

CITY OF BOERNE, TEXAS 2019



COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED
SEPTEMBER 30, 2019

City of Boerne Finance Department would like to take time to recognize Ron Bowman for his service to the City of Boerne. Mr. Bowman will be retiring from his position as City Manager in 2020 after 40 years of service to the City. Mr. Bowman began his career with the city in 1980 as administrative assistant to the City Administrator, Edgar Schwarz. Boerne's population was 2,432 and the City employed 46 people. He served in that capacity until June 1983 when he was appointed by council members to serve as City Administrator. In 1995, when the Boerne citizens voted to become a Home Rule City, Mr. Bowman was named as the city's first and only city manager.

During his four decades, Boerne has undergone great change and through this continuous change, Mr. Bowman has led through prosperity and through adversity, keeping our city financially strong, making it one great place to live, and never failing to put the needs of Boerne citizens at the forefront of the decision making process. He has led the City through a population growth from 2,400 citizens to almost 17,000. The City's budget has grown from \$2.2 million annually to over \$82 million during Mr. Bowman's tenure as City Manager. Mr. Bowman led the city in its first-ever bond issue approved by voters to repair numerous city streets and purchase a fire truck, battled and prevailed over the City of San Antonio for extra-territorial jurisdiction, managed the City through financial downturn and natural disasters, led the City as it revitalized downtown, expanded its Parks and Trails, built the Public Safety Center, Fire Station No. 1, Patrick Heath Public Library and most recently the new City Hall. The City's utilities have grown from 6,400 to 26,000 total customers during Mr. Bowman's time as city manager and he has overseen the creation of reclaimed water and stormwater utilities. Mr. Bowman had a vision to improve and expand one of the City's most valuable assets, its historic downtown, and the Hill Country Mile concept was created. Of his many accomplishments as city manager, helping create the regional alliance under which the Guadalupe-Blanco River Authority built a pipeline to transport potable water from the Western Canyon Project at Canyon Lake to Boerne has had, and will continue to have, a lasting positive impact on the future of Boerne.

Currently Mr. Bowman is the longest tenured city manager, serving the same city, in all of Texas.



Ron Bowman earned a Bachelor of Science degree in political science and a Master of public administration degree, both from St. Mary's University in San Antonio. He is an active member of the International City Management Association and serves on the board of directors for the Texas Public Power Association, a position he has held for 25 years.

He has also served on several other boards, including the American Public Power Association, the Texas City Management Association, the Lower Colorado River Authority (LCRA) Association of Wholesale Customers and the LCRA Gentex Power Plant. He is past president of both the Texas Public Power Association and the LCRA Association of Wholesale Customers board of directors.

On behalf of all City of Boerne staff, we wish you much joy and happiness as you begin a new chapter in your life, here's to your next adventure.



City of Boerne, Texas

Comprehensive Annual Financial Report
Fiscal Year Ended
September 30, 2019

Prepared by the Finance Department



(This page intentionally left blank.)

CITY OF BOERNE, TEXAS

Comprehensive Annual Financial Report
September 30, 2019

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Transmittal Letter	6
Certificate of Achievement for Excellence in Financial Reporting	13
Organizational Chart	14
List of Principal Officials	15
FINANCIAL SECTION	
Independent Auditor's Report	19
Management Discussion and Analysis (unaudited)	22
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	39
Statement of Activities	40
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	43
Statement of Revenues, Expenditures and Changes in Fund Balances.....	44
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	46
Proprietary Funds:	
Statement of Net Position	47
Statement of Revenues, Expenses and Changes in Net Position	48
Statement of Cash Flows	49
Fiduciary Fund:	
Statement of Net Position	50
Notes to the Financial Statements.....	52

Required Supplementary Information (Unaudited):

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund.....	97
Schedule of Changes in Net Pension Liability and TMRS Related Ratios	98
Schedule of Contributions and Notes to Schedule of Contributions - Net Pension Liability.....	99
Schedule of Changes in the OPEB Liability and TMRS Related Ratios - SDBF	100
Schedule of Contributions and Notes to the Schedule of Contributions - SDBF	101
Schedule of Changes in the OPEB Liability – Retiree Health Insurance	102

Other Supplementary Information:**Combining and Individual Fund Statements and Schedules:**

Combining Balance Sheet - Non Major Governmental Funds.....	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non Major Governmental Funds.....	108

