392
Natural Gas utility	563,054
<b>Total depr. expense – business-type activities</b>	<b>\$ 6,490,253</b>

**CITY OF BOERNE, TEXAS**

Notes to the Financial Statements  
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The City is a recipient of capital contributions from developers for the construction and development of certain infrastructure assets. The City is also a recipient of capital recovery fees charged to customers to connect to the water or wastewater system, which may only be used for additional infrastructure capacity. Capital contributions related to enterprise funds are recorded by the City as capital contributions in the statement of revenues, expenses, and changes in net position; and as program revenues (capital grants and contributions) in the statement of activities at the government wide level. Capital contributions related to governmental funds, are not recorded at the fund level, but are reported as program revenues (capital grants and contributions) in the statement of activities at the government wide level. On the statement of net position, at both the government wide level (governmental and business-type activities) and fund level (enterprise funds), capital contributions are recorded as a component of capital assets and depreciated accordingly over the estimated life of these assets.

**D. Construction commitments**

The City has one active construction project as of September 30, 2020. The project includes:

2017 Tax Note Construction projects

<u>Projects</u>	<u>2017 Tax Note Projects</u>	
	<u>Spent-to-date</u>	<u>Remaining</u>
City Hall	\$ 20,987,269	\$ 50,000

The 2017 Tax Note Construction project is being financed by proceeds from the Tax Notes issued in August 2017.

**E. Interfund transfers**

The composition of interfund transfers as of September 30, 2020, is as follows:

<u>Transfers out:</u>	<u>Transfers In</u>						<u>Totals</u>
	<u>General Fund</u>	<u>Debt-Service Fund</u>	<u>Non-major Governmental Funds</u>	<u>Electric Fund</u>	<u>Wastewater Fund</u>	<u>Gas Fund</u>	
General Fund	\$ -	\$ 185,509	\$ 1,693,244	\$ -	\$ -	\$ -	\$ 1,878,753
Non-major	55,000	-	344,871	4,167	-	185,214	589,252
Electric Enterprise Fund	-	1,015,863	405,000	-	-	-	1,420,863
Water Enterprise Fund	-	15,863	300,000	-	150,000	-	465,863
Wastewater Enterprise Fund	-	10,575	-	-	-	-	10,575
Gas Enterprise Fund	-	10,575	-	-	-	-	10,575
Solid Waste Fund	35,000	-	-	-	-	-	35,000
<b>Totals</b>	<b>\$ 90,000</b>	<b>\$ 1,238,385</b>	<b>\$ 2,743,115</b>	<b>\$ 4,167</b>	<b>\$ 150,000</b>	<b>\$ 185,214</b>	<b>\$ 4,410,881</b>

## CITY OF BOERNE, TEXAS

### Notes to the Financial Statements September 30, 2020

Transfers are used to: 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due; 2) move unrestricted fund revenue to finance various programs that the City must account for in other funds in accordance with budgetary authorizations. In the year ended September 30, 2020, the City made the following one-time transfers:

- \$185,509 from the General fund to Debt-Service for principal and interest due on debt obligations;
- \$93,244 from the General fund to Economic Development fund for payments on 380 development agreements;
- \$1,600,000 from the General fund to the Capital Projects fund for sidewalk construction, street construction, and park and trails projects;
- \$25,000 from the Economic Development fund to the General fund for the Public Art Project;
- \$30,000 from the Hotel/Motel fund to the General fund to reimburse the General Fund for the new Visitor's Center construction costs;
- \$124,034 from the Hotel/Motel fund to the Economic Development fund for payment on a 380 development agreement;
- \$175,000 from the Park fund to the Capital Projects fund for future Park projects;
- \$185,214 from the Economic Development fund to the Gas fund to transfer expenditures made through 380 agreements for gas lines that will be assets of the Gas fund;
- \$45,837 from the Cemetery fund to the Park fund for Cemetery maintenance performed by Park personnel;
- \$4,167 from the Cemetery fund to the Electric fund instead of the Park fund and will be corrected in the following year;
- \$1,015,863 from the Electric fund to the Debt Service fund for General Obligation debt service;
- \$37,013 from the Water, Wastewater and Gas funds to the Debt Service fund for General Obligation debt service;
- \$705,000 from the Electric and Water funds to the Economic Development fund to assist with economic development projects within the City;
- \$150,000 from the Water to the Wastewater fund to assist with debt service;
- \$35,000 from the Solid Waste fund to the General fund to assist with the purchase of a brush loader.

#### **F. Long-term Liabilities**

Long-term debt activity for the year ended September 30, 2020, was as follows:

##### **General Obligation Debt**

The City issues general obligation bonds, certificates and tax notes to provide the funds for acquisition and construction of major capital facilities and projects. The City's General

**CITY OF BOERNE, TEXAS**

Notes to the Financial Statements  
September 30, 2020

Obligation, Certificates of Obligation, and Tax Notes are pledged by ad valorem taxes levied upon all taxable property located within the City, within the limitations prescribed by law.

General obligation debt currently outstanding is as follows:

	Original Amount	Interest Rate %	Balances Oct. 1, 2019	Issued During Year	Retired During Year	Balances Sept. 30, 2020
<b>General Obligation Debt:</b>						
2014 GO Refunding Bonds	\$ 9,560,000	0.50 - 3.20	\$ 8,525,000	\$ -	\$ 445,000	\$ 8,080,000
2016 GO Refunding Bonds	8,510,000	2.00 - 5.00	7,625,000	-	275,000	7,350,000
2017 Tax Notes	21,835,000	2.00 - 3.00	20,675,000	-	745,000	19,930,000
2019 GO Refunding Bonds	2,720,000	2.01 - 2.40	2,720,000	-	545,000	2,175,000
Total of bonded debt			\$ 39,545,000	\$ -	\$ 2,010,000	\$ 37,535,000

Debt service requirements to maturity for general obligation debt are as follows:

Year Ending September 30,	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 2,065,000	\$ 976,521	\$ 3,041,521
2022	2,125,000	917,471	3,042,471
2023	10,470,000	766,535	11,236,535
2024	10,745,000	531,457	11,276,457
2025	1,490,000	390,588	1,880,588
2026-2030	7,300,000	1,235,899	8,535,899
2031-2033	3,340,000	174,672	3,514,672
	<u>\$ 37,535,000</u>	<u>\$ 4,993,143</u>	<u>\$ 42,528,143</u>
Average annual requirements			\$ 3,271,396

**Revenue and General Obligation Bonds**

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The City has pledged future electric, water, wastewater and gas customer revenue net of specified operating expenses, to repay \$33,510,000 in General Obligation Refunding bonds issued in 2016 and 2017.

Proceeds from these bonds in 2016 provided refunding of the 2006 and 2009 Utility System Revenue bonds to affect interest savings, and in 2017 provided refunding of the 2010 Utility System Revenue bond to affect interest savings. These bonds are payable solely from Electric, Water, Wastewater and Gas customer net revenues and are payable through 2040. The total principal and interest remaining to be paid on the bonds is \$48,371,063.

**CITY OF BOERNE, TEXAS**

Notes to the Financial Statements  
September 30, 2020

	<u>Original Amount</u>	<u>Interest Rate%</u>	<u>Balances October 1, 2019</u>	<u>Additions During Year</u>	<u>Retired During Year</u>	<u>Balances Sept. 30, 2020</u>
<b>General Obligation Bonds:</b>						
2016 General Obligation Refunding Bonds	\$ 11,435,000	2.00-5.00	\$ 8,760,000	\$ -	\$ 825,000	\$ 7,935,000
2017 General Obligation Refunding Bonds	26,185,000	3.50-5.00	26,185,000	-	610,000	25,575,000
Total of GO debt			<u>34,945,000</u>	<u>-</u>	<u>1,435,000</u>	<u>33,510,000</u>
Total of bonded debt			\$ 34,945,000	\$ -	\$ 1,435,000	\$ 33,510,000

Revenue and General Obligation bond debt service requirements to maturity are as follows:

Utility Revenue and General Obligation Bonds			
<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,490,000	\$ 1,381,975	\$ 2,871,975
2022	1,535,000	1,334,475	2,869,475
2023	1,590,000	1,276,125	2,866,125
2024	1,665,000	1,201,725	2,866,725
2025	1,735,000	1,128,975	2,863,975
2026 – 2030	7,190,000	4,651,075	11,841,075
2031 – 2035	8,295,000	2,873,950	11,168,950
2036 – 2040	10,010,000	1,012,763	11,022,763
	<u>\$ 33,510,000</u>	<u>\$ 14,861,063</u>	<u>\$ 48,371,063</u>
Average annual requirements			\$ 2,418,553

**Capital Leases**

The City has entered into a capital lease (Direct borrowing) to acquire equipment for the fire department, park department and the electric department. This commitment is expected to be funded by the City’s General Fund, Park Fund and Electric Fund.

Below is a schedule by years of future minimum lease payments for the governmental activities under the capital lease as of September 30, 2020.

**CITY OF BOERNE, TEXAS**

Notes to the Financial Statements  
September 30, 2020

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 60,459	\$ 3,702	\$ 64,160
2022	62,230	2,052	64,282
2023	17,110	363	17,473
	<u>\$ 139,799</u>	<u>\$ 6,117</u>	<u>\$ 145,916</u>

Below is a schedule by years of future minimum lease payments for the business type activities under the capital lease as of September 30, 2020.

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 29,962	\$ 1,813	\$ 31,775
2022	30,737	918	31,655
	<u>\$ 60,699</u>	<u>\$ 2,731</u>	<u>\$ 63,430</u>

The underlying assets used in financing the capital lease obligations for governmental and business type activity are presented in the following asset class.

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Machinery & Equipment			
Governmental Activities	<u>\$ 283,676</u>	<u>\$ 20,395</u>	<u>\$ 263,281</u>
Business type Activities	<u>\$ 189,992</u>	<u>\$ 38,799</u>	<u>\$ 151,193</u>

# CITY OF BOERNE, TEXAS

## Notes to the Financial Statements September 30, 2020

### **Changes in long-term liabilities**

Long-term liability activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
<b>Governmental activities:</b>					
<b>Long-term Debt:</b>					
General Obligation bonds	\$ 18,870,000	\$ -	\$ (1,265,000)	\$ 17,605,000	\$ 1,305,000
Tax notes	20,675,000	-	(745,000)	19,930,000	760,000
Bond Premium	1,366,192	-	(149,737)	1,216,455	149,737
Capital lease payable (Direct Borrowing)	132,119	66,957	(59,277)	139,799	60,259
<b>Total Long-term Debt</b>	<b>41,043,311</b>	<b>66,957</b>	<b>(2,219,014)</b>	<b>38,891,254</b>	<b>2,274,996</b>
<b>Other long-term liabilities:</b>					
Compensated absences	1,079,703	177,619	(51,036)	1,206,286	515,640
Pension liability	14,112,360	-	(2,455,301)	11,657,059	-
<b>OPEB liabilities</b>					
Retiree healthcare	2,673,557	319,562	-	2,993,119	-
SDBF	351,755	99,459	-	451,214	-
<b>Total Other long-term liabilities</b>	<b>18,217,375</b>	<b>596,640</b>	<b>(2,506,337)</b>	<b>16,307,678</b>	<b>515,640</b>
<b>Governmental activity long- term liabilities</b>	<b>\$ 59,260,686</b>	<b>\$ 663,597</b>	<b>\$ (4,725,351)</b>	<b>\$ 55,198,932</b>	<b>\$ 2,790,636</b>
<b>Business-type activities:</b>					
<b>Long-term Debt:</b>					
Revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ -
General Obligation bonds	34,945,000	-	(1,435,000)	33,510,000	1,490,000
Revenue Bond premium	3,340,838	-	(228,132)	3,112,706	172,754
Capital lease payable (Direct Borrowing)	89,992	-	(29,295)	60,697	30,162
<b>Total Long-term Debt</b>	<b>38,375,830</b>	<b>-</b>	<b>(1,692,427)</b>	<b>36,683,403</b>	<b>1,692,916</b>
<b>Other long-term liabilities:</b>					
Compensated absences	346,893	12,116	-	359,009	17,950
Pension liability	5,720,340	-	(1,044,771)	4,675,569	-
<b>OPEB liabilities</b>					
Retiree healthcare	871,743	137,544	-	1,009,287	-
SDBF	151,400	42,808	-	194,208	-
<b>Total Other long-term liabilities</b>	<b>7,090,376</b>	<b>192,468</b>	<b>(1,044,771)</b>	<b>6,238,073</b>	<b>17,950</b>
<b>Business-type long-term liabilities</b>	<b>\$ 45,466,206</b>	<b>\$ 192,468</b>	<b>\$ (2,737,198)</b>	<b>\$ 42,921,476</b>	<b>\$ 1,710,866</b>

# CITY OF BOERNE, TEXAS

Notes to the Financial Statements  
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Long-term liabilities including compensated absences, net pension liabilities, and other post-employment benefit obligations attributable to governmental activities will be liquidated primarily by the general fund.

## **Conduit debt**

The City has issued Housing Revenue Bonds, Series 2018 to provide financial assistance to private-sector entities for the acquisition and construction of housing facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The aggregate principal amount payable as of September 30, 2020 could not be determined; however, the original issue amount totaled \$17 million.

## **G. Restricted assets**

<b>Restricted Asset Balances</b>			
<b>Governmental Activities</b>		<b>Business-type activities</b>	
Capital projects funds	\$50,000	Customer deposits	\$ 1,386,834
Permanent Cemetery fund	842,808	Capital contributions	11,520,873
Total restricted assets	<u>\$892,808</u>	Total restricted assets	<u>\$ 12,907,707</u>

## **V. Other information**

### **A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the City carries insurance. There have been no significant reductions in insurance coverage for these risks of loss since the prior year and there have been no settlements in excess of the insurance coverage for any of the past three fiscal years.

The City contracts with the Texas Municipal League Intergovernmental Risk Pool, ("TML") to provide for its worker's compensation, general and auto liability, and property insurance coverage. These multi-employer accounts provide for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability for the City is generally limited to the contributed amounts.

## CITY OF BOERNE, TEXAS

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### **B. Contingent liabilities**

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the City, but which will only be resolved when one or more future events occur or fail to occur. The City's management and its legal counsel assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the City or unasserted claims that may result in such proceedings, the City's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates it is probable that a material loss has been incurred, and the amount of the liability can be estimated, then the estimated liability would be accrued in the City's financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if the determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Management has performed such assessment and consulted with its legal counsel as of the date of this report and is not aware of any contingencies requiring accrual or further disclosure.

