



CITY OF BOERNE, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ending September 30, 2023



CITY OF BOERNE, TEXAS

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INTRODUCTORY SECTION





March 26, 2024

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Boerne, Texas (the City) for the fiscal year ended September 30, 2023. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

This report is published to provide our citizens, our bondholders, the City Council, City staff, and other interested parties with detailed information concerning the financial condition and activities of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

This report consists of management's representations concerning the finances of the City of Boerne. To provide a reasonable basis for making these representations, and assurance that the financial statements will be free from material misstatement, City management has established a comprehensive internal control framework designed both to protect the government's assets and to compile sufficient reliable information to prepare the City'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, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

ABIP, PC, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2023 are free of material misstatement. The independent auditor rendered an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

The City of Boerne, Texas, incorporated in 1909, is located in the south-central part of the state approximately 31 miles northwest of the San Antonio metroplex. The City acts as the service center for the neighboring community, providing retail, recreation, and food service to the surrounding population. Additionally, the City serves as the County Seat for Kendall County. The City of Boerne currently occupies a land area of 11.89 square miles and has an estimated population of 22,075 as of December 2023. The City has the power, by state statute, to extend its corporate limits by annexation, which it has done periodically when requested by property owners in the areas adjacent to the City and approved by City Council.

The City of Boerne is a home rule city and has operated under the Council-Manager form of government since 1995. Under this governance plan, the elected Mayor and City Council appoint a full-time professional City Manager responsible for the day-to-day administration of City government. The Mayor and City Council represent the legislative branch of the government and are responsible for setting City policy and allocating resources. The City Manager and staff represent the executive branch of the government and are tasked with recommending policy and implementing the City Council's direction. The City Council is elected on a non-partisan basis from five districts, while the Mayor is elected at-large. Council members and the Mayor serve two-year staggered terms, with three council members elected every year.

The City provides a broad range of services, including public safety, highway maintenance, recreational activities, and cultural events. The City also provides electric, water, wastewater, reclaimed water, stormwater control, natural gas, and solid waste and recycling collection services to its citizens. The City is financially accountable for the Boerne Public Facility Corporation (BPFC). Therefore, the BPFC is reported within the City's financial statements. Additional information regarding the BPFC can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. Per the City's Home Rule Charter, the City Manager is required to prepare and submit the proposed budget to the City Council each year in accordance with state statutes. The City Council is required to hold public hearings and to adopt a final budget by passage of a budget ordinance no later than September 30, the close of the City's fiscal year. The legal level of budgetary control over spending is at the individual fund appropriation level. 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 supplementary section of this report.

Economic Condition

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy – Overview

Boerne is a community that offers exceptional housing, top ranked schools, and a budding business culture, all of which are strong factors in the success of the City’s economy. The City enjoys a favorable economic environment due partially to its close proximity to the city of San Antonio, the nation’s seventh largest city and a top tourist destination in Texas. In recent years, Boerne’s economy has benefitted from an influx of tourists to the area and the migration of population to the state of Texas as a whole. Although Boerne does not have any major large manufacturers or industries within City boundaries, it does have the benefit of being strategically located between San Antonio and the very popular and beautiful Texas Hill Country along Interstate Highway 10 (IH-10). As a result, Boerne is a favorite destination for visiting tourists from all parts of Texas and all over the country. A study recently completed by the University of Texas Planet 2050 Project in cooperation with the Boerne-Kendall County Economic Development Corporation identified new opportunities for the area in seeking to bring small corporate headquarters, light manufacturing, medical, and cyber technology enterprises to Boerne.

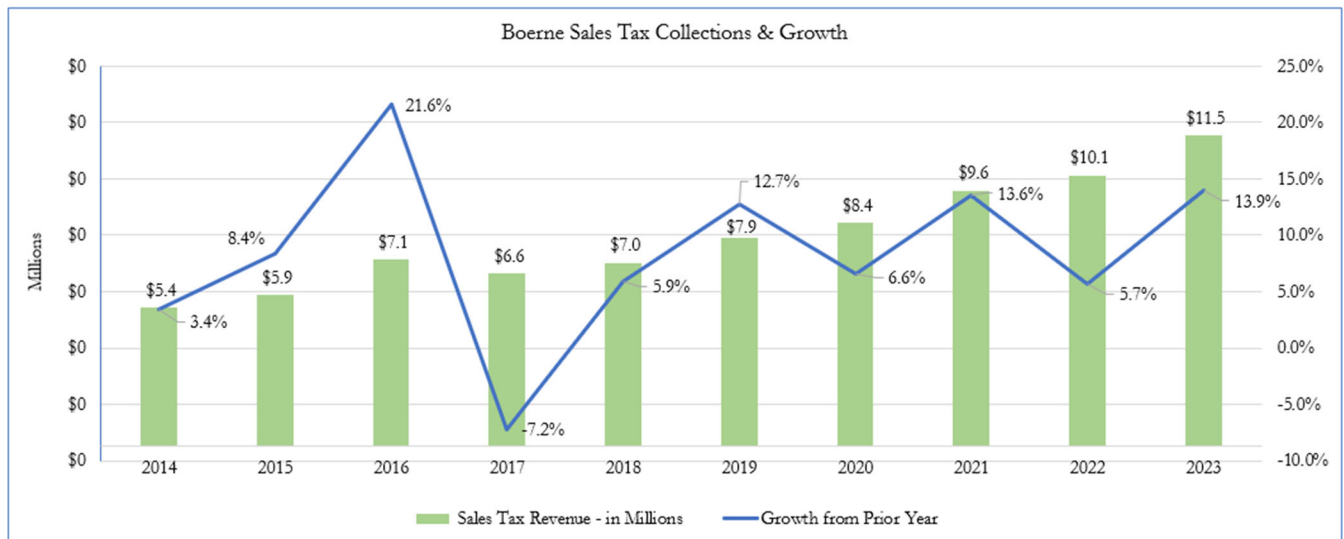
Data from the U.S. Census Bureau’s most recent American Community Survey (2022) shows Boerne’s median household income is \$82,982, which is moderately higher than the \$73,035 median income for the state of Texas. According to the same survey, Boerne’s residents are well-educated with 45% of adults aged 25 and older having a bachelor’s degree or higher level of education, compared to 32.3% for Texas.

Federal and State investment in local infrastructure also plays a key role in the projected growth and economic vibrancy in the area. The City of Boerne and the Texas Department of Transportation (TxDOT) have worked proactively to address mobility along IH-10. The recent IH-10 Kendall extension represents the largest investment by TxDOT in Boerne and southern Kendall County mobility since the Interstate was constructed in the 1960s. TxDOT has also invested in the area with an expansion of Highway 46 in Boerne, which was completed in the summer of 2020. Increased mobility in the region acts as a catalyst that increases business expansion, grows tourism, and attracts commuters who adore Boerne’s Hill Country charm as a place of choice to work, live, and play.

The City’s economic outlook remains positive due to the overall improvement in the economy and continued residential and commercial growth. This is evidenced by local economic indicators such as a significant increase in tax appraisal values, the increase in residential building permits, and continued sales tax growth. Additionally, the City’s population has seen sustained growth over the last ten years in conjunction with the new residential developments within the City. Anticipated growth is expected to continue within the Boerne-Kendall County region for years to come.

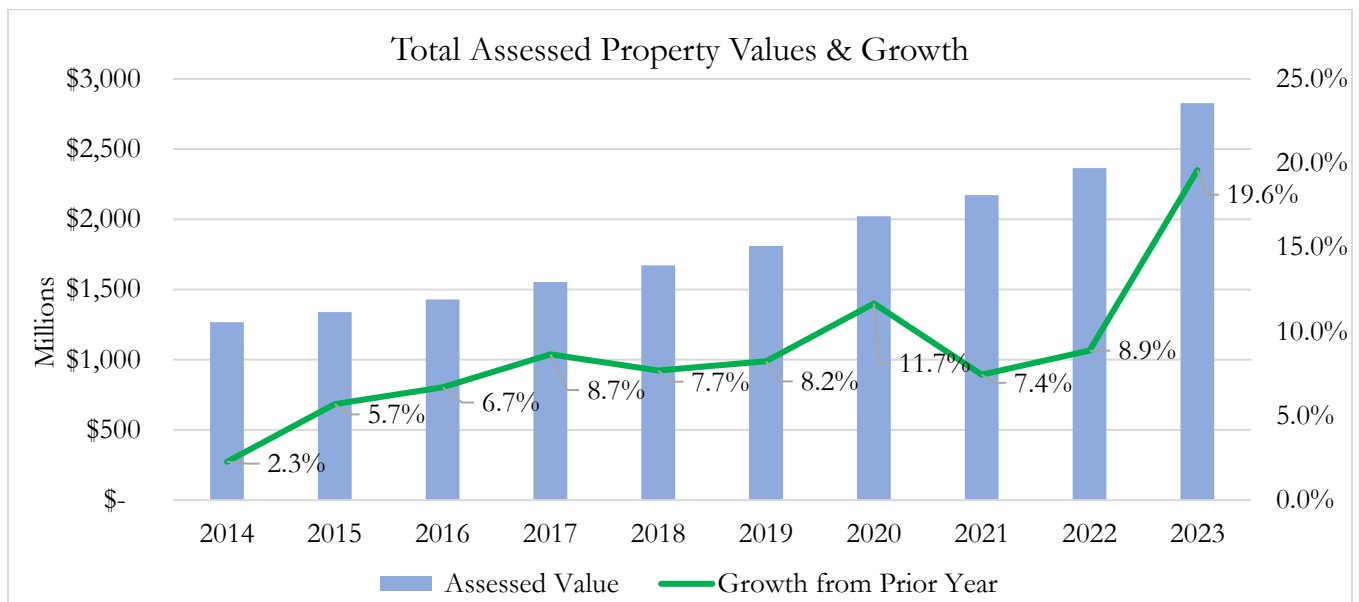
Local Economy – Sales Tax Activity

Sales taxes represent the single largest source of revenue to the City’s General Fund. As illustrated by the chart below, the City’s sales tax collections have experienced varying levels of growth over the last ten years. With the exception of fiscal year 2017, sales tax revenues have risen each year. Like many cities in Texas, the City has seen record-breaking sales tax collections for the last two fiscal years due to built-up demand for various services and commodities as well as inflationary pressures on prices.

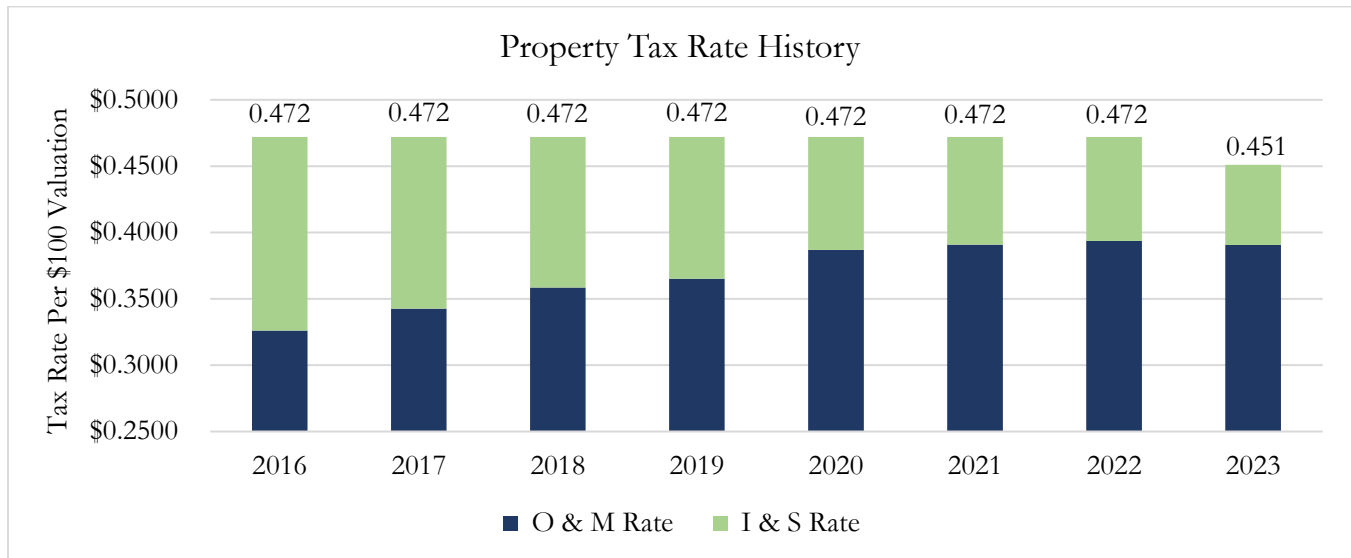


Local Economy – Property Tax Values and Rates

The second major revenue source for the City is property taxes (ad valorem taxes). The City's sustained population growth over the last ten years has had a direct impact on the total commercial, industrial, and residential property values.



Growth in property tax, sales tax, and other revenue sources allowed the City to reduce its tax rate to a total rate of **\$0.4510 per \$100 of assessed valuation**, despite increased demand for services due to City growth, as evidenced in the graph below.



Long-Term Financial Planning

The City develops a Rolling Ten Year Plan as part of its long-term financial planning process. The Rolling Ten Year Plan (“the Plan”) is an organizational document that brings together and highlights key components, recommendations, and implementation priorities of all the major planning documents for the City of Boerne. The Plan summarizes each of the individual documents and provides one source for elected officials and the community to access key highlights and recommendations from each plan. Additionally, the Plan serves as a historical reminder of all the projects that have been completed to document the City’s progress with achieving its financial and organizational goals. A copy of the Rolling Ten Year Plan can be obtained on the City’s website.

Financial Policies

Fiscal policies establish the framework for managing the City’s financial resources and safeguarding the City’s assets in compliance with relevant regulatory mandates, industry standards, and best practices. Maintaining healthy reserves in the General Fund, as well as other City funds, is a critical component of the City’s sound financial management practices.

The City’s fund balance reserve policy requires maintaining a minimum of six (6) months of operating expenditures within the fund balance of the General Fund and a minimum of three (3) months of operating expenditures in reserve for each of the City’s Special Revenue funds. For the Utility funds, the City’s policy requires a minimum of six (6) months of operating expenditures to be held in reserve. This policy allows the City to better weather economic downturns and strategically handle contingencies and unforeseen emergencies. As of September 30, 2023, the required reserves were fully funded for each fund, except for the Gas utility fund. The Gas utility fund is a relatively young utility, and the reserve levels are still being established. The City expects to achieve the required reserve level within four years.

Major Initiatives

Acknowledging the need for continuous reinvestment in City infrastructure as well as to address important community needs, the City Council called a \$36 million quality of life bond program which was approved by the voters in November 2022. The program includes \$23 million to fund improvements to the City's existing roadways, turn lanes, intersections, and traffic signals and an additional \$13 million for funding the development and improvement of the City's parks, trails, and open spaces. The bond program will begin with an initial issuance of \$18 million during the fiscal year ended 2023.

Design work for both the Adler Road and Northside Community Park bond projects began during fiscal year 2023.

An increased focus on master plan implementation, and investment in capital infrastructure, including the following key projects:

- *River Road Bank Stabilization Project* – a multi-year endeavor kicked off during fiscal year 2023 in an effort to stabilize the bank of Cibolo Creek and install new amenities in the riverside park for the public to enjoy.
- *Mobility Enhancements* – Consistent with one of the top goals in the City's Rolling Ten Year Plan, several sidewalk projects were initiated and/or completed during the fiscal year to enhance citizen and visitor mobility throughout the City. The project areas were focused primarily in the central area of the City near downtown as well as the neighborhoods adjacent to Oak Park Road with the ultimate aim of reducing congestion, accommodating anticipated travel demand, and providing quality of life amenities. As of September 30, 2023, three sidewalk segments were substantially completed at a total cost of \$1.16M.
- *Street Maintenance and Improvements* – In the current year the City relied on the comprehensive street maintenance plan based on a pavement condition index (PCI) analysis performed by staff during fiscal year 2022. The PCI analysis involves a visual survey of the number and types of distresses in a selected area of pavement, resulting in a pavement health classification ranging from Good (best) to Serious (worst). In fiscal year 2023, the City completed street maintenance activities (i.e., patching) covering approximately 4.8 total lane miles of streets which has increased the street pavement index (PCI) from 76.6 to 77.9. The street maintenance plan includes annual funding requirements to maintain and preserve the City's streets over the next ten years to minimize the number of street failures and increase the City-wide PCI rating from Satisfactory to Good.
- *Utility System Improvements* – the City completed a substantial portion of the Scenic Loop Sewer Expansion, which included the replacement of an existing gravity sewer main and extending a new main along Scenic Loop Road. Total cost to the city during fiscal year ended September 30, 2023 was \$1.68M, and is funded primarily through developer contributions.

Other key operational initiatives during the fiscal year ended September 30, 2023 included:

- *Providing for lower ad valorem tax rate from prior year, with no service-level reductions, and despite growth and inflationary pressures*
A high inflationary environment necessitated hyper vigilance on managing budgeted expenditures, particularly high inflation expenditures such as chemical and fuel, which the City successfully managed, while maintaining service levels City-wide.
- *Upholding a competitive compensation and benefits program*
Difficulty filling positions following the “great resignation” coupled with inflationary pressures resulted in the need for investment in “Employer of Choice” initiatives, including benefits enhancements, a cost-of-living adjustment in accordance with City Policy, and an optional, performance-based merit. Additionally, the City added a tuition reimbursement program.
- *Review of School Safety Protocols*
Interlocal collaboration and review of safety protocols resulted in the need for strengthening of school security. The City of Boerne invested in 2 additional School Resource officers so that every Boerne Independent School District campus has a dedicated School Resource Officer.

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 annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2022. This was the thirty-sixth 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 ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR 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.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department with oversight from the City Manager’s Office. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. We would also like to express our appreciation to the Mayor and City Council for their leadership and support in maintaining the highest standards of professionalism in the management of the City’s finances.

Respectfully submitted,



Ben Thatcher
City Manager



Kristy Stark
Assistant City Manager



Danny Zincke
Assistant City Manager



Sarah Buckelew, CPA
Finance Director



Karen Kochheiser
Assistant Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Boerne
Texas**

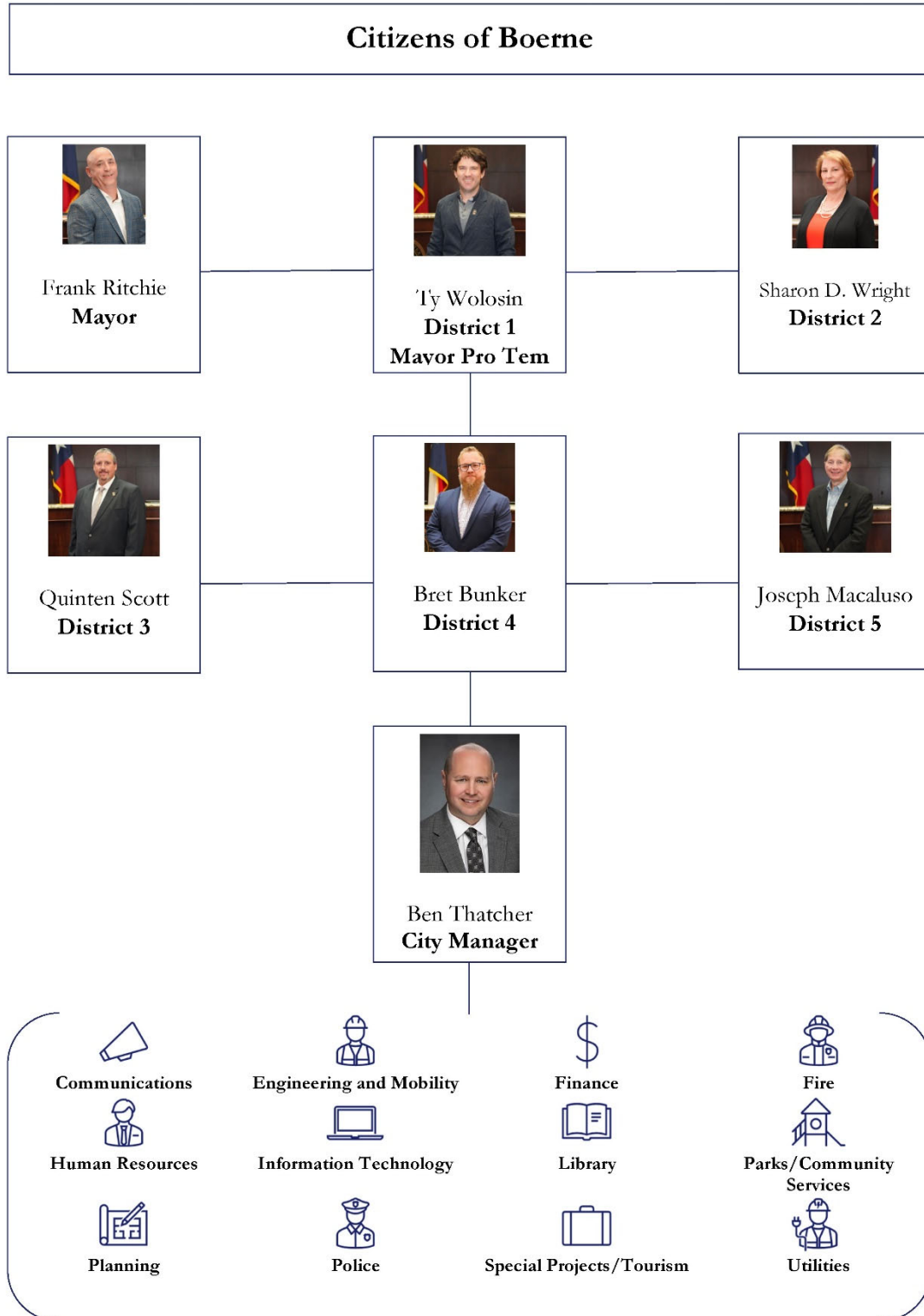
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF BOERNE, TEXAS
ORGANIZATIONAL CHART
September 30, 2023



CITY OF BOERNE, TEXAS

LIST OF PRINCIPAL OFFICIALS

September 30, 2023

LEGISLATIVE OFFICIALS

Frank Ritchie Mayor*

Ty Wolosin Member of City Council – District 1, Mayor Pro Tem*

Sharon D. Wright Member of City Council – District 2*

Quinten Scott Member of City Council – District 3*

Bret Bunker Member of City Council – District 4*

Joseph Macaluso Member of City Council – District 5*

ADMINISTRATIVE OFFICERS

Ben Thatcher City Manager

Kristy Stark Assistant City Manager

Danny Zincke Assistant City Manager

Nick Montagno Assistant to the City Manager

DEPARTMENT HEADS

William “Mick” McKamie City Attorney

Lori Carroll City Secretary

Chris Shadrock Communications Director

Jeff Carroll Engineering and Mobility Director

Sarah Buckelew, CPA Finance Director

Manual Casarez Fire Chief

Susan Finch Human Resources Director

Mike Raute Information Technology Director

Kelly Skovbjerg Library Director

Lisette Jimenez Parks and Recreation Director

Nathan Crane Planning Director

Steve Perez Police Chief

Paul Barwick Special Projects Director

Michael Mann, PE Utilities Director

Larry Woods Visit Boerne Director

*Elected Official



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boerne, Texas (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund and Park Special Revenue Fund, Schedule of Changes in the Net Pension Liability and TMRS Related Ratios, Schedule of Contributions and Notes to Schedule of Contributions – Net Pension Liability, Schedule of Changes in the Other Postemployment Benefits Liability and TMRS Related Ratios – 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 is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024, 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 the City's internal control over financial reporting and compliance.

San Antonio, Texas
March 26, 2024



CITY OF BOERNE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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, 2023. 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.

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 City's 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'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, public safety, highways and streets, economic development and assistance, and culture and recreation. The business-type activities of the City include electric, water, wastewater, gas, solid waste, and stormwater operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also one legally separate entity, the Boerne Public Facility Corporation (BPFC), for which the City is financially accountable. Although legally separate, the BPFC is included in the financial statements as a blended component unit because it has substantially the same governing body as the City and the City manages the BPFC in essentially the same manner as it manages its own activities. The government-wide financial statements immediately follow this discussion and analysis.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in 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 various 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, park special revenue fund, and capital projects 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 nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements immediately follow the government-wide financial statements.

Proprietary funds are generally used to account for services for which the City charges customers-either outside customers or internal units or departments of the City. *Proprietary funds* provide the same type of information as shown in the *government-wide financial statements*, only in more detail. The City maintains one type of *proprietary fund*. *Enterprise funds*, which are used to report the same functions presented as *business-type activities* in the *government-wide financial statements*. The City's major *enterprise funds* include the electric fund, water fund, wastewater fund, and gas fund. The remaining funds are combined into a single, aggregated presentation. Individual fund data for these funds is provided in the form of *combining statements* elsewhere in the report.

The basic proprietary fund financial statements immediately follow the basic governmental fund financial statements.

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 statements because the resources of those funds are not available to support the City's own programs. The accounting used for *fiduciary funds* is like that used for *proprietary funds*. The City has one fiduciary fund, the PID Custodial fund. The basic fiduciary fund financial statements immediately follow the basic proprietary fund financial statements.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements immediately follow the basic fiduciary 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 statements for the general fund and the park special revenue fund and all governmental funds with a legally adopted budget to demonstrate compliance with the annual budget as adopted (original) and amended (final), as well as information concerning the City's annual required contribution to the defined benefit pension plan and other postemployment benefit plans. Required supplementary information immediately follows the notes to the financial statements. The combining statements and schedules referred to earlier in connection with other governmental funds and enterprise funds for nonmajor special revenue and debt service funds, permanent funds, and enterprise funds immediately follow the required supplementary information.

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 \$209.5 million. Of this amount \$82.4 million (*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 \$20.2 million, due primarily to an increase in property taxes, sales tax, and investment earnings, combined with an underruns in personnel, and professional services. Additionally, the City experienced supply chain delays with the purchase of heavy equipment, and the vehicle replacement program which resulted in further underruns.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$63 million.
- At the end of the current fiscal year, the total assigned fund balance for the general fund was \$15.2 million, or approximately 78% of total general fund operating expenditures.
- The City's total general obligation debt increased by approximately \$14.2 million during the current fiscal year. The increase is due to the issuance of \$17,805,000 General Obligation Bonds, Series 2023.

Government-wide Financial Analysis

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. The following table presents a summarization of the City's assets, deferred outflows, liabilities, deferred inflows, and net position for its governmental and business-type activities, with comparative data from the previous year:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 66,472,074	\$ 35,336,853	\$ 76,363,517	\$ 67,514,312	\$ 142,835,591	\$ 102,851,165
Capital assets	83,786,711	80,935,005	95,788,115	98,886,711	179,574,826	179,821,716
Total assets	<u>150,258,785</u>	<u>116,271,858</u>	<u>172,151,632</u>	<u>166,401,023</u>	<u>322,410,417</u>	<u>282,672,881</u>
Deferred outflows of resources	<u>8,709,558</u>	<u>4,265,027</u>	<u>3,648,739</u>	<u>2,342,922</u>	<u>12,358,297</u>	<u>6,607,949</u>
Liabilities						
Other liabilities	8,301,339	4,933,782	7,007,609	5,548,220	15,308,948	10,482,002
Long-term liabilities	<u>70,576,335</u>	<u>47,521,590</u>	<u>37,094,246</u>	<u>36,532,108</u>	<u>107,670,581</u>	<u>84,053,698</u>
Total liabilities	<u>78,877,674</u>	<u>52,455,372</u>	<u>44,101,855</u>	<u>42,080,328</u>	<u>122,979,529</u>	<u>94,535,700</u>
Deferred inflows of resources	<u>1,730,371</u>	<u>4,105,636</u>	<u>543,886</u>	<u>1,350,045</u>	<u>2,274,257</u>	<u>5,455,681</u>
Net position:						
Net investment in capital assets	31,664,918	45,659,140	64,878,785	66,324,567	96,543,703	111,983,707
Restricted	9,774,696	3,610,795	20,796,977	15,956,484	30,571,673	19,567,279
Unrestricted	<u>36,920,684</u>	<u>14,705,942</u>	<u>45,478,868</u>	<u>43,032,521</u>	<u>82,399,552</u>	<u>57,738,463</u>
Total net position	<u>\$ 78,360,298</u>	<u>\$ 63,975,877</u>	<u>\$ 131,154,630</u>	<u>\$ 125,313,572</u>	<u>\$ 209,514,928</u>	<u>\$ 189,289,449</u>

Net Position

Net position may serve over time as a useful indicator of a government's financial condition. In the case of the City, as of September 30, 2023, assets and deferred outflows exceeded liabilities and deferred inflows by \$209.5 million. Approximately \$96.5 million of the City's net position reflects its net investment in capital assets (e.g., land, buildings and plant, infrastructure, machinery, vehicles, and construction in progress; less any related outstanding debt used to acquire those assets). The City uses these capital assets to provide services to residents; 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.

A portion of the City's net position, \$30.6 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$82.4 million is unrestricted net position and may be used to meet the City's ongoing obligations to citizens or creditors.

At the end of the current fiscal year, the City reported 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. The major components of the changes in net position are explained in more detail on the following pages.