**Schedules of Revenues, Expenditures and Changes in Fund
Balances – Budget and Actual:**

Debt Service Fund.....	110
Hotel-Motel/Convention and Visitor’s Bureau Special Revenue Fund	111
Park Special Revenue Fund	112
Library Special Revenue Fund.....	113
Economic Development Special Revenue Fund	114
2009 G.O. Capital Projects Fund.....	115
2012 Tax Note Capital Projects Fund	116
Capital Projects Fund.....	117
Cemetery Permanent Fund	118
Statement of Changes in Assets & Liabilities.....	119

STATISTICAL SECTION (Unaudited):

Financial Trends:

Net Position by Component	123
Changes in Net Position	124
General Government Tax Revenues by Source	126
Fund Balances of Governmental Funds	127
Changes in Fund Balances of Governmental Funds	128
General Fund Tax Revenues by Source	129
Business-Type Activities – Electric Revenues by Source	130

Revenue Capacity:

Assessed Value and Estimated Actual Value of Taxable Property	131
Property Tax Rates - Direct and Overlapping Governments	132
Principal Property Taxpayers	133
Property Tax Levies and Collections	134
Principal Electric Utility Customers by Sales	135

Debt Capacity:

Ratios of Outstanding Debt by Type	136
Ratios of General Bonded Debt Outstanding	137
Direct and Overlapping Governmental Activities Debt	138
Legal Debt Margin Information	139
Pledged-Revenue Coverage	140

Demographic and Economic Information:

Demographic and Economic Statistics	141
Principal Employers	142

Operating Information:

Full-time Equivalent City Government Employees by Function	143
Operating Indicators by Function	144
Capital Asset Statistics by Function	145

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 <i>Government Auditing Standards</i>	148
---	-----



(This page intentionally left blank.)

INTRODUCTORY SECTION



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

March 10, 2020

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

State law requires that all municipalities be audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby include the auditors' report in this comprehensive annual financial report of the City of Boerne (The City) for the fiscal year ended September 30, 2019.

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

The City of Boerne's financial statements have been audited by ABIP, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Boerne for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Boerne's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with accounting principles generally

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

Profile of the Government

The City of Boerne, Texas, incorporated in 1909, is located in the south-central part of the state just west of the San Antonio metroplex, the Nation's seventh largest city and recognized internationally as the top tourist destination in Texas. The City acts as the service center for the surrounding community, providing retail, recreation, and food service to a population of 46,115 people. Similarly, the City serves as the County Seat for Kendall County. The City of Boerne currently occupies a land area of 11.89 square miles with a population of 16,930. The City of Boerne is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when requested by property owners in the areas adjacent to the City and approved by City Council. The City has operated under the council-manager form of government since 1995. Policy-making and legislative authority are vested in a governing council consisting of the mayor and five other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for the hiring and firing of employees. The council is elected on a non-partisan basis. Council members serve two-year staggered terms, with three council members elected every year.

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

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

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

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

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

Local economy

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

The City's population has seen a healthy growth rate of almost 41% over the last ten years compared to the US growth rate of 6.87% for that same period. Of the total City population 56% are between the ages of 18 and 65 and an additional 19% are over the age of 65. The median household income for the area surrounding Boerne, Kendall County, of \$84,106 fared well above the State median of \$73,687. The unemployment for the Boerne and Kendall County area at September 30, 2019, was 2.80%. During this fiscal year, the region stood about 0.60% under the State unemployment rate and 0.70% under the U.S. rate at September 30, 2019. The outlook is expected to mirror that of the past decade and Boerne should continue to experience a healthy sales tax and property tax climate. In fact, over the last ten years property tax values have increased 67.12% in amount, while property tax rates have increased by three cents (6.70%) over the rate in effect ten years ago.

Long-term financial planning

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

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

Relevant financial policies

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

Major projects planned

The City continued to experience consistent & strong growth with fiscal year 2019 Ad Valorem tax collections increasing by 8.80%. Sales Tax also showed continued, strong growth over a sustained period with an increase year over year of 12.70%. Economic development efforts since 2011 have focused on attracting quality retail additions within the city limits. At the same time, the Convention and Visitor's Bureau continues to show strengthening numbers in hotel and motel occupancy and rates boosting the city's eco-tourism results. The Special Projects Department is focused on constant improvement of the downtown core of the city & enhancing the success of the Dickens on Main Christmas program which draws an estimated 20,000 attendees over the post-Thanksgiving weekend. The city experienced new home starts of more than 350 once again which results in a population increase of about 1,000 citizens for a total of 16,930.

Utility plant capacities and a focus on reliability through system redundancy has brought about significant capital additions in the Electric, Water, Reclaimed Water, Wastewater, and Natural Gas Utilities in recent years. The Gas utility continues to be the fastest growing of the city's 5 utility systems with 13.60% new customer growth year over year in 2019. The Gas Utility will need another supply main on Hwy 46 east to accommodate growing demand and additional customers on the eastern side of the city. Customer count in the Gas department stood at 2,699 at the end of the year. The gas utility showed a positive net income in fiscal year 2019.

