

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Boerne, Texas, for the year ended September 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated October 9, 2018. Professional standards also require that we communicate to you the following information related to our audit.

I. Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note I to the financial statements. In 2018, the City adopted GASB Statement No. 75 *“Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.”* Accordingly, the effect of the accounting change is reported in the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements include the actuarial assumptions for the City’s net pension liability, other postemployment benefit liabilities, and related deferred inflow and outflow of resources, fair value of investments, the allowance for uncollectible tax revenues, the accumulated depreciation, depreciation expense, and the related estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

II. Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements is the disclosure of the restatement of net position in Note I (11) related to the City’s other postemployment benefit liability of Texas Municipal Retirement System.

III. Difficulties Encountered in Performing the Audit

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

IV. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

V. Disagreements with Management

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

VI. Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 26, 2019.

VII. Management Consultations with Other Independent Accountants

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

VIII. Other Audit Issues

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

IX. Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Park Fund, Schedule of Net Pension Liability and TMRS Related Ratios, Schedule of Contributions on Net Pension Liability, Schedule of Other Postemployment Benefit (OPEB) Liability and TMRS Related Ratios, Schedule of Contributions on OPEB Liability – Retiree Health Insurance and Notes to Schedules of Contributions, which is required supplementary information (RSI) that supplements the basic financial statements.

Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual non-major fund financial statements, the combining and individual non-major fund financial statements, the Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual for the Debt Service Fund, Hotel-Motel/Convention and Visitor's Bureau Special Revenue Fund, Library Special Revenue Fund, Economic Development Special

Revenue Fund, 2009 G.O. Capital Projects Fund, 2012 Tax Note Capital Projects Fund, Capital Projects Fund, Cemetery Permanent Fund, and Statement of Changes in Assets and Liabilities, which accompany the financial statements but are not RSI. With respect to this supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical information, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

X. Other Comment

*Compliance with Public Funds Investment Act*

The Public Funds Investment Act (the Act) requires that we include, as part of our audit, procedures to determine if the City complied with the provisions of the Act. We found, as a result of our tests, that the City complied, in all material respects, with the provisions of the Act.

XI. Restriction on Use

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

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by the personnel of the City during the course of our audit.

ABIP, PC

San Antonio, Texas  
March 26, 2019