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During the fiscal year ended September 30, 2023, the net position of the City increased by \$20.2 million to \$209.5 million, as summarized in the following condensed statement of activities:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 12,809,521	\$ 5,350,780	\$ 42,487,571	\$ 42,934,237	\$ 55,297,092	\$ 48,285,017
Operating grants and contributions	413,589	5,677,645	-	-	413,589	5,677,645
Capital grants and contributions	3,196,975	5,520,721	2,022,407	12,997,889	5,219,382	18,518,610
General revenues:						
Property taxes	13,150,643	10,907,162	-	-	13,150,643	10,907,162
Sales taxes	11,531,095	10,119,996	-	-	11,531,095	10,119,996
Other taxes	1,163,602	1,123,631	-	-	1,163,602	1,123,631
Franchise fees	3,311,807	3,136,495	-	-	3,311,807	3,136,495
Investment earnings	2,123,308	151,568	2,618,635	326,367	4,741,943	477,935
Other revenues	2,514,777	1,001,306	-	23,750	2,514,777	1,025,056
Total revenues	<u>50,215,317</u>	<u>42,989,304</u>	<u>47,128,613</u>	<u>56,282,243</u>	<u>97,343,930</u>	<u>99,271,547</u>
Expenses:						
General government	9,612,661	6,706,056	-	-	9,612,661	6,706,056
Public safety	13,738,764	12,453,125	-	-	13,738,764	12,453,125
Highways/streets	5,425,718	4,476,566	-	-	5,425,718	4,476,566
Economic development	1,344,552	1,086,012	-	-	1,344,552	1,086,012
Culture and recreation	6,580,381	5,087,280	-	-	6,580,381	5,087,280
Interest on long-term debt	1,240,309	1,074,130	-	-	1,240,309	1,074,130
Electric	-	-	15,113,513	13,465,955	15,113,513	13,465,955
Water	-	-	8,114,157	8,042,811	8,114,157	8,042,811
Wastewater	-	-	9,715,037	8,774,835	9,715,037	8,774,835
Gas	-	-	4,777,064	4,354,303	4,777,064	4,354,303
Solid waste	-	-	1,404,384	1,120,874	1,404,384	1,120,874
Stormwater	-	-	51,911	15,537	51,911	15,537
Total expenses	<u>37,942,385</u>	<u>30,883,169</u>	<u>39,176,066</u>	<u>35,774,315</u>	<u>77,118,451</u>	<u>66,657,484</u>
Increase (decrease) in net position before transfers	12,272,932	12,106,135	7,952,547	20,507,928	20,225,479	32,614,063
Transfers	<u>2,111,489</u>	<u>(2,439,920)</u>	<u>(2,111,489)</u>	<u>2,439,920</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	14,384,421	9,666,215	5,841,058	22,947,848	20,225,479	32,614,063
Beginning net position	<u>63,975,877</u>	<u>54,309,662</u>	<u>125,313,572</u>	<u>102,365,724</u>	<u>189,289,449</u>	<u>156,675,386</u>
Ending net position	<u>\$ 78,360,298</u>	<u>\$ 63,975,877</u>	<u>\$ 131,154,630</u>	<u>\$ 125,313,572</u>	<u>\$ 209,514,928</u>	<u>\$ 189,289,449</u>

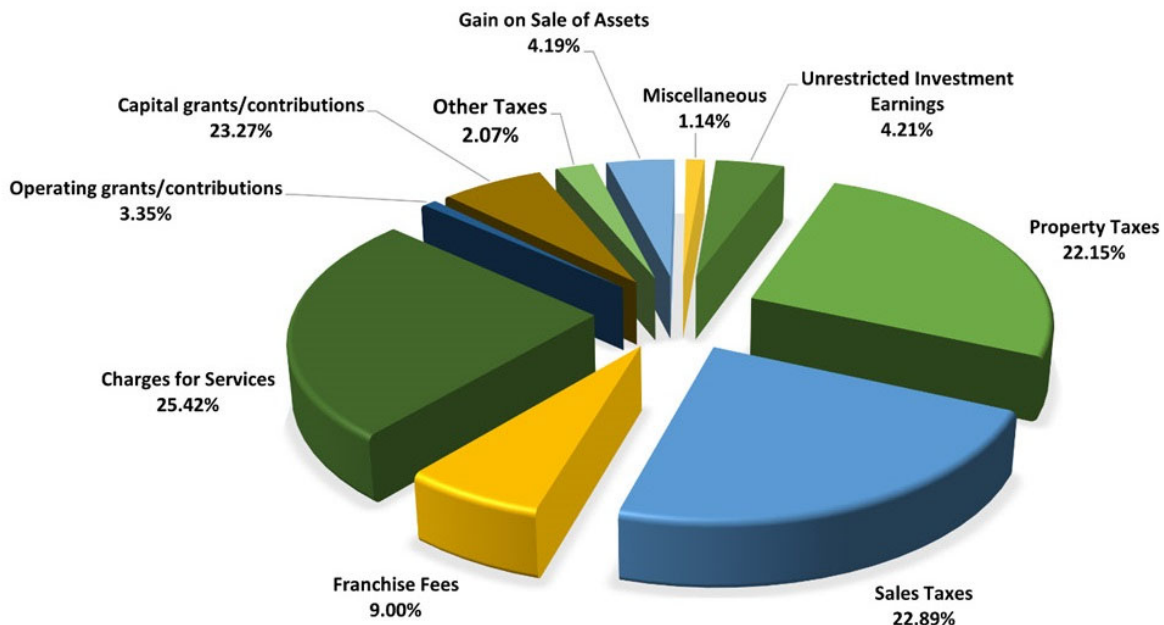
Changes in Net Position – Governmental Activities

Revenues related to the City's governmental activities totaled \$50.2 million for the fiscal year ended September 30, 2023, an increase of \$7.2 million, or 17 percent, from the prior year. The primary causes for the overall increase were:

- Ad valorem taxes increased by \$2.2 million from the prior year as the market values of homes and commercial properties continued to increase consistent with statewide and national trends.
- Sales taxes increased by \$1.4 million as consumer demand for goods and services remained strong in the current year.
- Capital grants and contributions from developers for street, curb, and sidewalk infrastructure in various residential subdivisions within the City were \$3.2 million as residential development activity remained strong.
- Investment earnings increased \$2 million due to favorable economic conditions, specifically rising interest rates on variable rate investments.

The chart below illustrates the City's governmental activities revenues by source:

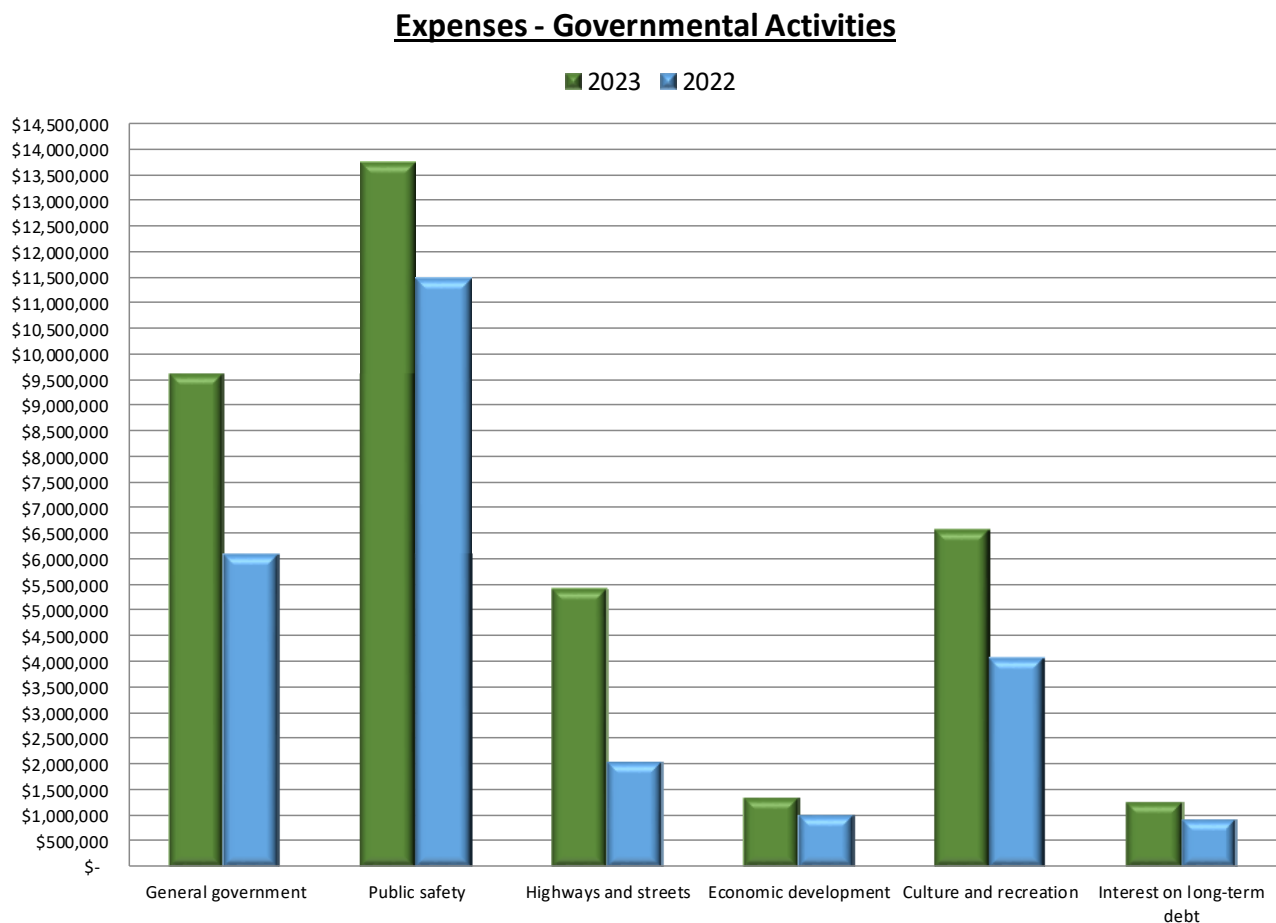
REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



Expenses related to the City's governmental activities totaled \$37.9 million for the fiscal year ended September 30, 2023, an increase of \$7.1 million, or 23 percent, from the prior year. The primary causes for the overall increase were:

- Expenses for public safety increased by \$1.3 million due to the addition of 3 firefighter positions, as well as a school resource officer. Additionally supplies and materials expenses – particularly fuel – increased as the price of goods and materials rose sharply with strong inflationary pressures during the year.
- Expenses for highways and streets increased by \$1 million due to the implementation of the City's comprehensive street maintenance program in the current year, along with additional leases of vehicles and equipment during the year.
- Culture and recreation expenses increased by \$1.5 million due to additional park and library programs in the current year, specifically the transfer from parks to the capital fund of \$1.2 million for the River Road Bank Stabilization project.
- Expenses for general government increased \$2.9 million due to an increase in personnel costs, \$700 thousand increase in professional services, and \$900 thousand increase for maintenance expenses.

The following chart depicts governmental activity program revenues relative to program expenses:

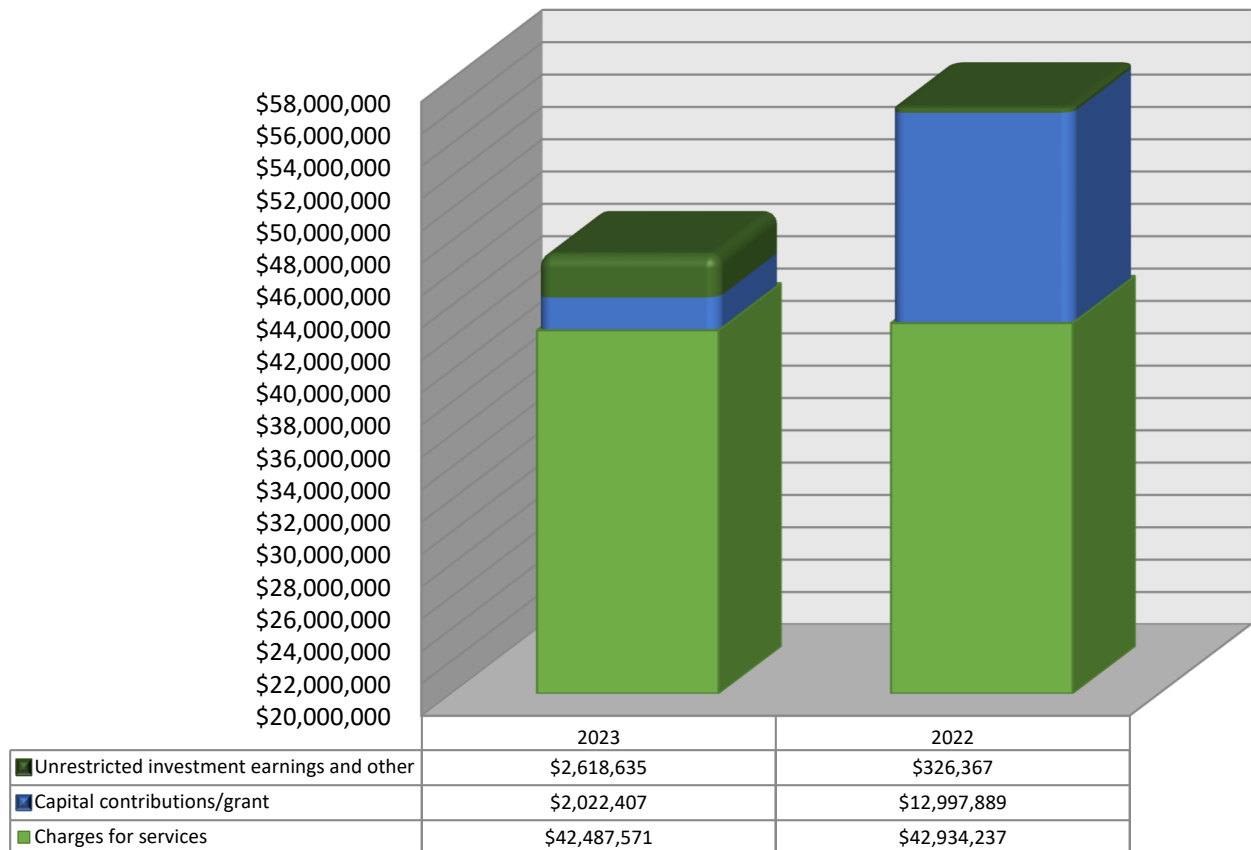


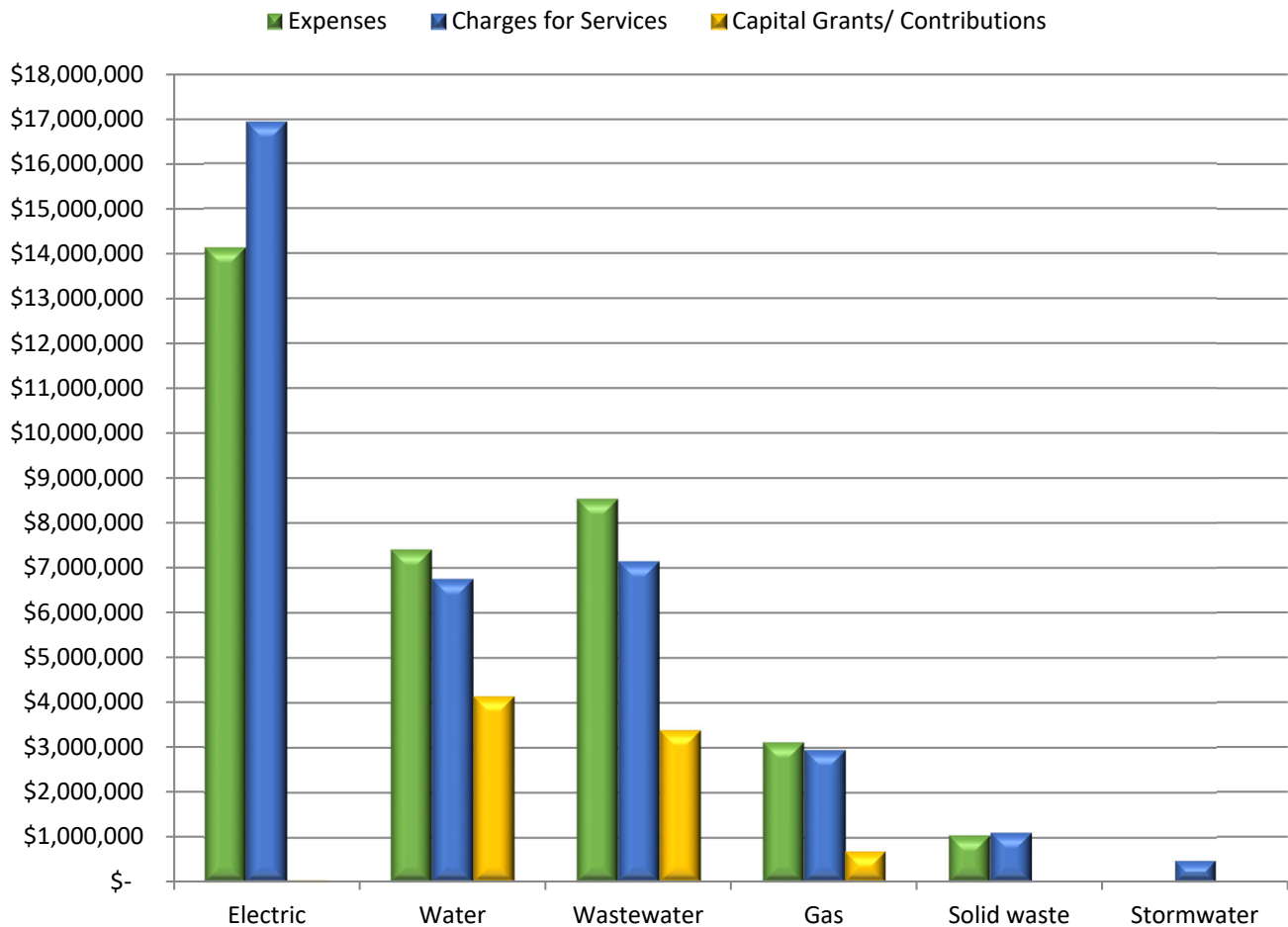
Changes in Net Position – Business-Type Activities

Revenues related to the City’s business-type activities totaled \$47.1 million for the fiscal year ending September 30, 2023, a decrease of \$9.2 million, or 16 percent, from the prior year. The primary causes for the overall decrease were:

- Capital grants and contributions from developers for electric, water, sewer, and natural gas infrastructure in various residential subdivisions within the City decreased by \$11 million from the prior year due to unusually high one time developer contributions in fiscal year 2022. Fiscal 2023 volume was in line with historical volumes.

Revenues by Source - Business-type Activities





Fund Financial Analysis

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, assigned 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 September 30, 2023, the City's governmental funds reported total combined ending fund balances of \$63 million, an increase of \$29.6 million from the prior year. The change is due to the increase in property and sales tax while holding expenditures fairly consistent with prior year. Approximately 58 percent of the City's governmental funds' fund balances, or \$36.8 million, constitutes assigned fund balance, which is available for spending at the government's discretion. An additional \$26.2 million is either nonspendable or restricted for purposes imposed by creditors, grantors, contributors, laws, or regulations of other governments or through enabling legislation.

General Fund Financial Highlights

The general fund is the chief operating fund of the City. As of September 30, 2023, assigned fund balance of the general fund was \$15.2 million, while the total fund balance was \$15.8 million. As a measure of the general fund's liquidity, it is useful to compare assigned fund balance to total fund expenditures and operating expenditures. Assigned fund balance represents 57 percent of the total general fund expenditures and 78 percent of operating expenditures. All of the assigned fund balances have been designated for specified purposes.

The fund balance of the general fund increased by \$2 million during the current fiscal year, primarily due to the sale of a public works office building and additions of capital leases, right to use assets and SBITAs. The general fund also experienced increased property and sales tax revenues, which continued to grow as a result of higher assessed valuations and increased consumer spending in addition to upward inflationary pressures on the prices of retail goods, building materials, and other business inputs.

	2023	2022
REVENUES		
Ad valorem taxes	\$ 7,487,422	\$ 5,778,224
Sales tax	11,531,095	10,119,996
Franchise taxes	3,311,807	3,136,495
Licenses and permits	1,773,034	1,776,284
Fines	243,158	245,383
Grants	16,555	4,908
Contributions and donations	3,548,979	2,917,801
Miscellaneous	3,150,931	827,775
Investment earnings	1,416,395	81,774
Total revenues	<u>32,479,376</u>	<u>24,888,640</u>
EXPENDITURES		
Current:		
General government	8,412,713	6,110,561
Public safety	12,429,797	11,416,642
Highways and streets	2,816,843	1,832,161
Culture and recreation	509,156	-
Debt service:		
Principal retirement	694,275	189,407
Interest	40,188	2,417
Capital outlay	1,585,567	1,121,073
Total expenditures	<u>26,488,539</u>	<u>20,672,261</u>
Excess of revenues over expenditures	<u>5,990,837</u>	<u>4,216,379</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	260,963	5,535,292
Transfers out	(7,253,928)	(12,605,275)
Sale of capital assets	1,919,658	83,287
Lease/subscription proceeds	1,067,590	511,459
Total other financing sources (uses)	<u>(4,005,717)</u>	<u>(6,475,237)</u>
Net change in fund balance	<u>\$ 1,985,120</u>	<u>\$ (2,258,858)</u>

General fund revenues for the fiscal year ended September 30, 2023, increased by \$7.6 million, or approximately 23 percent, over the prior year. The overall increase was due to the following factors:

- Ad valorem taxes increased by \$1.7 million, or 30 percent, over the prior year primarily due to an average increase in assessed taxable property values of approximately 4.3 percent as the market values of homes and commercial properties continue to increase consistent with statewide and national trends.
- Sales tax increased by \$1.4 million, or approximately 14 percent, from the prior year as factors such as built-up demand for various services and commodities and inflationary pressures lead to record collections for the fourth consecutive year, with sales tax collections exceeding \$11 million for the first time in the City's history.
- Franchise tax revenues increased by \$0.17 million, or 5.6 percent, from the prior year primarily due to the franchise taxes received from the City's six utility funds, which experienced revenue growth due to increased customer counts and customer utility usage.
- Contributions and donations increased by \$0.63 million, or 21 percent, from the prior year primarily due to an increase in the City's interlocal agreement to provide public safety and utility communications services to regional partners.
- Investment earnings increased by \$1.3 million or 163 percent from the prior year due to favorable market conditions, specifically increased interest rates on variable rate investments.
- Proceeds from leases increased by \$0.56 million from the prior year as a result of the City's implementation of GASB Statement No. 96, *Subscription-Based Information Technology Agreements* and additions to capital leases in the current year. For further details, see note 7 in the notes to the financial statements.

General fund expenditures for the fiscal year ended September 30, 2023, increased by \$5.8 million, or approximately 28 percent, over the prior year. The overall increase was due to the following factors:

- General government expenditures increased by \$2.3 million, or 38 percent, from the prior year due to increased professional services costs associated with comprehensive updates of the City's transportation plan and rebranding initiative in addition to equipment and implementation costs for a new City-wide telecommunications system, all of which were identified as major projects and initiatives in the current year budget.
- Capital outlay expenditures and principal and interest payments on lease obligations increased by \$0.46 million and \$0.50 million, respectively, from the prior year primarily as a result of the City's implementation of GASB Statement No. 96, *Subscription-Based Information Technology Agreements* and additions to capital leases in the current year. For further details, see note 7 in the notes to the financial statements.

General Fund Budgetary Highlights

The general fund budget and actual analysis can be found below. During the year, the City's adopted general fund revenue and expenditure budgets were amended by a \$0.94 million decrease and a \$0.194 million increase, respectively. All amendments to original budgeted appropriations were authorized by City Council or the City Manager in compliance with the City's Home Rule Charter. Major differences between the amended budget and actual results are discussed in further detail below:

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	Amounts on	Budgetary	Amounts on	Final Budget
			GAAP Basis	Rates	Budget Basis	Positive
						(Negative)
REVENUES						
Ad valorem taxes	\$ 7,202,386	\$ 7,297,021	\$ 7,487,422	\$ -	\$ 7,487,422	\$ 190,401
Sales tax	10,348,111	10,348,111	11,531,095	-	11,531,095	1,182,984
Franchise taxes	2,799,533	2,799,533	3,311,807	-	3,311,807	512,274
Licenses and permits	1,269,000	1,269,000	1,773,034	-	1,773,034	504,034
Fines	244,400	244,400	243,158	-	243,158	(1,242)
Grants	8,000	8,000	16,555	-	16,555	8,555
Contributions and donations	3,504,096	3,504,096	3,548,979	-	3,548,979	44,883
Miscellaneous	2,539,470	2,539,470	3,150,931	-	3,150,931	611,461
Investment earnings	130,000	130,000	1,416,395	-	1,416,395	1,286,395
Total revenues	<u>28,044,996</u>	<u>28,139,631</u>	<u>32,479,376</u>	<u>-</u>	<u>32,479,376</u>	<u>4,339,745</u>
EXPENDITURES						
Current:						
General government	9,731,186	9,820,630	8,412,713	-	8,412,713	1,407,917
Public safety	12,991,156	12,981,556	12,429,797	-	12,429,797	551,759
Highways and streets	3,612,610	3,632,451	2,816,843	-	2,816,843	815,608
Culture and recreation	526,551	526,551	509,156	-	509,156	17,395
Debt service:						
Principal retirement	-	-	694,275	(694,275)	-	-
Interest	-	-	40,188	(40,188)	-	-
Capital outlay	<u>683,330</u>	<u>777,965</u>	<u>1,585,567</u>	<u>(333,127)</u>	<u>1,252,440</u>	<u>(474,475)</u>
Total expenditures	<u>27,544,833</u>	<u>27,739,153</u>	<u>26,488,539</u>	<u>(1,067,590)</u>	<u>25,420,949</u>	<u>2,318,204</u>
Excess of revenues over expenditures	<u>500,163</u>	<u>400,478</u>	<u>5,990,837</u>	<u>1,067,590</u>	<u>7,058,427</u>	<u>6,657,949</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	180,000	180,000	260,963	-	260,963	80,963
Transfers out	(989,464)	(989,464)	(7,253,928)	-	(7,253,928)	(6,264,464)
Sale of capital assets	5,000	5,000	1,919,658	-	1,919,658	1,914,658
Lease/subscription proceeds	-	-	1,067,590	(1,067,590)	-	-
Total other financing sources (uses)	<u>(804,464)</u>	<u>(804,464)</u>	<u>(4,005,717)</u>	<u>(1,067,590)</u>	<u>(5,073,307)</u>	<u>(4,268,843)</u>
Net change in fund balance	<u>\$ (304,301)</u>	<u>\$ (403,986)</u>	<u>1,985,120</u>	<u>\$ -</u>	<u>\$ 1,985,120</u>	<u>\$ 2,389,106</u>
FUND BALANCE						
Beginning of year			<u>13,834,318</u>			
End of year			<u>\$ 15,819,438</u>			

Revenues were \$4.4 million higher than budgetary estimates as a result of the following:

- Ad valorem taxes exceeded budget by \$0.19 million due to better-than-expected collections during the year. The City's budgeted collection rate was 98 percent whereas the actual collection rate was 99.3 percent.
- Sales tax was \$1.2 million greater than budget as a result of continued strong demand combined with inflation impacts on costs of goods and services, and a strong December month of sales for the City's annual Dickens on Main event.
- Franchise taxes exceeded budget by \$0.51 million as a result of the revenue performance of the City's utility funds, which experienced revenue growth due to increased connection counts and customer utility usage. In the current fiscal year, the electric fund added 325 new connections and experienced a .7 percent increase in power sold; the water fund added 246 new connections, and saw a 1.2 percent increase in usage; the wastewater fund added 324 new connections with an overall increase in usage of 4 percent; and the gas fund added 323 new customers and experienced an increase of less than 1 percent in overall usage.
- Revenues from licenses and permits exceeded budget by \$0.50 million as both residential and commercial construction activity were greater than expected, and engineering review fees saw an increase of \$.215 million over prior year.
- Interest revenue was \$1.3 million higher than budget due to favorable economic conditions specifically rising interest rates on variable rate investments.
- Miscellaneous grants were \$0.45 million greater than budget due to reimbursements from various state and local agencies for mutual aid provided by the City's public safety function, particularly the fire department, in response to several state emergencies during the year.
- Sale of a public works office building generated \$1.9 million in proceeds from the sale of the asset.

Expenditures were \$2.3 million, or 8 percent, lower than budgetary estimates as a result of the following:

- Personnel savings of \$901 million due to vacant positions during the year in public safety, streets, code enforcement, and general government.
- Savings of \$.6 million in maintenance and lease expense due to supply chain delays in the vehicle maintenance program and software maintenance items.

Other Major Governmental Fund Financial Highlights

The *park fund* is used to account for proceeds of specific park revenue sources that are intended to be spent for maintenance of the City's parks and recreation programs. Current year revenues totaled \$7.1 million and current year expenditures totaled \$3.1 million, resulting in an increase in fund balance of \$3 million for the current year. On September 30, 2023, the fund balance was \$5.7 million.

The *capital projects fund* is used to account for the acquisition and construction of major governmental capital facilities, sidewalks, road improvements, and other infrastructure projects. Current year revenues (including transfers and the issuance of General Obligation Bonds and the related premium) totaled \$27 million and current year expenditures, primarily for street and sidewalk projects, totaled \$3.1 million resulting in an increase in fund balance of \$24 million for the current year. At September 30, 2023, the fund balance was \$34.3 million, all of which was assigned for future infrastructure investments to meet the increased demand for City services as the City's population continues to grow.

Proprietary Funds

As of September 30, 2023, the City's proprietary funds reported total combined ending net position of \$131.2 million, an increase of \$5.8 million from the prior year, driven by strong operating results, particularly in the electric and water funds. Further details on the operating results for each major fund are discussed below. At September 30, 2023, approximately 49 percent of the City's proprietary funds' fund balances, or \$64.9 million, represents the funds' net investment in capital assets.

Major Fund Financial Highlights

The *electric fund* is used to account for the activities necessary to provide electric services to the residents of the City within the City's service territory. These activities include administration, billing and collections, distribution system operations and maintenance, transmission system operations and maintenance, new construction, and financing and related debt services. As of September 30, 2023, total net position was \$29.3 million, an increase of \$3.6 million from the prior year. The overall increase was due primarily to higher operating revenues as a result of much higher summer temperatures than average. The National Weather Service reported the summer of 2023 as one of the hottest summers in recorded history for the Boerne-San Antonio area. Consequently, customer demand for electric service to cool homes and businesses remained high throughout the months of May to August, resulting in a .7 percent in power sold for the year.

The *water fund* is used to account for activities necessary to provide water services to the residents of the City within the City's service territory. These activities include administrative services, billing and collections, water production and distribution system operation and maintenance, new construction, and financing and related debt services. As of September 30, 2023, total net position was \$54.5 million, an increase of \$870k from the prior year. The overall increase was also due in part to the hot and dry conditions discussed above. In addition to the hotter than average summer temperatures, severe drought conditions continued throughout the Texas Hill Country, resulting in City rainfall totals nearly 13 inches below historical averages and creating increased demand for water. Additionally, capital contributions for the year totaled \$1.2 million.

The *wastewater fund* is used to account for the activities necessary to provide wastewater services to the residents of the City within the City's service territory. These activities include administrative services, billing and collections, wastewater production and distribution system operation and maintenance, new construction, and financing and related debt services. As of September 30, 2023, total net position was \$29.8 million, a decrease of \$113k from the prior year.

The *gas fund* is used to account for the activities necessary to provide natural gas services to the residents of the City within the City's service territory. These activities include administrative services, billing and collections, distribution system operation and maintenance, new construction, and financing and related debt services. As of September 30, 2023, total net position was \$10.4 million, an increase of \$778k from the prior year.

Capital Assets

Capital assets, including the infrastructure of the City, are those assets that are used in the performance of the City's functions. At September 30, 2023, capital assets totaled \$83.8 million for governmental activities and \$95.8 million for business-type activities, net of accumulated depreciation on capital assets, which is recognized in the government-wide financial statements. The City's capital assets include land, buildings and plant, improvements other than buildings, machinery and equipment, and construction in progress. The net decrease over the prior fiscal year in the City's capital assets was \$247k.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 10,782,215	\$ 10,782,215	\$ 7,363,128	\$ 7,237,877	\$ 18,145,343	\$ 18,020,092
Buildings and plant	27,910,997	29,456,296	17,195,654	19,114,982	45,106,651	48,571,278
Improvements other than buildings	3,689,845	4,091,484	-	-	3,689,845	4,091,484
Machinery and equipment	2,210,945	1,838,725	1,105,307	1,826,072	3,316,252	3,664,797
Infrastructure	34,109,863	33,101,189	68,239,234	69,992,971	102,349,097	103,094,160
Construction in progress	3,694,855	901,529	1,464,298	601,228	5,159,153	1,502,757
Leased vehicles and equipment	1,128,239	763,567	274,197	113,581	1,402,436	877,148
SBITAs	259,752	-	146,297	-	406,049	-
Total	<u>\$ 83,786,711</u>	<u>\$ 80,935,005</u>	<u>\$ 95,788,115</u>	<u>\$ 98,886,711</u>	<u>\$ 179,574,826</u>	<u>\$ 179,821,716</u>

Major governmental capital asset transactions during the current fiscal year included the following:

- The City sold a substantially depreciated office building, which had little impact to the balance sheet, but resulted in \$1.9 million in proceeds from the sale of the asset.
- Developers contributed infrastructure totaling \$3,170,435 to the City's streets.
- The City completed street patching and resurfacing projects, totaling \$293,688.
- The City completed the Scenic Loop Sewer Expansion project, capitalizing total costs of \$1,953,829.
- The City acquired equipment with a total cost of \$247,442 during the fiscal year.
- Accumulated depreciation exceeded additions to capital assets during the year by a total of \$247k.