The Electric Utility showed steady growth of 2.40% in 2019. The system can now serve load from two substations, including a recently completed substation at the south end of the City which was built in cooperation with the Lower Colorado River Authority (LCRA) and Bandera Electric Cooperative (BEC). All four feeder lines from the new substation are operational and three of the four have had load transferred to them. The Electric Utility continues to work on upgrading four feeders extending from both substations in order to balance load and enhance redundancy including a \$600,000 project which was completed in 2017. That effort continued into 2018-2019 with the electric line reconductoring project in the Electric System providing alternate paths of flow of electricity throughout the city. The project will be completed in 2020.

Wastewater system customer count continued to grow at a strong and steady rate of 4.31% in 2019 and the total count now stands at 6,047. Construction was completed on the Wastewater Treatment and Recycling Center in April of 2013. The plant serves the southern half of the City as well as the high growth area in the northeastern sector. The new plant was designed for and is producing Type I reclaimed wastewater for use as another source of water for irrigation in the northeast area of the City where much of the new home growth (4,500 homes in various stages of development) is occurring. 3,500 of those homes will have reclaimed water as the source for irrigation water used. The city has entered into an agreement with WCID#3A to provide wholesale wastewater treatment to the 375-acre development. The new wholesale customer base will provide additional revenues and pay for significant capital improvements to the wastewater system.

The Water system is now the city's largest in terms of customer count at 6,808 with 7% growth in 2019. The city continues to prepare for the eventual expansion of the water treatment plant to meet future peaking needs that will more than double the treatment capacity to three million gallons per day from the current 1.2MGD. The City's Water 2070 Plan indicates that this expansion could be necessary between 2025 and 2030. This plant improvement will be performed when the water utility system summer peaks, usually associated with irrigation, exceed the current ability to meet high demand usage. A water main loop from the Water Department Facilities on Cascade Caverns Road to Hwy 46 will be needed in the next 5 years to meet demand on the high growth eastern side of the city.

The potential for new customers for the reclaimed water system, as well as conservation measures, has allowed the city to defer the Water Treatment Plant expansion from its original projected construction timing. The City began serving reclaimed water to retail customers in January 2016 and as of January 31, 2019, there are now just over 380 customers on the reclaimed water system, up from 100 a year ago.

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

A majority of the new home sites planned or under construction in and around Boerne will be gas utility customers and accelerated growth of that utility continues. This growth, again primarily located in the northeast sector, will bring with it the need for new mains to meet supply requirements and to loop the gas system for redundancy and reliability. These improvements are planned based on the velocity of home sales and indicate a need for additional mains and looping in the mid years of the current 5-year Capital Improvement Plan (2021-26).

Design of the new City Hall building was completed in 2018 and construction was completed in January of 2020. The new building is located at 447 Main Street, is approximately 44,624 square feet and houses 10 City departments that had been in six different buildings and off-site locations. A grand opening is scheduled for April of 2020.

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

IH10 Frontage Road Extension (Completed in 2018) - Texas Department of Transportation (TxDOT) agreed to fund this project with the city and it was bid in the fall of 2014 and faced several construction delays. The project was completed in early 2018 with a cost to the City of approximately \$700,000 with TxDOT accounting for \$3,100,000. This new roadway connecting IH10 to the South Boerne (SoBo) mixed use development district has allowed for the construction of a new full-service hotel as well as a medical office building in that area.

Scenic Loop Overpass at IH10 (Completed in 2018) – This TxDOT project added four travel lanes underneath IH 10, placed turn lanes in each direction approaching the bridge on the Frontage Roads and raised the bridge to allow unobstructed travel for vehicles over 13'. The project's total cost was \$11,000,000 including a local match of \$1.1M from the City of Boerne (\$550,000), Kendall County (\$550,000).

Highway 46 East Expansion (Underway) – This \$11M TxDOT project also has a \$1.1M local match from the City of Boerne and Kendall County. It will expand the segment of Highway 46 East, known as River Road in Boerne, to four lanes from the Esser Bridge to Amman Road. The project was delayed by 12 months due to utility relocation conflicts but was bid in April of 2018 and is underway with completion anticipated in 2020.

Highway 46 at IH10 & Highway 87 at IH10 (Underway) – TxDOT has combined two large overpass projects estimated at \$64,000,000 in total in order to facilitate the conversion of the frontage roads and address key traffic issues in Boerne. The Hwy 87 overpass project will be needed prior to the construction of the new Buc-ees on the west side of IH 10. The projects were let in March of 2018 and construction began later that year. Completion is projected for 2021.