### **C. Other post-employment benefits (OPEB) plan**

#### ***Retiree Health Care Plan***

**Plan description** - The City of Boerne makes available a single-employer group hospitalizations and medical insurance for retirees who are:

- Active employees currently participating in the health insurance program for a minimum of one (1) year, and
- Eligible for retirement per the established criteria through the Texas Municipal Retirement System (5 years/age 60 or 20 years/any age).

The coverage extends to the employee only and is optional to the employee who is retiring.

**Benefits provided** - The City of Boerne adopts the following benefit plans to be provided to its retirees:

- Pre-65 Retiree Plan, or
- Medicare Advantage Program for retirees age 65 and over.

**CITY OF BOERNE, TEXAS**

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Pre-65 Retiree Plan shall be with the City of Boerne’s active employee pool plan. Retirees are able to choose from and elect the same plans offered to active employees during open enrollment each year. The premiums for retirees are the same as for active employees which are established each year by the TML Multistate IEBP. Participation in the Pre-65 Retiree plan is offered for five (5) years post-retirement or age sixty-five (65), whichever occurs first. Employees who retired before October 1, 2015 may participate in the Pre-65 Retiree plan for ten (10) years post-retirement or age sixty-five (65), whichever occurs first. The City provides a premium subsidy based on years of service for the retirees who are younger than 65.

Should an employee continue to remain in employment with the City of Boerne until after the age of 65 and then retire, the employee may qualify for a post-65 subsidy payable over their lifetime based on years of service with the City of Boerne. Employees retiring before the age of 65 are not eligible for the post-65 subsidy.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Contributions** - The City contributes to the retiree health insurance at an amount approved by City Council contained in the Personnel Policy. The retiree medical contribution rate as of January 2020 is as follows:

<b>Boerne City Service</b>	<b>Pre-65 Subsidy</b>	<b>Post-65 Subsidy</b>
Less than 20 years	\$0.00	\$0.00
20 - 24 years	271.11	133.94
25 - 29 years	320.40	160.73
30 - 34 years	406.66	187.53
35 - 39 years	431.31	214.31
Over 40 years	462.11	241.10

City’s direct pre-65 subsidies shown above do not apply after the employee reaches the age of 65, while post-65 subsidies may be provided over the retiree’s lifetime.

The City’s contributions to the retiree health plan for the year ended September 30, 2020 were \$25,965 and were equal to the required contributions.

**Employees Covered by Benefit Terms** - At the December 31, 2019 valuation date, the following employees were covered by the benefit terms:

Active members	257
Inactive, nonretired members	-
Retirees and Beneficiaries	6
Total	<u><u>263</u></u>

# CITY OF BOERNE, TEXAS

## Notes to the Financial Statements September 30, 2020

**OPEB liability** - The City's total OPEB liability of \$4,002,406 was measured as of December 31, 2019 and was determined by an actuarial valuation as of December 31, 2019.

### Actuarial Assumptions:

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Discount rate	2.75% as of December 31, 2019
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS). For the OPEB valuation, the standard TMRS retirement rates were adjusted to reflect the impact of the City's retiree medical plan design.
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for the future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years.
Participation Rates	100% for retirees age 65 or older with at least 20 years of City service; 100% for retirees between the ages of 50 and 64 with 30 or more years of City service; 85% for retirees between the ages of 50 and 64 with 25 to 29 years of City service; 75% for retirees between the ages of 50 and 64 with 20 to 24 years of City service; 20% for retirees under age 50 or with less than 20 years of City service.
Actuarial Cost Method	Individual Entry-Age Normal

### Other Information:

#### Notes

The discount rate changed from 3.71% as of December 31, 2019. Additionally, the demographic assumptions were updated to reflect the 2019 TMRS Experience Study and the health care trend rates were updated to reflect the repeal of the excise tax on high-cost employer health plans.

**CITY OF BOERNE, TEXAS**

Notes to the Financial Statements  
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Changes in the Total OPEB Liability:

Balance at December 31, 2018	\$	3,545,300
Changes for the year:		
Service cost		252,873
Interest on the total OPEB liability		135,161
Changes of benefit terms		-
Difference between expected and actual experience		(316,877)
Change of assumptions		443,131
Benefit payments		(57,182)
Net changes		<u>457,106</u>
Balance at December 31, 2019	\$	<u>4,002,406</u>

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 2.75%, as well as what the City’s OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
OPEB liability	\$ 4,631,647	\$ 4,002,406	\$ 3,484,909

Sensitivity of the total OPEB liability to the HealthCare Cost Trend Rate Assumption:

The following presents the total OPEB liability of the City, calculated using the assumed trend rates as well as what the plan’s total OPEB liability would be if calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
OPEB liability	\$ 3,321,250	\$ 4,002,406	\$ 4,887,233

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended September 30, 2020, the city recognized OPEB expense of \$402,523 related to retiree healthcare.

**CITY OF BOERNE, TEXAS**

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At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ -	\$ 295,346
Changes of assumptions	560,696	161,477
Net difference in projected and actual earnings on pension plan investments	-	-
Contributions made subsequent to the measurement date	62,947	-
Total	<u>\$ 623,643</u>	<u>\$ 456,823</u>

The City reported \$62,947 as deferred outflows of resources related to the OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September	Net Deferred Outflows/(Inflows)
2021	\$ 14,489
2022	14,489
2023	14,489
2024	14,489
2025	14,489
Thereafter	31,428
Total	<u>\$ 103,873</u>

***Supplemental Death Benefits Fund (SDBF)***

**Plan description** - The City also participates in the single-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which the City may elect, by ordinance, to provide group-term life insurance for active members, including retirees.

**Benefits provided** - The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death. Retired employees are insured for \$7,500. 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).

# CITY OF BOERNE, TEXAS

Notes to the Financial Statements  
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**Contributions** - The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. 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; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The contribution rate for the City was 0.17% and 0.17% for calendar years 2019 and 2020 respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$28,855 and were equal to the required contributions.

**Employees Covered by Benefit Terms** - At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	264
Inactive employees or beneficiaries currently receiving benefits	68
Inactive employees entitled to but not yet receiving benefits	<u>28</u>
Total	<u><u>360</u></u>

**OPEB liability** - The City's total OPEB liability of \$645,422 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**CITY OF BOERNE, TEXAS**

Notes to the Financial Statements  
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Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Discount rate *	2.75%
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 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 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, 2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability:

Balance at December 31, 2018	\$	503,155
Changes for the year:		
Service cost		28,819
Interest on the total OPEB liability		19,142
Changes of benefit terms		-
Difference between expected and actual experience		(14,007)
Change of assumptions		111,515
Benefit payments **		(3,202)
Net changes		<u>142,267</u>
Balance at December 31, 2019	\$	<u><u>645,422</u></u>

**CITY OF BOERNE, TEXAS**

Notes to the Financial Statements  
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\*\* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer’s year contribution 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 2.75%, as well as what the City’s OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	<u>(1.75%)</u>	<u>Rate (2.75%)</u>	<u>(3.75%)</u>
OPEB liability	\$ 789,129	\$ 645,422	\$ 534,078

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended September 30, 2020, the city recognized OPEB expense of \$59,787 related to the SDBF.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in expected and actual experience	\$ -	\$ 22,866
Changes of assumptions	121,866	28,363
Net difference in projected and actual earnings on pension plan investments	-	-
Contributions made subsequent to the measurement date	21,684	-
Total	<u>\$ 143,550</u>	<u>\$ 51,229</u>

The City reported \$21,684 as deferred outflows of resources related to the OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Plan Year December 31,	Amortization Expense	
2020	\$	11,827
2021		11,827
2022		11,827
2023		11,827
2024		9,300
Thereafter		14,029
Total	\$	<u>70,637</u>

***Summary of Postemployment Retirement Benefits***

	Retiree Health Care Plan	Supplemental Death Benefit Fund (SDBF)	Total Other Postemployment Benefit Plans
Total OPEB Liability	\$ 4,002,406	\$ 645,422	\$ 4,647,828
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 4,002,406</u>	<u>\$ 645,422</u>	<u>\$ 4,647,828</u>
Total Deferred Outflows of Resources	\$ 560,696	\$ 121,866	\$ 682,562
Total Deferred Inflows of Resources	\$ 456,823	\$ 51,229	\$ 508,052
Contributions Subsequent to the Measurement Date	\$ 62,947	\$ 21,684	\$ 84,631
Total OPEB Expense	\$ 402,523	\$ 59,787	\$ 462,310

**D. Employee retirement systems and pension plans**

***Texas Municipal Retirement System (TMRS)***

**Plan Description** - The City of Boerne participates as one of the 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

## CITY OF BOERNE, TEXAS

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**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.

Benefits depend upon the sum of the employee's contributions to the TMRS plan, with interest, and the City-financed monetary credits with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. Prior service credit, granted by the City, is a monetary credit equal to the accumulated value of the percentage of prior service credit adopted times an employee's deposits that would have been made, based on the average salary prior to participation, for the number of months the employee has been employed, accruing 3% annual interest, and including the matching ratio adopted by the City (2 to 1). Monetary credits for service since the TMRS plan began are a percentage of the employee's accumulated contributions. In addition, the City may grant, as often as annually or annually on a repeating basis, another type of monetary credit referred to as an updated service credit. This monetary credit is determined by hypothetically re-computing the employee's account balance by assuming that the current City deposit rate (7%) has always been in effect. The computation also assumes that the employee's salary has always been the employee's average salary, using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical amount is increased by 3% each year and increased by the City's match currently in effect (200.0% match). The resulting sum is then compared to the employee's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted.

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments under the retiree life only option, which cannot exceed 75.0% of the total member's deposits and interest. The City may elect to increase the annuities of its retirees, either annually or on an annually repeating basis, effective January 1 of the calendar year. The City may also adopt an annuity increase at a rate equal to 70.0% of the increase in the Consumer Price Index – all Urban Consumers between the December preceding the employee's retirement date and the December one year before the effective date of the increase, minus any previously granted increases.

TMRS provisions and contribution requirements are adopted by the City Council within the options available in the state statutes governing TMRS and within the actuarial constraints contained in the statutes. The ad hoc cost of living adjustments are deemed to be substantively automatic in TMRS's actuarial report. The default method for determining whether ad hoc benefit enhancements are substantively automatic is if the City had granted them in 1 of the last 2 years and two of the last five years. The City adopted a cost of living adjustment of 70% of CPI in 2006.

# CITY OF BOERNE, TEXAS

## Notes to the Financial Statements September 30, 2020

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	264
Inactive employees or beneficiaries currently receiving benefits	86
Inactive employees entitled to but not yet receiving benefits	<u>101</u>
Total	<u><u>451</u></u>

**Contributions** - The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Boerne were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rate for the City was 18.34% in calendar year 2019 and 18.35% in calendar year 2020; both rates were adopted by City Council during the annual budget process. The City's contributions to TMRS for fiscal year 2020 were \$4,384,291, with \$1,188,155 contributed by City employees, and \$3,196,136 contributed by the City. The City's contributions were in excess of actuarially determined contributions by \$40,070 for fiscal year 2020.

**Net Pension Liability** - The City's Net Pension Liability (NPL) was measured as of December 31, 2019 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 TPL in the December 31, 2019 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

# CITY OF BOERNE, TEXAS

## Notes to the Financial Statements September 30, 2020

Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is 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 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 Annuity Purchase Rate (APRs) are 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 investments 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 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
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 employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to

# CITY OF BOERNE, TEXAS

## Notes to the Financial Statements September 30, 2020

make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	\$ 2,960,271
Interest (on the TPL)	4,699,549
Difference between expected and actual experience	430,109
Changes of assumptions	106,740
Benefit payments, including refunds of employee contributions	<u>(1,577,773)</u>
Net change in TPL	\$ 6,618,896
Total pension liability - beginning	<u>68,931,696</u>
Total pension liability - ending	<u>\$ 75,550,592</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 3,014,703
Contributions - employee	1,120,708
Net investment income	7,605,508
Benefit payments, including refunds of employee contributions	<u>(1,577,773)</u>
Administrative Expense	(42,890)
Other	<u>(1,288)</u>
Net change in plan fiduciary net position	\$ 10,118,968
Plan fiduciary net position - beginning	<u>49,098,996</u>
Plan fiduciary net position - ending	<u>\$ 59,217,964</u>
Net Pension Liability	<u>\$ 16,332,628</u>

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

The following presents the Net Pension Liability, calculated using the discount rate of 6.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.0% lower (5.75%) or 1.0% higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	\$ 27,710,234	\$ 16,332,628	\$ 7,008,648

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

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**Pension Expense** - For the year ended September 30, 2020, based on the actuarial valuation of December 31, 2019, the City recognized pension expense of \$3,660,411.

Schedule of Pension Expense	
Total Service Cost	\$2,960,271
Interest on the Total Pension Liability	4,699,549
Current Period Benefit Changes	-
Employee Contributions (Reduction of Expense)	(1,120,708)
Projected Earnings on Plan Investments (Reduction of Expense)	(3,314,182)
Administrative Expense	42,890
Other Changes in Fiduciary Net Position	1,288
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	89,774
Recognition of Current Year Outflow (Inflow) of Resources-Assets	(858,265)
Amortization of Prior Year Outflows (Inflows) of Resources-Liabilities	333,016
Amortization of Prior Year Outflows (Inflows) of Resources-Assets	826,778
Total Pension Expense	<u>\$3,660,411</u>

## Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2020, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 1,275,198	\$ -
Changes of assumptions	97,189	-
Net difference in projected and actual earnings on pension plan investments	-	1,768,470
Contributions made subsequent to the measurement date	2,401,854	-
Total	<u>\$ 3,774,241</u>	<u>\$ 1,768,470</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$2,401,854 will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources, by year, will be recognized in pension expense as follows:

# CITY OF BOERNE, TEXAS

Notes to the Financial Statements  
September 30, 2020

Plan Year December 31	Net Deferred Outflows (Inflows) of Resources
2020	\$ (87,451)
2021	(105,041)
2022	395,833
2023	(692,742)
2024	93,318
Thereafter	0
Total	<u>\$ (396,083)</u>

Deferred outflows of resources related to the difference between expected and actual plan experience and assumption changes are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of each measurement period. The deferred outflows of resources related to the difference between expected and actual investment returns is being amortized over a closed five-year period as of the beginning of each measurement period.