Additional information on the City's capital assets can be found under note 5 in the notes to the financial statements.

Long-Term Liabilities

As of September 30, 2023, the City had \$75.9 million in long-term debt outstanding. The total debt is backed by the full faith and credit of the government, however, \$28.9 million is being paid for by the business-type activities. During the current year, total long-term debt increased by \$14.2 million due to the issuance of General Obligation Bonds, Series 2023 in the amount of \$17,805,000.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 47,040,000	\$ 31,230,000	\$ 28,895,000	\$ 30,485,000	\$ 75,935,000	\$ 61,715,000
Total long-term debt	<u>\$ 47,040,000</u>	<u>\$ 31,230,000</u>	<u>\$ 28,895,000</u>	<u>\$ 30,485,000</u>	<u>\$ 75,935,000</u>	<u>\$ 61,715,000</u>

The City maintains an Aa2 credit rating from Moody's Investors Services, which exceeds a median rating of AA3 for U.S. cities. This rating reflects the City's strong and stable operating reserves maintained by prudent financial management coupled with robust economic growth.

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 approximately \$249 million, which is significantly more than the City of Boerne's outstanding \$76 million in general obligation debt.

Additional information on the City's long-term liabilities can be found under note 6 in the notes to the financial statements.

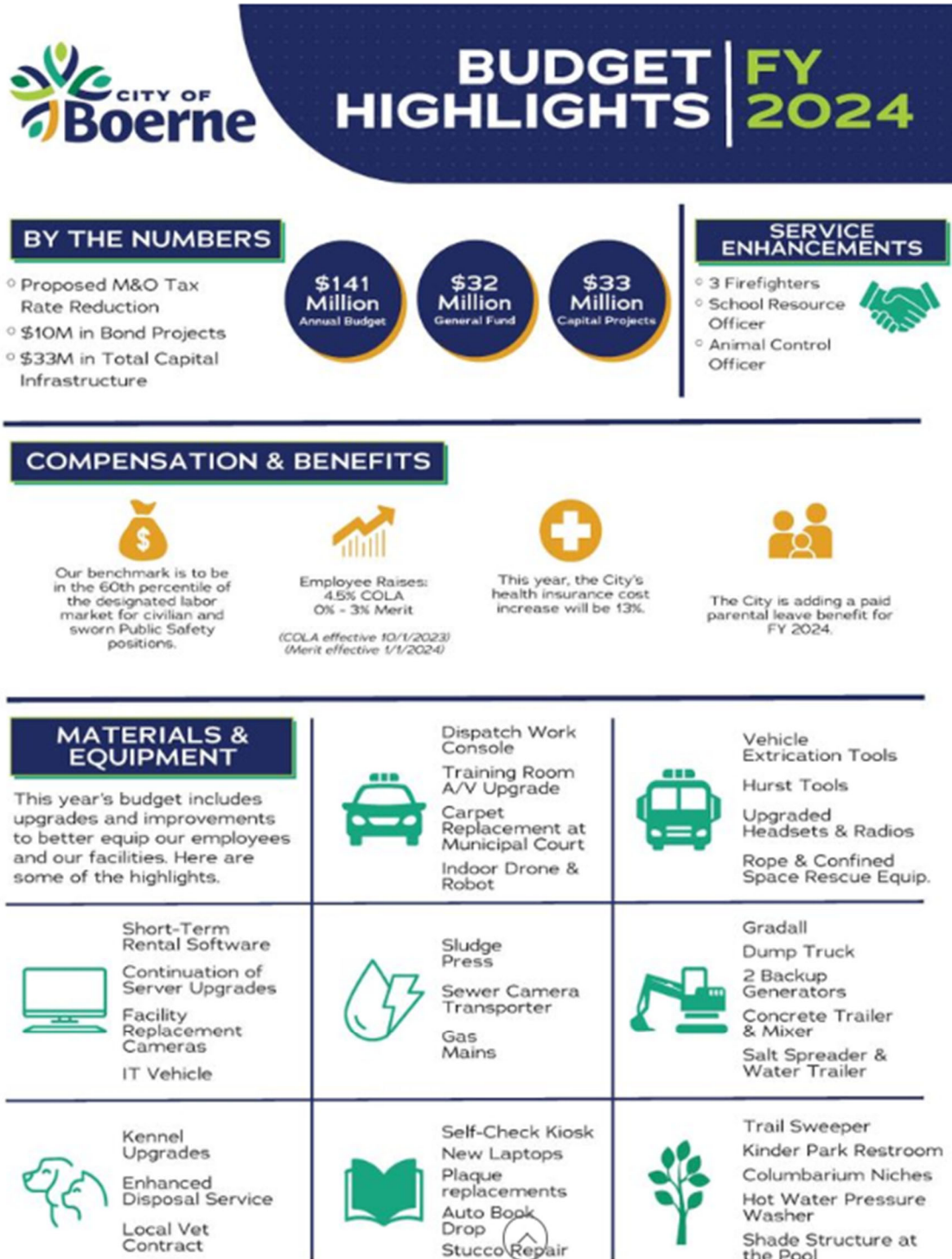
Economic Factors and Next Year's Budgets

The City's elected and appointed officials considered many factors when setting the fiscal year 2023 budget appropriation, tax rates, and fees that will be charged for the City's governmental and business-type activities. Among these factors were inflationary pressures faced by the City and nation as a whole, and ongoing investment in a strong culture to retain and attract new employees, as well as the City's focus on its strategic priorities.

The \$141M total City Budget is comprised of sixteen funds, of which eleven are governmental funds and seven are enterprise (utility) funds. The governmental funds account for \$71M of the budget, while the utility funds account for \$70M of the budget.

The Fiscal Year 2024 budget increased the total property tax rate from \$0.4510/\$100 value to \$0.4720/\$100 value. With this increase to the overall rate, there was also a decrease to the Maintenance and Operations rate of 3.24 cents per \$100 value that was used to help fund the 2022 bond initiatives as voted favorably by the voters in November 2022. This recommendation came after many months of dedication and hard work by City staff to maximize investment in infrastructure and other key initiatives while balancing cost pressures of the current economy and job market.

Below is an infographic of the key budget highlights for fiscal year 2024:



BUILDING A SUCCESSFUL BUDGET

The budget is structurally balanced. When deciding what is placed within the budget each year, the City of Boerne must take into account numerous requests, requirements, and restrictions to align with its strategies.



WHAT MAKES A SUCCESSFUL BUDGET?

- Strategic Alignment
- Operational Discipline
- Aa2 Bond Rating
- Multi-Year Budget Stability
- Strong Reserves
- Transparency

STRATEGIC FOCUS

The primary goal of this budget is to achieve the results that Council has identified as priorities and advance the City's strategic goals. We are focusing on allocating resources to align with our goals and commitment to excellence, while balancing our needs with financial discipline.



- \$2.8M - Fire Station No. 2 Design
- \$10M - Utilities Investments
- \$750K - Street Maintenance Programs
- \$5M - Street Bond Projects



- Ability to manage tax rate with debt issuance
- Maintain Aa2 Bond Rating
- \$23M - Non-bond infrastructure funded with cash.
- \$50K - Business Incubator per ED Master Plan



- \$2.3M - River Road Bank Stabilization
- \$3M - Drainage Projects
- Park Improvements
- \$5M - Parks Bond Projects



- \$125K - Allocated to Beautification
- \$850K - Sidewalk Improvements
- \$150K - Waterworks Terrace Parks Project Matching Funds



The primary goal of this budget is to deliver on the promises made in the November 2022 election when residents approved two bond propositions to fund streets and parks infrastructure. Design work is already underway for 2022 bond projects, with \$18M of the bonds issued.

In order to maintain an employer of choice status, this budget proposes a cost of living (COLA) adjustment for all regular employees of 4.5%. By policy, the COLA is based on the Employment Cost Index (ECI) one year percentage change for the period ended June 30, as found on the Bureau of Labor Statistics website. For June 30, 2023, the ECI was 4.7%. Additionally, regular employees who earn a merit through the evaluation process would receive 1-3% merit increases in January. The City's benefits package will also modestly increase with a rise in the increase of health insurance premiums.

The economic and inflationary challenges facing our nation in 2023 have impacted the City's ability to conduct our business. Managing these challenges has been an emphasis when developing the Fiscal Year 2024 budget. These challenges include managing cost increases, investing in a strong culture to retain and attract new employees (reviewing benefit offerings), and increasing the City's investment in public safety services by funding three new firefighter positions, an additional School Resource Officer, and an animal control officer. Additional budgetary (reviewing benefit offerings), and increasing the City's investment in public safety services by funding three new firefighter positions, an additional School Resource Officer, and an animal control officer. Additional budgetary focus has also been on increasing the percentage of the budget spent on capital infrastructure projects (shifting some unrestricted reserves to the Capital Improvement Program) as well as preparing for funding and the start of our 2022 Bond projects. The budget proposes \$33M in infrastructure improvements, which represents over 23% of the total budget spend for the upcoming fiscal year. City leadership has made a concerted effort to increase the percentage of infrastructure investment over the past several years, and this proposed budget represents another year of increased investment.

With support and leadership from the Mayor and City Council, the FY 2024 budget was developed in adherence with the City's established financial principles and with the City's strategy map in mind. It implemented or moved forward many of the recommendations of the City's Ten-Year Rolling Plan, managed costs in a period of continued high inflation, and provided high quality service delivery for ongoing programs and services. It incorporated initiatives to provide for long-term financial sustainability, including multi-year financial planning and targeted utilization of City reserves for key infrastructure projects. It also addressed employee compensation and benefits to ensure that the City of Boerne continues to be an employer of choice.

The FY 2024 budget strengthens the commitment to build "an exemplary Hill Country community by delivering high quality, customer-focused essential services to all who live, work and play in Boerne."

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 and to show the City's accountability for the financial resources it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Boerne, Finance Director, 447 North Main Street, Boerne, Texas 78006.



BASIC FINANCIAL STATEMENTS



CITY OF BOERNE, TEXAS

STATEMENT OF NET POSITION

September 30, 2023

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 60,616,399	\$ 30,143,450	\$ 90,759,849
Investments	2,492,917	8,219,337	10,712,254
Receivables (net of allowance)	2,385,595	6,112,915	8,498,510
Inventories	-	1,881,303	1,881,303
Prepays	322,790	2,115	324,905
Restricted cash and cash equivalents	654,373	11,597,028	12,251,401
Restricted investments	-	17,907,369	17,907,369
Non-depreciable capital assets	14,477,070	8,827,423	23,304,493
Other capital assets, net	69,309,641	86,960,692	156,270,333
Total assets	<u>150,258,785</u>	<u>171,651,632</u>	<u>321,910,417</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	325,202	984,628	1,309,830
Deferred outflows related to pension	7,750,332	2,466,294	10,216,626
Deferred outflows related to OPEB TMRS	14,317	616	14,933
Deferred outflows related to OPEB retiree	619,707	197,201	816,908
Total deferred outflows of resources	<u>8,709,558</u>	<u>3,648,739</u>	<u>12,358,297</u>
LIABILITIES			
Accounts payable and accrued expenses	3,287,327	2,499,931	5,787,258
Due within one year:			
Compensated absences	400,985	131,465	532,450
Accrued interest	86,760	104,436	191,196
Lease purchase agreements	262,589	-	262,589
Lease liabilities	404,567	90,719	495,286
SBITA liabilities	161,302	89,673	250,975
Deposits payable	-	1,753,631	1,753,631
Long-term debt	3,697,809	1,837,754	5,535,563
Due beyond one year:			
Compensated absences	935,633	306,753	1,242,386
Lease purchase agreements	321,372	-	321,372
Lease liabilities	667,703	183,065	850,768
SBITA liabilities	63,205	41,057	104,262
Long-term debt	46,868,448	29,651,690	76,520,138
Net pension liability	18,573,623	5,910,457	24,484,080
Total OPEB liabilities OPEB TMRS	481,755	153,302	635,057
Total OPEB liabilities retiree	2,664,596	847,922	3,512,518
Total liabilities	<u>78,877,674</u>	<u>43,601,855</u>	<u>122,479,529</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB TMRS	122,633	35,084	157,717
Deferred inflows related to OPEB Retiree	1,598,915	508,802	2,107,717
Deferred inflows related to leases	8,823	-	8,823
Total deferred inflows of resources	<u>1,730,371</u>	<u>543,886</u>	<u>2,274,257</u>
NET POSITION			
Net investment in capital assets	31,664,918	64,878,785	96,543,703
Restricted for:			
Capital improvements - impact fees	-	20,791,394	20,791,394
Cemetery	1,255,246	-	1,255,246
Debt service	3,554,030	5,583	3,559,613
Grants and donations	15,351	-	15,351
Law enforcement	226,711	-	226,711
Parks	3,554,030	-	3,554,030
Other purposes	783,747	-	783,747
Tourism	385,581	-	385,581
Unrestricted	36,920,684	45,478,868	82,399,552
Total net position	<u>\$ 78,360,298</u>	<u>\$ 131,154,630</u>	<u>\$ 209,514,928</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BOERNE, TEXAS

STATEMENT OF ACTIVITIES

For the year ended September 30, 2023

Functions/programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 9,612,661	\$ 1,767,739	\$ -	\$ -	\$ 1,767,739
Public safety	13,738,764	6,194,898	16,555	-	6,211,453
Highway and streets	5,425,718	-	-	3,196,975	3,196,975
Economic development	1,344,552	-	-	-	-
Culture and recreation	6,580,381	4,846,884	397,034	-	5,243,918
Interest on long-term debt	1,240,309	-	-	-	-
Total governmental activities	37,942,385	12,809,521	413,589	3,196,975	16,420,085
Business-type activities:					
Electric	15,113,513	19,956,225	-	-	19,956,225
Water	8,114,157	7,746,416	-	1,200,785	8,947,201
Wastewater	9,715,037	7,902,913	-	821,622	8,724,535
Gas	4,777,064	4,870,155	-	-	4,870,155
Solid waste	1,404,384	1,385,171	-	-	1,385,171
Stormwater	51,911	626,691	-	-	626,691
Total business-type activities	39,176,066	42,487,571	-	2,022,407	44,509,978
Total primary government	<u>\$ 77,118,451</u>	<u>\$ 55,297,092</u>	<u>\$ 413,589</u>	<u>\$ 5,219,382</u>	<u>\$ 60,930,063</u>

	Net (Expenses) Revenues and Changes in Net Position		
	Primary Government		
Functions/programs	Governmental	Business	Total
Primary government:			
Governmental activities:			
General government	\$ (7,844,922)	\$ -	\$ (7,844,922)
Public safety	(7,527,311)	-	(7,527,311)
Highway and streets	(2,228,743)	-	(2,228,743)
Economic development	(1,344,552)	-	(1,344,552)
Culture and recreation	(1,336,463)	-	(1,336,463)
Interest on long-term debt	(1,240,309)	-	(1,240,309)
Total governmental activities	(21,522,300)	-	(21,522,300)
Business-type activities:			
Electric	-	4,842,712	4,842,712
Water	-	833,044	833,044
Wastewater	-	(990,502)	(990,502)
Gas	-	93,091	93,091
Solid waste	-	(19,213)	(19,213)
Stormwater	-	574,780	574,780
Total business-type activities	-	5,333,912	5,333,912
Total primary government	(21,522,300)	5,333,912	(16,188,388)
General revenues:			
Taxes:			
Property taxes	13,150,643	-	13,150,643
Sales taxes	11,531,095	-	11,531,095
Franchise taxes	3,311,807	-	3,311,807
Other taxes	1,163,602	-	1,163,602
Investment earnings	2,123,308	2,618,635	4,741,943
Miscellaneous	573,746	-	573,746
Gain on sale of assets	1,941,031	-	1,941,031
Transfers	2,111,489	(2,111,489)	-
Total general revenues and transfers	35,906,721	507,146	36,413,867
Change in net position	14,384,421	5,841,058	20,225,479
Net position - beginning	63,975,877	125,313,572	189,289,449
Net position - ending	\$ 78,360,298	\$ 131,154,630	\$ 209,514,928

The accompanying notes are an integral part of these financial statements.

CITY OF BOERNE, TEXAS

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2023

	Major Funds			Other	Total
	General	Park	Capital	Governmental	Governmental
	Fund	Fund	Projects	Funds	Funds
			Fund		
ASSETS					
Cash and cash equivalents	\$ 13,010,147	\$ 5,775,142	\$ 35,227,263	\$ 6,603,847	\$ 60,616,399
Investments	2,492,917	-	-	-	2,492,917
Receivables, net	2,170,971	51,494	-	163,130	2,385,595
Prepays	322,790	-	-	-	322,790
Restricted cash and cash equivalents	106,539	-	-	547,834	654,373
Total assets	<u>\$ 18,103,364</u>	<u>\$ 5,826,636</u>	<u>\$ 35,227,263</u>	<u>\$ 7,314,811</u>	<u>\$ 66,472,074</u>
LIABILITIES					
Accounts payable	\$ 1,990,865	\$ 76,448	\$ 877,934	\$ 103,543	\$ 3,048,790
Other payables	192,407	46,042	-	88	238,537
Total liabilities	<u>2,183,272</u>	<u>122,490</u>	<u>877,934</u>	<u>103,631</u>	<u>3,287,327</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	100,654	33,277	-	39,321	173,252
Lease related	-	8,823	-	-	8,823
Total deferred inflows of resources	<u>100,654</u>	<u>42,100</u>	<u>-</u>	<u>39,321</u>	<u>182,075</u>
FUND BALANCES					
Nonspendable	322,790	-	-	775,186	1,097,976
Restricted	305,906	3,554,030	17,892,748	3,309,321	25,062,005
Assigned	<u>15,190,742</u>	<u>2,108,016</u>	<u>16,456,581</u>	<u>3,087,352</u>	<u>36,842,691</u>
Total fund balances	<u>15,819,438</u>	<u>5,662,046</u>	<u>34,349,329</u>	<u>7,171,859</u>	<u>63,002,672</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,103,364</u>	<u>\$ 5,826,636</u>	<u>\$ 35,227,263</u>	<u>\$ 7,314,811</u>	<u>\$ 66,472,074</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BOERNE, TEXAS

**RECONCILIATION OF BALANCE SHEET-
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

September 30, 2023

Total fund balances - governmental funds \$ 63,002,672

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

Capital assets net of accumulated depreciation used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.

Cost of capital assets	\$	147,575,573	
Accumulated depreciation		(65,176,853)	
Leased assets and SBITA assets		2,088,199	
Accumulated amortization on leased assets		(700,208)	
			83,786,711

Deferred outflows (inflows) related to refunding changes, pension, and OPEB are not available resources and, therefore, are not reported in the funds.

Deferred charge on refunding		325,202	
Deferred outflows (inflows) related to pension		7,627,699	
Deferred outflows (inflows) related to OPEB plans		(973,714)	
			6,979,187

Long-term liabilities, as listed below, are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable		(47,040,000)	
Bond premium		(3,526,257)	
Lease purchase agreements		(583,961)	
Lease liabilities		(1,072,270)	
SBITA liabilities		(224,507)	
Compensated absences		(1,336,618)	
Net pension liability		(18,573,623)	
Postemployment liabilities		(3,146,351)	
			(75,503,587)

Accrued interest payable for the current portion of interest due on various debt issues, including leases, has not been reported in the governmental funds.

(86,760)

Other long-term assets are not available resources and, therefore, are reported as unavailable revenue in the funds.

Unavailable property tax revenue		173,252	
Unavailable lease revenue		8,823	
			182,075

Net position of governmental activities \$ 78,360,298

The accompanying notes are an integral part of these financial statements.

CITY OF BOERNE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended September 30, 2023

	General Fund	Park Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	\$ 7,487,422	\$ 2,540,452	\$ -	\$ 3,039,248	\$ 13,067,122
Sales tax	11,531,095	-	-	-	11,531,095
Hotel/motel tax	-	-	-	1,049,976	1,049,976
Charges for services	-	4,381,716	-	218,821	4,600,537
Franchise taxes	3,311,807	-	-	-	3,311,807
Licenses and permits	1,773,034	-	-	-	1,773,034
Fines	243,158	-	-	-	243,158
Grants	16,555	-	-	39,872	56,427
Contributions and donations	3,548,979	250	-	356,912	3,906,141
Miscellaneous	3,150,931	1,710	131,760	46,698	3,331,099
Investment earnings	1,416,395	170,623	273,549	262,827	2,123,394
Total revenues	<u>32,479,376</u>	<u>7,094,751</u>	<u>405,309</u>	<u>5,014,354</u>	<u>44,993,790</u>
EXPENDITURES					
Current:					
General government	8,412,713	-	-	-	8,412,713
Public safety	12,429,797	-	-	39,586	12,469,383
Highways and streets	2,816,843	-	-	-	2,816,843
Economic development	-	-	-	1,294,132	1,294,132
Culture and recreation	509,156	2,892,694	-	1,683,319	5,085,169
Debt service:					
Principal retirement	694,275	60,715	-	2,032,859	2,787,849
Interest	40,188	2,039	-	1,058,471	1,100,698
Bond issue costs	-	-	317,058	-	317,058
Capital outlay	<u>1,585,567</u>	<u>144,383</u>	<u>2,793,326</u>	<u>88,759</u>	<u>4,612,035</u>
Total expenditures	<u>26,488,539</u>	<u>3,099,831</u>	<u>3,110,384</u>	<u>6,197,126</u>	<u>38,895,880</u>
Excess/(deficiency) of revenues over (under) expenditures	<u>5,990,837</u>	<u>3,994,920</u>	<u>(2,705,075)</u>	<u>(1,182,772)</u>	<u>6,097,910</u>

(continued)

CITY OF BOERNE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended September 30, 2023

	General Fund	Park Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 260,963	\$ 218,804	\$ 8,240,810	\$ 2,397,840	\$ 11,118,417
Transfers out	(7,253,928)	(1,300,000)	-	(453,000)	(9,006,928)
Sale of capital assets	1,919,658	22,988	-	-	1,942,646
Lease/subscription proceeds	1,067,590	33,004	-	20,348	1,120,942
Issuance of debt	-	-	17,805,000	-	17,805,000
Bond premium	-	-	512,058	-	512,058
Total other financing sources (uses)	<u>(4,005,717)</u>	<u>(1,025,204)</u>	<u>26,557,868</u>	<u>1,965,188</u>	<u>23,492,135</u>
Net change in fund balance	1,985,120	2,969,716	23,852,793	782,416	29,590,045
FUND BALANCES					
Fund balances - beginning	<u>13,834,318</u>	<u>2,692,330</u>	<u>10,496,536</u>	<u>6,389,443</u>	<u>33,412,627</u>
Fund balances - ending	<u>\$ 15,819,438</u>	<u>\$ 5,662,046</u>	<u>\$ 34,349,329</u>	<u>\$ 7,171,859</u>	<u>\$ 63,002,672</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BOERNE, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

September 30, 2023

Net change in fund balances-total governmental funds \$ 29,590,045

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

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current year, the City reported the following amounts for capital asset additions and depreciation:

Capital asset additions	\$ 3,895,887	
Depreciation expense	(4,863,965)	
Leased/SBITA assets	716,148	
Amortization expense	<u>(457,708)</u>	
		(709,638)

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 do not represent current financial resources.

3,196,975

The issuance of long-term debt (i.e., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of the governmental funds. Neither transaction, however, has an effect on net position. Also, governmental funds immediately report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the government-wide statement of activities. The net effect of these differences in the treatment of long-term debt and related item is listed below:

Principal payments on long-term debt	1,995,000	
Principal payments on lease purchase agreements	279,910	
Principal payments on lease/SBITA liabilities	512,939	
Change in accrued interest payable, including leases	7,240	
Changes in pension and related items	(1,050,394)	
Changes in OPEB and related items	(218,650)	
Amortization of bond premium/discount	210,857	
Amortization of deferred gain/loss on refunding of long-term debt	(40,650)	
Lease purchase proceeds	(440,857)	
Lease/SBITA proceeds	(680,085)	
Issuance of long-term debt	(17,805,000)	
Bond premium/discount	<u>(512,058)</u>	
		(17,741,748)

Some revenues and expenses reported in the government-wide statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in governmental funds.

Changes in compensated absences	(33,119)	
Changes in unavailable revenues	83,521	
Sale of capital asset	<u>(1,615)</u>	
		<u>48,787</u>

Change in net position of governmental activities \$ 14,384,421

The accompanying notes are an integral part of these financial statements.



CITY OF BOERNE, TEXAS

STATEMENT OF NET POSITION –
PROPRIETARY FUNDS

For the year ended September 30, 2023

	Business-Type Activities-Enterprise Funds			
	Major Funds			
	Electric	Water	Wastewater	Gas
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 13,316,356	\$ 3,574,599	\$ 5,033,491	\$ 2,041,963
Investments	4,217,121	2,002,130	2,000,086	-
Receivables, net	3,348,260	1,151,926	919,174	414,453
Due from other funds	500,000	-	-	-
Inventories	1,347,475	287,368	20,205	226,255
Prepays	2,115	-	-	-
Restricted cash and cash equivalents:				
Customer deposits	986,028	553,715	-	213,888
Debt service reserve	407	24,728	5,176	1,026
Total current assets	<u>23,717,762</u>	<u>7,594,466</u>	<u>7,978,132</u>	<u>2,897,585</u>
Noncurrent assets:				
Restricted cash and cash equivalents:				
Capital improvements	-	2,937,749	6,874,311	-
Restricted investments:				
Capital improvements	-	13,929,054	3,978,315	-
Non-depreciable capital assets	2,542,917	3,326,404	1,828,390	89,269
Other capital assets, net	<u>7,389,018</u>	<u>28,819,772</u>	<u>40,973,268</u>	<u>9,778,111</u>
Total assets	<u>33,649,697</u>	<u>56,607,445</u>	<u>61,632,416</u>	<u>12,764,965</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	7,099	-	958,351	19,178
Deferred outflows related to pension	871,478	569,067	604,824	420,925
Deferred outflows related to OPEB TMRS	218	142	151	105
Deferred outflows related to OPEB retiree	<u>69,682</u>	<u>45,502</u>	<u>48,360</u>	<u>33,657</u>
Total deferred outflows of resources	<u>948,477</u>	<u>614,711</u>	<u>1,611,686</u>	<u>473,865</u>

The accompanying notes are an integral part of these financial statements.

Other Enterprise Funds	Total Enterprise Funds
\$ 6,177,041	\$ 30,143,450
-	8,219,337
279,102	6,112,915
-	500,000
-	1,881,303
-	2,115
-	1,753,631
-	31,337
<u>6,456,143</u>	<u>48,644,088</u>
-	9,812,060
-	17,907,369
1,040,443	8,827,423
523	86,960,692
<u>7,497,109</u>	<u>172,151,632</u>
-	984,628
-	2,466,294
-	616
-	197,201
<u>-</u>	<u>3,648,739</u>

(continued)

CITY OF BOERNE, TEXAS

STATEMENT OF NET POSITION –
PROPRIETARY FUNDS

For the year ended September 30, 2023

	Business-Type Activities-Enterprise Funds			
	Major Funds			
	Electric	Water	Wastewater	Gas
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 954,263	\$ 308,800	\$ 674,427	\$ 82,455
Other payables	119,446	5,491	6,688	26,405
Due from other funds	-	-	-	500,000
Current portion of compensated absences	40,220	36,829	31,040	23,376
Current portion of lease liabilities	45,453	7,531	37,282	302
Current portion of SBITA liabilities	26,501	24,640	26,619	11,913
Current liabilities payable from restricted assets:				
Deposits payable	986,028	553,715	-	213,888
Current portion of revenue bonds payable	63,473	-	1,598,715	175,566
Accrued interest payable	<u>1,794</u>	<u>844</u>	<u>100,013</u>	<u>1,785</u>
Total current liabilities	<u>2,237,178</u>	<u>937,850</u>	<u>2,474,784</u>	<u>1,035,690</u>
Non-current liabilities:				
Compensated absences	93,848	85,933	72,427	54,545
Lease liabilities	108,570	9,925	63,541	686
SBITA liabilities	14,602	14,228	7,987	4,240
Revenue bonds payable	165,444	-	29,040,852	445,394
Net pension liability	2,088,492	1,363,763	1,449,458	1,008,744
Total OPEB liabilities - OPEB TMRS	54,170	35,373	37,595	26,164
Total OPEB liabilities - retiree	<u>299,618</u>	<u>195,647</u>	<u>207,941</u>	<u>144,716</u>
Total noncurrent liabilities	<u>2,824,744</u>	<u>1,704,869</u>	<u>30,879,801</u>	<u>1,684,489</u>
Total liabilities	<u>5,061,922</u>	<u>2,642,719</u>	<u>33,354,585</u>	<u>2,720,179</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB TMRS	12,397	8,095	8,604	5,988
Deferred inflows related to OPEB retiree	<u>179,788</u>	<u>117,400</u>	<u>124,777</u>	<u>86,837</u>
Total deferred inflows of resources	<u>192,185</u>	<u>125,495</u>	<u>133,381</u>	<u>92,825</u>
NET POSITION				
Net investment in capital assets	9,514,991	32,089,852	12,985,013	9,248,457
Restricted for:				
Capital improvements - impact fees	-	13,916,057	6,874,311	1,026
Debt service	407	-	5,176	-
Unrestricted	<u>19,828,669</u>	<u>8,448,033</u>	<u>9,891,636</u>	<u>1,176,343</u>
Total net position	<u>\$ 29,344,067</u>	<u>\$ 54,453,942</u>	<u>\$ 29,756,136</u>	<u>\$ 10,425,826</u>

The accompanying notes are an integral part of these financial statements.