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

The city has issued \$2,000,000 in short term debt to extend the new Herff Road through the South Boerne (SoBo) development to intersect with Christus Parkway and connect to the newly completed Frontage Road. These two roadway segments

have greatly enhanced crosstown, Frontage Road, and IH 10 access in the city leading to the successful economic development projects in SoBo. The bridge connection segment on the north end of the project began construction in late 2017 and was completed in 2018. The south segment construction began in late 2018 following the acquisition of land and right of way and was completed in 2019.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boerne for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2018. This was the thirty-second consecutive year that the City of Boerne has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Ronald C. Bowman
City Manager



Jeff Thompson
Deputy City Manager



Linda S. Zartler
Assistant City Manager



Sandra Mattick, CPA, CGFO
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

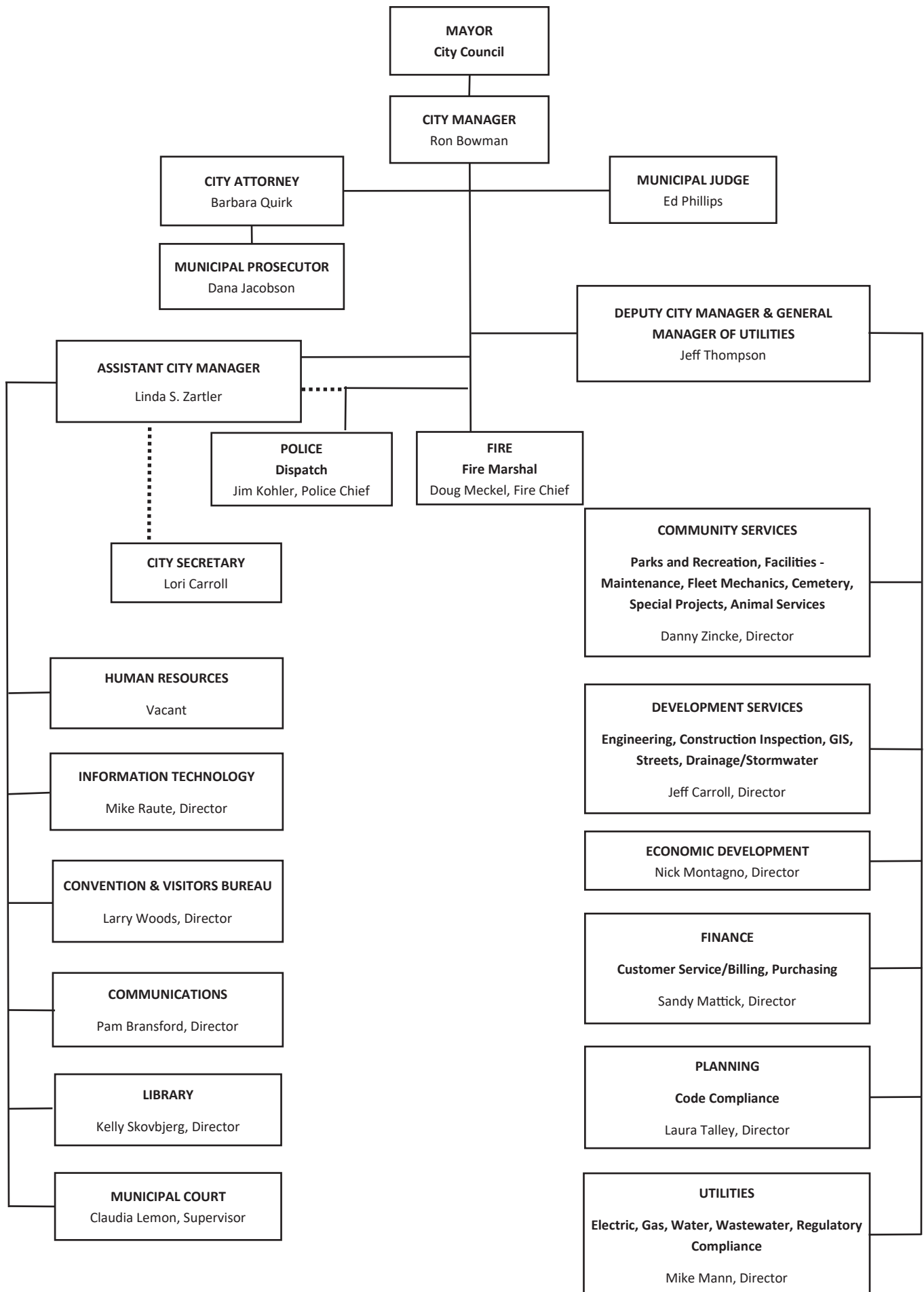
**City of Boerne
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO



**City of Boerne, Texas
List of Principal Officials
September 30, 2019**

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



(This page intentionally left blank.)