## E. Tax Abatements and Economic Incentives

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. These programs abate or rebate property taxes, sales tax, and hotel taxes, and also include incentive payments and reductions in fees that are not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) and 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code. Recipients may be eligible to receive economic assistance based on the employment impact, economic impact or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or expanding operations, renewing facility leases, or bringing targeted businesses to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has two categories of economic development agreements:

- Tax Abatements – Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were \$0 in fiscal year 2020.

## **CITY OF BOERNE, TEXAS**

### Notes to the Financial Statements

September 30, 2020

- General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property taxes, hotel taxes or sales tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2020, the City rebated \$239,850 in taxes.



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REQUIRED SUPPLEMENTARY  
INFORMATION



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**CITY OF BOERNE, TEXAS**

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes (including interest and penalties)	\$ 4,675,932	\$ 4,675,932	\$ 4,611,110	\$ (64,822)
Sales tax	8,028,291	8,028,291	8,432,288	403,997
Franchise fees	2,597,642	2,597,642	2,599,006	1,364
Licenses and permits	1,105,000	1,105,000	1,152,585	47,585
Fines	326,700	326,700	216,500	(110,200)
Grants	30,000	30,000	934,689	904,689
Contributions & donations	2,671,030	2,671,030	2,700,856	29,826
Miscellaneous	269,000	269,000	739,976	470,976
Interest earned	150,000	150,000	229,749	79,749
Total revenues	<u>19,853,595</u>	<u>19,853,595</u>	<u>21,616,759</u>	<u>1,763,164</u>
<b>Expenditures:</b>				
Current:				
Administration	2,995,563	3,667,203	3,472,048	195,155
Streets	1,867,805	1,867,805	1,575,084	292,721
Law enforcement	5,744,177	5,744,177	5,461,126	283,051
Municipal court	368,565	356,505	324,636	31,869
Animal control	367,083	367,083	347,976	19,107
Code enforcement	538,261	482,761	469,100	13,661
Planning	1,104,173	771,173	735,236	35,937
Communications	1,387,627	1,387,627	1,252,138	135,489
Information Technology	927,089	966,089	954,324	11,765
Fire department	2,651,338	2,651,338	2,524,074	127,264
Capital outlay	1,228,004	889,564	672,014	217,550
Total expenditures	<u>19,179,685</u>	<u>19,151,325</u>	<u>17,787,756</u>	<u>1,363,569</u>
Excess(Deficiency) of revenues over(under) expenditures	673,910	702,270	3,829,003	3,126,732
Other financing sources (uses):				
Transfers from other funds	113,000	113,000	90,000	(23,000)
Transfers to other funds	(1,921,789)	(1,950,149)	(1,878,753)	71,396
Capital lease	-	-	-	-
Sale of capital assets	10,000	10,000	9,240	(761)
Total other financing sources (uses)	<u>(1,798,789)</u>	<u>(1,827,149)</u>	<u>(1,779,513)</u>	<u>47,635</u>
Excess(Deficiency) of revenues and other sources (uses), over(under) expenditures	(1,124,879)	(1,124,879)	2,049,490	3,174,368
Fund balance at October 1, 2019	12,348,782	12,348,782	12,348,782	-
Fund balance at September 30, 2020	<u>\$ 11,223,903</u>	<u>\$ 11,223,903</u>	<u>\$ 14,398,272</u>	<u>\$ 3,174,368</u>

Note 1 - Basis of Budgeting:

There were no *budgetary expenditures in excess of appropriations* for this fiscal year. Annual budgets are adopted on a *basis consistent with generally accepted accounting principles* and therefore no *reconciliation between the basis of budgeting and generally accepted accounting principles* is required.

## CITY OF BOERNE, TEXAS

Required Supplementary Information  
 Schedule of Changes in the Net Pension Liability and TMRS Related Ratios  
 Fiscal Year Ending September 30, 2020

	Plan Year Ended December 31, 2019	Plan Year Ended December 31, 2018
<b>Total Pension Liability</b>		
Service Cost	\$ 2,960,271	\$ 2,777,732
Interest	4,699,549	4,311,426
Differences Between Expected and Actual Experience	430,109	141,667
Changes of assumptions	106,740	-
Benefit Payments, including refunds of employee contributions	<u>(1,577,773)</u>	<u>(1,566,488)</u>
<b>Net Change in Total Pension Liability</b>	\$ 6,618,896	\$ 5,664,337
<b>Total Pension Liability - Beginning</b>	<u>68,931,696</u>	<u>63,267,359</u>
<b>Total Pension Liability - Ending (a)</b>	<u><u>\$ 75,550,592</u></u>	<u><u>\$ 68,931,696</u></u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 3,014,703	\$ 2,836,449
Contributions - Employee	1,120,708	1,053,882
Net Investment Income	7,605,508	(1,447,467)
Benefit Payments, including Refunds of Employee Contributions	(1,577,773)	(1,566,488)
Administrative Expense	(42,890)	(27,934)
Other	<u>(1,288)</u>	<u>(1,459)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	\$ 10,118,968	\$ 846,983
<b>Plan Fiduciary Net Position - Beginning</b>	<u>49,098,996</u>	<u>48,252,013</u>
<b>Plan Fiduciary Net Position - Ending (b)*</b>	<u><u>\$ 59,217,964</u></u>	<u><u>\$ 49,098,996</u></u>
<b>City's Net Pension Liability - Ending (a) - (b)</b>	\$ 16,332,628	\$ 19,832,700
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	78.38%	71.23%
<b>Covered Payroll</b>	\$ 16,010,120	\$ 15,055,458
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	102.01%	131.73%

\*FNP may be off a dollar due to rounding

Notes to Schedule: N/A

Per GASB No. 68 the required supplementary information should include 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not available.

Plan Year Ended December 31, 2017	Plan Year Ended December 31, 2016	Plan Year Ended December 31, 2015	Plan Year Ended December 31, 2014
\$ 2,642,850	\$ 2,493,905	\$ 2,224,334	\$ 1,919,644
3,906,133	3,539,542	3,351,716	3,064,431
982,925	761,562	30,940	157,833
-	-	39,494	-
<u>(1,623,523)</u>	<u>(1,253,485)</u>	<u>(1,197,037)</u>	<u>(1,183,335)</u>
\$ 5,908,385	\$ 5,541,524	\$ 4,449,447	\$ 3,958,573
57,358,974	51,817,450	47,368,003	43,409,430
<u>\$ 63,267,359</u>	<u>\$ 57,358,974</u>	<u>\$ 51,817,450</u>	<u>\$ 47,368,003</u>
\$ 2,664,248	\$ 2,511,382	\$ 2,344,680	\$ 2,120,885
998,378	941,096	878,191	794,715
5,633,932	2,435,208	50,123	1,745,475
(1,623,523)	(1,253,485)	(1,197,037)	(1,183,335)
(29,169)	(27,480)	(30,522)	(18,218)
<u>(1,478)</u>	<u>(1,481)</u>	<u>(1,508)</u>	<u>(1,498)</u>
\$ 7,642,388	\$ 4,605,240	\$ 2,043,928	\$ 3,458,024
40,609,625	36,004,385	33,960,457	30,502,433
<u>\$ 48,252,013</u>	<u>\$ 40,609,625</u>	<u>\$ 36,004,385</u>	<u>\$ 33,960,457</u>
\$ 15,015,346	\$ 16,749,349	\$ 15,813,065	\$ 13,407,546
76.27%	70.80%	69.48%	71.69%
\$ 14,262,545	\$ 13,444,231	\$ 12,545,593	\$ 11,353,077
105.28%	124.58%	126.04%	118.10%

**CITY OF BOERNE, TEXAS**

Required Supplementary Information  
 Schedule of Contributions and Notes to Schedule of Contributions - Net Pension Liability  
 Fiscal Year Ending September 30, 2020

**Schedule of Contributions for Fiscal year ended September 30,**

	2020	2019	2018
Actuarially Determined Contribution	\$ 3,156,066	\$ 2,901,379	\$ 2,699,031
Contributions in relation to the actuarially determined contribution	\$ 3,196,136	\$ 2,981,710	\$ 2,775,625
Contributions deficiency (excess)	<u>\$ (40,070)</u>	<u>\$ (80,331)</u>	<u>\$ (76,594)</u>
Covered payroll	\$ 16,973,634	\$ 15,834,730	\$ 14,763,224
Contributions as a percentage of covered payroll	18.83%	18.83%	18.80%

**Notes to Schedule of Contributions**

**Valuation Date**

Notes Actuarially determined contributions are determined 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** 26 years

**Asset Valuation Method** 10 Year smoothed market; 12.0% soft corridor

**Actuarial Assumption:**

Inflation 2.50%  
 Salary Increases 3.50% to 11.50% including inflation  
 Investment Rate of Return 6.75%  
 Retirement Age Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to 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 bases with scale UMP.

**Other Information:**

Notes There were no benefit changes during the year.

**Schedule of Contributions for Fiscal year ended September 30,**

	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 2,578,789	\$ 2,437,285	\$ 2,167,467	\$ 2,127,796
Contributions in relation to the actuarially determined contribution	\$ 2,648,351	\$ 2,567,437	\$ 2,234,020	\$ 2,143,585
Contributions deficiency (excess)	\$ (69,562)	\$ (130,152)	\$ (66,553)	\$ (15,789)
Covered payroll	\$ 14,177,471	\$ 13,627,933	\$ 11,857,858	\$ 11,399,302
Contributions as a percentage of covered payroll	18.68%	18.84%	18.84%	18.80%

**CITY OF BOERNE, TEXAS**

Required Supplementary Information  
 Schedule of Changes in the OPEB Liability and TMRS Related Ratios - SDBF  
 Fiscal Year Ending September 30, 2020

	Plan Year Ended December 31, 2019	Plan Year Ended December 31, 2018	Plan Year Ended December 31, 2017
<b>Total OPEB Liability</b>			
Service Cost	\$ 28,819	\$ 31,616	\$ 25,673
Interest	19,142	17,368	16,632
Differences Between Expected and Actual Experience	(14,007)	(14,643)	-
Changes of assumptions	111,515	(38,583)	42,353
Benefit Payments *	(3,202)	(3,011)	(2,853)
<b>Net Change in Total OPEB Liability</b>	<b>\$ 142,267</b>	<b>\$ (7,253)</b>	<b>\$ 81,805</b>
<b>Total OPEB Liability - Beginning</b>	<b>503,155</b>	<b>510,408</b>	<b>428,603</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 645,422</b>	<b>\$ 503,155</b>	<b>\$ 510,408</b>
<b>Covered Payroll</b>	<b>\$ 16,010,120</b>	<b>\$ 15,055,458</b>	<b>\$ 14,262,545</b>
<b>City's OPEB Liability as a Percentage of Covered Payroll</b>	<b>4.03%</b>	<b>3.34%</b>	<b>3.58%</b>

Notes to Schedule: N/A

Per GASB No. 75 the required supplementary information should include 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 75 is not available.

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

**CITY OF BOERNE, TEXAS**

Required Supplementary Information  
 Schedule of Contributions and Notes to Schedule of Contributions - SDBF  
 Fiscal Year Ending September 30, 2020

	<b>Schedule of Contributions</b>		
	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Actuarially Determined Contribution	\$ 28,855	\$ 26,410	\$ 23,621
Contributions in relation to the actuarially determined contribution	<u>\$ 28,855</u>	<u>\$ 26,410</u>	<u>\$ 23,621</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 16,973,634	\$ 15,535,025	\$ 14,763,224
Contributions as a percentage of covered payroll	0.17%	0.17%	0.16%

<b>Notes to Schedule of Contributions</b>
---

**Actuarial Assumption:**

Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Discount Rate*	2.75%
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 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 basis by Scale UMP to account for future mortality improvements subject to the floor.

**Other Information:**

Notes There were no benefit changes during the year.

**CITY OF BOERNE, TEXAS**

Required Supplementary Information  
 Schedule of Changes in the OPEB Liability - Retiree Health Insurance  
 Fiscal Year Ending September 30, 2020

	Plan Year December 31, 2019	Plan Year December 31, 2018	Plan Year December 31, 2017
<b>Total OPEB Liability</b>			
Service Cost	\$ 252,873	\$ 241,592	\$ 208,936
Interest	135,161	117,384	115,131
Differences Between Expected and Actual Experience	(316,877)	(13,216)	-
Changes of assumptions	443,131	(201,793)	231,989
Benefit Payments	(57,182)	(48,453)	(47,214)
<b>Net Change in Total OPEB Liability</b>	<b>\$ 457,106</b>	<b>\$ 95,514</b>	<b>\$ 508,842</b>
<b>Total OPEB Liability - Beginning</b>	<b>3,545,300</b>	<b>3,449,786</b>	<b>2,940,944</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 4,002,406</b>	<b>\$ 3,545,300</b>	<b>\$ 3,449,786</b>
<b>Covered Payroll</b>	<b>\$ 16,080,470</b>	<b>\$ 15,123,968</b>	<b>\$ 14,212,220</b>
<b>City's OPEB Liability as a Percentage of Covered Payroll</b>	<b>24.89%</b>	<b>23.44%</b>	<b>24.27%</b>

Changes of assumptions reflect the effects of changes in the discount rate each period.  
 The following are the discount rates used in each period:

FYE	Discount Rate
2020	2.75%
2019	3.71%
2018	3.31%
2017	3.81%

Per GASB No. 75 the required supplementary information should include 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 75 is not available.

OTHER SUPPLEMENTARY  
INFORMATION



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## **Nonmajor Governmental Funds Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.

Hotel-Motel/Convention/Visitors Bureau Fund (CVB) - This fund is used to account for proceeds of the City's hotel-motel lodging tax revenues that are restricted or committed to the promotion of tourism and the Hotel-Motel industry within the City's boundaries.

Parks Fund - This fund is used to account for proceeds of specific Parks revenue sources that are intended to be spent for maintenance of the City's Parks and recreation programs.

Library Fund - This fund is used to account for proceeds of specific Library revenue sources that are intended to be spent for maintenance of the City's public library.

Economic Development Fund – This fund is used to account for transfers from other funds that are intended to be spent for economic development projects and contracts.

## **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital construction other than those financed by proprietary and trust funds.

Capital Projects Construction Fund – This fund is used to account for the construction of government facilities, sidewalks, and road improvement projects.

## **Permanent Funds**

Permanent funds are used to account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs – that is, for the benefit of the City or its citizens.

Cemetery Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the City cemetery.