Other Enterprise Funds	Total Enterprise Funds
\$ 308,453	\$ 2,328,398
13,503	171,533
-	500,000
-	131,465
151	90,719
-	89,673
-	1,753,631
-	1,837,754
-	104,436
<u>322,107</u>	<u>7,007,609</u>
-	306,753
343	183,065
-	41,057
-	29,651,690
-	5,910,457
-	153,302
-	847,922
<u>343</u>	<u>37,094,246</u>
<u>322,450</u>	<u>44,101,855</u>
-	35,084
-	<u>508,802</u>
-	<u>543,886</u>
1,040,472	64,878,785
-	20,791,394
-	5,583
<u>6,134,187</u>	<u>45,478,868</u>
<u>\$ 7,174,659</u>	<u>\$ 131,154,630</u>

CITY OF BOERNE, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS

For the year ended September 30, 2023

	Business-Type Activities-Enterprise Funds					
	Major Funds				Other Enterprise Funds	Total Enterprise Funds
	Electric	Water	Wastewater	Gas		
OPERATING REVENUES						
Charges for sales and services	\$ 19,175,909	\$ 7,484,861	\$ 6,522,092	\$ 4,230,180	\$ 2,001,889	\$ 39,414,931
Connection fees	18	-	17,134	488,889	-	506,041
Primary extensions	126,561	88,116	-	-	-	214,677
Penalties	153,511	70,255	56,648	40,371	9,973	330,758
Other operating revenues	500,226	103,184	1,302,088	110,715	-	2,016,213
Total operating revenues	<u>19,956,225</u>	<u>7,746,416</u>	<u>7,897,962</u>	<u>4,870,155</u>	<u>2,011,862</u>	<u>42,482,620</u>
OPERATING EXPENSES						
Cost of fuel and water reservation	8,064,055	2,308,700	-	1,387,953	-	11,760,708
Personnel	2,686,643	1,444,516	1,828,433	1,314,699	-	7,274,291
City franchise tax	1,678,758	386,691	327,232	215,101	1,198,012	3,805,794
Administration	1,885,061	2,153,473	2,732,924	1,116,128	258,128	8,145,714
Depreciation and amortization	799,688	1,818,850	3,690,801	713,561	155	7,023,055
Other operating expenses	(14,184)	1,814	2,003	2,127	-	(8,240)
Total operating expenses	<u>15,100,021</u>	<u>8,114,044</u>	<u>8,581,393</u>	<u>4,749,569</u>	<u>1,456,295</u>	<u>38,001,322</u>
Operating income (loss)	<u>4,856,204</u>	<u>(367,628)</u>	<u>(683,431)</u>	<u>120,586</u>	<u>555,567</u>	<u>4,481,298</u>
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	699,397	880,254	738,024	45,723	255,237	2,618,635
Interest expense	(13,492)	(113)	(1,133,244)	(27,495)	-	(1,174,344)
Bond costs	-	-	(400)	-	-	(400)
Gain (loss) on sale of capital assets	-	-	4,951	-	-	4,951
Total nonoperating revenues (expenses)	<u>685,905</u>	<u>880,141</u>	<u>(390,669)</u>	<u>18,228</u>	<u>255,237</u>	<u>1,448,842</u>
Income (loss) before capital contributions and transfers	<u>5,542,109</u>	<u>512,513</u>	<u>(1,074,100)</u>	<u>138,814</u>	<u>810,804</u>	<u>5,930,140</u>
Capital contributions	-	1,200,785	821,622	-	-	2,022,407
Transfers in	-	1,100,000	1,350,000	650,000	-	3,100,000
Transfers out	(1,965,863)	(1,943,513)	(1,210,575)	(10,575)	(80,963)	(5,211,489)
Change in net position	<u>3,576,246</u>	<u>869,785</u>	<u>(113,053)</u>	<u>778,239</u>	<u>729,841</u>	<u>5,841,058</u>
NET POSITION						
Net position - beginning	<u>25,767,821</u>	<u>53,584,157</u>	<u>29,869,189</u>	<u>9,647,587</u>	<u>6,444,818</u>	<u>125,313,572</u>
Net position - ending	<u>\$ 29,344,067</u>	<u>\$ 54,453,942</u>	<u>\$ 29,756,136</u>	<u>\$ 10,425,826</u>	<u>\$ 7,174,659</u>	<u>\$ 131,154,630</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BOERNE, TEXAS

STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS

For the year ended September 30, 2023

	Business-Type Activities-Enterprise Funds					
	Major Funds				Other Enterprise Funds	Totals Enterprise Funds
	Electric	Water	Wastewater	Gas		
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash receipts from customers	\$ 19,581,655	\$ 7,388,700	\$ 7,774,271	\$ 4,867,050	\$ 1,977,892	\$ 41,589,568
Payments to suppliers	(11,485,721)	(5,143,838)	(2,450,455)	(2,808,440)	(1,275,559)	(23,164,013)
Payments to employees	(2,425,126)	(1,654,338)	(1,721,302)	(1,231,405)	-	(7,032,171)
Net cash provided (used) by operating activities	5,670,808	590,524	3,602,514	827,205	702,333	11,393,384
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Due to/from	(500,000)	-	-	500,000	-	-
Transfers in/out	(1,965,863)	(843,513)	139,425	639,425	(80,963)	(2,111,489)
Net cash provided by (used in) noncapital financing activities	(2,465,863)	(843,513)	139,425	1,139,425	(80,963)	(2,111,489)
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES						
Acquisition of capital assets	(469,734)	(442,004)	(2,097,049)	(545,177)	(633,734)	(4,187,698)
Lease purchase agreements	-	-	271,547	-	(254,401)	17,146
Contributions	-	1,200,785	821,622	-	-	2,022,407
Revenue bonds and certificates-principal payments	(59,927)	-	(1,368,734)	(161,339)	-	(1,590,000)
Revenue bonds and certificates-interest and fiscal charges	(10,002)	-	(1,239,195)	(26,928)	-	(1,276,125)
Proceeds from lease/SBITA additions	250,945	64,781	115,371	28,460	-	459,557
Lease/SBITA liabilities - principal payments	(60,445)	(33,406)	(61,004)	(12,607)	(150)	(167,612)
Lease/SBITA liabilities - interest and fiscal charges	(3,781)	(1,020)	(2,091)	(544)	(4)	(7,440)
Net cash used in capital and related financing activities	(352,944)	789,136	(3,559,533)	(718,135)	(888,289)	(4,729,765)
CASH FLOWS FROM INVESTING ACTIVITIES						
Net sale (purchase) of investments	(2,640,412)	(13,346,937)	(5,978,401)	-	-	(21,965,750)
Interest earned	699,397	881,811	738,024	45,723	255,237	2,620,192
Net cash provided by (used in) investing activities	(1,941,015)	(12,465,126)	(5,240,377)	45,723	255,237	(19,345,558)
Net increase (decrease) in cash and cash equival	910,986	(11,928,979)	(5,057,971)	1,294,218	(11,682)	(14,793,428)
CASH AND CASH EQUIVALENTS						
Balances - beginning of year	13,391,805	19,019,770	16,970,949	962,659	6,188,723	56,533,906
Balances - end of year	\$ 14,302,791	\$ 7,090,791	\$ 11,912,978	\$ 2,256,877	\$ 6,177,041	\$ 41,740,478
Cash and cash equivalents at end of year:						
Cash and equivalents	\$ 13,316,356	\$ 3,574,599	\$ 5,033,491	\$ 2,041,963	\$ 6,177,041	\$ 30,143,450
Restricted cash and equivalents	986,435	3,516,192	6,879,487	214,914	-	11,597,028
Total	\$ 14,302,791	\$ 7,090,791	\$ 11,912,978	\$ 2,256,877	\$ 6,177,041	\$ 41,740,478

The accompanying notes are an integral part of these financial statements.

CITY OF BOERNE, TEXAS

STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS

For the year ended September 30, 2023

	Business-Type Activities-Enterprise Funds					
	Major Funds				Other Enterprise Funds	Totals Enterprise Funds
	Electric	Water	Wastewater	Gas		
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 4,856,204	\$ (367,628)	\$ (683,431)	\$ 120,586	\$ 555,567	\$ 4,481,298
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization expense	799,688	1,818,850	3,690,801	713,561	155	7,023,055
Changes in assets, liabilities and deferred inflows/outflows of resources:						
Accounts payable	269,066	(248,156)	612,663	(26,914)	180,577	787,236
Receivables	(744,433)	(60,366)	(123,691)	4,616	(33,966)	(957,840)
Inventory	(154,619)	(45,004)	(959)	(60,217)	-	(260,799)
Prepays	13,522	-	-	-	-	13,522
Customer deposits	369,863	(297,350)	-	(7,721)	-	64,792
Net pension liability	202,736	(126,414)	89,080	84,879	-	250,281
Net OPEB liability	41,864	(78,989)	7,846	23,308	-	(5,971)
Compensated absences	16,917	(4,419)	10,205	(24,893)	-	(2,190)
Net cash provided by operating activities	<u>\$ 5,670,808</u>	<u>\$ 590,524</u>	<u>\$ 3,602,514</u>	<u>\$ 827,205</u>	<u>\$ 702,333</u>	<u>\$ 11,393,384</u>
Actuarly determined change in:						
Net pension liability	\$ 883,178	\$ 582,781	\$ 614,155	\$ 432,729	\$ -	\$ 2,512,843
Other postemployment benefit liabilities	113,550	75,072	78,992	60,857	-	328,471

The accompanying notes are an integral part of these financial statements.

CITY OF BOERNE, TEXAS

STATEMENT OF FIDUCIARY NET POSITION –
CUSTODIAL FUND

For the year ended September 30, 2023

	Public Improvement District Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 9,575
Total assets	<u>\$ 9,575</u>
LIABILITIES	
Other payables	\$ 15
Total liabilities	<u>\$ 15</u>
NET POSITION	
Restricted for PID	\$ 9,560
Total net position	<u>\$ 9,560</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BOERNE, TEXAS

STATEMENT OF FIDUCIARY REVENUES, EXPENSES, AND
CHANGES IN NET POSITION – CUSTODIAL FUND

For the year ended September 30, 2023

	Public Improvement District Custodial Fund
ADDITIONS	
Contributions	\$ -
Total additions	-
DEDUCTIONS	
Contract services	20,440
Total deductions	20,440
Change in net position	(20,440)
NET POSITION	
Beginning of year	30,000
End of year	\$ 9,560

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS



CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(1) Summary of significant accounting policies

The basic financial statements of the City of Boerne, Texas (City) have been prepared in conformity with generally accepted accounting principles of the United States of America (U.S. GAAP) as applied to governmental agencies. The governmental accounting standards board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting standards in the United States. The more significant of the City's accounting policies are described below:

Reporting entity

The City of Boerne is a municipal corporation governed by an elected mayor and five-member council. The City operates under a council-manager form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreations, public improvements, community and economic development (planning, building, and zoning), public utilities (electric, water, wastewater, gas, solid waste, and stormwater), and general administrative services.

Component units

The financial statements present the City and its component units, entities for which the City is considered to be financially accountable in accordance with generally accepted accounting principles. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and (1) it is able to impose its will on that organization, or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if an organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, the other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government. Based on the criteria above, the City has one blended component unit. The City has no component units that meet the criteria for discrete presentation. The blended component unit is described in further detail below.

Blended Component Unit**Boerne Public Facility Corporation (BPFC)**

On August 22, 2017, the City Council authorized the creation of the Boerne Public Facility Corporation (BPFC). The BPFC is a nonprofit public corporation organized exclusively for the purpose of assisting the City in financing, refinancing, or providing public facilities within the City. Although legally separate from the City, the City Council holds the continuing authority to appoint the voting majority of the BPFC Board of Directors, which is comprised wholly of the Mayor and members of the City Council. Furthermore, the City Council possesses the ability to significantly influence the programs, projects, activities, or level of services performed by the BPFC. As the City and the BPFC have substantially the same governing body and the activities of the BPFC are managed in essentially the same manner as the primary government, the City is able to impose its will on the BPFC. Therefore, the BPFC is considered to be an integral part of the primary government and has been included in the financial statements as a blended component unit. There are no separate financial statements issued for the BPFC.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(1) Summary of significant accounting policies (continued)

Government-wide and fund financial statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities, report information on all the nonfiduciary activities of the City and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are payments-in-lieu-of taxes, payments for use of rights-of-way, and other charges between the City's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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 net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities 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 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.

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, proprietary, and fiduciary financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the *economic resources measurement focus*, all assets (current and long-term), deferred outflows of resources, liabilities (current and long-term), and deferred inflows of resources are reported. Under the *accrual basis of accounting*, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied on the property. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

In addition to assets, the statement of net position will generally report a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

In addition to liabilities, the statement of net position will generally report a separate section for deferred inflows of resources, which represent 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.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the *current financial resources measurement focus*, generally only current assets and current liabilities are reported in the governmental funds.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the *modified accrual basis of accounting*, revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected 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. Reimbursements under state and federal grants are accrued if received within 180 days of the end of the fiscal period to enable the matching of revenue with applicable expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures for debt service and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, sales taxes, franchise taxes, hotel occupancy taxes, license fees, charges for services, amounts due from other governments, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Other revenue items such as fines and permits are considered to be measurable and available only when the government receives cash and are, therefore, not susceptible to accrual.

The City reports the following major governmental funds:

General Fund – This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Park 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.

Capital Projects Fund – This fund accounts for the acquisition and construction of major governmental capital facilities, sidewalks, road improvements, and other infrastructure projects.

The City reports the following major proprietary funds:

Electric Fund – This fund accounts for the activities necessary to provide electric services to the residents of the City within the City's service territory. These activities include administration, billing and collections, distribution system operations and maintenance, transmission system operations and maintenance, new construction, and financing and related debt services.

Water Fund – This fund accounts for the activities necessary to provide water services to the residents of the City within the City's service territory. These activities include administrative services, billing and collections, water production and distribution system operation and maintenance, new construction, and financing and related debt services.

Wastewater Fund – This fund accounts for the activities necessary to provide wastewater services to the residents of the City within the City's service territory. These activities include administrative services, billing and collections, wastewater production and distribution system operation and maintenance, new construction, and financing and related debt services.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

Gas Fund – This fund accounts for the activities necessary to provide gas services to the residents of the City within the City’s service territory. These activities include administrative services, billing and collections, distribution system operation and maintenance, new construction, and financing and related debt services.

The City reports the following fiduciary fund:

Public Improvement District (PID) Custodial Fund – This fund accounts for the activities of the Ranches at Creekside PID, which was created in November 2021 to support residential development within the Ranches at Creekside subdivision along Highway 46 in Boerne. As of September 30, 2023, the PID had not sold bonds.

The City reports the following permanent fund type:

Cemetery Trust Fund – This 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.

Additionally, the government reports the following fund types:

Governmental Funds

Special Revenue Funds accounts for proceeds of specific revenue sources that are legally restricted or otherwise committed or assigned for specific purposes.

Proprietary Funds

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 City’s proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(1) Summary of significant accounting policies (continued)

Cash, cash equivalents, and investments

The City values its cash and investments in accordance with the provisions of governmental accounting standards board statement No. 72 (GASB 72), *Fair Value Measurement and Application*, which requires governmental entities to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach.

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. Cash accounts of all funds are pooled for investment purposes to enhance safety and liquidity while maximizing interest earnings. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year, and may result in negative investment income in the accompanying financial statements. Investment income is allocated to the various funds based on each fund's average month-end cash balance and includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

For purposes of the statement of cash flows, amounts reported as cash and cash equivalents, include amounts on deposit in the City pool and any short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Investments are made in accordance with the City's investment policy, which is approved by the City Council on an annual basis in accordance with state law. The policy is applicable to all City funds and permits investment in obligations of the U.S. Government or its agencies, repurchase agreements, commercial paper, banker's acceptances, certificates of deposit, public funds investment pools, and money market mutual funds. The policy states that the Finance Director, as the City's chief financial officer, is responsible for overall management of the City's investment program and is designated as the City's investment officer with the ultimate responsibility and authority for investment transactions.

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 funds 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. The public facility corporation fund is restricted for the financing, refinancing, or provision of public facilities within the City.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(1) Summary of significant accounting policies (continued)

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to either as “due to/from other funds” or “advances to/from other funds” (e.g., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

An allowance for doubtful accounts has been established to estimate losses that are likely to exist. Losses are charged against the allowance when management believes the collectability of a receivable is in question. 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.

Inventory

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory balances represent expendable supplies held for consumption. Inventory is reported under the consumption method whereby expenditures are reported at the time inventory is used. Any inventories in governmental funds are reported at cost and are offset with nonspendable fund balance to show that inventories do not constitute available spendable resources.

Prepaid items

Certain payments to vendors for costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements using the consumption method. Prepaid items in governmental funds are reported as a nonspendable component of fund balance to indicate that they are not spendable for appropriation and are not expendable financial resources.

Capital assets

Capital assets, which include land, buildings and improvements, machinery, vehicles, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable activity columns in the government-wide statement of net position and the proprietary funds statement of net position. Capital assets are defined by the government as land, buildings and improvements, machinery, vehicles, or equipment assets with an initial, individual cost of more than \$5,000 and a useful life of at least two years. Capital assets are recorded where historical records are available and at an estimated original cost where no historical records exist. Donated capital assets, donated works of art, and similar items are recorded at their acquisition value at the date of contribution. 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 (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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital outlays are recorded as expenditures in the governmental funds and as capital assets in the government-wide financial statements to the extent the City’s capitalization thresholds are met.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(1) Summary of significant accounting policies (continued)

Capital assets (continued)

Major outlays for capital assets and improvements are capitalized as construction in progress projects are constructed.

With the exception of land, capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the financial statements of the proprietary funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position.

The ranges of lives used for depreciation purposes for each capital asset class are:

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

Deferred outflows/inflows of resources

When applicable, the statement of net position and the balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent outflows of resources (consumption of net assets) that apply to future periods and that, therefore will not be recognized as an expense or expenditure until that time. Conversely, deferred inflows of resources represent inflows of resources (acquisition of net assets) that apply to future periods and that, therefore, are not recognized as an inflow of resources (revenue) until that time.

Compensated absences

Employees are credited with vacation at rates of ten (10) to twenty-two (22) days per year, depending upon length of service. Carryover of unused vacation time from one year to the next is allowed up to a maximum of thirty (30) days. Classified employees in the fire department earn vacation at the rate of approximately thirteen (13) days to approximately twenty-eight (28) days per year, depending upon length of service. Upon termination, all employees are paid for any accrued vacation not taken.

Regular full-time and regular part-time employees who work at least 20 hours per week are entitled to paid sick leave. Regular full-time employees accrue sick leave at the rate of 96 hours (12 days) per year. Classified employees in the fire department accrue sick leave at the rate of 127 per year. Unused sick leave is canceled upon termination of employment, however, for employees retiring with at least ten (10) years of service with the City are entitled to a partial payment for unused sick leave based on years of service.

Employees who have met the overtime eligibility requirements in accordance with the Fair Labor Standards Act may choose to receive compensatory time off in lieu of overtime pay. The accrual of compensatory time is made at a rate of one and one-half times the number of eligible overtime hours and is limited to sixty (60) hours, unless otherwise specified by the employee's department. After accruing sixty (60) hours of compensatory time off, an employee will receive overtime pay for excess hours in the designated work week. Upon termination, non-exempt employees are paid for all accrued compensatory time, up to the sixty (60) hours maximum.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(1) Summary of significant accounting policies (continued)

Compensated absences (continued)

All vacation pay and applicable sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of the liability is estimated from prior year payments and adjusted for material expected variances. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental funds, the general fund is typically used to liquidate compensated absences.

Long-term debt

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

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

Leases

Lessee Treatment: The City is a lessee for several leases of machinery and equipment. The City recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements and proprietary funds. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more for machinery and equipment leases, and an initial individual value of \$25,000 or more for property, plant, and infrastructure leases.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the asset's useful life or the lease term.

Key estimates and judgements related to leases include how the City determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) the lease term, and 3) the lease payments. When estimating the discount rate, the City uses the interest rate charged by the lessor. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise, if applicable.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(1) Summary of significant accounting policies (continued)

Leases (continued)

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor Treatment: The City is a lessor in one noncancelable lease for the use of the facilities at one of the City's parks. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life or the lease term.

Key estimates and judgements include how the City determines 1) the discount rate it uses to discount the expected lease receipts to present value, 2) the lease term, and 3) the lease receipts. If specified, the City uses the interest rate identified in the contract as the discount rate. If no interest rate is specified, the City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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.

Other postemployment benefits (OPEB)

For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, City specific information about its total OPEB liability in the TMRS Supplemental Death Benefits Fund (SDBF) and retiree health insurance and additions to/deductions from the City's total OPEB liability have been determined on the same basis as they are reported by TMRS and Gabriel, Roeder, Smith & Company (GRS). For this purpose, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Information regarding the City's SDBF total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel, Roeder, Smith & Company

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(1) Summary of significant accounting policies (continued)

Other postemployment benefits (OPEB) (continued)

(GRS). Information regarding the City's retiree health insurance total OPEB liability is obtained through a separate report prepared for the City by GRS. Both reports are prepared in compliance with GASB 75.

Fund balance

In the fund financial statements, governmental fund balance is made up of the following components:

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in physical form (such as inventory or prepaid items) or that are legally or contractually required to be maintained intact.

Restricted fund balances includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.

Committed fund balance includes amounts that can only be used for specific purposes due to formal action of the City Council through adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned fund balance includes amounts that are constrained by an intent to be used for a specific purpose 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's fund balance reserve policy requires maintaining a minimum of six (6) months of operating expenditures within the fund balance of the general fund and a minimum of three (3) months of operating expenditures in reserve for each of the City's special revenue funds. For the utility funds, the City's policy requires a minimum of six (6) months of operating expenditures to be held in reserve. This policy allows the City to better weather economic downturns and strategically handle contingencies and unforeseen emergencies. The general fund operating reserve is included in assigned fund balance and totaled \$15,190,742 at September 30, 2023.

Unassigned fund balance is the residual classification that includes all spendable amounts in the general fund not contained in other classifications. The general fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, the unassigned classification reports a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City considers restricted fund balances to have been spent when an expenditure is incurred for the purposes for which both unrestricted and restricted fund balance is available. The City considers unrestricted fund balances to have been spent when an expenditure is incurred for the purposes for which amounts in any of the unrestricted classifications of fund balance could be used. When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally, unassigned fund balance.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(1) Summary of significant accounting policies (continued)

Net position

In the governmental-wide financial statement and proprietary fund financial statements, net positions are classified as followed:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position is all resources that do not meet the definition of “net investment in capital assets” or “restricted net position”.

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

Property taxes

In accordance with Texas law, property taxes are levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Taxes are payable upon receipt of the tax bill and are due the following February 1 to avoid penalty and interest charges. The tax rate to finance general governmental services, including debt service, was 45.10 cents per \$100 of assessed valuation for the year ended September 30, 2023.

The Kendall County Appraisal District (“Appraisal District”) is responsible for the recording and appraisal of property for all taxing units in Kendall County, including the City. The Appraisal District is required to assess property at 100 percent of its appraised value. The Appraisal District also bills and collects the property taxes for the City.

Unearned revenue

Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(1) Summary of significant accounting policies (continued)

Use of accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the City has made certain estimates and assumptions related to the collectability of its receivables, the depreciation of its capital assets and infrastructure networks, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates.

Implementation of new GASB pronouncement

As of October 1, 2022, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA's). The objectives of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for SBITAs by governments. The statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were classified as operating agreements. It establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financings of the right-to-use an underlying asset. A government is required to recognize a SBITA liability and an intangible right-to-use asset.

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CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(2) Cash, cash equivalents, and investments

State statutes require that all deposits in financial institutions be fully collateralized by U.S. government obligations or obligations of Texas and its agencies that have a fair value of not less than the principal amount of the deposits. The City's deposits were insured up to \$250,000 or collateralized as required by State statutes at September 30, 2023. At year-end, the carrying amount of the City's demand deposits was a balance of \$3,963,915 and the bank balance was \$4,246,185. The collateral is held in the City's name by the City's agent. Cash and investments, as of September 30, 2023, consist of the following:

	Fair Value	Investments Weighted Average Maturity (WAM) days
Cash and cash equivalents		
Cash on hand	\$ 2,806	N/A
Cash in bank	3,963,915	N/A
TexPool	80,746,270	26
Texas Range	10,174,197	23
Texas Class	21,813,143	71
TexStar	23,258	22
Total cash and cash equivalents	<u>116,723,589</u>	
Investments		
Certificates of deposit	470,909	266
Federal agency securities	<u>14,436,375</u>	451
Total investments	<u>14,907,284</u>	
Total cash and investments	<u>\$ 131,630,873</u>	

Investments authorized by Texas statutes and the City's investment policy

State statutes, city policies, and city resolutions authorize the City's investments. The Finance Director is authorized by the City Council to invest all available funds consistent with the City's investment policy. The City is authorized to invest in United States obligations or its agencies and instrumentalities, direct obligations of the State of Texas or its agencies and instrumentalities, other obligations backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, obligations of states, agencies, counties, cities, and other political subdivisions of any state having an investment rating of not less than "A" or its equivalent, fully collateralized repurchase agreements, certificates of deposit issued by a depository institution that has its main office or branch office in the State of Texas, money market mutual funds regulated by the Securities and Exchange Commission with a dollar weighted average portfolio maturity of 90 days or less, and local government investment pools continuously rated no lower than "AAA" or "AAA-m" or at an equivalent rating by at least one nationally recognized rating service.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(2) Cash, cash equivalents, and investments

Investments authorized by Texas statutes and the City's investment policy (continued)

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). JP Morgan 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. JP Morgan 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 invests in Texas Daily, a portfolio of the Texas Range 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 is invested in Texas Cooperative Liquid Assets Securities System (Texas CLASS) trust. Texas CLASS was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code, or other laws of the State of Texas governing the investment of funds of a participant or funds under its control. Texas CLASS is administered by Public Trust Advisors, LLC with Wells Fargo Bank Texas, NA as the custodian and is supervised by a Board of Trustees who are elected by the participants.

Disclosure relating to interest rate risk

Interest rate risk is the risk that changes in market interest will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. One of the ways that the City manages its exposure to interest rate risk is 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 Assistant City Manager.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(2) Cash, cash equivalents, and investments

Investments authorized by Texas statutes and the City's investment policy (continued)

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. In compliance with the City's investment policy and the Texas Public Investment Act, the City manages credit risk through portfolio diversification by limiting investments to avoid over concentration in securities from a specific issuer; limiting investments in securities with high credit risk; and investing in securities with varying maturities. 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, 2023, the ratings of the various investment pools were:

<u>Pool</u>	<u>Rating</u>	<u>Rating Agency</u>
TexPool	AAA-m	Standard & Poor's
Texas Range	AAA-m	Standard & Poor's
Texas Class	AAA-m	Standard & Poor's
TexStar	AAA-m	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, investment 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. At September 30, 2023, the City had no investments that exceeded 5 percent of total investments.

Custodial credit risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party.

The Public Funds Investments Act, Texas Government Code 105 (depository law), and the City's investment policy require that all securities purchased by delivered delivery versus payment to the custodian. Investments are then held in the City's name. Failure of the custodian would not affect ownership or access to the investments. These guarantees and requirements prevent any custodial credit risk for the City.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(2) Cash, cash equivalents, and investments

Investments authorized by Texas statutes and the City's investment policy (continued)

Fair value measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurement), inputs are quoted price of similar assets in active markets (level 2 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

	<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Certificates of deposit	\$ 470,909	\$ -	\$ 470,909	\$ -
Federal agency securities	<u>14,436,375</u>	<u>-</u>	<u>14,436,375</u>	<u>-</u>
Total investments by fair value level	<u>14,907,284</u>	<u>\$ -</u>	<u>\$ 14,907,284</u>	<u>\$ -</u>
Investments measured at amortized cost:				
External investment pool:				
TexPool	<u>80,746,270</u>			
Total external investment pools	<u>80,746,270</u>			
Total investments measured at amortized cost	<u>80,746,270</u>			
Investments measured at net asset value ("NAV"):				
External investment pools:				
Texas Range	10,174,197			
Texas Class	21,813,143			
TexStar	<u>23,258</u>			
Total external investment pools	<u>32,010,598</u>			
Total investments measured at NAV	<u>32,010,598</u>			
Total	<u>\$ 127,664,152</u>			

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(2) Cash, cash equivalents, and investments

Investments authorized by Texas statutes and the City's investment policy (continued)

Fair value measurements (continued)

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.

Investment pools are measured at amortized costs or net asset value (NAV) and are exempt from fair value reporting. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

Investments measured at NAV:	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption
				Notice Period
Texas Range	\$ 10,174,197	N/A	Daily	N/A
Texas Class	21,813,143	N/A	Daily	N/A
TexStar	<u>23,258</u>	N/A	Daily	N/A
Total investments measured at NAV	<u>\$ 32,010,598</u>			

The TexPool investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonable foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The TexStar, Texas TERM, and Texas Class investment pools are external investment pools measured at NAV. Their strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the pools. The pools all have a redemption notice period of one day and may redeem daily. Each investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity. The fair value of the investments in each pool have been determined using the NAV per share of investments.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(3) Receivables

Receivables as of September 30, 2023, for the City's governmental major funds, nonmajor and other funds in the aggregate, including the applicable allowances for uncollectable amounts are as follows:

Receivables	General	Park Fund	Nonmajor Funds	Total
Property taxes	\$ 112,000	\$ 39,149	\$ 46,260	\$ 197,409
Sales taxes	1,841,866	-	-	1,841,866
Access line fees	560	-	-	560
Franchise fees	81,237	-	-	81,237
Interest	61,797	-	-	61,797
Leases	-	9,182	-	9,182
Miscellaneous	90,311	9,035	123,810	223,156
Gross receivables	2,187,771	57,366	170,070	2,415,207
Less allowance for uncollectible accounts	(16,800)	(5,872)	(6,940)	(29,612)
Net total receivables	<u>\$ 2,170,971</u>	<u>\$ 51,494</u>	<u>\$ 163,130</u>	<u>\$ 2,385,595</u>

Receivables as of September 30, 2023, for the City's major and nonmajor enterprise funds, including unbilled charges for services rendered through year end, are as follows:

Receivables	Electric	Water	Wastewater	Gas	Nonmajor Funds	Total
Accounts	\$ 3,046,338	\$ 1,131,038	\$ 904,307	\$ 415,964	\$ 280,048	\$ 5,777,695
Interest	58,709	20,537	23,410	-	-	102,656
Miscellaneous	258,990	8,133	-	-	-	267,123
Gross receivables	3,364,037	1,159,708	927,717	415,964	280,048	6,147,474
Less allowance for uncollectable accounts	(15,777)	(7,782)	(8,543)	(1,511)	(946)	(34,559)
Total receivables	<u>\$ 3,348,260</u>	<u>\$ 1,151,926</u>	<u>\$ 919,174</u>	<u>\$ 414,453</u>	<u>\$ 279,102</u>	<u>\$ 6,112,915</u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(4) Interfund activity

	Transfers In	Transfers Out	Governmental Activities, net	Business-Type Activities, net
<i>Governmental Activities:</i>				
General fund	\$ 260,963	\$ (7,253,928)	\$ (6,992,965)	\$ -
Park fund	218,804	(1,300,000)	(1,081,196)	-
Capital projects fund	8,240,810	-	8,240,810	-
Nonmajor governmental funds	2,397,840	(453,000)	1,944,840	-
<i>Business-type Activities:</i>				
Electric fund	-	(1,965,863)	-	(1,965,863)
Water fund	1,100,000	(1,943,513)	-	(843,513)
Wastewater fund	1,350,000	(1,210,575)	-	139,425
Gas fund	650,000	(10,575)	-	639,425
Nonmajor enterprise funds	-	(80,963)	-	(80,963)
Total transfers	<u>\$ 14,218,417</u>	<u>\$ (14,218,417)</u>	<u>\$ 2,111,489</u>	<u>\$ (2,111,489)</u>

The City utilized transfers to: 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due; and 2) move unrestricted fund revenue to finance various programs that the City must account for in other funds in accordance with budgetary authorizations.