FINANCIAL SECTION



(This page intentionally left blank.)

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Boerne, Texas (the City) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Boerne, Texas as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas
March 10, 2020

Management's Discussion and Analysis

As management of the City of Boerne ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$135,771,512 (*net position*). Of this amount, \$32,409,950 (*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 \$18,135,610 which can be attributed to large capital contributions from developers and an increase in charges for services and general revenues with only a small increase in expenses.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,211,975.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$12,214,014 or 69.95% of total general fund expenditures.
- The City's general obligation debt decreased by \$2,090,000 during the current fiscal year. The decrease is due to principal retirements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In fiscal year 2019, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$135,771,512.

A very large portion of the City's net position (66.10%) reflects its net investment in capital assets, \$89,743,853 (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens: consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Boerne's Net Position information:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$29,378,391	\$37,626,255	\$48,440,059	\$42,878,087	\$77,818,450	\$80,504,342
Capital assets	73,933,696	57,970,886	87,215,534	81,560,925	161,149,230	139,531,811
Total assets	103,312,087	95,597,141	135,655,593	124,439,012	238,967,680	220,036,153
Deferred outflows of resources	5,101,661	3,433,005	3,095,513	2,548,703	8,197,174	5,981,708
Long-term liabilities	59,260,686	57,758,134	45,466,206	43,845,628	104,726,892	101,603,762
Other liabilities	3,720,693	1,144,601	2,706,049	4,325,338	6,426,742	5,469,939
Total liabilities	62,981,379	58,902,735	48,172,255	48,170,966	111,153,634	107,073,701
Deferred inflows of resources	167,580	903,269	72,128	404,989	239,708	1,308,258
Net Position:						
Net investment in capital assets	39,484,568	34,104,242	50,259,285	45,009,644	89,743,853	79,113,886
Restricted-debt service	782,309	778,973	1,674,388	3,354,046	2,456,697	4,133,019
Restricted – tourism	278,808	463,103	-	-	278,808	463,103
Restricted – public safety	132,968	280,945	-	-	132,968	280,945
Restricted – capital improvements	-	-	9,957,638	8,169,307	9,957,638	8,169,307
Nonexpendable-cemetery fund	791,598	744,523	-	-	791,598	744,523
Unrestricted	3,794,538	2,852,356	28,615,412	21,878,763	32,409,950	24,731,119
Total net position	\$45,264,789	\$39,224,142	\$90,506,723	\$78,411,760	\$135,771,512	\$117,635,902

An additional portion of the City of Boerne's net position, \$13,617,709; represents resources that are subject to external restrictions on how they may be used. There was a 1.26% decrease, \$173,188, in total restricted net position reported: a decrease of \$281,861 in governmental activities and an increase of \$108,673 in the City's business-type activities.

The remaining balance of \$32,409,950 is unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.