**CITY OF BOERNE, TEXAS**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2020

	<b>SPECIAL REVENUE</b>				<b>TOTAL</b>
	<b>HOTEL- MOTEL/CVB FUND</b>	<b>PARK FUND</b>	<b>LIBRARY FUND</b>	<b>ECONOMIC DEVL FUND</b>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 142,939	\$ 2,196,263	\$ 614,793	\$ 750,712	\$ 3,704,707
Receivables	58,797	51,909	22,700	-	133,406
Prepaid items	-	6,250	-	-	6,250
Restricted cash and cash equivalents	-	-	-	-	-
Restricted investments	-	-	-	-	-
Total assets	<u>\$ 201,736</u>	<u>\$ 2,254,422</u>	<u>\$ 637,493</u>	<u>\$ 750,712</u>	<u>\$ 3,844,363</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 747	\$ 34,448	\$ 5,839	\$ 818	\$ 41,852
Other payables	-	12,180	2,900	-	15,080
Deferred revenue	-	55,143	14,755	-	69,898
Total liabilities	<u>\$ 747</u>	<u>\$ 101,771</u>	<u>\$ 23,494</u>	<u>\$ 818</u>	<u>\$ 126,830</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Permanent-Cemetery	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:					
Hotel/Motel -Tourism	200,989	-	-	-	200,989
Park Fund	-	6,250	-	-	6,250
Assigned:					
Capital Projects:					
City Hall Building	-	-	-	-	-
Sidewalks	-	-	-	-	-
Parks	-	-	-	-	-
Street Construction	-	-	-	-	-
Street Improvements\Entry Corridor	-	-	-	-	-
Parks & Recreation	-	2,146,401	-	-	2,146,401
Library	-	-	613,999	-	613,999
Economic Development	-	-	-	749,894	749,894
Cemetery	-	-	-	-	-
Total fund balances	<u>\$ 200,989</u>	<u>\$ 2,152,651</u>	<u>\$ 613,999</u>	<u>\$ 749,894</u>	<u>\$ 3,717,533</u>
Total liabilities and fund balances	<u>\$ 201,736</u>	<u>\$ 2,254,422</u>	<u>\$ 637,493</u>	<u>\$ 750,712</u>	<u>\$ 3,844,363</u>

	<u>CAPITAL PROJECTS</u>	<u>PERMANENT FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>CAPITAL PROJECTS</u>	<u>CEMETERY FUND</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,408,479	\$ 545,770	\$ 6,658,956
Receivables	-	3,064	136,470
Prepaid items	-	-	6,250
Restricted cash and cash equivalents	-	389,939	389,939
Restricted investments	-	449,805	449,805
Total assets	<u>\$ 2,408,479</u>	<u>\$ 1,388,578</u>	<u>\$ 7,641,420</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 287,548	\$ 319	\$ 329,719
Other payables	-	-	15,080
Deferred revenue	-	-	69,898
Total liabilities	<u>\$ 287,548</u>	<u>\$ 319</u>	<u>\$ 414,697</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Permanent-Cemetery	\$ -	\$ 842,808	\$ 842,808
Restricted:			
Hotel/Motel -Tourism	-	-	200,989
Park Fund	-	-	6,250
Assigned:			
Capital Projects:			
City Hall Building	141,305	-	141,305
Sidewalks	704,626	-	704,626
Parks	475,000	-	475,000
Street Construction	700,000	-	700,000
Street Improvements\Entry Corridor	100,000	-	100,000
Parks & Recreation	-	-	2,146,401
Library	-	-	613,999
Economic Development	-	-	749,894
Cemetery	-	545,451	545,451
Total fund balances	<u>\$ 2,120,931</u>	<u>\$ 1,388,259</u>	<u>\$ 7,226,723</u>
Total liabilities and fund balances	<u>\$ 2,408,479</u>	<u>\$ 1,388,578</u>	<u>\$ 7,641,420</u>

**CITY OF BOERNE, TEXAS**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended September 30, 2020

	<b>SPECIAL REVENUE</b>				<b>TOTAL</b>
	<b>HOTEL- MOTEL/CVB</b>	<b>PARK</b>	<b>LIBRARY</b>	<b>ECONOMIC DEVELOPMENT</b>	
<b>REVENUES</b>					
Ad valorem taxes	\$ -	\$ 1,886,145	\$ 1,202,350	\$ -	\$ 3,088,495
Hotel-Motel taxes	612,466	-	-	-	612,466
Special revenues	-	474,414	21,988	-	496,402
Grants	-	73,959	4,379	-	78,338
Contributions	-	6,809	336,379	-	343,188
Other	-	108,031	4,882	-	112,913
Interest	2,732	27,242	8,934	7,509	46,417
Total revenues	<u>615,198</u>	<u>2,576,600</u>	<u>1,578,912</u>	<u>7,509</u>	<u>4,778,219</u>
<b>EXPENDITURES</b>					
Current:					
Public Safety	-	-	-	-	-
Culture and recreation	-	2,000,733	1,351,673	-	3,352,406
Economic development	538,535	-	-	665,144	1,203,679
Capital outlay:					
General government	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	391,425	45,173	-	436,598
Economic development	448	-	-	-	448
Total expenditures	<u>538,983</u>	<u>2,392,158</u>	<u>1,396,846</u>	<u>665,144</u>	<u>4,993,131</u>
Excess (Deficiency) of revenues over/ (under) expenditures	<u>76,215</u>	<u>184,442</u>	<u>182,066</u>	<u>(657,635)</u>	<u>(214,912)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in:					
General fund	-	-	-	93,244	93,244
Hotel/Motel fund	-	-	-	124,034	124,034
Park fund	-	-	-	-	-
Cemetery Fund	-	45,837	-	-	45,837
Electric fund	-	-	-	405,000	405,000
Water fund	-	-	-	300,000	300,000
Transfers out:					
General fund	(30,000)	-	-	(25,000)	(55,000)
Park fund	-	-	-	-	-
Economic Development fund	(124,034)	-	-	-	(124,034)
Capital Projects fund	-	(175,000)	-	-	(175,000)
Electric fund	-	-	-	-	-
Gas fund	-	-	-	(185,214)	(185,214)
Sale of Assets	-	12,852	-	-	12,852
Capital lease	-	66,957	-	-	66,957
Total other financing sources and (uses)	<u>(154,034)</u>	<u>(49,354)</u>	<u>-</u>	<u>712,064</u>	<u>508,676</u>
Net change in fund balances	(77,819)	135,088	182,066	54,429	293,764
Fund balances - beginning	278,808	2,017,563	431,933	695,465	3,423,769
Fund balances - ending	<u>\$ 200,989</u>	<u>\$ 2,152,651</u>	<u>\$ 613,999</u>	<u>\$ 749,894</u>	<u>\$ 3,717,533</u>

	<u>CAPITAL PROJECTS</u>	<u>PERMANENT FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>CAPITAL PROJECTS</u>	<u>CEMETERY</u>	
<b>REVENUES</b>			
Ad valorem taxes	\$ -	\$ -	\$ 3,088,495
Hotel-Motel taxes	-	-	612,466
Special revenues	-	146,000	642,402
Grants	-	-	78,338
Contributions	-	-	343,188
Other	-	35,035	147,948
Interest	15,485	24,370	86,272
Total revenues	<u>15,485</u>	<u>205,405</u>	<u>4,999,109</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	-	17,764	17,764
Culture and recreation	-	-	3,352,406
Economic development	-	-	1,203,679
Capital outlay:			
General government	1,074,180	-	1,074,180
Highways and streets	226,590	-	226,590
Culture and recreation	-	-	436,598
Economic development	-	-	448
Total expenditures	<u>1,300,770</u>	<u>17,764</u>	<u>6,311,665</u>
Excess (Deficiency) of revenues over/ (under) expenditures	<u>(1,285,285)</u>	<u>187,641</u>	<u>(1,312,556)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in:			
General fund	1,600,000	-	1,693,244
Hotel/Motel fund	-	-	124,034
Park fund	175,000	-	175,000
Cemetery Fund	-	-	45,837
Electric fund	-	-	405,000
Water fund	-	-	300,000
Transfers out:			
General fund	-	-	(55,000)
Park fund	-	(45,837)	(45,837)
Economic Development fund	-	-	(124,034)
Capital Projects fund	-	-	(175,000)
Electric fund	-	(4,167)	(4,167)
Gas fund	-	-	(185,214)
Sale of Assets	-	-	12,852
Capital lease	-	-	66,957
Total other financing sources and (uses)	<u>1,775,000</u>	<u>(50,004)</u>	<u>2,233,672</u>
Net change in fund balances	489,715	137,637	921,116
Fund balances - beginning	1,631,216	1,250,622	6,305,607
Fund balances - ending	<u>\$ 2,120,931</u>	<u>\$ 1,388,259</u>	<u>\$ 7,226,723</u>

**CITY OF BOERNE, TEXAS**

Debt Service Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual  
 Year Ended September 30, 2020

	<b>ORIGINAL &amp; FINAL BUDGETED AMOUNTS</b>	<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>			
Ad valorem taxes	\$ 1,647,822	\$ 1,700,907	\$ 53,085
Interest	3,500	17,386	13,886
Total revenues	<u>1,651,322</u>	<u>1,718,293</u>	<u>66,971</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	2,010,000	2,010,000	-
Interest	1,026,207	1,026,206	1.00
Paying agent fees	3,500	1,545	1,955
Bond issuance costs	-	-	-
Total expenditures	<u>3,039,707</u>	<u>3,037,751</u>	<u>1,956</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>(1,388,385)</u>	<u>(1,319,458)</u>	<u>68,927</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	1,238,385	1,238,385	-
Transfers out	-	-	-
Total other financing sources	<u>1,238,385</u>	<u>1,238,385</u>	<u>-</u>
Net change in fund balances	(150,000)	(81,073)	68,927
Fund balances - beginning	782,309	782,309	-
Fund balances - ending	<u>\$ 632,309</u>	<u>\$ 701,236</u>	<u>\$ 68,927</u>

**CITY OF BOERNE, TEXAS**

Hotel-Motel/Convention/Visitors Bureau - Special Revenue Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual  
 Year Ended September 30, 2020

	<b>ORIGINAL BUDGETED AMOUNTS</b>	<b>FINAL BUDGETED AMOUNTS</b>	<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Hotel-motel taxes	\$ 825,000	\$ 825,000	\$ 610,110	\$ (214,890)
Penalties	1,000	1,000	2,356	1,356
Miscellaneous Revenues	1,000	1,000	-	(1,000)
Interest on investments	1,500	1,500	2,732	1,232
Total revenues	<u>828,500</u>	<u>828,500</u>	<u>615,198</u>	<u>(213,302)</u>
<b>EXPENDITURES</b>				
Current:				
Economic development	698,000	673,000	538,535	134,465
Capital outlay:				
Economic development	500	500	448	52
Total expenditures	<u>698,500</u>	<u>673,500</u>	<u>538,983</u>	<u>134,517</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>130,000</u>	<u>155,000</u>	<u>76,215</u>	<u>(78,785)</u>
<b>OTHER FINANCING (USES)</b>				
Transfers out	(130,000)	(155,000)	(154,034)	966
Total other financing (uses)	<u>(130,000)</u>	<u>(155,000)</u>	<u>(154,034)</u>	<u>966</u>
Net change in fund balances	-	-	(77,819)	(77,819)
Fund balances - beginning	278,808	278,808	278,808	-
Fund balances - ending	<u>\$ 278,808</u>	<u>\$ 278,808</u>	<u>\$ 200,989</u>	<u>\$ (77,819)</u>

**CITY OF BOERNE, TEXAS**

Park Special Revenue Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual  
 Year Ended September 30, 2020

	<b>ORIGINAL BUDGETED AMOUNTS</b>	<b>FINAL BUDGETED AMOUNTS</b>	<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,853,061	\$ 1,853,061	\$ 1,886,145	\$ 33,084
Licenses and Fees	427,500	427,500	344,591	(82,909)
Facility Rentals	112,000	112,000	129,823	17,823
Other	172,700	172,700	108,031	(64,669)
Grants	-	73,959	73,959	-
Contributions and donations	2,500	2,500	6,809	4,309
Interest earned	30,000	30,000	27,242	(2,758)
Total revenues	<u>2,597,761</u>	<u>2,671,720</u>	<u>2,576,600</u>	<u>(95,120)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	2,216,578	2,186,037	2,000,733	185,304
Capital outlay:				
Culture and recreation	431,183	360,683	391,425	(30,742)
Total expenditures	<u>2,647,761</u>	<u>2,546,720</u>	<u>2,392,158</u>	<u>154,562</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(50,000)</u>	<u>125,000</u>	<u>184,442</u>	<u>59,442</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	50,000	50,000	45,837	(4,163)
Transfers out	-	(175,000)	(175,000)	-
Sale of Capital Assets	-	-	12,852	12,852
Capital lease	-	-	66,957	66,957
Total Other Financing Sources	<u>50,000</u>	<u>(125,000)</u>	<u>(49,354)</u>	<u>8,689</u>
Net change in fund balances	-	-	135,088	68,131
Fund balances - beginning	<u>2,017,563</u>	<u>2,017,563</u>	<u>2,017,563</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,017,563</u>	<u>\$ 2,017,563</u>	<u>\$ 2,152,651</u>	<u>\$ 68,131</u>

**CITY OF BOERNE, TEXAS**

Library Special Revenue Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual  
 Year Ended September 30, 2020

	<b>ORIGINAL BUDGETED AMOUNTS</b>	<b>FINAL BUDGETED AMOUNTS</b>	<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,180,929	\$ 1,180,929	\$ 1,202,350	\$ 21,421
Special revenues	42,000	42,000	21,988	(20,012)
Grants	-	-	4,379	4,379
Contributions	269,559	329,559	336,379	6,820
Other	4,500	4,500	4,882	382
Interest on investments	10,000	10,000	8,934	(1,066)
Total revenues	<u>1,506,988</u>	<u>1,566,988</u>	<u>1,578,912</u>	<u>11,924</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	1,466,488	1,520,576	1,351,673	168,903
Capital outlay:				
Culture and recreation	40,500	46,412	45,173	1,239
Total expenditures	<u>1,506,988</u>	<u>1,566,988</u>	<u>1,396,846</u>	<u>170,142</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>182,066</u>	<u>182,066</u>
<b>OTHER FINANCING SOURCES</b>				
Sale of Assets	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	182,066	182,066
Fund balances - beginning	431,933	431,933	431,933	-
Fund balances - ending	<u>\$ 431,933</u>	<u>\$ 431,933</u>	<u>\$ 613,999</u>	<u>\$ 182,066</u>