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CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(5) Capital assets

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.

Governmental activities

Capital asset activity for governmental activities for the year ended September 30, 2023, was as follows:

	Beginning Balance October 1, 2022	Additions	Deletions	Ending Balance September 30, 2023
Capital assets, not being depreciated:				
Land	\$ 10,782,215	\$ -	\$ -	\$ 10,782,215
Construction in progress	901,529	2,793,326	-	3,694,855
Total capital assets, not being depreciated	11,683,744	2,793,326	-	14,477,070
Other capital assets:				
Buildings and plant	47,099,992	110,449	(571,949)	46,638,492
Improvements other than buildings	14,377,070	101,957	-	14,479,027
Infrastructure	58,023,075	3,464,103	-	61,487,178
Machinery and equipment	10,737,571	623,027	(866,792)	10,493,806
Right-to-use leases				
Machinery and equipment	1,006,067	695,303	-	1,701,370
SBITAs	365,984	20,845	-	386,829
Total other capital assets	131,609,759	5,015,684	(1,438,741)	135,186,702
Less accumulated depreciation for:				
Buildings and plant	(17,643,696)	(1,654,133)	570,334	(18,727,495)
Improvements other than buildings	(10,285,586)	(503,596)	-	(10,789,182)
Infrastructure	(24,921,886)	(2,455,429)	-	(27,377,315)
Machinery and equipment	(8,898,846)	(250,807)	866,792	(8,282,861)
Total accumulated depreciation	(61,750,014)	(4,863,965)	1,437,126	(65,176,853)
Less accumulated amortization for:				
Right-to-use leases				
Machinery and equipment	(242,500)	(330,631)	-	(573,131)
SBITAs	-	(127,077)	-	(127,077)
Total accumulated amortization	(242,500)	(457,708)	-	(700,208)
Total other capital assets, net	69,617,245	(305,989)	(1,615)	69,309,641
Total capital assets, net	\$ 81,300,989	\$ 2,487,337	\$ (1,615)	\$ 83,786,711

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(5) Capital assets (continued)

Governmental activities (continued)

Depreciation and amortization expense for the year ended September 30, 2023, was charged to the functions/programs of the governmental activities as follows:

Governmental activities:	
General government	\$ 736,707
Public safety	854,577
Highways and streets	2,513,735
Economic development	67,005
Culture and recreation	<u>1,149,649</u>
Total depreciation/amortization expense – governmental activities	<u><u>\$ 5,321,673</u></u>

Business-type activities

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balance October 1, 2022	Additions	Deletions	Ending Balance September 30, 2023
Capital assets, not being depreciated:				
Land	\$ 7,237,877	\$ 125,251	\$ -	\$ 7,363,128
Construction in progress	<u>601,228</u>	<u>1,134,617</u>	<u>(271,547)</u>	<u>1,464,298</u>
Total capital assets, not being depreciated	<u>7,839,105</u>	<u>1,259,868</u>	<u>(271,547)</u>	<u>8,827,426</u>
Other capital assets:				
Buildings and plant	41,655,780	-	-	41,655,780
Infrastructure	122,577,851	3,016,434	-	125,594,285
Machinery and equipment	6,279,250	(109,339)	(494,343)	5,675,568
Right-to-use leases				
Machinery and equipment	139,562	236,419	-	375,981
SBITAs	<u>224,391</u>	<u>-</u>	<u>-</u>	<u>224,391</u>
Total other capital assets	<u>170,876,834</u>	<u>3,143,514</u>	<u>(494,343)</u>	<u>173,526,005</u>
Less accumulated depreciation for:				
Buildings and plant	(22,540,798)	(1,919,328)	-	(24,460,126)
Infrastructure	(52,584,880)	(4,770,171)	-	(57,355,051)
Machinery and equipment	<u>(4,453,178)</u>	<u>(276,072)</u>	<u>158,989</u>	<u>(4,570,261)</u>
Total accumulated depreciation	<u>(79,578,856)</u>	<u>(6,965,571)</u>	<u>158,989</u>	<u>(86,385,438)</u>
Less accumulated amortization for:				
Right-to-use leases				
Machinery and equipment	(25,981)	(75,803)	-	(101,784)
SBITAs	<u>-</u>	<u>(78,094)</u>	<u>-</u>	<u>(78,094)</u>
Total accumulated amortization	<u>(25,981)</u>	<u>(153,897)</u>	<u>-</u>	<u>(179,878)</u>
Total other capital assets, net	<u>91,271,997</u>	<u>(3,975,954)</u>	<u>(335,354)</u>	<u>86,960,689</u>
Total capital assets, net	<u><u>\$ 99,111,102</u></u>	<u><u>\$ (2,716,086)</u></u>	<u><u>\$ (606,901)</u></u>	<u><u>\$ 95,788,115</u></u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(5) Capital assets (continued)

Business-type activities (continued)

Depreciation and amortization expense for the year ended September 30, 2023, was charged to the functions/programs of the business-type activities as follows:

Business-type activities:

Electric utility	\$ 799,688
Water utility	1,818,850
Wastewater utility	3,690,801
Gas utility	713,561
Solid waste utility	<u>155</u>
Total depreciation/amortization expense – business-type activities	<u><u>\$ 7,023,055</u></u>

(6) Long-term liabilities

Summaries

For the year ended September 30, 2023, the City reported the following changes in long-term liabilities:

Governmental Activities	Balance October 1, 2022	Incurred/ Issued	Matured/ Retired	Balance September 30, 2023	Amounts due within one year
General obligation bonds	\$ 31,230,000	\$ 17,805,000	\$ 1,995,000	\$ 47,040,000	\$ 3,460,000
Bond premium	3,225,056	512,059	210,858	3,526,257	237,809
Lease purchase agreements	423,014	440,857	279,910	583,961	262,589
Lease liabilities	763,647	659,240	350,617	1,072,270	404,567
SBITA liabilities	365,984	20,845	162,322	224,507	161,302
Compensated absences	1,303,499	891,073	857,954	1,336,618	400,985
Net pension liability (note 8)	9,543,527	9,030,096	-	18,573,623	-
Total OPEB liability - TMRS SDBF (note 9)	669,471	-	187,716	481,755	-
Total OPEB liability - retiree (note 9)	<u>3,380,615</u>	<u>-</u>	<u>716,019</u>	<u>2,664,596</u>	<u>-</u>
Total governmental activities	<u><u>\$ 50,904,813</u></u>	<u><u>\$ 29,359,170</u></u>	<u><u>\$ 4,760,396</u></u>	<u><u>\$ 75,503,587</u></u>	<u><u>\$ 4,927,252</u></u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(6) Long-term liabilities (continued)

Summaries (continued)

Business-Type Activities	Balance October 1, 2022	Incurred/ Issued	Matured/ Retired	Balance September 30, 2023	Amounts due within one year
General obligation bonds	\$ 30,485,000	\$ -	\$ 1,590,000	\$ 28,895,000	\$ 1,665,000
Bond premium	2,767,198	-	172,754	2,594,444	172,754
Lease purchase agreements	254,401	-	254,401	-	-
Lease liabilities (note 7)	112,569	235,168	73,953	273,784	90,719
SBITA liabilities	224,391	-	93,661	130,730	89,673
Compensated absences	440,408	291,337	293,527	438,218	131,465
Net pension liability (note 8)	3,147,333	2,763,124	-	5,910,457	-
Total OPEB liability - TMRS SDBF (note 9)	220,783	-	67,481	153,302	-
Total OPEB liability - retiree (note 9)	1,114,883	-	266,961	847,922	-
Total business-type activities	<u>\$ 38,766,966</u>	<u>\$ 3,289,629</u>	<u>\$ 2,812,738</u>	<u>\$ 39,243,857</u>	<u>\$ 2,149,611</u>

Long-term debt at September 30, 2023, includes the following individual issues (not including unamortized premiums or discounts):

	Interest Rate %	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
<u>Governmental Activities</u>						
2016 General obligation refunding bonds	3.00 - 5.00	6/2/2016	3/1/2033	\$ 8,510,000	\$ 2,035,000	\$ 6,475,000
2019 General obligation refunding bonds	2.11 - 2.40	4/23/2019	3/1/2027	2,720,000	1,625,000	1,095,000
2021 General obligation refunding bonds	2.00 - 4.00	12/1/2021	3/1/2040	23,085,000	1,420,000	21,665,000
2023 General obligation bonds	4.00 - 5.00	9/5/2023	3/1/2042	17,805,000	-	17,805,000
				<u>52,120,000</u>	<u>5,080,000</u>	<u>47,040,000</u>
<u>Business-Type Activities</u>						
2016 General obligation refunding bonds	3.00 - 5.00	6/1/2016	3/1/2034	11,435,000	6,140,000	5,295,000
2017 General obligation refunding bonds	3.50 - 5.00	12/1/2017	3/1/2040	26,185,000	2,585,000	23,600,000
				<u>37,620,000</u>	<u>8,725,000</u>	<u>28,895,000</u>
Total general obligation bonds				<u>\$ 89,740,000</u>	<u>\$ 13,805,000</u>	<u>\$ 75,935,000</u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(6) Long-term liabilities (continued)

Summaries (continued)

The annual requirements to amortize debt outstanding at September 30, 2023, are as follows:

General Obligation Bonds - Governmental Activities			
Year Ended September 30,	Principal	Interest	Total
2024	\$ 3,460,000	\$ 1,742,101	\$ 5,202,101
2025	2,195,000	1,598,119	3,793,119
2026	2,250,000	1,513,922	3,763,922
2027	2,315,000	1,427,207	3,742,207
2028	2,510,000	1,336,000	3,846,000
2029-2033	14,755,000	5,017,650	19,772,650
2034-2038	10,125,000	2,594,325	12,719,325
2039-2042	9,430,000	676,200	10,106,200
	<u>\$ 47,040,000</u>	<u>\$ 15,905,524</u>	<u>\$ 62,945,524</u>

General Obligation Bonds - Business-Type Activities			
Year Ended September 30,	Principal	Interest	Total
2024	\$ 1,665,000	\$ 1,201,725	\$ 2,866,725
2025	1,735,000	1,128,975	2,863,975
2026	1,805,000	1,058,175	2,863,175
2027	1,255,000	991,950	2,246,950
2028	1,310,000	931,675	2,241,675
2029-2033	7,585,000	3,631,275	11,216,275
2034-2038	9,300,000	1,753,513	11,053,513
2039-2042	4,240,000	171,200	4,411,200
	<u>\$ 28,895,000</u>	<u>\$ 10,868,488</u>	<u>\$ 39,763,488</u>

Lease Purchase Agreement - Governmental Activities			
Year Ended September 30,	Principal	Interest	Total
2024	\$ 262,589	\$ 25,157	\$ 287,746
2025	273,473	14,274	287,747
2026	47,899	2,893	50,792
	<u>\$ 583,961</u>	<u>\$ 42,324</u>	<u>\$ 626,285</u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(6) Long-term liabilities (continued)

Summaries (continued)

The City intends to retire all of its general long-term liabilities, plus interest, from the collection of ad valorem taxes. Long-term liabilities including lease purchase agreements, other lease liabilities, compensated absences, net pension liabilities, and other postemployment benefit obligations attributable to governmental activities will be liquidated primarily by the general fund. Proprietary fund type long-term debt issued for electric, wastewater, and gas projects will be repaid, plus interest, from the operating revenues of their respective funds.

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These types of bonds have been issued by the City for both governmental activities as well as business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenue. General obligation bonds are direct obligations, for which the City has pledged the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year. The City is required by bond covenants to create from ad valorem tax revenues a sinking fund sufficient to pay the current interest and principal installments as they become due. In addition to the sinking fund, there are a number of limitations and restrictions contained in the various general obligation bonds and certificate indentures. The City is in compliance with the significant limitations and restrictions as of September 30, 2023.

Arbitrage compliance

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate to the federal government excess arbitrage earnings from bond proceeds. As of September 30, 2023, the City did not have an arbitrage rebate liability.

Lease purchase agreements

The City has entered into multiple lease purchase agreements (direct borrowing) to purchase equipment for the police department, parks department, streets department, and stormwater utility. As these agreements transfer ownership of the underlying assets to the City at the end of the lease, they are reported as a financed purchases under GASB 87. The commitments for each lease are expected to be funded by the City's general fund, park fund, and stormwater fund. The historical purchase price of the assets under the lease purchase agreements is approximately \$1.04 million and entirely classified as machinery and equipment.

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, 2023 could not be determined; however, the original issue amount totaled \$17 million.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(7) Leases

Lease liabilities (City as lessee)

For the fiscal year ended September 30, 2023, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. The statement establishes a single model for lease accounting based on the principal that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

On October 1, 2021, the City entered into a 33-month lease as lessee for the use of printers and copiers. An initial lease liability was recorded in the amount of \$165,902. As of September 30, 2023, the value of the lease liability was \$45,469. The City is required to make monthly fixed payments of \$7,985. The lease has an interest rate of 0.3280%. The value of the right-to-use asset as of September 30, 2023 of \$165,902 with accumulated amortization of \$58,669 is included with leased machinery and equipment.

On October 1, 2021, the City entered into a 32-month lease as lessee for the use of computer equipment. An initial lease liability was recorded in the amount of \$27,414. As of September 30, 2023, the value of the lease liability was \$1. The City is required to make annual fixed payments of \$13,759. The lease has an interest rate of 0.3280%. The value of the right-to-use asset as of September 30, 2023 of \$0 with accumulated amortization of \$27,414 is included with leased machinery and equipment.

On March 14, 2022, the City entered into a 60-month lease as lessee for the use of office equipment. An initial lease liability was recorded in the amount of \$17,814. As of September 30, 2023, the value of the lease liability was \$11,629. The City is required to make quarterly fixed payments of \$905. The lease has an interest rate of 0.6860%. The value of the right-to-use asset as of September 30, 2023 of \$12,302 with accumulated amortization of \$3,563 is included with leased machinery and equipment.

On June 1, 2023, the City entered into an additional 48-month lease as lessee for the use of computer equipment. An initial lease liability was recorded in the amount of \$85,514. As of September 30, 2023, the value of the lease liability is \$64,135. The City is required to make annual fixed payments of \$21,378. The lease has an interest rate of 0.0404%. The computer equipment estimated useful life was 48 months as of the contract commencement. The value of the right-to-use asset as of September 30, 2023 of \$85,514 with accumulated amortization of \$7,126 is included with leased machinery and equipment. The City has the option to purchase the computer equipment for \$52.

Throughout the fiscal year, the City entered into nineteen (19) leases as lessee for the use of vehicles with lease terms ranging from 43 months to 48 months. The total lease liability recorded was \$805,308, with individual amounts ranging from \$25,405 to \$53,130. As of September 30, 2023, the total value of the lease liabilities was \$709,759. The City is required to make monthly fixed payments in amounts ranging from \$519 to \$1,289 per month. The leases have interest rates ranging from 0.4750% to 2.2750%. The total value of the right-to-use assets as of September 30, 2023 of \$740,135 with total accumulated amortization of \$102,709 is included with leased machinery and equipment on the lease class activities table found below. The leases contain a guaranteed residual value payment in amounts ranging from \$841 to \$13,570.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(7) Leases (continued)

Lease liabilities (City as lessee)

Asset Class	Governmental Activities	
	Lease Asset Value	Accumulated Amortization
Machinery and equipment	\$ 1,701,368	\$ 573,131
	<u>\$ 1,701,368</u>	<u>\$ 573,131</u>

Asset Class	Business-Type Activities	
	Lease Asset Value	Accumulated Amortization
Machinery and equipment	\$ 375,981	\$ 101,784
	<u>\$ 375,981</u>	<u>\$ 101,784</u>

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 404,567	\$ 15,981	\$ 420,548
2025	356,665	10,395	367,060
2026	216,848	5,027	221,875
2027	<u>94,190</u>	<u>1,048</u>	<u>95,238</u>
Total	<u>\$ 1,072,270</u>	<u>\$ 32,451</u>	<u>\$ 1,104,721</u>

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 90,719	\$ 5,066	\$ 95,785
2025	91,056	3,294	94,350
2026	70,347	1,514	71,861
2027	<u>21,662</u>	<u>130</u>	<u>21,792</u>
Total	<u>\$ 273,784</u>	<u>\$ 10,004</u>	<u>\$ 283,788</u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(7) Leases (continued)

Lease liabilities (City as lessee)

SBITAs

At September 30, 2023, the City was obligated under the right to use SBITAs for general administrative subscription agreements. These agreements included contracts for the City's budget and financial software and various other IT software. Future minimum payments on the SBITA agreements are as follows:

SBITAs - Governmental Activities			
Year Ended September 30,	Principal	Interest	Total
2024	\$ 161,302	\$ 7,290	\$ 168,592
2025	39,915	2,068	41,983
2026	23,290	766	24,056
	<u>\$ 224,507</u>	<u>\$ 10,124</u>	<u>\$ 234,631</u>

SBITAs - Business-Type Activities			
Year Ended September 30,	Principal	Interest	Total
2024	\$ 89,673	\$ 4,235	\$ 93,908
2025	27,078	1,339	28,417
2026	13,979	458	14,437
	<u>\$ 130,730</u>	<u>\$ 6,032</u>	<u>\$ 136,762</u>

Lease liabilities (City as lessor)

On October 1, 2021, the City entered into a 57 month lease as lessor for the use of the batting cages at Northup Park. An initial lease receivable was recorded in the amount of \$15,081. As of September 30, 2023, the value of the lease receivable was \$9,182. The lessee is required to make annual fixed payments of \$3,000. The lease has an interest rate of 0.6320%. The value of the deferred inflow of resources as of September 30, 2023 was \$8,823, and the City recognized lease revenue of \$2,923 during the fiscal year. The lessee has one extension option for 60 months as part of the lease agreement.

Year Ending September 30,	Governmental Activities		
	Principal Receipts	Interest Receipts	Total
2024	\$ 2,942	\$ 58	\$ 3,000
2025	2,961	39	3,000
2026	3,279	21	3,300
Total	<u>\$ 9,182</u>	<u>\$ 118</u>	<u>\$ 9,300</u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(8) Defined benefit pension plan

Plan description

The City of Boerne participates as one of the 919 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at tmrs.com.

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

Benefits provided

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

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

The plan provisions are adopted by the City Council within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for employees is 7%, and the City matching percent is currently 2 to 1.

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Active members	282
Inactive employees or beneficiaries currently receiving benefits	121
Inactive employees entitled to but not yet receiving benefits	<u>135</u>
Total	<u><u>538</u></u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(8) Defined benefit pension plan

Contributions

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

Employees for the City of Boerne were required to contribute 7% of their annual compensation during the fiscal year. The City matches 2 to 1. The contribution rate for the City was 18.63% and 18.75% in calendars 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$3,873,456. The City's contributions were in excess of actuarially determined contributions by \$69,197 for the year ended September 30, 2023.

Net pension liability

The City's net pension liability (NPL) was measured as of December 31, 2022 and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31st
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years (longest amortization ladder)
Asset valuation method	10 year smoothed market, 12% soft corridor
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 an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(8) Defined benefit pension plan (continued)

Actuarial assumptions (continued)

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the general employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate, for males and females respectively, is applied 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 rates (APRs) is based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan 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.

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	<u>100.00%</u>	

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(8) Defined benefit pension plan (continued)

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability

The schedule below presents the changes in the net pension liability (asset) as of December 31, 2022:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2021	\$ 87,566,793	\$ 74,875,933	\$ 12,690,860
Changes for the year:			
Service cost	3,477,558	-	3,477,558
Interest	5,924,320	-	5,924,320
Changes of benefit terms	-	-	-
Difference between expected and actual experience	1,739,920	-	1,739,920
Changes of assumptions	-	-	-
Contributions - employer	-	3,515,923	(3,515,923)
Contributions - employee	-	1,302,456	(1,302,456)
Net investment income	-	(5,478,943)	5,478,943
Benefit payments, including refunds of employee contributions	(3,075,738)	(3,075,738)	-
Administrative expenses	-	(47,297)	47,297
Other changes	-	56,439	(56,439)
Net changes	<u>8,066,060</u>	<u>(3,727,160)</u>	<u>11,793,220</u>
Balance at 12/31/2022	<u>\$ 95,632,853</u>	<u>\$ 71,148,773</u>	<u>\$ 24,484,080</u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(8) Defined benefit pension plan (continued)

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.0% 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	<u>\$ 38,671,753</u>	<u>\$ 24,484,080</u>	<u>\$ 12,898,546</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in a separately issued TMRS financial report. The report may be obtained on the internet at TRMS.com.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2023, the City recognized pension expense of \$5,144,209.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,348,932	\$ -
Changes of assumptions	35,344	-
Net difference in projected and actual earnings on	4,896,098	-
Contributions made subsequent to the measurement date	2,936,256	-
Total	<u>\$ 10,216,630</u>	<u>\$ -</u>

The \$2,936,250 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Net Deferred Outflows/(Inflows)
2024	\$ 1,019,479
2025	1,803,658
2026	1,802,861
2027	2,543,596
2028	110,780
Thereafter	-
Total	<u>\$ 7,280,374</u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(9) Other postemployment benefits (OPEB) plans

Retiree Health Care Plan

Plan description

The City of Boerne makes available a single-employer group hospitalization 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 (age 60 with 5 or more years of service or any age with 20 or more years of service).

The coverage extends to the employee only and is optional to the employee who is retiring. The plan does not issue a separate set of financial statements.

Benefits provided

The City provides one of two benefit plans to its retirees: the Pre-65 Retiree Plan or the Medicare Advantage Program for retirees age 65 and over.

The Pre-65 Retiree Plan includes members from the City's active employee pool plan. Retirees 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 plan administrator. 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. Subsidies are adjusted by the annual cost of living adjustment, which is determined by the City Council during the budget process. 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. Employees retiring before the age of 65 are not eligible for the post-65 subsidy.

For retirees over the age of 65, the City offers a subsidy for supplement Medicare coverage, provided the retiree has 20 years of service or more at the City. The retiree must show proof of insurance beyond Part A and Part B, or Part D of Medicare. Post 65 retirees will be subsidized based on the years of service, and the subsidies are adjusted by the annual cost of living adjustment, which is determined by the City Council during the budget process.

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

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(9) Other postemployment benefits (OPEB) plans (continued)

Retiree Health Care Plan (continued)

Employees covered

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Active members	252
Retirees and beneficiaries	<u>18</u>
Total	<u><u>270</u></u>

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 2023 is as follows:

<u>City of Boerne Years of Service</u>	<u>Pre-65 Subsidy</u>	<u>Post-65 Subsidy</u>
Less than 20 years	\$ -	\$ -
20 - 24 years	290.36	143.46
25 - 29 years	343.15	172.14
30 - 34 years	435.53	200.84
35 - 39 years	461.93	229.55
Over 40 years	494.92	258.22

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, 2023 were \$37,103 and were equal to the required contributions.

Total OPEB liability

The City's total OPEB liability of \$3,512,518 was measured as of December 31, 2022 and was determined by an actuarial valuation as of the same date.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(9) Other postemployment benefits (OPEB) plans (continued)

Retiree Health Care Plan (continued)

Actuarial assumptions:

The total OPEB liability in the December 31, 2022 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 11.5% including inflation
Discount rate	4.05% as of December 31, 2022
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 13 years.
Participation rates	95% 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 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 with less than 20 years of City service.
Actuarial cost method	Individual entry-age normal

The discount rate changed from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(9) Other postemployment benefits (OPEB) plans (continued)

Retiree Health Care Plan (continued)

Changes in the total OPEB liability

Balance at 12/31/2021	\$ 4,495,498
Changes for the year:	
Service cost	327,932
Interest on total OPEB liability	85,157
Changes of benefit terms	-
Difference between expected and actual experience	(19,476)
Changes of assumptions	(1,313,866)
Benefit payments	(62,727)
Net changes	<u>(982,980)</u>
Balance at 12/31/2022	<u>\$ 3,512,518</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 4.05%, as well as what the City's OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1% Decrease (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
OPEB liability	<u>\$ 4,034,253</u>	<u>\$ 3,512,518</u>	<u>\$ 3,082,542</u>

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 healthcare trend rates described above, as well as what the City's total OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

	Current Healthcare Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
OPEB liability	<u>\$ 2,953,192</u>	<u>\$ 3,512,518</u>	<u>\$ 4,227,338</u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(9) Other postemployment benefits (OPEB) plans (continued)

Retiree Health Care Plan (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of \$264,909 related to retiree healthcare.

At September 30, 2023, 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 between expected and actual experience	\$ 6,309	\$ 829,599
Changes in actuarial assumptions	747,788	1,278,118
Contributions made subsequent to the measurement date	62,811	-
Total	<u>\$ 816,908</u>	<u>\$ 2,107,717</u>

The City reported \$62,811 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Net Deferred</u> <u>Outflows/(Inflows)</u>
2024	\$ (148,180)
2025	(148,180)
2026	(148,180)
2027	(148,180)
2028	(171,116)
Thereafter	(589,784)
	<u>\$ (1,353,620)</u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(9) Other postemployment benefits (OPEB) plans (continued)

Supplemental death benefits fund (SDBF)

Plan description

The City participates in a single-employer defined benefit plan, which operates like a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). The City has elected, by ordinance, to participate in this program and provide group-term life insurance coverage to both current and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits provided

The death benefit for active employees providing 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 members are insured for \$7,500; this coverage is an "other postemployment benefit" or OPEB. 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).

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one year delay between the actuarial valuation that serves as the basis for the City's contribution rate and the calendar year when the rate goes into effect. 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 0.28% and 0.17% for calendar years 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$57,176 and were equal to the required contributions.

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement dates, the following employees were covered by the benefit terms:

Active employees	282
Inactive employees currently receiving benefits	98
Inactive employees entitled to but not yet receiving benefits	<u>39</u>
Total	<u><u>419</u></u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(9) Other postemployment benefits (OPEB) plans (continued)

Supplemental death benefits fund (SDBF) (continued)

Total OPEB liability

The City's total OPEB liability of \$635,057 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the December 31, 2022 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 11.5% including inflation
Discount rate *	4.05%
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 Retires of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retires 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, 2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(9) Other postemployment benefits (OPEB) plans (continued)

Supplemental death benefits fund (SDBF) (continued)

Changes in the total OPEB liability

Balance at December 31, 2021	\$	890,254
Changes for the year:		
Service cost		55,820
Interest on the total OPEB liability		16,774
Changes of benefit terms		-
Difference between expected and actual experience		24,312
Changes of assumptions		(339,078)
Benefit payments*		<u>(13,025)</u>
Net changes		<u>(255,197)</u>
Balance at December 31, 2022	\$	<u>635,057</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 4.05%, as well as what the City's OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1% Decrease (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
OPEB liability	<u>\$ 764,019</u>	<u>\$ 635,057</u>	<u>\$ 534,875</u>

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of \$56,704 related to the SDBF.

At September 30, 2023, 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 between expected and actual experience	\$ 2,550	\$ -
Changes in actuarial assumptions	-	157,717
Contributions made subsequent to the measurement date	<u>12,383</u>	<u>-</u>
Total	<u>\$ 14,933</u>	<u>\$ 157,717</u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(9) Other postemployment benefits (OPEB) plans (continued)

Supplemental death benefits fund (SDBF) (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB (continued):

The City reported \$12,383 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Net Deferred</u> <u>Outflows/(Inflows)</u>
2024	\$ (15,890)
2025	(18,417)
2026	(18,334)
2027	(23,071)
2028	(37,554)
Thereafter	<u>(41,901)</u>
Total	<u><u>\$ (155,167)</u></u>

Summary of OPEB plans

Total OPEB liabilities

Total OPEB liabilities are reported in the accompanying statements of net position as follows:

	<u>Total</u> <u>OPEB</u> <u>Liability</u>
Retiree Healthcare Plan	\$ 3,512,518
Supplemental Death Benefits Fund (SDBF) Plan	<u>635,057</u>
Total	<u><u>\$ 4,147,575</u></u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(9) Other postemployment benefits (OPEB) plans (continued)

Summary of OPEB plans (continued)

OPEB expense and deferred outflows and inflows of resources related to OPEB

OPEB expenses are reported in the accompanying financial statements as follows:

	Net OPEB Expense
Retiree Healthcare Plan	\$ 264,909
Supplemental Death Benefits Fund (SDBF) Plan	<u>56,704</u>
Total	<u><u>\$ 321,613</u></u>

Deferred outflows of resources are reported in the accompanying statements of net position as follows:

	Difference Between Expected and Actual Experience	Changes in Assumptions	Contributions Made Subsequent to the Measurement Date	Total OPEB Plans
Retiree Healthcare Plan	\$ 6,309	\$ 747,788	\$ 62,811	\$ 816,908
Supplemental Death Benefits Fund (SDBF) Plan	<u>2,550</u>	<u>-</u>	<u>12,383</u>	<u>14,933</u>
Total	<u><u>\$ 8,859</u></u>	<u><u>\$ 747,788</u></u>	<u><u>\$ 75,194</u></u>	<u><u>\$ 831,841</u></u>

Deferred inflows of resources are reported in the accompanying statements of net position as follows:

	Difference Between Expected and Actual Experience	Changes in Assumptions	Total OPEB Plans
Retiree Healthcare Plan	\$ 829,599	\$ 1,278,118	\$ 2,107,717
Supplemental Death Benefits Fund (SDBF) Plan	<u>-</u>	<u>157,717</u>	<u>157,717</u>
Total	<u><u>\$ 829,599</u></u>	<u><u>\$ 1,435,835</u></u>	<u><u>\$ 2,265,434</u></u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(10) Fund balance classifications

Fund balances at September 30, 2023, for the governmental funds were categorized as nonspendable, restricted, committed, assigned, or unassigned for the following purposes:

	General Fund	Park Fund	Capital Projects Fund	2023 Bond Construction Fund	Other Governmental Funds	Total
Nonspendable						
Endowment funds	\$ -	\$ -	\$ -	\$ -	\$ 775,186	\$ 775,186
Prepays	322,790	-	-	-	-	322,790
Total nonspendable	322,790	-	-	-	775,186	1,097,976
Restricted						
Capital projects	-	-	-	17,892,748	-	17,892,748
Cemetery	-	-	-	-	1,255,246	1,255,246
Court security	88,219	-	-	-	-	88,219
Court technology	16,021	-	-	-	-	16,021
Debt service	-	-	-	-	948,591	948,591
Grants	15,351	-	-	-	-	15,351
Opioid abatement funds	14,307	-	-	-	-	14,307
Hotel/motel - tourism promotion	-	-	-	-	385,581	385,581
Law enforcement seized funds	122,471	-	-	-	-	122,471
PEG fees	49,537	-	-	-	-	49,537
Tree mitigation	-	2,790,670	-	-	-	2,790,670
Parkland dedication	-	549,360	-	-	-	549,360
Parkland improvement	-	214,000	-	-	-	214,000
Public Facility Corporation	-	-	-	-	719,903	719,903
Total restricted	305,906	3,554,030	-	17,892,748	3,309,321	25,062,005
Assigned						
Capital projects: beautifications	-	-	442,491	-	-	442,491
Capital projects: parks	-	-	3,656,760	-	-	3,656,760
Capital projects: sidewalks	-	-	880,035	-	-	880,035
Capital projects: streets	-	-	5,552,273	-	-	5,552,273
Capital projects: facilities	-	-	5,925,022	-	-	5,925,022
Economic development	-	-	-	-	2,028,507	2,028,507
Equipment replacement	1,711,321	-	-	-	-	1,711,321
Dispatch interlocal funds	703,800	-	-	-	-	703,800
Donations	159,143	-	-	-	-	159,143
Library	-	-	-	-	397,556	397,556
Operating reserve	12,616,478	933,193	-	-	661,289	14,210,960
Parks	-	1,174,823	-	-	-	1,174,823
Total assigned	15,190,742	2,108,016	16,456,581	-	3,087,352	36,842,691
Total fund balances	<u>\$ 15,819,438</u>	<u>\$ 5,662,046</u>	<u>\$ 16,456,581</u>	<u>\$ 17,892,748</u>	<u>\$ 7,171,859</u>	<u>\$ 63,002,672</u>

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(11) Net investment in capital assets

The government-wide statement of net position reports net investment in capital assets as follows:

	Governmental Activities	Business-Type Activities	Total
Total capital assets, net	\$ 83,786,711	\$ 95,788,115	\$ 179,574,826
Less related debt:			
General obligation bonds	(47,040,000)	(28,895,000)	(75,935,000)
Bond premium	(3,526,257)	(2,594,444)	(6,120,701)
Lease purchase agreements	(583,961)	-	(583,961)
Lease liabilities	(1,072,270)	(273,784)	(1,346,054)
SBITA liabilities	(224,507)	(130,730)	(355,237)
Plus related deferred outflows of resources:			
Deferred charge on refunding	325,202	984,628	1,309,830
Net investment in capital assets	<u>\$ 31,664,918</u>	<u>\$ 64,878,785</u>	<u>\$ 96,543,703</u>

(12) 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, or 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 2023.
- *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 2023, the City rebated \$473,727 in taxes and other economic incentives.