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

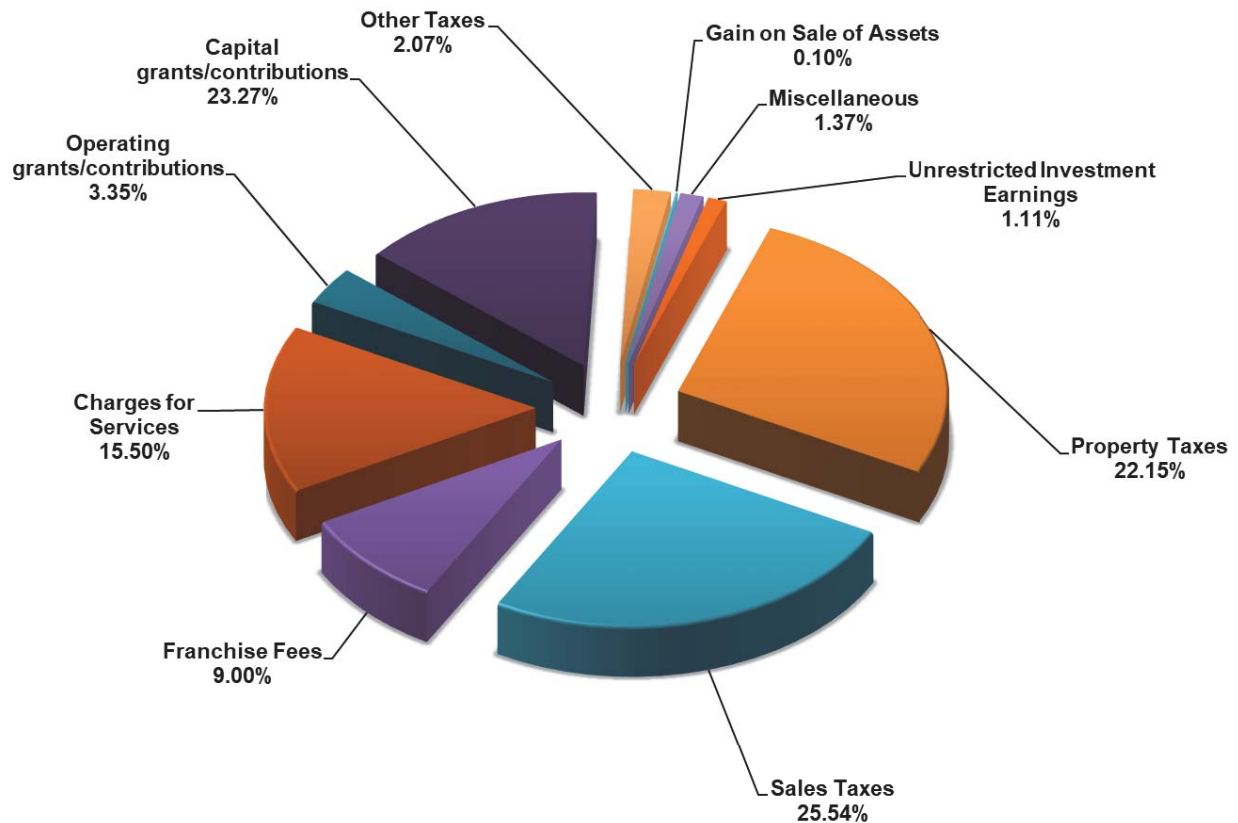
City of Boerne's Revenues, Expense, Changes in Net Position information:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 4,803,146	\$ 4,394,256	\$ 32,356,023	\$ 31,163,741	\$ 37,159,169	\$ 35,557,997
Operating Grants and Contributions	1,084,571	1,028,192	-	5,000	1,084,571	1,033,192
Capital Grants and Contributions	4,527,738	7,144,323	12,135,613	8,701,870	16,663,351	15,846,193
General revenues:						
Property taxes	8,401,600	6,801,767	-	-	8,401,600	6,801,767
Sales taxes	7,912,673	7,021,498	-	-	7,912,673	7,021,498
Other taxes	687,407	635,895	-	-	687,407	635,895
Franchise fees	2,765,491	2,764,266	-	-	2,765,491	2,764,266
Investment Earnings and Other	797,227	917,851	1,000,392	510,142	1,797,619	1,427,993
Total revenues	30,979,853	30,708,048	45,492,028	40,380,753	76,471,881	71,088,801
Expenses:						
General government	5,196,910	3,819,815	-	-	5,196,910	3,819,815
Public safety	11,416,777	10,324,538	-	-	11,416,777	10,324,538
Highways/streets	3,814,779	3,329,625	-	-	3,814,779	3,329,625
Economic development	819,239	732,029	-	-	819,239	732,029
Culture and recreation	4,595,613	4,062,629	-	-	4,595,613	4,062,629
Interest on long-term debt	1,073,959	1,178,804	-	-	1,073,959	1,178,804
Electric	-	-	13,718,766	13,781,471	13,718,766	13,781,471
Water	-	-	6,522,913	5,868,934	6,522,913	5,868,934
Wastewater	-	-	7,547,160	7,441,029	7,547,160	7,441,029
Gas	-	-	2,774,933	2,487,475	2,774,933	2,487,475
Garbage	-	-	855,222	803,815	855,222	803,815
Total expenses	26,917,277	23,447,440	31,418,994	30,382,724	58,336,271	53,830,164
Increase (Decrease) in net position before transfers	4,062,576	7,260,608	14,073,034	9,998,029	18,135,610	17,258,637
Transfers	1,978,071	1,209,552	(1,978,071)	(1,209,552)	-	-
Increase (Decrease) in net position	6,040,647	8,470,160	12,094,963	8,788,477	18,135,610	17,258,637
Beginning net position	39,224,142	30,753,982	78,411,760	69,623,283	117,635,902	100,377,265
Ending net position	\$ 45,264,789	\$ 39,224,142	\$ 90,506,723	\$ 78,411,760	\$ 135,771,512	\$ 117,635,902