**CITY OF BOERNE, TEXAS**

Economic Development - Special Revenue Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual  
 Year Ended September 30, 2020

	<b>ORIGINAL BUDGETED AMOUNTS</b>	<b>FINAL BUDGETED AMOUNTS</b>	<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Interest on investments	\$ 10,000	\$ 10,000	\$ 7,509	\$ (2,491)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>7,509</u>	<u>(2,491)</u>
<b>EXPENDITURES</b>				
Current:				
Economic development	1,143,105	1,262,605	665,144	597,461
Capital outlay:				
Economic development	-	-	-	-
Total expenditures	<u>1,143,105</u>	<u>1,262,605</u>	<u>665,144</u>	<u>597,461</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>(1,133,105)</u>	<u>(1,252,605)</u>	<u>(657,635)</u>	<u>594,970</u>
<b>OTHER FINANCING (USES)</b>				
Transfers in	704,650	809,650	922,278	112,628
Transfers out	<u>(25,000)</u>	<u>(210,500)</u>	<u>(210,214)</u>	<u>286</u>
Total other financing (uses)	<u>679,650</u>	<u>599,150</u>	<u>712,064</u>	<u>112,914</u>
Net change in fund balances	(453,455)	(653,455)	54,429	707,884
Fund balances - beginning	695,465	695,465	695,465	-
Fund balances - ending	<u>\$ 242,010</u>	<u>\$ 42,010</u>	<u>\$ 749,894</u>	<u>\$ 707,884</u>

**CITY OF BOERNE, TEXAS**

Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 From Inception and for the Year Ended September 30, 2020

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>REVENUES</b>			
Interest on investments	\$ 31,734	\$ 15,485	\$ 47,219
Total revenues	<u>31,734</u>	<u>15,485</u>	<u>47,219</u>
<b>EXPENDITURES</b>			
Capital outlay:			
General government	1,136,206	1,074,180	2,210,386
Economic development	-	-	-
Highways and Streets	198,635	226,590	425,225
Public Safety	-	-	-
Culture and recreation	-	-	-
Total expenditures	<u>1,334,841</u>	<u>1,300,770</u>	<u>2,635,611</u>
Excess of revenues over expenditures	<u>(1,303,107)</u>	<u>(1,285,285)</u>	<u>(2,588,392)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,934,323	1,775,000	4,709,323
Transfers out	-	-	-
Total other financing sources (uses)	<u>2,934,323</u>	<u>1,775,000</u>	<u>4,709,323</u>
Net change in fund balances	<u>\$ 1,631,216</u>	489,715	<u>\$ 2,120,931</u>
Fund balances - beginning		1,631,216	
Fund balances - ending		<u>\$ 2,120,931</u>	

**CITY OF BOERNE, TEXAS**

Cemetery Permanent Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual  
 Year Ended September 30, 2020

	<u>ORIGINAL BUDGETED AMOUNTS</u>	<u>FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
<b>REVENUES:</b>				
Special revenues				
Lot sales	\$ 81,825	\$ 81,825	\$ 130,000	\$ 48,175
Urn Garden sales	8,000	8,000	16,000	8,000
Other - Endowment revenue	20,000	20,000	35,010	15,010
Endowment interest	2,500	2,500	4,725	2,225
Interest	2,500	2,500	19,645	17,145
Miscellaneous	200	200	25	(175)
Total revenues	<u>115,025</u>	<u>115,025</u>	<u>205,405</u>	<u>90,380</u>
<b>EXPENDITURES:</b>				
Current:				
Public Safety	44,753	44,653	17,764	26,889
Capital outlay:				
Public Safety	500	500	-	500
Total expenditures	<u>45,253</u>	<u>45,153</u>	<u>17,764</u>	<u>27,389</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>69,772</u>	<u>69,872</u>	<u>187,641</u>	<u>117,769</u>
<b>OTHER FINANCING (USES)</b>				
Transfers out	<u>(50,000)</u>	<u>(50,100)</u>	<u>(50,004)</u>	<u>96</u>
Total other financing (uses)	<u>(50,000)</u>	<u>(50,100)</u>	<u>(50,004)</u>	<u>96</u>
Net change in fund balances	19,772	19,772	137,637	117,865
Fund balances - beginning	1,250,622	1,250,622	1,250,622	-
Fund balances - ending	<u>\$ 1,270,394</u>	<u>\$ 1,270,394</u>	<u>\$ 1,388,259</u>	<u>\$ 117,865</u>

## STATISTICAL SECTION

This part of the City of Boerne, Texas comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	117-124
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the Electric Utility Sales revenue.	125-129
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	130-134
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	135-136
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	137-139

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year.



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**CITY OF BOERNE, TEXAS**

Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2011	2012	2013 *	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities</b>										
Net investment in capital assets	\$ 19,450,251	\$ 19,571,756	\$ 18,157,123	\$ 19,046,817	\$ 21,692,143	\$ 22,983,923	\$ 27,421,550	\$ 34,104,242	\$ 39,484,568	\$ 41,258,458
Restricted	1,645,612	1,829,410	1,972,707	3,597,587	2,139,963	1,955,074	2,153,641	2,267,544	1,985,683	1,894,842
Unrestricted	5,338,306	6,341,545	6,738,731	7,608,138	887,348	1,929,643	3,059,335	2,852,356	3,794,538	6,207,028
<b>Total governmental activities net position</b>	<b>\$ 26,434,169</b>	<b>\$ 27,742,711</b>	<b>\$ 26,868,561</b>	<b>\$ 30,252,542</b>	<b>\$ 24,719,454</b>	<b>\$ 26,868,640</b>	<b>\$ 32,634,526</b>	<b>\$ 39,224,142</b>	<b>\$ 45,264,789</b>	<b>\$ 49,360,328</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 27,450,008	\$ 19,244,222	\$ 26,963,246	\$ 29,206,459	\$ 28,462,491	\$ 34,595,282	\$ 40,775,084	\$ 45,009,644	\$ 50,259,285	\$ 50,703,357
Restricted	2,388,744	2,778,849	3,118,441	3,165,146	7,518,901	8,492,021	9,900,336	11,523,353	11,632,026	11,656,916
Unrestricted	15,299,718	26,491,187	18,557,728	20,521,968	16,259,453	17,665,505	20,090,983	21,878,763	28,615,412	31,947,479
<b>Total business-type activities net position</b>	<b>\$ 45,138,470</b>	<b>\$ 48,514,258</b>	<b>\$ 48,639,415</b>	<b>\$ 52,893,573</b>	<b>\$ 52,240,845</b>	<b>\$ 60,752,808</b>	<b>\$ 70,766,403</b>	<b>\$ 78,411,760</b>	<b>\$ 90,506,723</b>	<b>\$ 94,307,752</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 46,900,259	\$ 38,815,978	\$ 45,120,369	\$ 48,253,276	\$ 50,154,634	\$ 57,579,205	\$ 68,196,634	\$ 79,113,886	\$ 89,743,853	\$ 91,961,815
Restricted	4,034,356	4,608,259	5,091,148	6,762,733	9,658,864	10,447,095	12,053,977	13,790,897	13,617,709	13,551,758
Unrestricted	20,638,024	32,832,732	25,296,459	28,130,106	17,146,801	19,595,148	23,150,318	24,731,119	32,409,950	38,154,507
<b>Total primary government net position</b>	<b>\$ 71,572,639</b>	<b>\$ 76,256,969</b>	<b>\$ 75,507,976</b>	<b>\$ 83,146,115</b>	<b>\$ 76,960,299</b>	<b>\$ 87,621,448</b>	<b>\$ 103,400,929</b>	<b>\$ 117,635,902</b>	<b>\$ 135,771,512</b>	<b>\$ 143,668,080</b>

\* Restated for the implementation of GASB 65

**CITY OF BOERNE, TEXAS**

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,453,996	\$ 2,604,602	\$ 2,510,530	\$ 3,007,864	\$ 4,621,744	\$ 4,139,228	\$ 4,066,160	\$ 3,819,815	\$ 5,196,910	\$ 6,459,119
Public safety	7,310,411	7,323,674	7,869,498	8,835,090	9,300,269	10,252,055	10,460,090	10,324,538	11,416,777	11,863,284
Highways & streets	2,216,205	2,158,471	2,266,961	2,452,071	2,452,071	2,794,067	2,595,872	3,329,625	3,814,779	3,884,976
Economic Development and assistance	396,847	409,890	436,306	761,734	915,793	1,025,169	751,422	732,029	819,239	1,307,105
Culture & recreation	3,170,061	3,000,519	4,340,210	5,091,619	3,470,167	3,939,720	3,872,533	4,062,629	4,595,639	4,534,013
Interest on long term debt	1,293,803	1,121,400	1,131,656	1,104,084	805,586	699,457	748,770	1,178,804	1,073,959	1,026,511
Total governmental activities expenses	\$ 16,841,323	\$ 16,618,556	\$ 18,555,161	\$ 21,158,235	\$ 21,565,630	\$ 22,849,696	\$ 22,494,847	\$ 23,447,440	\$ 26,917,277	\$ 29,075,008
Business-type activities:										
Electric	\$ 12,861,039	\$ 12,593,722	\$ 12,262,199	\$ 14,159,182	\$ 14,422,455	\$ 13,762,430	\$ 14,748,981	\$ 13,781,471	\$ 13,718,766	\$ 13,956,777
Water	4,569,970	4,624,902	4,572,830	4,418,399	4,680,585	4,962,987	5,231,602	5,868,934	6,522,913	6,873,574
Wastewater	3,775,324	4,262,799	5,182,105	6,178,373	6,496,625	6,763,885	7,001,087	7,441,029	7,547,160	7,892,719
Gas	1,679,275	1,632,058	1,659,027	1,992,137	1,925,674	1,934,105	2,131,493	2,487,475	2,774,933	2,665,897
Solid Waste	536,432	568,090	586,371	598,292	700,442	698,642	765,914	803,815	855,222	930,228
Total business-type activities expenses	\$ 23,422,040	\$ 23,681,571	\$ 24,262,532	\$ 27,346,383	\$ 28,225,781	\$ 28,122,049	\$ 29,879,077	\$ 30,382,724	\$ 31,418,994	\$ 32,319,195
Total primary government expenses	\$ 40,263,363	\$ 40,300,127	\$ 42,817,693	\$ 48,504,618	\$ 49,791,411	\$ 50,971,745	\$ 52,373,924	\$ 53,830,164	\$ 58,336,271	\$ 61,394,203
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 109,590	\$ 74,803	\$ 61,020	\$ 62,147	\$ 67,004	\$ 21,505	\$ 45,468	\$ 375,423	\$ 465,939	\$ 90,498
Public safety	1,782,195	1,901,382	2,137,987	2,589,549	2,366,888	2,906,752	3,220,636	3,187,776	3,597,210	3,596,418
Highways & streets	549	143	-	-	88	450	3,726	49,524	5,722	-
Culture & recreation	527,594	489,884	498,018	542,087	570,145	679,724	739,810	781,583	734,275	558,539
Total charges for services	2,419,928	2,466,212	2,697,025	3,193,783	3,004,125	3,608,431	4,009,640	4,394,256	4,803,146	4,245,455
Operating grants and contributions	523,219	587,686	579,134	599,513	677,415	828,004	948,921	1,028,192	1,084,571	1,920,520
Capital grants and contributions	347,907	252,050	534,403	5,781,669	2,096,374	1,854,325	5,792,264	7,144,323	4,527,738	3,316,197
Total governmental activities program revenues	\$ 3,291,054	\$ 3,305,948	\$ 3,810,562	\$ 9,574,965	\$ 5,777,914	\$ 6,290,760	\$ 10,750,825	\$ 12,566,771	\$ 10,415,455	\$ 9,482,172
Business-type activities:										
Charges for services:										
Electric	\$ 13,721,849	\$ 14,331,712	\$ 13,571,874	\$ 15,214,937	\$ 17,248,469	\$ 15,752,423	\$ 16,278,423	\$ 17,298,937	\$ 16,545,295	\$ 15,158,611
Water	4,198,571	4,067,670	4,271,406	4,447,030	4,645,301	5,109,931	5,453,144	5,871,244	6,766,786	6,811,700
Wastewater	3,439,563	3,767,118	3,748,289	3,906,546	4,030,775	4,223,193	4,434,700	4,704,658	5,083,504	5,420,652
Gas	1,634,740	1,523,688	1,513,893	2,075,464	1,995,865	1,834,219	1,974,451	2,400,814	3,001,284	2,701,672
Solid Waste	549,714	583,393	624,917	647,758	700,792	780,116	826,175	888,628	959,154	1,014,108
Total charges for services	23,544,437	24,273,581	23,730,379	26,291,735	28,621,202	27,700,192	28,966,893	31,163,741	32,356,023	31,106,743
Operating grants and contributions	95,550	212,916	23,537	28,959	57,365	25,952	35,829	5,000	-	-
Capital grants and contributions	1,157,061	2,659,318	1,380,320	5,780,513	4,653,095	10,390,016	11,612,611	8,701,870	12,135,613	5,973,143
Total business-type activities program revenues	24,797,048	27,145,815	25,134,236	32,101,207	33,331,662	38,116,160	40,615,333	39,870,611	44,491,636	37,079,886
Total primary government program revenues	\$ 28,088,102	\$ 30,451,763	\$ 28,944,798	\$ 41,676,172	\$ 39,109,576	\$ 44,406,920	\$ 51,366,158	\$ 52,437,382	\$ 54,907,091	\$ 46,562,058
Net (expense)/revenue	\$ (13,550,269)	\$ (13,312,608)	\$ (14,744,599)	\$ (11,583,270)	\$ (15,787,716)	\$ (14,104,415)	\$ (11,744,022)	\$ (10,880,669)	\$ (16,501,822)	\$ (19,592,836)
Governmental activities	1,375,008	3,464,244	871,704	4,754,824	5,105,881	9,994,111	10,736,256	9,487,887	13,072,642	4,760,691
Business-type activities	\$ (12,175,261)	\$ (9,848,364)	\$ (13,872,895)	\$ (6,828,446)	\$ (10,681,835)	\$ (4,110,304)	\$ (1,007,766)	\$ (1,392,782)	\$ (3,429,180)	\$ (14,832,145)