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2023

(13) Risk management and contingent liabilitiesRisk management

The City is exposed to various risks of loss relating to general liability, theft of, damage to, or destruction of City assets, errors and omissions, natural disasters, and personal risks which relate to workers' compensation. The City participates in the Texas Municipal League (TML) Intergovernmental Risk Pool 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. 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.

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 in 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.

In the assessment of a contingency indicates it is probable that a material loss has 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.

(14) Ranches at Creekside Public Improvement District

On November 9, 2021, the City of Boerne approved Resolution No. 2021-R75, authorizing the creation of the Ranches at Creekside Public Improvement District (PID). The Ranches at Creekside PID consists of approximately 195.79 acres located within the City limits. This district was created in accordance with Chapter 372.003 or the Texas Local Government Code, as amended.

(15) Subsequent events

Subsequent events have been evaluated through the date of the auditor's report, March 26, 2024, which is the date the financial statements were available to be issued.



REQUIRED SUPPLEMENTARY INFORMATION



CITY OF BOERNE, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGET INFORMATION****For the year ended September 30, 2023**Budgetary information

The annual operating budgets for the general fund and all other governmental funds are legally adopted each September to be effective October 1 for the ensuing fiscal year. Budgeted expenditures are adopted through the passage of an ordinance. This ordinance constitutes the maximum authorized expenditures for the fiscal year and cannot legally be exceeded except by subsequent amendments of the budget by the City Council.

The appropriated budget is prepared by fund, function, and department. Following approval of the budget by the Mayor and City Council, the City 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 City Council. For the general fund, the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is considered to be the department level. For all other funds the legal level of budgetary control is considered to be the fund level.

For the fiscal year ended September 30, 2023, budgets were legally adopted for all City funds except the following:

Special Revenue Fund

Boerne Public Facility Corporation

The City prepares its annual budget on a basis which differs from generally accepted accounting principles (GAAP), known as budget basis. The budgetary comparison schedule – general fund is presented in accordance with the City's method (budget basis) in order to provide a meaningful comparison of actual results with the budget. The budgetary basis of accounting differs from GAAP basis in that expenditures for leases and financed purchases are recorded as capital expenditures for the individual departments rather than debt service expenditures. At fiscal year end, operating budget appropriations lapse; however, appropriations for incomplete capital improvements, equipment purchases, and contractual obligations can be carried over to the following fiscal year.

CITY OF BOERNE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL

For the year ended September 30, 2023

	Budgeted Amounts		Actual Amounts on GAAP Basis	Adjustments Budgetary Basis	Actual Amounts Budgetary Basis	Variance
	Original	Final				
Revenues:						
Ad valorem taxes (including interest and penalties)	\$ 7,202,386	\$ 7,297,021	\$ 7,487,422	\$ -	\$ 7,487,422	\$ 190,401
Sales tax	10,348,111	10,348,111	11,531,095	-	11,531,095	1,182,984
Franchise fees	2,799,533	2,799,533	3,311,807	-	3,311,807	512,274
Licenses and permits	1,269,000	1,269,000	1,773,034	-	1,773,034	504,034
Fines	244,400	244,400	243,158	-	243,158	(1,242)
Grants	8,000	8,000	16,555	-	16,555	8,555
Contributions and donations	3,504,096	3,504,096	3,548,979	-	3,548,979	44,883
Miscellaneous	2,539,470	2,539,470	3,150,931	-	3,150,931	611,461
Investment earnings	130,000	130,000	1,416,395	-	1,416,395	1,286,395
Total revenues	28,044,996	28,139,631	32,479,376	-	32,479,376	4,339,745
Expenditures:						
Current:						
General government						
Administration	2,319,975	2,363,001	1,718,097	-	1,718,097	644,904
Planning	1,272,334	1,275,872	1,191,649	-	1,191,649	84,223
Information technology	2,376,538	2,411,138	1,931,041	-	1,931,041	480,097
Human resources	494,863	494,863	493,461	-	493,461	1,402
Legal	325,000	325,000	324,273	-	324,273	727
Communications	346,921	346,921	312,977	-	312,977	33,944
Facility maintenance	1,119,982	1,128,262	1,189,992	-	1,189,992	(61,730)
Fleet	1,475,573	1,475,573	1,251,223	-	1,251,223	224,350
Public Safety						
Law enforcement	6,464,505	6,464,505	6,306,058	-	6,306,058	158,447
Municipal court	376,507	376,507	341,586	-	341,586	34,921
Animal control	428,984	428,984	411,275	-	411,275	17,709
Fire department	3,589,770	3,580,170	3,351,730	-	3,351,730	228,440
Dispatch	1,513,638	1,513,638	1,486,130	-	1,486,130	27,508
Code enforcement	617,752	617,752	533,018	-	533,018	84,734
Highways and streets						
Streets	1,952,755	1,969,196	1,438,721	-	1,438,721	530,475
Engineering	1,659,855	1,663,255	1,378,122	-	1,378,122	285,133
Culture and recreation						
Special projects	526,551	526,551	509,156	-	509,156	17,395
Debt service:						
Principal	-	-	694,275	(694,275)	-	-
Interest	-	-	40,188	(40,188)	-	-
Capital outlay	683,330	777,965	1,585,567	(333,127)	1,252,440	(474,475)
Total expenditures	27,544,833	27,739,153	26,488,539	(1,067,590)	25,420,949	2,318,204
Excess (deficiency) of revenues over (under) expenditures	500,163	400,478	5,990,837	1,067,590	7,058,427	6,657,949
Other financing sources (uses):						
Transfers from other funds	180,000	180,000	260,963	-	260,963	80,963
Transfers to other funds	(989,464)	(989,464)	(7,253,928)	-	(7,253,928)	(6,264,464)
Lease/subscription proceeds	-	-	1,067,590	(1,067,590)	-	-
Sale of capital assets	5,000	5,000	1,919,658	-	1,919,658	1,914,658
Total other financing sources (uses)	(804,464)	(804,464)	(4,005,717)	(1,067,590)	(5,073,307)	(4,268,843)
Change in fund balance	\$ (304,301)	\$ (403,986)	1,985,120	\$ -	\$ 1,985,120	\$ 2,389,106
Fund balance at October 1, 2022			13,834,318			
Fund balance at September 30, 2023			\$ 15,819,438			

Note 1 – Basis of budgeting – 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 principles is required.

CITY OF BOERNE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
PARK SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL –

For the year ended September 30, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
Revenues:				
Ad valorem taxes	\$ 2,532,590	\$ 2,532,590	\$ 2,540,452	\$ 7,862
Charges for services	808,133	808,133	4,381,716	3,573,583
Miscellaneous	-	-	1,710	1,710
Grants	-	-	-	-
Contributions and donations	2,500	2,500	250	(2,250)
Investment earnings	<u>2,000</u>	<u>2,000</u>	<u>170,623</u>	<u>168,623</u>
Total revenues	<u>3,345,223</u>	<u>3,345,223</u>	<u>7,094,751</u>	<u>3,749,528</u>
Expenditures:				
Current:				
Culture and recreation	3,302,063	3,318,520	2,892,694	425,826
Debt service:				
Principal retirement	-	-	60,715	(60,715)
Interest	-	-	2,039	(2,039)
Capital outlay	<u>98,160</u>	<u>98,160</u>	<u>144,383</u>	<u>(46,223)</u>
Total expenditures	<u>3,400,223</u>	<u>3,416,680</u>	<u>3,099,831</u>	<u>316,849</u>
Excess (deficiency) of revenues over (under) expenditures	(55,000)	(71,457)	3,994,920	4,066,377
Other financing sources (uses):				
Transfers in	1,355,000	1,355,000	218,804	(1,136,196)
Transfers out	(1,300,000)	(1,300,000)	(1,300,000)	-
Sale of capital assets	-	-	22,988	22,988
Capital lease	<u>-</u>	<u>-</u>	<u>33,004</u>	<u>33,004</u>
Total other financing sources (uses)	<u>55,000</u>	<u>55,000</u>	<u>(1,025,204)</u>	<u>(1,080,204)</u>
Net change in fund balances	-	(16,457)	2,969,716	2,986,173
Fund balances - beginning	<u>2,692,330</u>	<u>2,692,330</u>	<u>2,692,330</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,692,330</u>	<u>\$ 2,675,873</u>	<u>\$ 5,662,046</u>	<u>\$ 2,986,173</u>

CITY OF BOERNE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS) RELATED RATIOS

For the measurement year ended December 31,

	Plan Year Ended December 31, 2022	Plan Year Ended December 31, 2021	Plan Year Ended December 31, 2020	Plan Year Ended December 31, 2019
Total pension liability				
Service cost	\$ 3,477,558	\$ 3,380,510	\$ 3,315,810	\$ 2,960,271
Interest	5,924,320	5,484,646	5,106,836	4,699,549
Differences between expected and actual experience	1,739,920	814,706	370,684	430,109
Changes of assumptions	-	-	-	106,740
Benefit payments, including refunds of employee contributions	(3,075,738)	(3,353,661)	(3,103,330)	(1,577,773)
Net change in total pension liability	8,066,060	6,326,201	5,690,000	6,618,896
Total pension liability - beginning	87,566,793	81,240,592	75,550,592	68,931,696
Total pension liability - ending (a)	95,632,853	87,566,793	81,240,592	75,550,592
Plan fiduciary net position				
Contributions - employer	3,515,923	3,348,502	3,333,512	3,014,703
Contributions - employee	1,302,456	1,244,796	1,239,224	1,120,708
Net investment income	(5,478,943)	8,513,741	4,504,442	7,605,508
Benefit payments, including refunds of employee contributions	(3,075,738)	(3,353,661)	(3,103,330)	(1,577,773)
Administrative expense	(47,297)	(39,305)	(29,086)	(42,890)
Other	56,439	267	(1,133)	(1,288)
Net change in plan fiduciary net position	(3,727,160)	9,714,340	5,943,629	10,118,968
Plan fiduciary net position - beginning	74,875,933	65,161,593	59,217,964	49,098,996
Plan fiduciary net position - ending (b)	71,148,773	74,875,933	65,161,593	59,217,964
City's net position liability - ending (a) - (b)	<u>\$ 24,484,080</u>	<u>\$ 12,690,860</u>	<u>\$ 16,078,999</u>	<u>\$ 16,332,628</u>
Plan fiduciary net position as a percentage of the total pension liability	74.40%	85.51%	80.21%	78.38%
Covered payroll	<u>\$ 18,606,514</u>	<u>\$ 17,782,797</u>	<u>\$ 17,703,205</u>	<u>\$ 16,010,120</u>
City's net pension liability as a percentage of covered payroll	131.59%	71.37%	90.83%	102.01%

(continued)

Plan Year Ended December 31, 2018	Plan Year Ended December 31, 2017	Plan Year Ended December 31, 2016	Plan Year Ended December 31, 2015	Plan Year Ended December 31, 2014
\$ 2,777,732	\$ 2,642,850	\$ 2,493,905	\$ 2,224,334	\$ 1,919,644
4,311,426	3,906,133	3,539,542	3,351,716	3,064,431
141,667	982,925	761,562	30,940	157,833
-	-	-	39,494	-
(1,566,488)	(1,623,523)	(1,253,485)	(1,197,037)	(1,183,335)
5,664,337	5,908,385	5,541,524	4,449,447	3,958,573
63,267,359	57,358,974	51,817,450	47,368,003	43,409,430
68,931,696	63,267,359	57,358,974	51,817,450	47,368,003
2,836,449	2,664,248	2,511,382	2,344,680	2,120,885
1,053,882	998,378	941,096	878,191	794,715
(1,447,467)	5,633,932	2,435,208	50,123	1,745,475
(1,566,488)	(1,623,523)	(1,253,485)	(1,197,037)	(1,183,335)
(27,934)	(29,169)	(27,480)	(30,522)	(18,218)
(1,459)	(1,478)	(1,481)	(1,508)	(1,498)
846,983	7,642,388	4,605,240	2,043,927	3,458,024
48,252,013	40,609,625	36,004,385	33,960,457	30,502,433
49,098,996	48,252,013	40,609,625	36,004,384	33,960,457
\$ 19,832,700	\$ 15,015,346	\$ 16,749,349	\$ 15,813,066	\$ 13,407,546
71.23%	76.27%	70.80%	69.48%	71.69%
\$ 15,055,458	\$ 14,262,545	\$ 13,444,231	\$ 12,545,593	\$ 11,353,077
131.73%	105.28%	124.58%	126.04%	118.10%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the ninth year of implementation of GASB 68. The City will develop the schedule prospectively.

CITY OF BOERNE, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS**

For the year ended September 30, 2023

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013-14 ¹	\$ 2,127,796	\$ 2,143,585	\$ (15,789)	\$ 11,399,302	18.80%
2014-15	2,167,467	2,234,020	(66,553)	11,857,858	18.84%
2015-16	2,437,285	2,567,437	(130,152)	13,627,933	18.84%
2016-17	2,578,789	2,648,351	(69,562)	14,177,471	18.68%
2017-18	2,699,031	2,775,625	(76,594)	14,763,224	18.80%
2018-19	2,901,379	2,981,710	(80,331)	15,834,730	18.83%
2019-20	3,156,066	3,196,136	(40,070)	16,973,634	18.83%
2020-21	3,247,207	3,280,254	(33,047)	17,420,358	18.83%
2021-22	3,421,284	3,434,505	(13,221)	18,239,540	18.83%
2022-23	3,804,259	3,873,456	(69,197)	20,420,072	18.97%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable.

Notes to Schedule:

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	23 years (longest amortization ladder)
Asset valuation method	10 year smoothed market; 12.0% soft corridor
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 basis with scale UMP.

Other information:

There were no benefit changes during the year.



CITY OF BOERNE, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS) RELATED RATIOS - SDBF**

For the year ended September 30,

	Plan Year Ended December 31, 2022	Plan Year Ended December 31, 2021	Plan Year Ended December 31, 2020
Total OPEB liability			
Service cost	\$ 55,820	\$ 51,570	\$ 44,258
Interest	16,774	16,550	18,309
Differences between expected and actual experience	24,312	(2,574)	(8,596)
Changes of assumptions	(339,078)	28,304	111,223
Benefit payments	(13,025)	(10,670)	(3,542)
Net change in total OPEB liability	(255,197)	83,180	161,652
 Total OPEB liability - beginning	 890,254	 807,074	 645,422
Total OPEB liability - ending	<u>\$ 635,057</u>	<u>\$ 890,254</u>	<u>\$ 807,074</u>
 Covered payroll	 <u>\$ 18,606,514</u>	 <u>\$ 17,782,797</u>	 <u>\$ 17,703,205</u>
 City's OPEB liability as a percentage of covered payroll	 3.41%	 5.01%	 4.56%

Notes to Schedule:

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

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the sixth year of implementation of GASB 75. The City will develop the schedule prospectively.

No assets are accumulated in a trust to pay related benefits for the OPEB plan.

<u>Plan Year Ended December 31, 2019</u>	<u>Plan Year Ended December 31, 2018</u>	<u>Plan Year Ended December 31, 2017</u>
\$ 28,819	\$ 31,616	\$ 25,673
19,142	17,368	16,632
(14,007)	(14,643)	-
111,515	(38,583)	42,353
<u>(3,202)</u>	<u>(3,011)</u>	<u>(2,853)</u>
142,267	(7,253)	81,805
<u>503,155</u>	<u>510,408</u>	<u>428,603</u>
<u>\$ 645,422</u>	<u>\$ 503,155</u>	<u>\$ 510,408</u>
 <u>\$ 16,010,120</u>	 <u>\$ 15,055,458</u>	 <u>\$ 14,262,545</u>
4.03%	3.34%	3.58%

CITY OF BOERNE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH INSURANCE

For the year ended September 30,

	<u>Fiscal Year Ended September 30, 2023</u>	<u>Fiscal Year Ended September 30, 2022</u>	<u>Fiscal Year Ended September 30, 2021</u>	<u>Fiscal Year Ended September 30, 2020</u>
Total OPEB liability				
Service cost	\$ 327,932	\$ 361,870	\$ 290,623	\$ 252,873
Interest	85,157	99,594	113,143	135,161
Differences between expected and actual experience	(19,476)	(779,311)	9,066	(316,877)
Changes of assumptions	(1,313,866)	59,106	494,965	443,131
Benefit payments	<u>(62,727)</u>	<u>(89,085)</u>	<u>(66,879)</u>	<u>(57,182)</u>
Net change in total OPEB liability	(982,980)	(347,826)	840,918	457,106
Total OPEB liability - beginning	<u>4,495,498</u>	<u>4,843,324</u>	<u>4,002,406</u>	<u>3,545,300</u>
Total OPEB liability - ending	<u>\$ 3,512,518</u>	<u>\$ 4,495,498</u>	<u>\$ 4,843,324</u>	<u>\$ 4,002,406</u>
Covered-employee payroll	<u>\$ 18,569,658</u>	<u>\$ 17,580,213</u>	<u>\$ 17,702,995</u>	<u>\$ 16,080,470</u>
City's OPEB liability as a percentage of covered-employee payroll	18.92%	25.57%	27.36%	24.89%

Notes to Schedule:

FYE22 - The period of service used for the allocation of service cost was changed to only reflect service with the City of Boerne and the post-65 participation rate was adjusted to better reflect plan experience.

FY20 - The demographic assumptions were updated to reflect the 2019 TMRS Experience Study and the health care trend rates were updated to better reflect the plan's anticipated experience and the repeal of the excise tax on high-cost employer health plans.

FYE19 - The health care trend assumption was modified.

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

There are no plan assets accumulated in a trust to pay related benefits for the OPEB plan.

<u>FYE</u>	<u>Discount Rate</u>
2023	4.05%
2022	1.84%
2021	2.00%
2020	2.75%
2019	3.71%
2018	3.31%

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the sixth year of implementation of GASB 75. The City will develop the schedule prospectively.

<u>Fiscal Year Ended September 30, 2019</u>	<u>Fiscal Year Ended September 30, 2018</u>
\$ 241,592	\$ 208,936
117,384	115,131
(13,216)	-
(201,793)	231,989
<u>(48,453)</u>	<u>(47,214)</u>
95,514	508,842
<u>3,449,786</u>	<u>2,940,944</u>
<u>\$ 3,545,300</u>	<u>\$ 3,449,786</u>
 <u>\$ 15,123,968</u>	 <u>\$ 14,212,220</u>
 23.44%	 24.27%



OTHER SUPPLEMENTARY INFORMATION



CITY OF BOERNE, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the specific revenues that are legally restricted for particular purposes.

Hotel-Motel Fund – 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.

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.

Boerne Public Facility Corporation – This fund is used to account for the activity of the Boerne Public Facility Corporation (BPFC), a blended component unit of the City. The BPFC is a nonprofit public corporation organized exclusively for the purpose of assisting the City in financing, refinancing, or providing public facilities within the City.

DEBT SERVICE FUNDS

Debt Service Fund– This 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.

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, 2023

	SPECIAL REVENUE FUNDS			
	HOTEL/ MOTEL FUND	LIBRARY FUND	ECONOMIC DEVELOPMENT FUND	BOERNE PUBLIC FACILITY CORPORATION
ASSETS				
Cash and cash equivalents	\$ 441,833	\$ 892,310	\$ 2,082,964	\$ 719,903
Receivables, net	122,484	16,849	-	-
Restricted cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 564,317</u>	<u>\$ 909,159</u>	<u>\$ 2,082,964</u>	<u>\$ 719,903</u>
LIABILITIES				
Accounts payable	\$ 2,265	\$ 9,848	\$ 54,457	\$ -
Other payables	-	88	-	-
Total liabilities	<u>2,265</u>	<u>9,936</u>	<u>54,457</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	16,849	-	-
Lease related	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>16,849</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	385,581	-	-	719,903
Assigned	<u>176,471</u>	<u>882,374</u>	<u>2,028,507</u>	<u>-</u>
Total fund balances	<u>562,052</u>	<u>882,374</u>	<u>2,028,507</u>	<u>719,903</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 564,317</u>	<u>\$ 909,159</u>	<u>\$ 2,082,964</u>	<u>\$ 719,903</u>

DEBT SERVICE	PERMANENT	
DEBT SERVICE FUND	CEMETERY FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 947,266	\$ 1,519,571	\$ 6,603,847
23,797	-	163,130
-	547,834	547,834
<u>\$ 971,063</u>	<u>\$ 2,067,405</u>	<u>\$ 7,314,811</u>
\$ -	\$ 36,973	103,543
-	-	88
-	36,973	103,631
22,472	-	39,321
-	-	-
<u>22,472</u>	-	<u>39,321</u>
-	775,186	775,186
948,591	1,255,246	3,309,321
-	-	3,087,352
<u>948,591</u>	<u>2,030,432</u>	<u>7,171,859</u>
<u>\$ 971,063</u>	<u>\$ 2,067,405</u>	<u>\$ 7,314,811</u>

CITY OF BOERNE, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**

For the year ended September 30, 2023

	SPECIAL REVENUE FUNDS			
	HOTEL/ MOTEL FUND	LIBRARY FUND	ECONOMIC DEVELOPMENT FUND	BOERNE PUBLIC FACILITY CORPORATION
REVENUES				
Ad valorem taxes	\$ -	\$ 1,287,965	\$ -	\$ -
Hotel/motel tax	1,049,976	-	-	-
Charges for services	-	27,271	-	-
Grants	-	39,872	-	-
Contributions and donations	-	356,912	-	-
Miscellaneous	-	6,966	-	-
Investment earnings	684	36,671	81,942	-
Total revenues	<u>1,050,660</u>	<u>1,755,657</u>	<u>81,942</u>	<u>-</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Economic development	693,755	-	600,377	-
Culture and recreation	-	1,683,319	-	-
Debt service:				
Principal retirement	3,738	32,870	-	-
Interest	37	961	-	-
Capital outlay	-	27,731	-	-
Total expenditures	<u>697,530</u>	<u>1,744,881</u>	<u>600,377</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>353,130</u>	<u>10,776</u>	<u>(518,435)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	941,750	-
Transfers out	(398,000)	-	-	-
Lease/subscription proceeds	-	20,348	-	-
Total other financing sources (uses)	<u>(398,000)</u>	<u>20,348</u>	<u>941,750</u>	<u>-</u>
Net change in fund balances	<u>(44,870)</u>	<u>31,124</u>	<u>423,315</u>	<u>-</u>
Fund balances - beginning	<u>606,922</u>	<u>851,250</u>	<u>1,605,192</u>	<u>719,903</u>
Fund balances - ending	<u>\$ 562,052</u>	<u>\$ 882,374</u>	<u>\$ 2,028,507</u>	<u>\$ 719,903</u>

DEBT SERVICE	PERMANENT	
DEBT SERVICE FUND	CEMETERY FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 1,751,283	\$ -	\$ 3,039,248
-	-	1,049,976
-	191,550	218,821
-	-	39,872
-	-	356,912
(86)	39,818	46,698
101,194	42,336	262,827
<u>1,852,391</u>	<u>273,704</u>	<u>5,014,354</u>
-	39,586	39,586
-	-	1,294,132
-	-	1,683,319
1,995,000	1,251	2,032,859
1,057,391	82	1,058,471
-	61,028	88,759
<u>3,052,391</u>	<u>101,947</u>	<u>6,197,126</u>
<u>(1,200,000)</u>	<u>171,757</u>	<u>(1,182,772)</u>
1,456,090	-	2,397,840
-	(55,000)	(453,000)
-	-	20,348
<u>1,456,090</u>	<u>(55,000)</u>	<u>1,965,188</u>
		<u>-</u>
<u>256,090</u>	<u>116,757</u>	<u>782,416</u>
<u>692,501</u>	<u>1,913,675</u>	<u>6,389,443</u>
<u>\$ 948,591</u>	<u>\$ 2,030,432</u>	<u>\$ 7,171,859</u>

CITY OF BOERNE, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – DEBT SERVICE FUND**

For the year ended September 30, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
Revenues:				
Ad valorem taxes	\$ 1,600,302	\$ 1,600,302	\$ 1,751,283	\$ 150,981
Miscellaneous	-	-	(86)	(86)
Investment earnings	1,000	1,000	101,194	100,194
Total revenues	<u>1,601,302</u>	<u>1,601,302</u>	<u>1,852,391</u>	<u>251,089</u>
Expenditures:				
Debt service:				
Principal	1,995,000	1,995,000	1,995,000	-
Interest	1,056,392	1,056,392	1,056,391	1
Administrative charges	3,500	3,500	1,000	2,500
Total expenditures	<u>3,054,892</u>	<u>3,054,892</u>	<u>3,052,391</u>	<u>2,501</u>
Excess (deficiency) of revenues over (under) expenditures	(1,453,590)	(1,453,590)	(1,200,000)	253,590
Other financing sources (uses):				
Transfers in	<u>1,456,089</u>	<u>1,456,089</u>	<u>1,456,090</u>	<u>1</u>
Total other financing sources (uses)	<u>1,456,089</u>	<u>1,456,089</u>	<u>1,456,090</u>	<u>1</u>
Net change in fund balances	2,499	2,499	256,090	253,591
Fund balances - beginning	<u>2,692,330</u>	<u>2,692,330</u>	<u>2,692,330</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,694,829</u>	<u>\$ 2,694,829</u>	<u>\$ 2,948,420</u>	<u>\$ 253,591</u>

CITY OF BOERNE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
CAPITAL PROJECTS FUND

For the year ended September 30, 2023

	Prior Years	Current Year	Total To Date
Revenues:			
Miscellaneous	\$ -	\$ 131,760	\$ 131,760
Investment earnings	77,891	273,549	351,440
Total revenues	<u>77,891</u>	<u>405,309</u>	<u>483,200</u>
Expenditures:			
Current:			
General government	2,217,558	-	2,217,558
Highway and streets	207,893	-	207,893
Debt service			
Bond issue cost	-	317,058	317,058
Capital outlay:			
Public safety	-	28,734	28,734
Highways and streets	1,530,053	2,700,566	4,230,619
Culture and recreation	71,667	64,026	135,693
Total expenditures	<u>4,027,171</u>	<u>3,110,384</u>	<u>7,137,555</u>
Excess (deficiency) of revenues over (under) expenditures	(3,949,280)	(2,705,075)	(6,654,355)
Other financing sources (uses):			
Transfers in	14,445,816	8,240,810	22,686,626
Bond proceeds	-	17,805,000	17,805,000
Bond premium	-	512,058	512,058
Total other financing sources (uses)	<u>14,445,816</u>	<u>26,557,868</u>	<u>41,003,684</u>
Net change in fund balances	<u>\$ 10,496,536</u>	23,852,793	<u>\$ 34,349,329</u>
Fund balances - beginning		<u>10,496,536</u>	
Fund balances - ending		<u>\$ 34,349,329</u>	

CITY OF BOERNE, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL –
HOTEL/MOTEL SPECIAL REVENUE FUND**

For the year ended September 30, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
Revenues:				
Hotel/motel taxes	\$ 926,000	\$ 926,000	\$ 1,049,976	\$ 123,976
Investment earnings	<u>1,000</u>	<u>1,000</u>	<u>684</u>	<u>(316)</u>
Total revenues	<u>927,000</u>	<u>927,000</u>	<u>1,050,660</u>	<u>123,660</u>
Expenditures:				
Current:				
Economic development	707,200	707,200	693,755	13,445
Debt service:				
Principal retirement	-	-	3,738	(3,738)
Interest	-	-	37	(37)
Capital outlay	<u>1,800</u>	<u>1,800</u>	<u>-</u>	<u>1,800</u>
Total expenditures	<u>709,000</u>	<u>709,000</u>	<u>697,530</u>	<u>11,470</u>
Excess (deficiency) of revenues over (under) expenditures	218,000	218,000	353,130	135,130
Other financing sources (uses):				
Transfers out	<u>(398,000)</u>	<u>(398,000)</u>	<u>(398,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(398,000)</u>	<u>(398,000)</u>	<u>(398,000)</u>	<u>-</u>
Net change in fund balances	(180,000)	(180,000)	(44,870)	135,130
Fund balances - beginning	<u>606,922</u>	<u>606,922</u>	<u>606,922</u>	<u>-</u>
Fund balances - ending	<u>\$ 426,922</u>	<u>\$ 426,922</u>	<u>\$ 562,052</u>	<u>\$ 135,130</u>

CITY OF BOERNE, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – LIBRARY SPECIAL REVENUE FUND**

For the year ended September 30, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
Revenues:				
Ad valorem taxes	\$ 1,283,011	\$ 1,283,011	\$ 1,287,965	\$ 4,954
Charges for services	24,000	24,000	27,271	3,271
Grants	-	-	39,872	39,872
Contributions and donations	385,888	385,888	356,912	(28,976)
Miscellaneous	5,350	5,350	6,966	1,616
Investment earnings	<u>1,000</u>	<u>1,000</u>	<u>36,671</u>	<u>35,671</u>
Total revenues	<u>1,699,249</u>	<u>1,699,249</u>	<u>1,755,657</u>	<u>56,408</u>
Expenditures:				
Current:				
Culture and recreation	1,666,649	1,666,649	1,683,319	(16,670)
Debt service:				
Principal retirement	-	-	32,870	(32,870)
Interest	-	-	961	(961)
Capital outlay:	<u>32,600</u>	<u>32,600</u>	<u>27,731</u>	<u>4,869</u>
Total expenditures	<u>1,699,249</u>	<u>1,699,249</u>	<u>1,744,881</u>	<u>(45,632)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	10,776	10,776
Other financing sources (uses):				
Capital lease	<u>-</u>	<u>-</u>	<u>20,348</u>	<u>20,348</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>20,348</u>	<u>20,348</u>
Net change in fund balances	-	-	31,124	31,124
Fund balances - beginning	<u>851,250</u>	<u>851,250</u>	<u>851,250</u>	<u>-</u>
Fund balances - ending	<u>\$ 851,250</u>	<u>\$ 851,250</u>	<u>\$ 882,374</u>	<u>\$ 31,124</u>

CITY OF BOERNE, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL –
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND**

For the year ended September 30, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
Revenues:				
Investment earnings	\$ 2,500	\$ 2,500	\$ 81,942	\$ 79,442
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>81,942</u>	<u>79,442</u>
Expenditures:				
Current:				
Economic development	<u>911,550</u>	<u>911,550</u>	<u>600,377</u>	<u>311,173</u>
Total expenditures	<u>911,550</u>	<u>911,550</u>	<u>600,377</u>	<u>311,173</u>
Excess (deficiency) of revenues over (under) expenditures	(909,050)	(909,050)	(518,435)	390,615
Other financing sources (uses):				
Transfers in	<u>941,750</u>	<u>941,750</u>	<u>941,750</u>	<u>-</u>
Total other financing sources (uses)	<u>941,750</u>	<u>941,750</u>	<u>941,750</u>	<u>-</u>
Net change in fund balances	32,700	32,700	423,315	390,615
Fund balances - beginning	<u>1,605,192</u>	<u>1,605,192</u>	<u>1,605,192</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,637,892</u>	<u>\$ 1,637,892</u>	<u>\$ 2,028,507</u>	<u>\$ 390,615</u>

CITY OF BOERNE, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – CEMETERY PERMANENT FUND**

For the year ended September 30, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
Revenues:				
Charges for services	\$ 135,000	\$ 135,000	\$ 191,550	\$ 56,550
Investment earnings	30,200	30,200	42,336	12,136
Miscellaneous	<u>1,100</u>	<u>1,100</u>	<u>39,818</u>	<u>38,718</u>
Total revenues	<u>166,300</u>	<u>166,300</u>	<u>273,704</u>	<u>107,404</u>
Expenditures:				
Current:				
Public safety	50,475	50,475	39,586	10,889
Debt Service:				
Principal retirement	-	-	1,251	(1,251)
Interest	-	-	82	(82)
Capital outlay	<u>58,000</u>	<u>58,000</u>	<u>61,028</u>	<u>(3,028)</u>
Total expenditures	<u>108,475</u>	<u>108,475</u>	<u>101,947</u>	<u>6,528</u>
Excess (deficiency) of revenues over (under) expenditures	57,825	57,825	171,757	113,932
Other financing sources (uses):				
Transfers out	<u>(57,825)</u>	<u>(57,825)</u>	<u>(55,000)</u>	<u>2,825</u>
Total other financing sources (uses)	<u>(57,825)</u>	<u>(57,825)</u>	<u>(55,000)</u>	<u>2,825</u>
Net change in fund balances	-	-	116,757	116,757
Fund balances - beginning	<u>1,913,675</u>	<u>1,913,675</u>	<u>1,913,675</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,913,675</u>	<u>\$ 1,913,675</u>	<u>\$ 2,030,432</u>	<u>\$ 116,757</u>



CITY OF BOERNE, TEXAS

NONMAJOR ENTERPRISE FUNDS

PROPRIETARY FUNDS

Proprietary funds charge customers directly for certain services provided.