Governmental activities. Governmental activities increased the City of Boerne's net position by \$6,040,647. Key elements of this increase are as follows:

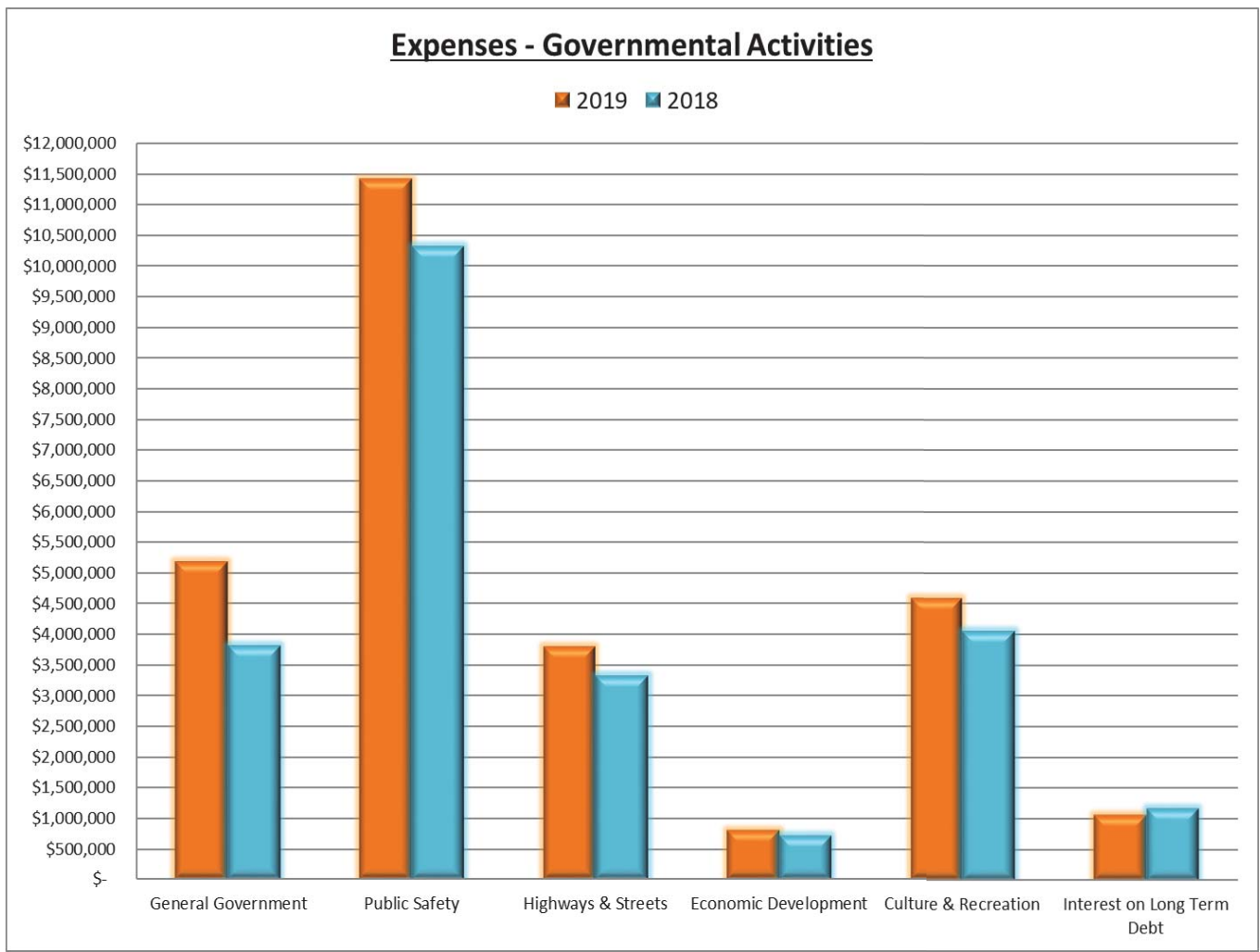
- Charges for services revenues increased by 9.31% or \$408,890 from the previous year. This increase can be attributed to a \$314,397 increase in contributions and donations related to additional school resource officers and communications contributions and a \$139,306 increase in licenses and permits due to growth in the City.
- Capital grants and contributions decreased by 36.62% or \$2,616,585, from the previous year. The decrease can be attributed to grant funds received from TxDOT in the previous year but not in the current year and a decrease in contributed capital from developers.
- General revenues increased by 13.36% or \$2,423,121 from the previous year. The increase is due to an increase in property and sales tax revenues due to growth in the City.