**CITY OF BOERNE, TEXAS**

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 4,834,525	\$ 5,065,159	\$ 5,546,182	\$ 5,883,300	\$ 6,279,784	\$ 6,716,220	\$ 6,408,676	\$ 6,801,767	\$ 8,401,600	\$ 9,387,036
Sales taxes	4,832,704	4,739,388	5,313,433	5,460,798	5,841,658	6,657,261	6,628,822	7,021,498	7,912,673	8,432,288
Other taxes	379,218	420,617	468,556	498,886	553,729	546,239	597,974	635,895	687,407	612,466
Franchise fees	1,929,954	1,966,300	2,087,618	2,297,457	2,568,986	2,454,521	2,539,941	2,764,266	2,765,491	2,599,006
Investment earnings	11,443	6,112	17,378	29,965	34,758	83,538	86,679	130,876	342,561	229,749
Miscellaneous		306,170	146,263		399,398	593,071	295,240	287,492	423,401	805,946
Gains on sale of assets	104,244	1,966,143	11,773	243,969	33,789	35,704		499,483	31,265	18,389
Transfers	152,876	151,261	450,816	552,876	2,610,209	1,621,568	963,719	1,209,552	1,978,071	1,603,495
<b>Total governmental activities</b>	<b>\$ 12,244,964</b>	<b>\$ 14,621,150</b>	<b>\$ 14,042,019</b>	<b>\$ 14,967,251</b>	<b>\$ 18,322,311</b>	<b>\$ 18,708,122</b>	<b>\$ 17,521,051</b>	<b>\$ 19,350,829</b>	<b>\$ 22,542,469</b>	<b>\$ 23,688,375</b>
Business-type activities:										
Investment earnings	\$ 72,735	\$ 51,865	\$ 45,063	\$ 52,210	\$ 97,999	\$ 139,417	\$ 228,733	\$ 510,142	\$ 994,187	\$ 635,431
Miscellaneous	-	10,940	22,097	-	-	3	-	-	6,205	8,402
Gains on sale of assets	(152,876)	(151,261)	(450,816)	(552,876)	(2,610,209)	(1,621,568)	(963,719)	(1,209,552)	(1,978,071)	(1,603,495)
Transfers	(80,141)	(88,456)	(383,656)	(500,666)	(2,493,684)	(1,482,148)	(722,661)	(699,410)	(977,679)	(959,662)
<b>Total business-type activities</b>	<b>\$ 12,164,823</b>	<b>\$ 14,532,694</b>	<b>\$ 13,658,363</b>	<b>\$ 14,466,585</b>	<b>\$ 15,828,627</b>	<b>\$ 17,225,974</b>	<b>\$ 16,798,390</b>	<b>\$ 18,651,419</b>	<b>\$ 21,564,790</b>	<b>\$ 22,728,713</b>
<b>Change in Net Position</b>										
Governmental activities	\$ (1,305,305)	\$ 1,308,542	\$ (702,580)	\$ 3,383,981	\$ 2,534,595	\$ 2,149,186	\$ 5,765,886	\$ 8,470,160	\$ 6,040,647	\$ 4,095,539
Business-type activities	1,294,867	3,375,788	488,048	4,254,158	2,612,197	8,511,963	10,013,595	8,788,477	12,094,963	3,801,029
<b>Total primary government</b>	<b>\$ (10,438)</b>	<b>\$ 4,684,330</b>	<b>\$ (214,532)</b>	<b>\$ 7,638,139</b>	<b>\$ 5,146,792</b>	<b>\$ 10,661,149</b>	<b>\$ 15,779,481</b>	<b>\$ 17,258,637</b>	<b>\$ 18,135,610</b>	<b>\$ 7,896,568</b>

**CITY OF BOERNE, TEXAS**

General Government Tax Revenues by Source  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Ad Valorem Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Total</b>
2011	\$ 4,768,108	\$ 4,447,723	\$ 1,929,954	\$ 11,145,785
2012	5,040,616	4,765,341	1,966,300	11,772,257
2013	5,548,012	5,243,148	2,087,618	12,878,778
2014	5,869,666	5,420,528	2,297,457	13,587,651
2015	6,263,241	5,876,279	2,415,090	14,554,610
2016	6,654,315	7,143,387	2,454,521	16,252,223
2017	6,397,290	6,628,822	2,539,941	15,566,053
2018	6,806,247	7,021,498	2,764,266	16,592,011
2019	8,429,725	7,912,673	2,765,491	19,107,889
2020	9,400,512	8,432,288	2,599,006	20,431,806

**CITY OF BOERNE, TEXAS**

Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Restricted	\$ -	\$ 154,143	\$ 233,957	\$ 181,694	\$ 215,226	\$ 232,981	\$ 276,162	\$ 280,945	\$ 132,968	\$ 149,809
Nonspendable	-	-	-	1,550,000	4,578	-	-	1,874	1,800	1,500
Unassigned	4,742,104	5,937,743	6,863,709	5,636,863	7,651,822	9,509,466	10,503,769	10,983,135	12,214,014	14,246,963
Total general fund	\$ 4,742,104	\$ 6,091,886	\$ 7,097,666	\$ 7,368,557	\$ 7,871,626	\$ 9,742,447	\$ 10,779,931	\$ 11,265,954	\$ 12,348,782	\$ 14,398,272
All other governmental funds										
Restricted	\$ 3,894,842	\$ 1,873,798	\$ 1,851,532	\$ 1,552,523	\$ 1,491,782	\$ 1,374,357	\$ 22,636,406	\$ 19,875,913	\$ 6,836,394	\$ 952,225
Assigned	1,305,767	1,345,188	1,917,829	2,296,930	1,817,953	1,937,815	2,908,115	4,323,576	5,235,201	6,176,676
Nonspendable	608,629	634,857	675,859	741,419	767,678	665,999	700,792	744,523	791,598	849,058
Total all other governmental funds	\$ 5,809,238	\$ 3,853,843	\$ 4,445,220	\$ 4,590,872	\$ 4,077,413	\$ 3,978,171	\$ 26,245,313	\$ 24,944,012	\$ 12,863,193	\$ 7,977,959

**CITY OF BOERNE, TEXAS**

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>										
Ad valorem taxes	\$ 4,768,108	\$ 5,040,616	\$ 5,548,012	\$ 5,869,666	\$ 6,263,241	\$ 6,654,315	\$ 6,397,290	\$ 6,806,247	\$ 8,429,725	\$ 9,400,512
Sales tax	4,447,723	4,765,341	5,243,148	5,420,528	5,876,279	7,143,387	6,628,822	7,021,498	7,912,673	8,432,288
Hotel-Motel tax	379,218	420,617	468,556	498,886	553,729	546,239	597,974	635,895	687,407	612,466
Library, parks & swimming revenues	520,690	545,724	575,268	635,317	669,848	824,119	866,220	942,108	794,255	642,402
Franchise fees	1,929,954	1,966,300	2,087,618	2,297,457	2,568,986	2,454,521	2,539,941	2,764,266	2,765,491	2,599,006
Licenses & permits	404,746	451,526	526,713	934,541	698,757	940,051	1,071,546	1,139,600	1,278,906	1,152,585
Fines	334,505	287,541	347,142	316,436	238,562	367,768	346,143	286,082	301,768	216,500
Rents	107,419	72,854	61,020	62,147	66,376	15,331	-	-	-	-
Grants	53,364	9,093	105,094	32,647	149,877	158,083	26,665	1,501,976	119,566	1,013,027
Contributions & donations	1,879,470	1,685,023	1,807,408	1,937,632	2,405,192	2,314,010	2,582,588	2,565,044	2,917,277	3,044,044
Miscellaneous	104,244	306,170	146,263	276,474	422,679	614,534	353,837	311,812	436,027	887,924
Interest earned	24,054	12,341	17,378	29,964	38,772	101,706	163,263	616,238	915,277	380,793
Total revenues	\$ 14,953,495	\$ 15,563,146	\$ 16,933,620	\$ 18,311,695	\$ 19,952,298	\$ 22,134,064	\$ 21,574,289	\$ 24,590,766	\$ 26,558,372	\$ 28,381,547
<b>Expenditures:</b>										
General government	\$ 1,884,531	\$ 2,155,208	\$ 2,154,800	\$ 2,619,570	\$ 2,630,721	\$ 2,935,432	\$ 3,354,343	\$ 3,597,506	\$ 4,866,280	\$ 5,161,608
Public safety	6,116,646	6,472,489	6,845,431	7,624,418	8,035,246	8,824,004	8,487,808	8,969,673	9,854,015	10,396,814
Highways & streets	1,286,214	1,236,591	1,408,011	1,427,229	1,286,420	1,471,268	1,524,170	1,506,474	1,723,818	1,575,084
Economic development and assistance	393,428	405,257	422,791	757,666	904,553	1,003,922	738,176	711,281	778,192	1,203,679
Culture & recreation	2,029,605	2,252,021	2,375,379	2,547,634	2,709,127	3,069,393	2,872,098	3,152,650	3,351,794	3,352,406
Capital outlay	8,256,048	3,874,870	2,024,439	1,128,183	4,716,638	2,472,434	2,129,027	6,046,830	15,985,775	8,182,493
Debt service										
Principal	715,000	950,000	965,000	1,235,000	1,270,000	1,385,000	1,435,000	2,050,000	2,090,000	2,010,000
Interest and fees	1,293,047	1,163,324	1,134,572	1,108,328	824,765	712,727	707,684	1,189,760	1,083,227	1,027,751
Bond issuance costs	-	-	15,340	-	213,022	119,965	296,557	-	83,167	-
Total expenditures	\$ 21,974,519	\$ 18,509,760	\$ 17,330,423	\$ 18,448,028	\$ 22,590,492	\$ 21,994,145	\$ 21,544,863	\$ 27,224,174	\$ 39,816,268	\$ 32,909,835
Excess of revenues over (under) expenditures	\$ (7,021,024)	\$ (2,946,614)	\$ (396,803)	\$ (136,333)	\$ (2,638,194)	\$ 139,919	\$ 29,426	\$ (2,633,408)	\$ (13,257,896)	\$ (4,528,288)
<b>Other financing sources (uses):</b>										
Issuance and refunding of Bonds/Notes - net	\$ -	\$ 40,714	\$ 1,540,000	\$ -	\$ (37,751)	\$ (34,825)	\$ 22,298,943	\$ -	\$ 33,450	\$ -
Capital lease	1,485,164	501,767	1,353,597	885,694	3,688,578	2,106,052	2,119,801	4,014,148	3,684,168	4,071,500
Transfers from other funds	(1,332,288)	(348,891)	(902,781)	(332,818)	(1,078,369)	(484,484)	(484,484)	(2,804,596)	(1,706,097)	(2,468,005)
Transfers to other funds	16,763	2,147,411	18,484	-	55,346	44,917	12,538	608,578	31,265	22,092
Sale of capital assets	169,639	2,341,001	2,009,300	552,876	2,627,804	1,631,660	23,946,798	1,818,130	2,259,905	1,692,544
Total other financing sources (uses)	\$ (6,851,385)	\$ (605,613)	\$ 1,612,497	\$ 416,543	\$ (10,390)	\$ 1,771,579	\$ 23,976,224	\$ (815,278)	\$ (10,997,991)	\$ (2,835,744)
Net change in fund balances	14.64%	14.44%	13.72%	13.53%	11.72%	10.75%	11.04%	15.30%	13.32%	12.28%
Debt service as a percentage of non-capital expenditures										

**CITY OF BOERNE, TEXAS**

General Fund Tax Revenues by Source  
Last Ten Fiscal Years

Fiscal Year	Ad Valorem Taxes		City Sales Tax		Franchise Tax		Total
2011	\$ 1,268,845	\$ 4,447,723	\$ 1,929,954	\$ 7,646,522			
2012	1,488,223	4,765,341	1,966,300	8,219,864			
2013	1,891,238	5,243,148	2,087,618	9,222,004			
2014	1,911,144	5,420,528	2,297,457	9,629,129			
2015	2,131,566	5,876,279	2,415,090	10,422,935			
2016	2,388,394	7,143,387	2,454,521	11,986,302			
2017	2,228,832	6,628,822	2,539,941	11,397,595			
2018	2,576,942	7,021,498	2,764,266	12,362,706			
2019	3,834,218	7,912,673	2,765,491	14,512,382			
2020	4,611,110	8,432,288	2,599,006	15,642,404			

Note: The above figures are for the General Fund.

**CITY OF BOERNE, TEXAS**

**Business-type Activities - Electric Revenues by Source  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total</b>						<b>Total Revenues</b>	
	<b>Residential Sales</b>	<b>Commercial Sales</b>	<b>Electric Sales</b>	<b>Primary Extensions</b>	<b>Penalties</b>	<b>Connection fees</b>		<b>Other</b>
2011	\$ 5,247,193	\$ 8,036,841	\$ 13,284,034	\$ 89,869	\$ 118,134	\$ 1,303	\$ 255,529	\$ 13,748,869
2012	5,260,906	8,535,408	13,796,314	136,890	122,186	1,976	296,426	14,353,792
2013	4,977,063	8,063,997	13,041,060	119,890	120,164	3,041	370,521	13,654,676
2014	5,893,977	8,681,280	14,575,257	252,053	124,342	2,105	675,928	15,629,685
2015	6,854,313	9,727,159	16,581,472	283,395	131,981	4,473	247,148	17,248,469
2016	6,022,691	9,034,036	15,056,727	155,683	119,304	3,055	417,964	15,752,733
2017	5,937,475	9,687,459	15,624,934	97,988	119,653	3,264	432,584	16,278,423
2018	6,864,816	10,018,647	16,883,463	102,200	131,157	4,274	177,303	17,298,397
2019	6,301,924	9,250,702	15,552,626	165,372	119,300	2,406	705,591	16,545,295
2020	5,666,075	8,825,165	14,491,240	155,770	93,860	24,787	392,954	15,158,611

**CITY OF BOERNE, TEXAS**

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year Ended September 30	Real Property			Personal Property Assessed Value	Less: Tax Exempt Real Property	Taxable Assessed Value	Direct Tax Rate (1)	Actual Taxable Value	Percentage of Assessed to Actual Value (2)
	Residential Assessed Value	Commercial Assessed Value	Property Assessed Value						
2011	823,207,597	425,211,568	90,414,470	260,206,640	1,078,626,995	0.4422	1,078,626,995	100.00	
2012	933,608,580	459,605,741	97,593,970	393,317,887	1,097,490,404	0.4520	1,097,490,404	100.00	
2013	811,357,700	662,935,880	109,964,730	384,246,493	1,200,011,817	0.4720	1,200,011,817	100.00	
2014	845,949,030	680,011,960	125,695,330	384,442,497	1,267,213,823	0.4720	1,267,213,823	100.00	
2015	927,624,720	669,799,647	131,782,310	389,757,552	1,339,449,125	0.4720	1,339,449,125	100.00	
2016	1,008,473,244	680,098,025	142,610,030	402,133,600	1,429,047,699	0.4720	1,429,047,699	100.00	
2017	1,114,421,409	708,258,890	145,637,910	415,623,163	1,552,695,046	0.4720	1,552,695,046	100.00	
2018	1,193,509,146	747,899,553	149,771,290	418,997,863	1,672,182,126	0.4720	1,672,182,126	100.00	
2019	1,330,883,015	1,003,745,403	157,212,880	433,339,825	1,810,003,471	0.4720	1,810,003,471	100.00	
2020	1,442,539,484	892,088,934	183,712,320	496,829,403	2,020,599,405	0.4720	2,020,599,405	100.00	

The above information was obtained from the Kendall Appraisal District.