Solid Waste Fund – This fund accounts for the activities necessary to provide solid waste collection services to the residents of the City within the City’s service territory through the City’s outsourced provider. These activities include administrative services and billing and collections.

Stormwater Fund – This fund accounts for the activities necessary to provide stormwater collection services to the residents of the City. These activities include administrative services, billing and collections, system operation and maintenance, new construction, and financing and related debt services.

CITY OF BOERNE, TEXAS

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS

September 30, 2023

	Business-Type Activities Enterprise Funds		Total Nonmajor Enterprise Funds
	Stormwater	Solid Waste	
Assets			
Current assets:			
Cash and cash equivalents	\$ 5,277,560	\$ 899,481	\$ 6,177,041
Receivables, net	<u>78,541</u>	<u>200,561</u>	<u>279,102</u>
Total current assets	<u>5,356,101</u>	<u>1,100,042</u>	<u>6,456,143</u>
Noncurrent assets:			
Non-depreciable capital assets	1,040,443	-	1,040,443
Other capital assets, net	<u>-</u>	<u>523</u>	<u>523</u>
Total noncurrent assets	<u>1,040,443</u>	<u>523</u>	<u>1,040,966</u>
Total assets	<u>6,396,544</u>	<u>1,100,565</u>	<u>7,497,109</u>
Liabilities			
Current liabilities:			
Accounts payable	64,284	244,169	308,453
Other payables	-	13,503	13,503
Current portion of lease liabilities	<u>-</u>	<u>151</u>	<u>151</u>
Total current liabilities	<u>64,284</u>	<u>257,823</u>	<u>322,107</u>
Noncurrent liabilities:			
Lease liabilities	<u>-</u>	<u>343</u>	<u>343</u>
Total noncurrent liabilities	<u>-</u>	<u>343</u>	<u>343</u>
Total liabilities	<u>64,284</u>	<u>258,166</u>	<u>322,450</u>
Net position			
Net investment in capital assets	1,040,443	29	1,040,472
Unrestricted	<u>5,291,817</u>	<u>842,370</u>	<u>6,134,187</u>
Total net position	<u>\$ 6,332,260</u>	<u>\$ 842,399</u>	<u>\$ 7,174,659</u>

CITY OF BOERNE, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS**

For the year ended September 30, 2023

	Business-Type Activities Enterprise Funds		Total Nonmajor Enterprise Funds
	Stormwater	Solid Waste	Funds
Operating revenues			
Charges for sales and services	\$ 626,691	\$ 1,375,198	\$ 2,001,889
Penalties	-	9,973	9,973
Total operating revenues	<u>626,691</u>	<u>1,385,171</u>	<u>2,011,862</u>
Operating expenses			
City franchise tax	-	1,198,012	1,198,012
Administration	51,911	206,217	258,128
Depreciation and amortization	-	155	155
Total operating expenses	<u>51,911</u>	<u>1,404,384</u>	<u>1,456,295</u>
Operating income (loss)	574,780	(19,213)	555,567
Nonoperating revenues (expenses)			
Investment earnings	<u>222,498</u>	<u>32,739</u>	<u>255,237</u>
Total nonoperating revenues (expenses)	222,498	32,739	255,237
Income (loss) before contributions and transfers	797,278	13,526	810,804
Transfers out	<u>(80,963)</u>	-	<u>(80,963)</u>
Change in net position	716,315	13,526	729,841
Net position			
Beginning of year	<u>5,615,945</u>	<u>828,873</u>	<u>6,444,818</u>
End of year	<u>\$ 6,332,260</u>	<u>\$ 842,399</u>	<u>\$ 7,174,659</u>

CITY OF BOERNE, TEXAS

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

For the year ended September 30, 2023

	Business-Type Activities Enterprise Funds		Total Nonmajor Enterprise Funds
	Solid Waste	Stormwater	
Cash flows from operating activities			
Cash receipts from customers	\$ 1,355,908	\$ 621,984	\$ 1,977,892
Payments to suppliers	(1,258,354)	(17,205)	(1,275,559)
Payments to employees	-	-	-
Net cash provided (used) by operating activities	<u>97,554</u>	<u>604,779</u>	<u>702,333</u>
Cash flows from noncapital financing activities			
Transfers in/out	-	(80,963)	(80,963)
Net cash provided (used) by noncapital financing activities	-	(80,963)	(80,963)
Cash flows from noncapital and related financing activities			
Acquisition of capital assets	-	(633,734)	(633,734)
Lease purchase agreements	-	(254,401)	(254,401)
Lease liabilities - principal	(150)	-	(150)
Lease liabilities - interest and fiscal charges	(4)	-	(4)
Net cash provided (used) by noncapital financing activities	(154)	(888,135)	(888,289)
Cash flows from investing activities			
Interest earned	<u>32,739</u>	<u>222,498</u>	<u>255,237</u>
Net cash provided (used) by investing activities	32,739	222,498	255,237
Net increase (decrease) in cash and cash equivalents	130,139	(141,821)	(11,682)
Cash and cash equivalents			
Beginning of year	<u>769,342</u>	<u>5,419,381</u>	<u>6,188,723</u>
End of year	<u>\$ 899,481</u>	<u>\$ 5,277,560</u>	<u>\$ 6,177,041</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (19,213)	\$ 574,780	\$ 555,567
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	155	-	155
Changes in assets, liabilities, and deferred inflows/outflows of resources			
Accounts payable	145,871	34,706	180,577
Receivables	(29,259)	(4,707)	(33,966)
Net cash provided (used) by operating activities	<u>\$ 97,554</u>	<u>\$ 604,779</u>	<u>\$ 702,333</u>

STATISTICAL SECTION



CITY OF BOERNE, TEXAS

STATISTICAL SECTION

This section of the City of Boerne's Annual Comprehensive Financial Report (ACFR) 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.

Financial Trends Schedules – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

<i>Net Position by Component</i>	130-131
<i>Changes in Net Position</i>	132-135
<i>Fund Balances of Governmental Funds</i>	136-137
<i>Changes in Fund Balances of Governmental Funds</i>	138-139
<i>Tax Revenues by Source – Governmental Funds</i>	140

Revenue Capacity Schedules – These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes, as well as proprietary revenues for the City's major utilities.

<i>Assessed Value and Estimated Actual Value of Property</i>	141
<i>Direct and Overlapping Property Tax Rates</i>	142
<i>Principal Property Taxpayers</i>	143
<i>Property Tax Levies and Collections</i>	144
<i>Principal Utility Customers</i>	145
<i>Connections and Revenues by Utility</i>	146

Debt Capacity Schedules - 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.

<i>Ratios of Outstanding Debt by Type</i>	147
<i>Ratios of General Bonded Debt Outstanding</i>	148
<i>Direct and Overlapping Governmental Activities Debt</i>	149
<i>Legal Debt Margin</i>	150-151
<i>Pledged Revenue Coverage</i>	152-153

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

<i>Demographic and Economic Statistics</i>	154
<i>Principal Employers</i>	155

Operating Information – These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

<i>Full-Time Equivalent Positions by Function</i>	156
<i>Operating Indicators by Function</i>	158-159
<i>Capital Asset Statistics by Function</i>	160

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

CITY OF BOERNE, TEXAS

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 19,046,817	\$ 21,692,143	\$ 22,983,923	\$ 27,421,550
Restricted	3,597,587	2,139,963	1,955,074	2,153,641
Unrestricted	<u>7,608,138</u>	<u>887,348</u>	<u>1,929,643</u>	<u>3,059,335</u>
Total governmental activities net position	<u>\$ 30,252,542</u>	<u>\$ 24,719,454</u>	<u>\$ 26,868,640</u>	<u>\$ 32,634,526</u>
Business-type activities				
Net investment in capital assets	\$ 29,206,459	\$ 28,462,491	\$ 34,595,282	\$ 40,775,084
Restricted	3,165,146	7,518,901	8,492,021	9,900,336
Unrestricted	<u>20,521,968</u>	<u>16,259,453</u>	<u>17,665,505</u>	<u>20,090,983</u>
Total business-type activities net position	<u>\$ 52,893,573</u>	<u>\$ 52,240,845</u>	<u>\$ 60,752,808</u>	<u>\$ 70,766,403</u>
Primary government				
Net investment in capital assets	\$ 48,253,276	\$ 50,154,634	\$ 57,579,205	\$ 68,196,634
Restricted	6,762,733	9,658,864	10,447,095	12,053,977
Unrestricted	<u>28,130,106</u>	<u>17,146,801</u>	<u>19,595,148</u>	<u>23,150,318</u>
Total primary government net position	<u>\$ 83,146,115</u>	<u>\$ 76,960,299</u>	<u>\$ 87,621,448</u>	<u>\$ 103,400,929</u>

TABLE 1

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 34,104,242	\$ 39,484,568	\$ 41,258,458	\$ 41,214,772	\$ 45,659,140	\$ 31,664,918
2,267,544	1,985,683	1,894,842	2,115,222	3,610,795	9,774,696
<u>2,852,356</u>	<u>3,794,538</u>	<u>6,207,028</u>	<u>10,979,668</u>	<u>14,705,942</u>	<u>36,920,684</u>
<u>\$ 39,224,142</u>	<u>\$ 45,264,789</u>	<u>\$ 49,360,328</u>	<u>\$ 54,309,662</u>	<u>\$ 63,975,877</u>	<u>\$ 78,360,298</u>
\$ 45,009,644	\$ 50,259,285	\$ 50,703,357	\$ 51,525,350	\$ 66,324,567	\$ 64,878,785
11,523,353	11,632,026	11,656,916	14,348,870	15,956,484	20,796,977
<u>21,878,763</u>	<u>28,615,412</u>	<u>31,947,479</u>	<u>36,491,504</u>	<u>43,032,521</u>	<u>45,478,868</u>
<u>\$ 78,411,760</u>	<u>\$ 90,506,723</u>	<u>\$ 94,307,752</u>	<u>\$ 102,365,724</u>	<u>\$ 125,313,572</u>	<u>\$ 131,154,630</u>
\$ 79,113,886	\$ 89,743,853	\$ 91,961,815	\$ 92,740,122	\$ 111,983,707	\$ 96,543,703
13,790,897	13,617,709	13,551,758	16,464,092	19,567,279	30,571,673
<u>24,731,119</u>	<u>32,409,950</u>	<u>38,154,507</u>	<u>47,471,172</u>	<u>57,738,463</u>	<u>82,399,552</u>
<u>\$ 117,635,902</u>	<u>\$ 135,771,512</u>	<u>\$ 143,668,080</u>	<u>\$ 156,675,386</u>	<u>\$ 189,289,449</u>	<u>\$ 209,514,928</u>

CITY OF BOERNE, TEXAS

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018
Expenses					
Governmental activities					
General government	\$ 3,007,864	\$ 4,621,744	\$ 4,139,228	\$ 4,066,160	\$ 3,819,815
Public safety	8,835,090	9,300,269	10,252,055	10,460,090	10,324,538
Highway and streets	2,357,844	2,452,071	2,794,067	2,595,872	3,329,625
Economic development and assistance	761,734	915,793	1,025,169	751,422	732,029
Culture and recreation	5,091,619	3,470,167	3,939,720	3,872,533	4,062,629
Interest on long-term debt	1,104,084	805,586	699,457	748,770	1,178,804
Total governmental activities	<u>21,158,235</u>	<u>21,565,630</u>	<u>22,849,696</u>	<u>22,494,847</u>	<u>23,447,440</u>
Business-type activities					
Electric	14,159,182	14,422,455	13,762,430	14,748,981	13,781,471
Water	4,418,399	4,680,585	4,962,987	5,231,602	5,868,934
Wastewater	6,178,373	6,496,625	6,763,885	7,001,087	7,441,029
Gas	1,992,137	1,925,674	1,934,105	2,131,493	2,487,475
Solid waste	598,292	700,442	698,642	765,914	803,815
Stormwater	-	-	-	-	-
Total business-type activities	<u>27,346,383</u>	<u>28,225,781</u>	<u>28,122,049</u>	<u>29,879,077</u>	<u>30,382,724</u>
Total primary government expenses	<u>48,504,618</u>	<u>49,791,411</u>	<u>50,971,745</u>	<u>52,373,924</u>	<u>53,830,164</u>
Program revenues					
Governmental activities					
Charges for service:					
General government	62,147	67,004	21,505	45,468	375,423
Public safety	2,589,549	2,366,888	2,906,752	3,220,636	3,187,726
Highway and streets	-	88	450	3,726	49,524
Culture and recreation	542,087	570,145	679,724	739,810	781,583
Total charges for services	3,193,783	3,004,125	3,608,431	4,009,640	4,394,256
Operating grants and contributions	599,513	677,415	828,004	948,921	1,028,192
Capital grants and contributions	5,781,669	2,096,374	1,854,325	5,792,264	7,144,323
Total governmental activities program revenues	<u>9,574,965</u>	<u>5,777,914</u>	<u>6,290,760</u>	<u>10,750,825</u>	<u>12,566,771</u>
Business-type activities:					
Charges for service:					
Electric	15,214,937	17,248,469	15,752,733	16,278,423	17,298,397
Water	4,447,030	4,645,301	5,109,931	5,453,144	5,871,244
Wastewater	3,906,546	4,030,775	4,223,193	4,434,700	4,704,658
Gas	2,075,464	1,995,865	1,834,219	1,974,451	2,400,814
Solid waste	647,758	700,792	780,116	826,175	888,628
Stormwater	-	-	-	-	-
Total charges for services	26,291,735	28,621,202	27,700,192	28,966,893	31,163,741
Operating grants and contributions	28,959	57,365	25,952	35,829	5,000
Capital grants and contributions	5,780,513	4,653,095	10,390,016	11,612,611	8,701,870
Total business-type activities program revenues	<u>32,101,207</u>	<u>33,331,662</u>	<u>38,116,160</u>	<u>40,615,333</u>	<u>39,870,611</u>
Total primary government program revenues	<u>41,676,172</u>	<u>39,109,576</u>	<u>44,406,920</u>	<u>51,366,158</u>	<u>52,437,382</u>

TABLE 2

2019	2020	2021	2022	2023
\$ 5,196,910	\$ 6,459,119	\$ 6,338,343	\$ 6,706,056	\$ 9,612,661
11,416,777	11,863,284	11,789,354	12,453,125	13,738,764
3,814,779	3,884,976	4,021,755	4,476,566	5,425,718
819,239	1,307,105	857,597	1,086,012	1,344,552
4,595,613	4,534,013	4,674,240	5,087,280	6,580,381
1,073,959	1,026,511	1,039,565	1,074,130	1,240,309
<u>26,917,277</u>	<u>29,075,008</u>	<u>28,720,854</u>	<u>30,883,169</u>	<u>37,942,385</u>
13,718,766	13,956,777	14,141,570	13,465,955	15,113,513
6,522,913	6,873,574	7,429,111	8,042,811	8,114,157
7,547,160	7,892,719	8,529,651	8,774,835	9,715,037
2,774,933	2,665,897	3,146,598	4,354,303	4,777,064
855,222	930,228	1,036,328	1,120,874	1,404,384
-	-	150	15,537	51,911
<u>31,418,994</u>	<u>32,319,195</u>	<u>34,283,408</u>	<u>35,774,315</u>	<u>39,176,066</u>
<u>58,336,271</u>	<u>61,394,203</u>	<u>63,004,262</u>	<u>66,657,484</u>	<u>77,118,451</u>
465,939	90,498	24,061	739,173	1,767,739
3,597,210	3,596,418	4,074,841	3,637,914	6,194,898
5,722	-	-	-	-
<u>734,275</u>	<u>558,539</u>	<u>671,375</u>	<u>973,693</u>	<u>4,846,884</u>
4,803,146	4,245,455	4,770,277	5,350,780	12,809,521
1,084,571	1,920,520	974,183	5,677,645	413,589
<u>4,527,738</u>	<u>3,316,197</u>	<u>1,909,485</u>	<u>5,520,721</u>	<u>3,196,975</u>
<u>10,415,455</u>	<u>9,482,172</u>	<u>7,653,945</u>	<u>16,549,146</u>	<u>16,420,085</u>
16,545,295	15,158,611	16,921,679	18,493,259	19,956,225
6,766,786	6,811,700	8,831,904	9,369,373	7,746,416
5,083,504	5,420,652	8,977,822	8,773,874	7,902,913
3,001,284	2,701,672	2,971,794	4,394,173	4,870,155
959,154	1,014,108	1,116,862	1,294,476	1,385,171
-	-	481,030	609,082	626,691
<u>32,356,023</u>	<u>31,106,743</u>	<u>39,301,091</u>	<u>42,934,237</u>	<u>42,487,571</u>
-	-	-	-	-
<u>12,135,613</u>	<u>5,973,143</u>	<u>4,374,051</u>	<u>12,997,889</u>	<u>2,022,407</u>
<u>44,491,636</u>	<u>37,079,886</u>	<u>43,675,142</u>	<u>55,932,126</u>	<u>44,509,978</u>
<u>54,907,091</u>	<u>46,562,058</u>	<u>51,329,087</u>	<u>72,481,272</u>	<u>60,930,063</u>

(continued)

CITY OF BOERNE, TEXAS

CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018
Net (expense) revenues					
Governmental activities	\$ (11,583,270)	\$ (15,787,716)	\$ (14,104,415)	\$ (11,744,022)	\$ (10,880,669)
Business-type activities	<u>4,754,824</u>	<u>5,105,881</u>	<u>9,994,111</u>	<u>10,736,256</u>	<u>9,487,887</u>
Total primary government net expenses	<u>(6,828,446)</u>	<u>(10,681,835)</u>	<u>(4,110,304)</u>	<u>(1,007,766)</u>	<u>(1,392,782)</u>
Governmental revenues and other					
Changes in net position					
Governmental activities					
Taxes					
Property taxes	5,883,300	6,279,784	6,716,220	6,408,676	6,801,767
Sales taxes	5,460,798	5,841,658	6,657,261	6,628,822	7,021,498
Other taxes	498,886	553,729	546,239	597,974	635,895
Franchise fees	2,297,457	2,568,986	2,454,521	2,539,941	2,764,266
Investment earnings	29,965	34,758	83,538	86,679	130,876
Miscellaneous	-	399,398	593,071	295,240	287,492
Gain on sale of assets	243,969	33,789	35,704	-	499,483
Transfers	<u>552,876</u>	<u>2,610,209</u>	<u>1,621,568</u>	<u>963,719</u>	<u>1,209,552</u>
Total governmental activities	<u>14,967,251</u>	<u>18,322,311</u>	<u>18,708,122</u>	<u>17,521,051</u>	<u>19,350,829</u>
Business-type activities					
Investment earnings	52,210	97,999	139,417	228,733	510,142
Miscellaneous	-	-	-	12,325	-
Gains on sale of assets	-	18,526	3	-	-
Transfers	<u>(552,876)</u>	<u>(2,610,209)</u>	<u>(1,621,568)</u>	<u>(963,719)</u>	<u>(1,209,552)</u>
Total business-type activities	<u>(500,666)</u>	<u>(2,493,684)</u>	<u>(1,482,148)</u>	<u>(722,661)</u>	<u>(699,410)</u>
Total primary government	<u>14,466,585</u>	<u>15,828,627</u>	<u>17,225,974</u>	<u>16,798,390</u>	<u>18,651,419</u>
Changes in net position					
Governmental activities	3,383,981	2,534,595	2,149,186	5,765,886	8,470,160
Business-type activities	<u>4,254,158</u>	<u>2,612,197</u>	<u>8,511,963</u>	<u>10,013,595</u>	<u>8,788,477</u>
Total primary government	<u>\$ 7,638,139</u>	<u>\$ 5,146,792</u>	<u>\$ 10,661,149</u>	<u>\$ 15,779,481</u>	<u>\$ 17,258,637</u>

TABLE 2

2019	2020	2021	2022	2023
\$ (16,501,822)	\$ (19,592,836)	\$ (21,066,909)	\$ (14,334,023)	\$ (21,522,300)
<u>13,072,642</u>	<u>4,760,691</u>	<u>9,391,734</u>	<u>20,157,811</u>	<u>5,333,912</u>
<u>(3,429,180)</u>	<u>(14,832,145)</u>	<u>(11,675,175)</u>	<u>5,823,788</u>	<u>(16,188,388)</u>
8,401,600	9,387,036	10,078,721	10,907,162	13,150,643
7,912,673	8,432,288	9,577,288	10,119,996	11,531,095
687,407	612,466	925,792	1,123,631	1,163,602
2,765,491	2,599,006	2,768,083	3,136,495	3,311,807
342,561	229,749	79,660	151,568	2,123,308
423,401	805,946	1,093,418	916,021	573,746
31,265	18,389	3,689	85,285	1,941,031
<u>1,978,071</u>	<u>1,603,495</u>	<u>1,657,043</u>	<u>(2,439,920)</u>	<u>2,111,489</u>
<u>22,542,469</u>	<u>23,688,375</u>	<u>26,183,694</u>	<u>24,000,238</u>	<u>35,906,721</u>
994,187	635,431	142,297	326,367	2,618,635
-	-	13,533	-	-
6,205	8,402	-	23,750	-
<u>(1,978,071)</u>	<u>(1,603,495)</u>	<u>(1,657,043)</u>	<u>2,439,920</u>	<u>(2,111,489)</u>
<u>(977,679)</u>	<u>(959,662)</u>	<u>(1,501,213)</u>	<u>2,790,037</u>	<u>507,146</u>
<u>21,564,790</u>	<u>22,728,713</u>	<u>24,682,481</u>	<u>26,790,275</u>	<u>36,413,867</u>
6,040,647	4,095,539	5,116,785	9,666,215	14,384,421
<u>12,094,963</u>	<u>3,801,029</u>	<u>7,890,521</u>	<u>22,947,848</u>	<u>5,841,058</u>
<u>\$ 18,135,610</u>	<u>\$ 7,896,568</u>	<u>\$ 13,007,306</u>	<u>\$ 32,614,063</u>	<u>\$ 20,225,479</u>

CITY BOERNE, TEXAS

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General fund				
Restricted	\$ 181,694	\$ 215,226	\$ 232,981	\$ 276,162
Nonspendable	1,550,000	4,578	-	-
Assigned	-	-	-	-
Unassigned	<u>5,636,863</u>	<u>7,651,822</u>	<u>9,509,466</u>	<u>10,503,769</u>
Total general fund	<u>\$ 7,368,557</u>	<u>\$ 7,871,626</u>	<u>\$ 9,742,447</u>	<u>\$ 10,779,931</u>
All other governmental funds				
Restricted	\$ 1,552,523	\$ 1,491,782	\$ 1,374,357	\$ 22,636,406
Assigned	2,296,930	1,817,953	1,937,815	2,908,115
Nonspendable	<u>741,419</u>	<u>767,678</u>	<u>665,999</u>	<u>700,792</u>
Total all other governmental funds	<u>\$ 4,590,872</u>	<u>\$ 4,077,413</u>	<u>\$ 3,978,171</u>	<u>\$ 26,245,313</u>

TABLE 3

2018	2019	2020	2021	2022	2023
\$ 280,945	\$ 132,968	\$ 149,809	\$ 203,101	\$ 412,982	\$ 305,906
1,874	1,800	1,500	25,000	3,425	322,790
-	-	-	-	13,417,911	15,190,742
<u>10,983,135</u>	<u>12,214,014</u>	<u>14,246,963</u>	<u>15,865,075</u>	<u>-</u>	<u>-</u>
<u>\$ 11,265,954</u>	<u>\$ 12,348,782</u>	<u>\$ 14,398,272</u>	<u>\$ 16,093,176</u>	<u>\$ 13,834,318</u>	<u>\$ 15,819,438</u>
\$ 19,875,913	\$ 6,836,394	\$ 952,225	\$ 1,151,125	\$ 3,197,813	\$ 24,756,099
4,323,576	5,235,201	6,176,676	9,318,678	15,645,308	21,651,949
<u>744,523</u>	<u>791,598</u>	<u>849,058</u>	<u>899,677</u>	<u>735,188</u>	<u>775,186</u>
<u>\$ 24,944,012</u>	<u>\$ 12,863,193</u>	<u>\$ 7,977,959</u>	<u>\$ 11,369,480</u>	<u>\$ 19,578,309</u>	<u>\$ 47,183,234</u>

CITY OF BOERNE, TEXAS

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)**

	2014	2015	2016	2017
Revenues:				
Ad valorem taxes	\$ 5,869,666	\$ 6,263,241	\$ 6,654,315	\$ 6,397,290
Sales tax	5,420,528	5,876,279	7,143,387	6,628,822
Hotel-Motel tax	498,886	553,729	546,239	597,974
Library, parks and swimming revenues	635,317	669,848	824,119	866,220
Franchise fees	2,297,457	2,568,986	2,454,521	2,539,941
Licenses and permits	934,541	698,757	940,051	1,071,546
Fines	316,436	238,562	367,768	346,143
Rents	62,147	66,376	15,331	-
Grants	32,647	149,877	158,083	26,665
Contributions and donations	1,937,632	2,405,192	2,314,010	2,582,588
Miscellaneous	276,474	422,679	614,534	353,837
Interest earned	29,964	38,772	101,706	163,263
Total revenues	<u>18,311,695</u>	<u>19,952,298</u>	<u>22,134,064</u>	<u>21,574,289</u>
Expenditures:				
General government	2,619,570	2,630,721	2,935,432	3,354,343
Public safety	7,624,418	8,035,246	8,824,004	8,487,808
Highway and streets	1,427,229	1,286,420	1,471,268	1,524,170
Economic development and assistance	757,666	904,553	1,003,922	738,176
Culture and recreation	2,547,634	2,709,127	3,069,393	2,872,098
Capital outlay	1,128,183	4,716,638	2,472,434	2,129,027
Debt service:				
Principal	1,235,000	1,270,000	1,385,000	1,435,000
Interest and fees	1,108,328	824,765	712,727	707,684
Bond issuance costs	-	213,022	119,965	296,557
Total expenditures	<u>18,448,028</u>	<u>22,590,492</u>	<u>21,994,145</u>	<u>21,544,863</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(136,333)</u>	<u>(2,638,194)</u>	<u>139,919</u>	<u>29,426</u>
Other financing sources (uses):				
Issuance and refunding of bonds/notes-net	-	(37,751)	(34,825)	22,298,943
Capital lease	-	-	-	-
Lease/subscription proceeds	-	-	-	-
Transfers from other funds	885,694	3,688,578	2,106,052	2,119,801
Transfers to other funds	(332,818)	(1,078,369)	(484,484)	(484,484)
Sale of capital assets	-	55,346	44,917	12,538
Total other financing sources (uses)	<u>552,876</u>	<u>2,627,804</u>	<u>1,631,660</u>	<u>23,946,798</u>
Net change in fund balances	<u>\$ 416,543</u>	<u>\$ (10,390)</u>	<u>\$ 1,771,579</u>	<u>\$ 23,976,224</u>
Debt service as a percentage of noncapital expenditures	13.53%	11.72%	10.75%	11.04%