Notes: (1) Tax rates are per \$100 of assessed value.

(2) Excludes tax-exempt property.

**CITY OF BOERNE, TEXAS**

Property Tax Rates  
 Direct and Overlapping Governments  
 (Per \$100 of Assessed Value)  
 Last Ten Fiscal Years

Fiscal Year	Overlapping Rates												Total Direct & Overlapping Rates
	City of Boerne			School District			County			Total			
	Operating Rate	Debt Service Rate	Total City Rate	Operating Rate	Debt Service Rate	Total School Rate	Operating Rate	Debt Service Rate	Total County Rate	Operating Rate	Debt Service Rate	Total County Rate	
2011	0.2518	0.1904	0.4422	1.0400	0.2740	1.3140	0.3434	0.0266	0.3700	0.3434	0.0266	0.3700	
2012	0.2451	0.1971	0.4520	1.0400	0.2740	1.3140	0.3434	0.0266	0.3700	0.3434	0.0266	0.3700	
2013	0.2647	0.1873	0.4720	1.0400	0.2540	1.2940	0.3687	0.0263	0.3950	0.3687	0.0263	0.3950	
2014	0.2925	0.1795	0.4720	1.0400	0.2540	1.2940	0.3486	0.0454	0.3940	0.3486	0.0454	0.3940	
2015	0.3092	0.1628	0.4720	1.0400	0.2540	1.2940	0.3508	0.0432	0.3940	0.3508	0.0432	0.3940	
2016	0.3261	0.1459	0.4720	1.0400	0.2540	1.2940	0.3460	0.0407	0.3867	0.3460	0.0407	0.3867	
2017	0.3426	0.1294	0.4720	1.0400	0.2760	1.3160	0.3465	0.0662	0.4127	0.3465	0.0662	0.4127	
2018	0.3585	0.1135	0.4720	1.0400	0.3140	1.3540	0.3490	0.0637	0.4127	0.3490	0.0637	0.4127	
2019	0.3651	0.1069	0.4720	1.0400	0.3140	1.3540	0.3520	0.0607	0.4127	0.3520	0.0607	0.4127	
2020	0.3869	0.0851	0.4720	0.9367	0.3140	1.2507	0.3604	0.0523	0.4127	0.3604	0.0523	0.4127	

Sources: The above information was obtained from the respective entity.

**CITY OF BOERNE, TEXAS**

Principal Property Taxpayers  
Current Year and Nine Years Ago

	2020				2011			
	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
VBM Acquisition LLC	\$ 17,345,110	1	0.86%	Wal-Mart Real Estate Business, TR	\$ 17,610,520	1	1.6%	
H.E.B. Grocery Co.	16,822,770	2	0.83%	Albany Engineered Composites	15,340,150	2	1.4%	
Albany Engineered Composites	16,796,495	3	0.83%	Heller Property, LP	11,195,860	3	1.0%	
Vantage at Boerne	15,957,560	4	0.79%	Home Depot	8,548,000	4	0.8%	
Wal-Mart Real Estate Business, TR	15,794,400	5	0.78%	H.E.B. Grocery Co.	8,363,460	5	0.8%	
Mercedes Benz of Boerne	15,367,760	6	0.76%	Cambridge-Boerne Partners, LP	8,349,900	6	0.8%	
FOB1, LLC	12,779,540	7	0.63%	Carrington Place I & II, LP	7,637,280	7	0.7%	
Jet Specialty	12,691,756	8	0.63%	Boerne Terraces @Cibolo Apts LP	7,067,000	8	0.7%	
Nissan of Boerne	11,357,760	9	0.56%	Prezenzia Investment Properties, LLC	6,697,600	9	0.6%	
Home Depot	9,954,620	10	0.49%	The Vistas of Boerne, LTD	5,866,160	10	0.5%	
	<u>\$ 144,867,771</u>		<u>7.17%</u>		<u>\$ 96,675,930</u>		<u>9.0%</u>	

Source: Kendall Appraisal District

**CITY OF BOERNE, TEXAS**

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ended September 30	Tax Roll Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
			Current Taxes Collected	Percent of Levy		Total Tax Collections	Percentage of Levy
2011	2010	\$ 4,756,326	\$ 4,705,125	98.9%	\$ 48,042	\$ 4,753,167	99.9%
2012	2011	4,975,957	4,915,337	98.8%	65,310	4,980,647	100.1%
2013	2012	5,510,736	5,429,178	98.5%	86,341	5,515,519	100.1%
2014	2013	5,839,322	5,759,708	98.6%	82,915	5,842,623	100.1%
2015	2014	6,181,080	6,131,966	99.2%	50,776	6,182,742	100.0%
2016	2015	6,622,585	6,549,283	98.9%	68,382	6,617,665	99.9%
2017	2016	7,224,676	7,132,942	98.7%	35,613	7,168,555	99.2%
2018	2017	7,697,939	7,655,276	99.4%	43,126	7,698,402	100.0%
2019	2018	8,375,606	8,318,459	99.3%	28,452	8,346,911	99.7%
2020	2019	9,335,187	9,264,788	99.2%	-	9,264,788	99.2%

Source: Kendall Appraisal District

**CITY OF BOERNE, TEXAS**

Principal Electric Utility Customers by Sales  
Current Year and Nine Years Ago

	2020					2011				
	Electric Sales		Rank	Percentage of Total Electric Sales		Electric Sales		Rank	Percentage of Total Electric Sales	
	Revenue	Revenue		Revenues	Revenues	Revenue	Revenue		Revenues	Revenues
<u>Utility Customer</u>					<u>Utility Customer</u>					
Boerne Independent School District	\$ 894,002	1	6.17%		Boerne Independent School District	\$ 1,126,594	1	8.2%		
City of Boerne	869,929	2	6.00%		Morningside Ministries	624,593	2	4.6%		
Morningside Ministries	561,223	3	3.87%		Wal-Mart	582,806	3	4.2%		
Wal-Mart	450,798	4	3.11%		City of Boerne	538,773	4	3.9%		
H.E. Butt Supermarket	415,474	5	2.87%		H.E. Butt Supermarket	484,260	5	3.5%		
Woodland Notes, LLC	175,016	6	1.21%		The Home Depot	262,789	6	1.9%		
Healthcare Reit Inc	160,083	7	1.10%		Cambridge Partner	169,065	7	1.2%		
Kendall County Auditor	120,961	8	0.83%		Kendall Inn Hotel Partners, LP	146,636	8	1.1%		
The Home Depot	116,134	9	0.80%		Cascade-Kendall Health Srv Ltd	140,233	9	1.0%		
Boerne Hotel Ltd	111,700	10	0.77%		First Baptist Church	136,206	10	1.0%		
	<u>\$ 3,875,319</u>		<u>26.74%</u>			<u>\$ 4,211,955</u>		<u>30.7%</u>		

Source: City of Boerne Utilities

**CITY OF BOERNE, TEXAS**

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Household Income (1)	Per Capita (1)
	General Obligation Bonds (2)	Tax Notes (2)	Capital Leases	Revenue Bonds	General Obligation Bonds (2)	Capital Leases			
2011	\$ 23,726,477	\$ 4,385,000	\$ -	\$ 47,363,033	\$ -	\$ -	\$ 75,474,510	12.1%	\$ 7,064
2012	27,430,427	-	-	46,375,882	-	-	73,806,309	11.1%	6,644.43
2013	26,384,846	1,540,000	-	45,266,900	-	-	73,191,746	9.0%	5,825.51
2014	25,353,640	1,300,000	-	44,106,333	-	-	70,759,973	7.5%	5,344.81
2015	24,900,772	1,055,000	-	42,895,767	-	-	68,851,539	6.3%	5,055.55
2016	23,781,752	805,000	-	29,210,000	12,528,576	-	66,325,328	5.4%	4,608.49
2017	22,984,317	22,380,000	-	28,255,000	12,062,822	-	85,682,139	7.1%	5,724.35
2018	21,626,661	21,535,000	-	285,000	39,612,284	-	83,058,945	6.5%	5,166.64
2019	20,236,192	20,675,000	132,119	-	38,285,838	89,992	79,419,141	5.8%	4,691.03
2020	18,821,455	19,930,000	139,799	-	36,622,706	60,697	75,574,657	5.7%	4,183.49

Notes: Specific details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) Income statistics are only available for census years, between census years estimates are used. See Schedule of Demographic and Economic Statistics on page 135 for population data.
- (2) The City's General Obligation, Certificates of Obligation, and Tax Notes are pledged by ad valorem taxes levied upon all taxable property located within the City, within the limitations prescribed by law.

**CITY OF BOERNE, TEXAS**

Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Gross Bonded Debt	Amounts Available in Debt Service Fund	Total	Percentage of	
				Estimated Actual Taxable Value of Property (1)	Per Capita(2)
2011	\$ 28,111,477	\$ 727,129	\$ 27,384,348	2.54%	2,563.12
2012	27,430,427	770,881	26,659,546	2.43%	2,400.03
2013	27,924,846	772,228	27,152,618	2.19%	2,161.14
2014	26,653,640	821,729	25,831,911	2.04%	1,951.20
2015	25,955,772	838,134	25,117,638	1.88%	1,844.31
2016	24,586,752	698,449	23,888,303	1.67%	1,659.83
2017	45,364,317	791,089	44,573,228	2.87%	2,977.90
2018	43,161,661	778,973	42,382,688	2.53%	2,636.40
2019	40,911,192	782,309	40,128,883	2.22%	2,370.28
2020	38,751,455	701,236	38,050,219	1.88%	2,106.29

Note: Specific details regarding the City's outstanding debt can be found in the notes to the financial statements

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 125 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 135.

**CITY OF BOERNE, TEXAS**

Direct and Overlapping Governmental Activities Debt  
September 30, 2020

	<u>Net Debt</u>	<u>Percentage Applicable to City (1)</u>	<u>City's Share of Debt</u>
Kendall County	(1) \$ 25,685,000	34.31%	\$ 8,812,524
Boerne Ind. School District	(1) 309,264,647	26.38%	81,584,014
Total overlapping debt			<u>90,396,537</u>
City of Boerne	(1) 38,891,254	100.00%	<u>38,891,254</u>
Total direct and overlapping debt			<u>\$ 129,287,791</u>

As of September 30, 2020

Sources: The above information was obtained from the respective entity.

(1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's and School District's taxable assessed value that is within the City's boundaries and dividing it by the County's and School District's respective total taxable assessed values.

**CITY OF BOERNE, TEXAS**

Legal Debt Margin Information  
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$107,862,700	\$ 109,749,040	\$ 123,893,228	\$ 126,721,382	\$ 133,944,913	\$ 142,904,770	\$ 155,269,505	\$ 167,218,213	\$ 181,000,347	\$ 202,059,941
Total net debt applicable to limit	27,052,871	26,069,119	26,642,772	25,358,270	25,117,638	23,888,303	44,573,228	42,382,688	40,128,883	38,050,219
Legal debt margin	\$80,809,829	\$83,679,921	\$97,250,456	\$101,363,112	\$108,827,275	\$119,016,467	\$110,696,277	\$124,835,525	\$140,871,464	\$164,009,722
Total net debt applicable to the limit as a percentage of debt limit	25.08%	23.75%	21.50%	20.01%	18.75%	16.72%	28.71%	25.35%	22.17%	18.83%

**Legal Debt Margin Calculation for Fiscal Year 2020**

Total assessed value	\$ 2,020,599,405
Debt limit (10% of total assessed value)	202,059,941
Debt applicable to limit:	
General bonded debt	38,751,455
Less: Amount set aside for repayment of general bonded debt	<u>701,236</u>
Total net debt applicable to limit	<u>38,050,219</u>
Legal debt margin	<u>\$ 164,009,722</u>

Note:

The Constitution of Texas in Article 11, Section 5, limits the maximum amount that a home rule city can tax to \$2.50 per \$100 of valuation.

The Attorney General of Texas has created a rule for the guidance of home rule cities which states that bonds outstanding under this constitutional provision shall be on the basis of no greater than \$1.50 per \$100 of assessed valuation.

CITY OF BOERNE, TEXAS

Pledged Revenue Coverage  
Last Ten Fiscal Years

Utility	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Electric:</b>										
Revenues	\$ 13,741,179	\$ 14,346,832	\$ 13,592,854	\$ 15,252,637	\$ 17,287,785	\$ 15,819,084	\$ 16,359,468	\$ 17,142,473	\$ 16,869,643	\$ 15,386,121
Less: Operating Expenses	(12,450,289)	(12,132,292)	(11,698,252)	(13,546,962)	(13,794,036)	(13,178,897)	(14,148,327)	(13,129,342)	(13,040,894)	(13,231,814)
Net Available Revenue	\$ 1,290,890	\$ 2,214,540	\$ 1,894,602	\$ 1,705,675	\$ 3,493,749	\$ 2,640,187	\$ 2,211,141	\$ 4,013,131	\$ 3,828,749	\$ 2,154,307
<b>Water:</b>										
Revenues	\$ 4,207,917	\$ 4,075,525	\$ 4,283,577	\$ 4,456,288	\$ 4,679,108	\$ 5,146,172	\$ 5,531,374	\$ 5,681,070	\$ 7,137,607	\$ 7,070,683
Less: Operating Expenses	(2,947,661)	(2,846,182)	(2,925,133)	(3,167,299)	(3,347,857)	(3,520,010)	(3,660,798)	(4,223,734)	(4,801,227)	(4,993,168)
Net Available Revenue	\$ 1,260,256	\$ 1,229,343	\$ 1,358,444	\$ 1,288,989	\$ 1,331,251	\$ 1,626,162	\$ 1,870,576	\$ 1,457,336	\$ 2,336,380	\$ 2,077,515
<b>Wastewater:</b>										
Revenues	\$ 3,482,521	\$ 3,795,316	\$ 3,759,661	\$ 3,911,613	\$ 4,055,297	\$ 4,258,053	\$ 4,499,452	\$ 4,553,200	\$ 5,360,019	\$ 5,559,312
Less: Operating Expenses	(1,498,255)	(1,525,010)	(1,572,710)	(1,753,726)	(1,999,875)	(2,301,112)	(2,565,220)	(2,795,283)	(3,127,747)	(3,284,714)
Net Available Revenue	\$ 1,984,266	\$ 2,270,306	\$ 2,186,951	\$ 2,157,887	\$ 2,055,422	\$ 1,956,941	\$ 1,934,232	\$ 1,757,917	\$ 2,232,272	\$ 2,274,598
<b>Natural Gas:</b>										
Revenues	\$ 1,715,100	\$ 1,524,222	\$ 1,514,274	\$ 2,075,574	\$ 1,996,107	\$ 1,835,627	\$ 1,977,390	\$ 2,392,855	\$ 3,013,845	\$ 2,708,055
Less: Operating Expenses	(1,467,841)	(1,321,356)	(1,330,473)	(1,647,996)	(1,550,053)	(1,809,543)	(1,658,937)	(1,960,649)	(2,211,456)	(2,062,344)
Net Available Revenue	\$ 247,259	\$ 202,866	\$ 183,801	\$ 427,578	\$ 446,054	\$ 26,084	\$ 318,453	\$ 432,206	\$ 802,389	\$ 645,711
Total Utility Systems Revenues	\$ 23,146,717	\$ 23,741,895	\$ 23,150,366	\$ 25,696,112	\$ 28,018,297	\$ 27,058,936	\$ 28,367,684	\$ 29,769,598	\$ 32,381,114	\$ 30,724,171
Less: Total Utility Systems Operating Expenses	\$ (18,364,046)	\$ (17,824,840)	\$ (17,526,568)	\$ (20,115,983)	\$ (20,691,820)	\$ (20,809,562)	\$ (22,033,282)	\$ (22,109,008)	\$ (23,181,324)	\$ (23,572,040)
Total Utility Systems Net Revenue Available	\$ 4,782,671	\$ 5,917,055	\$ 5,623,798	\$ 5,580,129	\$ 7,326,477	\$ 6,249,374	\$ 6,334,402	\$ 7,660,590	\$ 9,199,790	\$ 7,152,131
Annual Debt Service	\$ 2,850,118	\$ 2,841,379	\$ 2,828,657	\$ 2,814,852	\$ 2,799,925	\$ 2,695,789	\$ 2,679,527	\$ 2,460,923	\$ 2,439,714	\$ 2,418,553
Coverage	1.68	2.08	1.99	1.98	2.62	2.32	2.36	3.11	3.77	2.96

\*Note: Excludes depreciation and amortization

**CITY OF BOERNE, TEXAS**

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population(1)	Median Household Income(2)	Persons Per Household(1)		School Enrollment (3)	Unemployment Rate(4)
			Household(1)	Per Household(1)		
2011	10,684	58,175	2.23	2.23	6,754	6.6
2012	11,108	60,060	2.23	2.23	7,095	5.3
2013	12,564	66,655	2.47	2.47	7,206	6.0
2014	13,239	71,052	2.47	2.47	7,450	5.2
2015	13,619	80,500	2.47	2.47	7,898	3.2
2016	14,392	84,582	2.47	2.47	8,303	3.4
2017	14,968	81,110	2.47	2.47	8,688	3.0
2018	16,076	78,933	2.47	2.47	8,664	3.0
2019	16,930	80,339	2.47	2.47	9,579	2.8
2020	18,065	72,776	2.47	2.47	9,690	5.2

**Note:**

- (1) City Administration on non-census years
- (2) Only available for census years - other years are estimates
- (3) Boerne Independent School District
- (4) Texas Workforce Commission

**CITY OF BOERNE, TEXAS**

Principal Employers  
Current Year and Nine Years Ago

		2020			2011			
Employer	Employees	Rank	Percentage of Total Principal Employment		Employers	Rank	Percentage of Total Principal Employment	
			2020	2011			2011	2011
Boerne Independent School District	1,520	1	42.49%		884	1	31.48%	
H E Butt Grocery Store	381	2	10.65%		480	4	17.09%	
Kendall County	284	3	7.94%		260	2	9.26%	
City of Boerne	263	4	7.35%		222	3	7.91%	
Mission Pharmaca	247	5	6.91%		219	5	7.80%	
Albany Engineered Composites	238	6	6.65%		208	6	7.41%	
WalMart Stores	218	7	6.09%		201	7	7.16%	
The Home Depot	157	8	4.39%		114	8	4.06%	
Toyota of Boerne	153	9	4.28%		110	9	3.92%	
Mercedes Benz of Boerne	116	10	3.24%		110	10	3.92%	

Source: City of Boerne Study

**CITY OF BOERNE, TEXAS**

Full-time Equivalent City Government Employees by Function  
Last Ten Fiscal Years

<u>Function:</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	20	20	21	22	20	21	29	33	36	36
Public Safety:										
Police	34	35	34	36	35	41	41	45	47	47
Animal Control	3	3	3	3	3	3	4	4	4	4
Municipal Court	3	3	3	3	3	3	3	3	3	3
Emergency & Risk	6	7	8	8	8	7	2	2	2	2.5
Code Enforcement	7	7	7	9	10	11	4	4	5	4
Communications	12	12	13	13	13	12	14	14	15	15
Fire	11	12	12	13	14	16	16	17	18	18
Highways & Streets	18	18	18	18	15	18	19	20	21	20
Culture & Recreation	39	40	37	37	38	38	39	40	40	44.5
Cemetery	1	1	1	1	1	1	1	1	1	0
Development Services										9
Electric	20	20	20	21	20	23	25	23	23	20
Water	13	13	15	15	15	16	16	16	16	14
Sewer	13	13	13	13	16	15	14	18	18	16
Gas	6	6	6	6	6	7	7	9	11	10
<b>Total</b>	<b>206</b>	<b>210</b>	<b>211</b>	<b>218</b>	<b>217</b>	<b>232</b>	<b>234</b>	<b>249</b>	<b>260</b>	<b>263</b>

Source: City of Boerne

**CITY OF BOERNE, TEXAS**

Operating Indicators by Function  
Last Ten Fiscal Years

<b>Function</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Police</b>										
Physical Arrests	333	362	373	490	479	578	664	641	585	396
Parking Violations	27	32	11	70	20	104	48	82	52	39
Traffic Violations	2,498	1,943	2,583	1,986	1,326	2,481	1,650	1,774	1,576	816
<b>Fire</b>										
Number of calls (In City)	372	348	271	317	444	472	549	600	767	798
Inspections	1586	1457	2102	1277	1870	2302	2501	1674	1776	2019
<b>Code Enforcement</b>										
Permits issued	1664	1699	1909	2002	2135	2305	2731	3168	3066	3030
<b>Highways &amp; streets</b>										
Streets resurfaced(miles)	2.90	3.00	4.00	2.72	1	2.9	3.4	3.8	3.8	1.7
Other street repairs (hours)	16,006	16,558	16,839	17,412	285	1,466	5,108	9,293	8,700	5,145
<b>Culture &amp; recreation</b>										
Athletic field revenues	\$ 28,333	\$ 25,910	\$ 22,647	\$ 27,881	\$ 44,923	\$ 42,669	\$ 44,794	\$ 181,609	\$ 225,036	\$ 180,140
Community Center events	442	432	371	297	303	142	-	-	-	-
<b>Electric</b>										
New connections	80	102	75	88	128	75	93	104	130	312
Average daily consumptions (kilowatt hours)	354,182	347,317	339,886	362,390	366,009	360,960	364,209	386,241	382,213	369,515
<b>Water</b>										
New connections	112	168	167	172	254	248	305	266	471	307
Average daily consumptions (thousands of gallons)	168,722	161,389	163,363	156,933	158,559	177,771	189,877	208,156	195,387	221,241
<b>Wastewater</b>										
New connections	90	145	148	138	131	246	163	332	250	295
Average daily treatment (thousands of gallons)	107,293	107,217	101,182	113,884	115,372	119,015	123,687	132,382	132,619	142,328
<b>Reclaimed water</b>										
New connections						88	89	106	97	127
Average daily treatment (thousands of gallons)					17,970	17,970	92,847	126,638	148,253	217,851
<b>Natural Gas</b>										
New connections	58	54	68	78	138	128	221	288	323	328
Average daily consumptions (thousands of cubic feet)	402	397	386	483	475	424	412	519	603	565

Sources: Various City of Boerne departments

Notes: Indicators are not available for the general government function.

**CITY OF BOERNE, TEXAS**

Capital Asset Statistics by Function  
Last Ten Fiscal Years

<b>Function</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Public Safety</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	15	15	15	15	16	18	18	21	21	24
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	8	8	8	9	9	9	9	12	12	12
<b>Highways &amp; streets</b>										
Streets (miles)	52.7	52.7	55.4	59	60	63	68	70.8	72.3	73.34
Streetlights	613	613	613	658	666	686	580	564	580	581
<b>Culture &amp; recreation</b>										
Parks	12	12	12	12	12	12	12	12	12	12
Parks acreage	401.6	401.6	401.6	401.6	401.6	401.6	401.6	401.6	401.6	401.6
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	8	8	8	8	8	8	8	8	8	8
Convention/Community centers	1	1	1	1	1	1	0	0	0	0
<b>Electric</b>										
Number of distribution stations	2	2	2	2	2	2	2	2	2	2
Capacity sold (mega-watt hours)	129.3	126.8	124.1	132.3	133.6	131.8	132.9	140.9	139.5	134.8
<b>Water</b>										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Capacity produced (thousands of gallons)	752,281	676,762	691,667	676,100	678,456	743,454	842,680	911,936	870,501	936,298
<b>Wastewater</b>										
Treatment plants	1	1	2	2	2	2	2	2	2	2
Capacity treated (thousands of gallons)	340,377	361,646	364,256	374,001	529,526	558,906	451,458	458,771	565,730	420,941
Capacity produced (thousands of gallons) - Reclaimed Water						14,234	72,144	83,232	95,964	117,876
<b>Natural Gas</b>										
Gas mains (miles)	55.23	54.35	56.65	57	58	61.21	71.72	72.64	75	80.19
Capacity sold (thousands of cubic feet)	146,786	145,038	140,711	176,464	173,413	154,594	150,474	189,398	220,275	206,362

Sources: Various City of Boerne departments.

Notes: No capital asset indicators are available for the general government function.



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## COMPLIANCE SECTION

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

Members of the City Council  
City of Boerne, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boerne, Texas (the City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 9, 2021.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

ABIP, PC

San Antonio, Texas  
March 9, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the City Council  
City of Boerne, Texas

**Report on Compliance for the Major Federal Program**

We have audited the City of Boerne's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2020. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on the Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ABIP, PC

San Antonio, Texas  
March 9, 2021

**CITY OF BOERNE, TEXAS**

Schedule of Findings and Questioned Costs  
For The Year Ended September 30, 2020

**SECTION I --- SUMMARY OF AUDITOR'S RESULTS**

<i>Financial Statements</i>			
	Type of auditor's report issued:	Unmodified	
	Internal control over financial reporting: • Material weakness(es) identified?	___ Yes	<u>X</u> No
	• Significant deficiency(ies) identified not considered to be material weaknesses?	___ Yes	<u>X</u> None Reported
	Noncompliance material to financial statements noted?	___ Yes	<u>X</u> No

<i>Federal Awards</i>			
	Internal control over major programs: • Material weakness(es) identified?	___ Yes	<u>X</u> No
	• Significant deficiency(ies) identified not considered to be material weaknesses?	___ Yes	<u>X</u> None Reported
	Type of auditor's report issued on compliance for major programs:	Unmodified	
	Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	___ Yes	<u>X</u> No

<i>Identification of Major Programs</i>		
CFDA Numbers(s)	Name of Federal Program or Cluster	
21.019	Coronavirus Relief Fund	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as low-risk auditee?	___ Yes	<u>X</u> No

**CITY OF BOERNE, TEXAS**

Schedule of Findings and Questioned Costs  
For The Year Ended September 30, 2020

**SECTION II --- FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

**SECTION III --- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**CITY OF BOERNE, TEXAS**

Summary Schedule of Prior Audit Findings  
For The Year Ended September 30, 2020

There were no prior audit findings reported.

CITY OF BOERNE, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

FEDERAL GRANTOR, PASS-THROUGH GRANTOR, PROGRAM or CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES	PASS-THROUGH EXPENDITURES
<b>U. S. DEPARTMENT OF TREASURY</b>				
<u>Passed Through Texas Department of Emergency Management</u>				
Coronavirus Relief Fund	21.019	259-09160-00	\$ 929,060	\$ -
Total Passed Through Texas Department of Emergency Management			\$ 929,060	\$ -
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>				
<u>Passed Through Texas State Library and Archives Commission</u>				
Coronavirus Relief Fund	45.310	CAR2-21027	\$ 6,721	\$ -
Total Passed Through Texas State Library and Archives			\$ 6,721	\$ -
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<u>Direct Programs</u>				
Bulletproof Vest Partnership Grant	16.607	2017BUBX17089711	\$ 1,828	\$ -
<u>Passed Through Alamo Area Council of Governments</u>				
Coronavirus Emergency Supplemental Funding Program	16.034	4166001	15,636	-
Total U.S. Department of Justice			\$ 17,464	\$ -
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 953,245	

## CITY OF BOERNE, TEXAS

Notes to the Schedule of Expenditure of Federal Awards  
Year Ended September 30, 2020

### 1. Basis of Presentation/Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Boerne and is presented on the modified accrual basis of accounting for governmental-type funds and on the accrual basis of accounting for enterprise-type funds. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

### 2. Relationship to Federal Financial Reports

Amounts in the accompanying schedule agree in all material respects with the amounts in the federal financial reports.

### 3. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements

The following is a reconciliation between federal expenditures, as recorded in the body of the financial statements, to the Schedule of Expenditures of Federal Awards for the year ended September 30, 2020:

FUND	AMOUNT
General	\$946,524
Library	\$6,721

### 4. The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

### 5. There were no awards passed through to subrecipients.



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## CITY OF BOERNE



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