TABLE 4

2018	2019	2020	2021	2022	2023
\$ 6,806,247	\$ 8,429,725	\$ 9,400,512	\$ 10,073,144	\$ 10,944,323	\$ 13,067,122
7,021,498	7,912,673	8,432,288	9,577,288	10,119,996	11,531,095
635,895	687,407	612,466	925,792	1,017,376	1,049,976
942,108	794,255	642,402	958,856	1,277,172	4,600,537
2,764,266	2,765,491	2,599,006	2,768,083	3,136,495	3,311,807
1,139,600	1,278,906	1,152,585	1,606,570	1,776,284	1,773,034
286,082	301,768	216,500	194,532	253,069	243,158
-	-	-	-	-	-
1,501,976	119,566	1,013,027	33,921	4,546,204	56,427
2,565,044	2,917,277	3,044,044	2,929,777	3,284,859	3,906,141
311,812	436,027	887,924	1,093,420	916,021	3,331,099
616,238	915,277	380,793	79,660	151,568	2,123,394
<u>24,590,766</u>	<u>26,558,372</u>	<u>28,381,547</u>	<u>30,241,043</u>	<u>37,423,367</u>	<u>44,993,790</u>
3,597,506	4,866,280	5,161,608	5,524,658	6,110,643	8,412,713
8,969,673	9,854,015	10,396,814	11,124,532	11,464,073	12,469,383
1,506,474	1,723,818	1,575,084	1,732,168	2,040,054	2,816,843
711,281	778,192	1,203,679	790,591	1,009,103	1,294,132
3,152,650	3,351,794	3,352,406	3,746,622	4,075,908	5,085,169
6,046,830	15,985,775	8,182,493	1,061,229	2,410,596	4,612,035
2,050,000	2,090,000	2,010,000	2,065,000	2,354,765	2,787,849
1,189,760	1,083,227	1,027,751	1,144,617	902,784	1,100,698
-	83,167	-	1,453	338,419	317,058
<u>27,224,174</u>	<u>39,816,268</u>	<u>32,909,835</u>	<u>27,190,870</u>	<u>30,706,345</u>	<u>38,895,880</u>
<u>(2,633,408)</u>	<u>(13,257,896)</u>	<u>(4,528,288)</u>	<u>3,050,173</u>	<u>6,717,022</u>	<u>6,097,910</u>
-	33,450	-	-	337,472	18,317,058
-	217,119	66,957	375,520	622,044	-
-	-	-	-	-	1,120,942
4,014,148	3,684,168	4,071,500	4,610,657	15,949,614	11,118,417
(2,804,596)	(1,706,097)	(2,468,005)	(2,953,614)	(17,761,466)	(9,006,928)
608,578	31,265	22,092	3,689	85,285	1,942,646
<u>1,818,130</u>	<u>2,259,905</u>	<u>1,692,544</u>	<u>2,036,252</u>	<u>(767,051)</u>	<u>23,492,135</u>
<u>\$ (815,278)</u>	<u>\$ (10,997,991)</u>	<u>\$ (2,835,744)</u>	<u>\$ 5,086,425</u>	<u>\$ 5,949,971</u>	<u>\$ 29,590,045</u>

15.30%

13.32%

12.28%

12.28%

12.71%

12.27%

CITY OF BOERNE, TEXAS

**TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

TABLE 5

<u>FISCAL YEAR</u>	<u>AD VALOREM TAX</u>	<u>SALES TAX</u>	<u>FRANCHISE TAX</u>	<u>HOTEL/MOTEL TAX</u>	<u>TOTAL REVENUE</u>
2014	\$ 5,883,300	\$ 5,460,798	\$ 2,297,457	\$ 498,886	\$ 14,140,441
2015	6,279,784	5,841,658	2,568,986	553,729	15,244,157
2016	6,716,220	6,657,261	2,454,521	546,239	16,374,241
2017	6,408,676	6,628,822	2,539,941	597,974	16,175,413
2018	6,801,767	7,021,498	2,764,266	635,895	17,223,426
2019	8,401,600	7,912,673	2,765,491	687,407	19,767,171
2020	9,387,036	8,432,288	2,599,006	612,466	21,030,796
2021	10,078,721	9,577,288	2,768,083	925,792	23,349,884
2022	10,907,162	10,119,996	3,136,495	1,017,376	25,181,029
2023	13,067,122	11,531,095	3,311,807	1,049,976	28,960,000

CITY OF BOERNE, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

TABLE 6

Fiscal Year Ended Sept. 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						
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	0.4700	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	891,177,004	183,712,320	496,829,403	2,020,599,405	0.4720	2,020,599,405	100.00%
2021	1,559,897,497	908,572,221	197,025,250	493,661,486	2,171,833,482	0.4720	2,171,833,482	100.00%
2022	1,795,092,108	951,883,413	197,170,440	579,571,617	2,364,574,344	0.4720	2,364,574,344	100.00%
2023	2,081,849,789	1,488,343,455	224,841,180	967,296,487	2,827,737,937	0.4510	2,827,737,937	100.00%

The information was obtained from the Kendall Appraisal District

¹ Tax rates are per \$100 of assessed value

² Excludes tax-exempt property

CITY OF BOERNE, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES (PER \$100 OF ASSESSED VALUE) LAST TEN FISCAL YEARS

TABLE 7

Fiscal Year	City of Boerne			Overlapping Rates						Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total City Rate	School District			County			
				Operating Rate	Debt Service Rate	Total School Rate	Operating Rate	Debt Service Rate	Total County Rate	
2014	0.2925	0.1795	0.4720	1.0400	0.2540	1.2940	0.3486	0.0454	0.3940	2.1600
2015	0.3092	0.1628	0.4720	1.0400	0.2540	1.2940	0.3508	0.0432	0.3940	2.1600
2016	0.3261	0.1459	0.4720	1.0400	0.2540	1.2940	0.3460	0.0407	0.3867	2.1527
2017	0.3426	0.1294	0.4720	1.0400	0.2760	1.3160	0.3465	0.0662	0.4127	2.2007
2018	0.3585	0.1135	0.4720	1.0400	0.3140	1.3540	0.3490	0.0637	0.4127	2.2387
2019	0.3651	0.1069	0.4720	1.0400	0.3140	1.3540	0.3520	0.0607	0.4127	2.2387
2020	0.3869	0.0851	0.4720	0.9716	0.3140	1.2856	0.3558	0.0569	0.4127	2.1703
2021	0.3908	0.0812	0.4720	0.9367	0.3140	1.2507	0.3604	0.0523	0.4127	2.1354
2022	0.3936	0.0784	0.4720	0.8826	0.3140	1.1966	0.3643	0.0484	0.4127	2.0813
2023	0.3906	0.0604	0.4510	0.6692	0.3240	0.9932	0.2994	0.0833	0.3827	1.8269

Sources: The above information was obtained from the respective entity

CITY OF BOERNE, TEXAS

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

TABLE 8

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CT 17 Herff Apartments LP	\$ 25,930,000	1	1.10%			
Albany Engineered Composites	23,080,590	2	0.98%			
VBM Acquisition LLC	21,171,470	3	0.90%	\$ 11,831,720	4	0.90%
Zylstra Holdings at Boerne LLC	17,619,180	4	0.75%			
KB Home Lone Star LP	16,574,060	5	0.70%			
Boerne Hotel LTD	13,759,710	6	0.58%			
FOB1, LLC	13,249,590	7	0.56%			
H.E.B. Grocery Co.	13,043,350	8	0.55%	18,290,920	1	1.40%
Wal-Mart Stores Texas LP	12,875,190	9	0.54%	16,663,570	2	1.30%
Jet Specialty Inc	<u>12,742,890</u>	10	0.54%	10,985,240	5	0.90%
Heller Property, LP				14,621,220	3	1.20%
Carrington Place I & II, LP				9,903,170	6	0.80%
Home Depot				9,595,310	7	0.80%
Miller Balous				8,309,980	8	0.70%
Cambridge-Boerne Partners, LP				8,198,610	9	0.60%
Starplex				<u>8,058,070</u>	10	<u>0.60%</u>
	<u>\$ 170,046,030</u>		<u>7.19%</u>	<u>\$ 116,457,810</u>		<u>9.20%</u>

Source: Kendall Appraisal District

CITY OF BOERNE, TEXAS

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

TABLE 9

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	Percentage of Levy		Total Tax Collections	Percentage of Levy
2014	2013	\$ 5,839,322	\$ 5,759,708	98.6%	\$ 79,614	\$ 5,839,322	100.0%
2015	2014	6,181,080	6,131,966	99.2%	49,114	6,181,080	100.0%
2016	2015	6,622,585	6,549,283	98.9%	71,090	6,620,373	100.0%
2017	2016	7,224,676	7,132,942	98.7%	38,732	7,171,674	99.3%
2018	2017	7,697,939	7,655,276	99.4%	42,663	7,697,939	100.0%
2019	2018	8,375,606	8,318,459	99.3%	35,664	8,354,123	99.7%
2020	2019	9,335,187	9,264,788	99.2%	32,668	9,297,456	99.6%
2021	2020	9,997,543	9,941,187	99.4%	46,748	9,987,935	99.9%
2022	2021	10,840,333	10,798,678	99.6%	41,707	10,840,385	100.0%
2023	2022	13,175,006	13,010,187	98.7%	56,935	13,067,122	99.2%

Source: Kendall Appraisal District

CITY OF BOERNE, TEXAS

PRINCIPAL UTILITY CUSTOMERS
CURRENT YEAR

TABLE 10

Utility Customer	Electric			Gas		
	Customer Revenue	Rank	Percentage of Total Electric Revenues	Electric Sales Revenue	Rank	Percentage of Total Gas Revenues
Boerne Independent School District	\$ 1,818,322	1	9.48%	\$ 143,889	3	3.40%
Morningside Ministries	991,116	2	5.17%	92,751	4	2.19%
H.E Butt Supermarket	649,969	3	3.39%	78,948	5	1.87%
Wal-Mart	588,387	4	3.07%	-		
City of Boerne	300,962	5	1.57%	61,079	6	1.44%
Mission Pharmacal	267,314	6	1.39%	267,314	1	6.32%
Boerne Medical Plaza, LP	266,063	7	1.39%	-		
Boerne Hotel Ltd	253,343	8	1.32%	50,005	7	1.18%
Woodland Notes, LLC	251,083	9	1.31%	-		
Albanyt Engineered Composites	241,492	10	1.26%	152,252	2	3.60%
Kendall County Auditor	-			36,129	9	0.85%
Methodist Ambulatory Surgery	-			44,526	8	1.05%
Toyota of Boerne	-			35,411	10	0.84%
	<u>\$ 5,628,051</u>		<u>29.35%</u>	<u>\$ 962,304</u>		<u>22.74%</u>

Utility Customer	Water			Wastewater		
	Customer Revenue	Rank	Percentage of Total Water Revenues	Electric Sales Revenue	Rank	Percentage of Total Wastewater Revenues
City of Boerne	\$ 263,689	1	3.52%	\$ -		
Morningside Ministries	145,728	2	1.95%	120,845	2	1.85%
Boerne Independent School District	150,121	3		162,235	1	2.49%
WP Boerne MC-MF	74,330	4		-		
Vantage at Boerne LLC	72,087	5	0.96%	99,776	4	1.53%
CT 17 Herff Apartments LP	66,749	6	0.89%	-		
Liv Boerne Hills LP	53,488	7	0.71%	42,726	9	0.66%
Woodliff Family Holdings	39,083	8	0.52%	41,125	10	0.63%
Boerne Nursing Operations, LLC	37,213	9		47,190	8	
Boerne Terraces at Cibolo Apts	35,595	10	<u>0.48%</u>	55,374	5	0.85%
Boerne Car Wash LLC	-			100,440	3	
Albany Engineered Composites	-			50,131	7	0.77%
H.E. Butt Supermarket	-			53,794	6	<u>0.82%</u>
	<u>\$ 938,083</u>		<u>9.03%</u>	<u>\$ 773,636</u>		<u>9.60%</u>

Source: City of Boerne Utilities

CITY OF BOERNE, TEXAS

**CONNECTIONS AND REVENUES BY UTILITY
LAST TEN FISCAL YEARS**

TABLE 11

Utility	2023		2022		2021		2020	
	Connections	Revenue	Connections	Revenue	Connections	Revenue	Connections	Revenue
Electric	6,572	\$ 19,857,473	6,247	18,493,259	6,194	16,921,679	5,940	\$ 15,158,611
Water ¹	9,138	7,733,182	8,754	9,369,373	8,301	8,831,904	7,622	6,811,700
Wastewater	7,369	6,492,857	7,045	8,773,874	6,715	8,977,822	6,342	5,420,652
Gas	3,949	4,294,557	3,626	4,394,173	3,290	2,971,794	3,027	2,701,672
Solid Waste	6,360	1,210,789	6,011	1,294,476	5,694	1,116,862	5,318	1,014,108
Stormwater	6,425	639,618	6,210	609,082	5,970	481,030	-	-
	<u>39,813</u>	<u>\$ 40,228,476</u>	<u>37,893</u>	<u>\$ 42,934,237</u>	<u>36,164</u>	<u>\$ 39,301,091</u>	<u>28,249</u>	<u>\$ 31,106,743</u>

Utility	2019		2018		2017		2016	
	Connections	Revenue	Connections	Revenue	Connections	Revenue	Connections	Revenue
Electric	5,628	\$ 16,545,295	5,498	\$ 17,298,397	5,394	\$ 16,278,423	5,301	\$ 15,752,733
Water ¹	7,188	6,766,786	6,620	5,874,244	6,120	5,453,144	5,726	5,109,931
Wastewater	6,047	5,083,504	5,797	4,704,658	5,465	4,434,700	5,302	4,223,193
Gas	2,699	3,001,284	2,376	2,400,814	2,088	1,974,451	1,867	1,834,219
Solid Waste	5,019	959,154	4,659	888,628	4,368	826,175	4,137	780,116
Stormwater	-	-	-	-	-	-	-	-
	<u>26,581</u>	<u>\$ 32,356,023</u>	<u>24,950</u>	<u>\$ 31,166,741</u>	<u>23,435</u>	<u>\$ 28,966,893</u>	<u>22,333</u>	<u>\$ 27,700,192</u>

Utility	2015		2014	
	Connections	Revenue	Connections	Revenue
Electric	5,202	\$ 17,248,469	5,074	\$ 15,214,937
Water ¹	5,390	4,645,301	5,136	4,447,030
Wastewater	5,056	4,030,775	4,862	3,906,546
Gas	1,725	1,995,865	1,587	2,075,464
Solid Waste	3,953	700,792	3,729	247,758
Stormwater	-	-	-	-
	<u>21,326</u>	<u>\$ 28,621,202</u>	<u>20,388</u>	<u>\$ 25,891,735</u>

¹ includes reclaimed water, which began in FY 2016

Source: City of Boerne Utilities

CITY OF BOERNE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

TABLE 12

Fiscal Year	Governmental Activities				
	General Obligation Bonds ²	Tax Notes ²	Leases	SBITAs	Lease Purchase Agreements
2014	\$ 25,353,640	\$ 1,300,000	\$ -	\$ -	\$ -
2015	24,900,772	1,055,000	-	-	-
2016	23,781,752	805,000	-	-	-
2017	22,984,317	22,380,000	-	-	-
2018	21,626,661	21,535,000	-	-	-
2019	20,236,192	20,675,000	-	-	132,119
2020	18,821,455	19,930,000	-	-	139,799
2021	17,366,720	19,170,000	-	-	376,437
2022	34,455,056	-	763,647	-	423,014
2023	50,566,255	-	1,072,270	224,507	583,960

Fiscal Year	Business-Type Activities				
	Revenue Bonds	General Obligation Bonds ²	Leases	SBITAs	Lease Purchase Agreements
2014	\$ 44,106,333	\$ -	\$ -	\$ -	\$ -
2015	42,895,767	-	-	-	-
2016	29,210,000	12,528,576	-	-	-
2017	28,255,000	12,062,822	-	-	-
2018	285,000	39,612,284	-	-	-
2019	-	38,285,838	-	-	89,992
2020	-	36,622,706	-	-	60,697
2021	-	34,959,952	-	-	30,535
2022	-	33,252,198	112,569	-	254,401
2023	-	31,489,444	273,784	130,730	-

Fiscal Year	Total Primary Government	Percentage of Household Income ¹	Per Capita ¹
2014	\$ 70,761,987	7.5%	\$ 5,345
2015	68,853,554	6.3%	5,056
2016	66,327,344	5.4%	4,608
2017	85,684,156	7.1%	5,724
2018	83,060,963	6.5%	5,167
2019	79,421,160	5.8%	4,691
2020	75,576,677	5.7%	4,183
2021	71,905,665	4.5%	3,275
2022	69,262,907	4.1%	3,247
2023	84,340,950	4.7%	3,821

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 133 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, withing the limitations prescribed by law.

CITY OF BOERNE, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

TABLE 13

Fiscal Year Ended September 30,	Gross Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Table Value of Property ¹	Per Capita ²
2014	\$ 26,653,640	\$ 821,729	\$ 25,831,911	2.04%	\$ 1,951
2015	25,955,772	838,134	25,117,638	1.88%	1,844
2016	24,586,752	698,449	23,888,303	1.67%	1,660
2017	45,364,317	791,089	44,573,228	2.87%	2,978
2018	43,161,661	778,973	42,382,688	2.53%	2,636
2019	40,911,192	782,309	40,128,883	2.22%	2,370
2020	38,751,455	701,236	38,050,219	1.88%	2,106
2021	36,536,720	621,486	35,915,234	1.65%	1,636
2022	34,455,056	692,501	33,762,555	1.43%	1,603
2023	82,055,699	948,591	81,107,108	1.75%	3,717

Notes: 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
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics

CITY OF BOERNE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2023

TABLE 14

Governmental Unit	Net Debt	Percentage Applicable to City ¹	City's Share of Debt
Kendall County	\$ 49,809,041	27.71%	\$ 13,802,085
Boerne Independent School District	269,164,300	25.11%	<u>67,587,156</u>
Total overlapping debt			81,389,241
City of Boerne	52,446,992	100.00%	<u>52,446,992</u>
Total direct and overlapping debt			<u>\$ 133,836,233</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Assessed valuation (AV)	\$ 1,267,213,820	\$ 1,339,449,130	\$ 1,429,047,700	\$ 1,552,695,050
Debt limit percentage	10%	10%	10%	10%
Debt limit	126,721,382	133,944,913	142,904,770	155,269,505
Net debt applicable to limit				
General bonded debt	26,653,640	25,955,772	24,586,752	45,364,317
Less amount set aside for repayment of general bonded debt	(821,729)	(838,134)	(698,449)	(791,089)
Total net debt applicable to limit	25,831,911	25,117,638	23,888,303	44,573,228
Legal debt margin	<u>\$ 100,889,471</u>	<u>\$ 108,827,275</u>	<u>\$ 119,016,467</u>	<u>\$ 110,696,277</u>
Total net debt applicable to the limit as a percentage of debt limit	20.38%	18.75%	16.72%	28.71%

TABLE 15

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 1,672,182,126	\$ 1,810,003,470	\$ 2,020,599,410	\$ 2,171,833,482	\$ 2,364,574,344	\$ 2,827,737,937
10%	10%	10%	10%	10%	10%
167,218,213	181,000,347	202,059,941	217,183,348	236,457,434	282,773,794
43,161,661	40,911,192	38,751,455	36,536,720	34,455,056	50,566,255
(778,973)	(782,309)	(701,236)	(621,486)	(692,501)	(948,591)
42,382,688	40,128,883	38,050,219	35,915,234	33,762,555	49,617,664
<u>\$ 124,835,525</u>	<u>\$ 140,871,464</u>	<u>\$ 164,009,722</u>	<u>\$ 181,268,114</u>	<u>\$ 202,694,879</u>	<u>\$ 233,156,130</u>
25.35%	22.17%	18.83%	16.54%	14.28%	17.55%

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**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Electric:				
Revenues	\$ 15,252,637	\$ 17,287,785	\$ 15,819,084	\$ 16,359,468
Less operating expenses	<u>(13,546,962)</u>	<u>(13,794,036)</u>	<u>(13,178,897)</u>	<u>(14,148,327)</u>
Net available revenue	<u>1,705,675</u>	<u>3,493,749</u>	<u>2,640,187</u>	<u>2,211,141</u>
Water:				
Revenues	4,456,288	4,679,108	5,146,172	5,531,374
Less operating expenses	<u>(3,167,299)</u>	<u>(3,347,857)</u>	<u>(3,520,010)</u>	<u>(3,660,798)</u>
Net available revenue	<u>1,288,989</u>	<u>1,331,251</u>	<u>1,626,162</u>	<u>1,870,576</u>
Wastewater:				
Revenues	3,911,613	4,055,297	4,258,053	4,499,452
Less operating expenses	<u>(1,753,726)</u>	<u>(1,999,875)</u>	<u>(2,301,112)</u>	<u>(2,565,220)</u>
Net available revenue	<u>2,157,887</u>	<u>2,055,422</u>	<u>1,956,941</u>	<u>1,934,232</u>
Natural Gas:				
Revenues	2,075,574	1,996,107	1,835,627	1,977,390
Less operating expenses	<u>(1,647,996)</u>	<u>(1,550,053)</u>	<u>(1,809,543)</u>	<u>(1,658,937)</u>
Net available revenue	<u>427,578</u>	<u>446,054</u>	<u>26,084</u>	<u>318,453</u>
Total utility systems revenues	25,696,112	28,018,297	27,058,936	28,367,684
Less total utility systems operating expenses	<u>(20,115,983)</u>	<u>(20,691,821)</u>	<u>(20,809,562)</u>	<u>(22,033,282)</u>
Total utility systems net revenue available	<u>\$ 5,580,129</u>	<u>\$ 7,326,476</u>	<u>\$ 6,249,374</u>	<u>\$ 6,334,402</u>
Annual debt service	\$ 2,814,852	\$ 2,799,925	\$ 2,695,789	\$ 2,679,527
Coverage	1.98	2.62	2.32	2.36

*Note: Excludes depreciation and amortization.

TABLE 16

2018	2019	2020	2021	2022	2023
\$ 17,142,473	\$ 16,869,643	\$ 15,386,121	\$ 16,964,340	\$ 18,584,140	\$ 20,655,622
<u>(13,129,342)</u>	<u>(13,040,894)</u>	<u>(13,231,814)</u>	<u>(13,368,035)</u>	<u>(12,750,934)</u>	<u>(14,300,333)</u>
<u>4,013,131</u>	<u>3,828,749</u>	<u>2,154,307</u>	<u>3,596,305</u>	<u>5,833,206</u>	<u>6,355,289</u>
5,681,070	7,137,607	7,070,683	8,924,724	9,467,208	8,629,670
<u>(4,223,734)</u>	<u>(4,801,227)</u>	<u>(4,993,168)</u>	<u>(5,429,883)</u>	<u>(6,113,369)</u>	<u>(6,295,194)</u>
<u>1,457,336</u>	<u>2,336,380</u>	<u>2,077,515</u>	<u>3,494,841</u>	<u>3,353,839</u>	<u>2,334,476</u>
4,553,200	5,360,019	5,559,312	8,983,995	8,883,242	8,635,986
<u>(2,795,283)</u>	<u>(3,127,747)</u>	<u>(3,284,714)</u>	<u>(3,846,534)</u>	<u>(4,080,522)</u>	<u>(4,890,592)</u>
<u>1,757,917</u>	<u>2,232,272</u>	<u>2,274,598</u>	<u>5,137,461</u>	<u>4,802,720</u>	<u>3,745,394</u>
2,392,855	3,013,845	2,708,055	2,972,174	4,399,854	4,915,878
<u>(1,960,649)</u>	<u>(2,211,456)</u>	<u>(2,062,344)</u>	<u>(2,457,759)</u>	<u>(3,685,045)</u>	<u>(4,036,008)</u>
<u>432,206</u>	<u>802,389</u>	<u>645,711</u>	<u>514,415</u>	<u>714,809</u>	<u>879,870</u>
29,769,598	32,381,114	30,724,171	37,845,233	41,334,444	42,837,156
<u>(22,109,008)</u>	<u>(23,181,324)</u>	<u>(23,572,040)</u>	<u>(25,102,211)</u>	<u>(26,629,870)</u>	<u>(29,522,127)</u>
<u>\$ 7,660,590</u>	<u>\$ 9,199,790</u>	<u>\$ 7,152,131</u>	<u>\$ 12,743,022</u>	<u>\$ 14,704,574</u>	<u>\$ 13,315,029</u>
\$ 2,460,923	\$ 2,439,714	\$ 2,418,553	\$ 2,394,889	\$ 2,546,697	\$ 2,866,125
3.11	3.77	2.96	5.32	5.77	4.65

CITY OF BOERNE, TEXAS

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

TABLE 17

<u>Fiscal Year</u>	<u>Population ¹</u>	<u>Median Household Income ²</u>	<u>Persons Per Household ¹</u>	<u>School Enrollment ³</u>	<u>Unemployment Rate ⁴</u>
2014	13,239	\$ 71,052	2.47	7,450	5.2%
2015	13,619	80,500	2.47	7,898	3.2%
2016	14,392	84,582	2.47	8,303	3.4%
2017	14,968	81,110	2.47	8,688	3.0%
2018	16,076	78,933	2.47	8,664	3.0%
2019	16,930	80,339	2.47	9,579	2.8%
2020	18,065	72,776	2.47	9,690	5.2%
2021	21,956	72,496	2.85	10,117	3.4%
2022	21,062	79,692	2.66	10,327	3.0%
2023	22,075	82,982	2.65	10,800	3.1%

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**

TABLE 18

<u>Employer</u>	<u>Fiscal Year 2023</u>		<u>Fiscal Year 2014</u>	
	<u>Rank</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Number of Employees</u>
Boerne Independent School District	1	1,300	1	915
Toyota of Boerne	2	344	8	187
Kendall County	3	324	4	245
Mission Pharmacal	4	280	3	246
WalMart Stores	5	278	7	226
City of Boerne	6	275	5	233
HE Butt Grocery Store	7	268	2	354
Albany Engineered Composites	8	230	6	240
Cibolo Creek Health and Rehab	9	97		
Mercedes Benz of Boerne	10	85	9	134
The Home Depot			10	122

Source: City of Boerne Study

CITY OF BOERNE, TEXAS

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

TABLE 19

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	19	17	18	32	36	39	49	54	59	59
Public safety:										
Animal control	3	3	3	4	4	4	4	4	4	5
Cemetery	1	1	1	1	1	1	-	-	-	-
Code enforcement	9	10	11	4	4	5	4	4	4	4
Dispatch	13	13	12	14	14	15	15	16	16	16
Emergency and risk	8	8	7	2	2	2	3	3	3	2
Fire	13	14	16	16	17	18	18	19	20	24
Municipal court	3	3	3	3	3	3	3	3	3	3
Police	36	35	41	41	45	47	47	46	47	50
Highways and streets	18	15	18	19	20	21	20	16	15	15
Culture and recreation	37	38	38	33	34	34	38	35	32	34
Economic Development	3	3	3	3	3	3	3	3	3	3
Electric	21	20	23	25	23	23	20	24	24	23
Water	15	15	16	16	16	16	14	11	11	17
Sewer	13	16	15	14	18	18	16	16	16	11
Gas	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>	<u>9</u>	<u>11</u>	<u>10</u>	<u>9</u>	<u>10</u>	<u>9</u>
Total	<u>218</u>	<u>217</u>	<u>232</u>	<u>234</u>	<u>249</u>	<u>260</u>	<u>264</u>	<u>263</u>	<u>267</u>	<u>275</u>

Source: Active City of Boerne employees as of September 30



CITY OF BOERNE, TEXAS

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2014	2015	2016	2017
Police				
Physical arrests	490	479	578	664
Parking violations	70	20	104	48
Traffic violations	1,986	1,326	2,481	1,650
Fire				
Number of calls (in City)	317	444	472	549
Inspections	1,277	1,870	2,302	2,501
Code enforcement				
Permits issued	2,002	2,135	2,305	2,731
Highways and streets				
Streets resurfaced (miles)	2.72	1	2.9	3.4
Other street repairs (hours)	17,412	285	1,466	5,108
Culture and recreation				
Athletic field revenues	\$ 27,881	\$ 44,923	\$ 42,669	\$ 44,794
Community center events	297	303	142	-
Electric				
New connections	88	128	75	93
Average daily consumptions (kilowatt hours)	362,390	366,009	360,960	364,209
Water				
New connections	172	254	248	305
Average daily consumptions (thousands of gallons)	156,933	158,559	177,771	189,877
Wastewater				
New connections	138	131	246	163
Average daily treatment (thousands of gallons)	113,884	115,372	119,015	123,687
Reclaimed water				
New connections	-	-	88	89
Average daily treatment (thousands of gallons)	-	-	17,970	92,847
Natural gas				
New connections	78	138	128	221
Average daily consumptions (thousands of cubic feet)	483	475	424	412

Sources: Various City of Boerne departments

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

* Data not currently available

TABLE 20

	2018		2019		2020		2021		2022		2023
	641		585		396		583		614		580
	82		52		39		90		159		176
	1,774		1,576		816		1,091		1,359		1,473
	600		767		798		1,322		1,234		1,256
	1,674		1,776		2,019		2,435		2,139		*
	3,168		3,066		3,030		4,038		2,323		2,138
	3.8		3.8		1.7		4.7		4.2		4.8
	9,293		8,700		5,145		4,304		4,133		7,757
\$	181,609	\$	225,036	\$	180,140	\$	221,040	\$	266,007	\$	296,908
	-		-		-		-		-		-
	104		130		312		254		53		325
	386,241		382,213		369,515		374,745		400,237		403,190
	266		471		307		483		318		246
	208,156		195,387		221,241		219,948		248,329		251,312
	332		250		295		373		330		324
	132,382		132,619		142,328		157,337		165,772		172,324
	106		97		127		196		135		138
	126,638		148,253		217,851		245,842		309,673		324,324
	288		323		328		263		336		323
	519		603		565		680		690		696

CITY OF BOERNE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

TABLE 21

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	15	16	18	18	21	21	24	24	29	29
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	9	9	9	9	12	12	12	12	12	14
Highways and streets										
Streets (miles)	59	60	63	68	70.8	72.3	73.34	74.6	76.7	81.6
Streetlights	658	666	686	580	564	580	581	581	581	584
Culture and recreation										
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	430.7	430.7
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	-	-	-	-	-	-	-
Electric										
Number of distribution stations	2	2	2	2	2	2	2	2	2	2
Capacity sold (mega-watt hours)	132.3	133.6	131.8	132.9	140.9	139.5	134.8	136.7	146.1	147.1
Water										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Capacity produced (thousands of gallons)	676,100	678,456	743,454	842,680	911,936	870,501	936,298	934,474	1,033,656	1,052,452
Wastewater										
Treatment plants	2	2	2	2	2	2	2	2	2	2
Capacity treated (thousands of gallons)	374,001	529,526	558,906	451,458	458,771	565,730	420,941	509,846	420,382	462,083
Reclaimed water produced (thousands of gallons)	-	-	14,234	72,144	82,232	95,964	117,876	121,095	140,269	137,375
Natural gas										
Gas mains (miles)	57	58	61.21	71.72	72.64	75	80.19	78.43	82.04	84.69
Capacity sold (thousands of cubic feet)	176,464	173,413	154,594	150,474	189,398	220,275	206,362	248,284	251,816	253,923

Sources: Various City of Boerne departments

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

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*

To the Honorable Mayor and
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, 2023, 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 26, 2024.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Antonio, Texas

March 26, 2024