Revenues by Source - Governmental Activities



Total expenses saw an increase of 14.80%, \$3,469,837, for the year. Some of the reasons for the increase in expenses are:

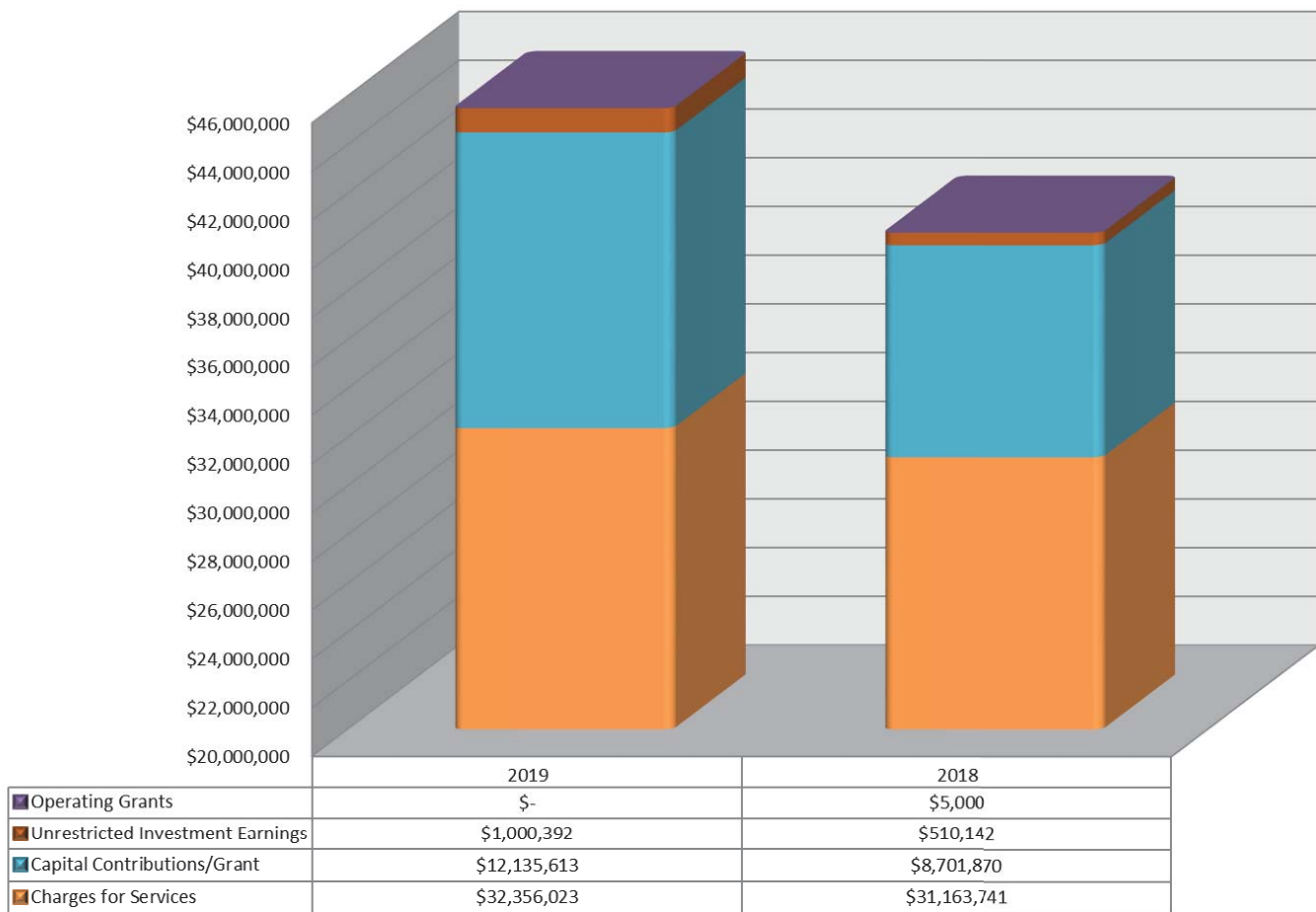
- General government expenses increased by \$1,377,095 or 36.05% from the previous year. This increase is due to increases in personnel costs from new employees and salary increases, increasing facility maintenance costs and professional services related to planning and legal services.
- Public safety expense increased by \$1,092,239 or 10.58% from previous year due to increases in personnel costs from the addition of new employees and increasing facility maintenance costs.
- Culture and recreation expense increased by \$532,984 or 13.12% from the previous year due to increases in personnel costs and increases in facility and equipment maintenance.



Business-type activities. Business-type activities increased the City of Boerne's net position by \$12,094,963. Key elements of the change are as follows:

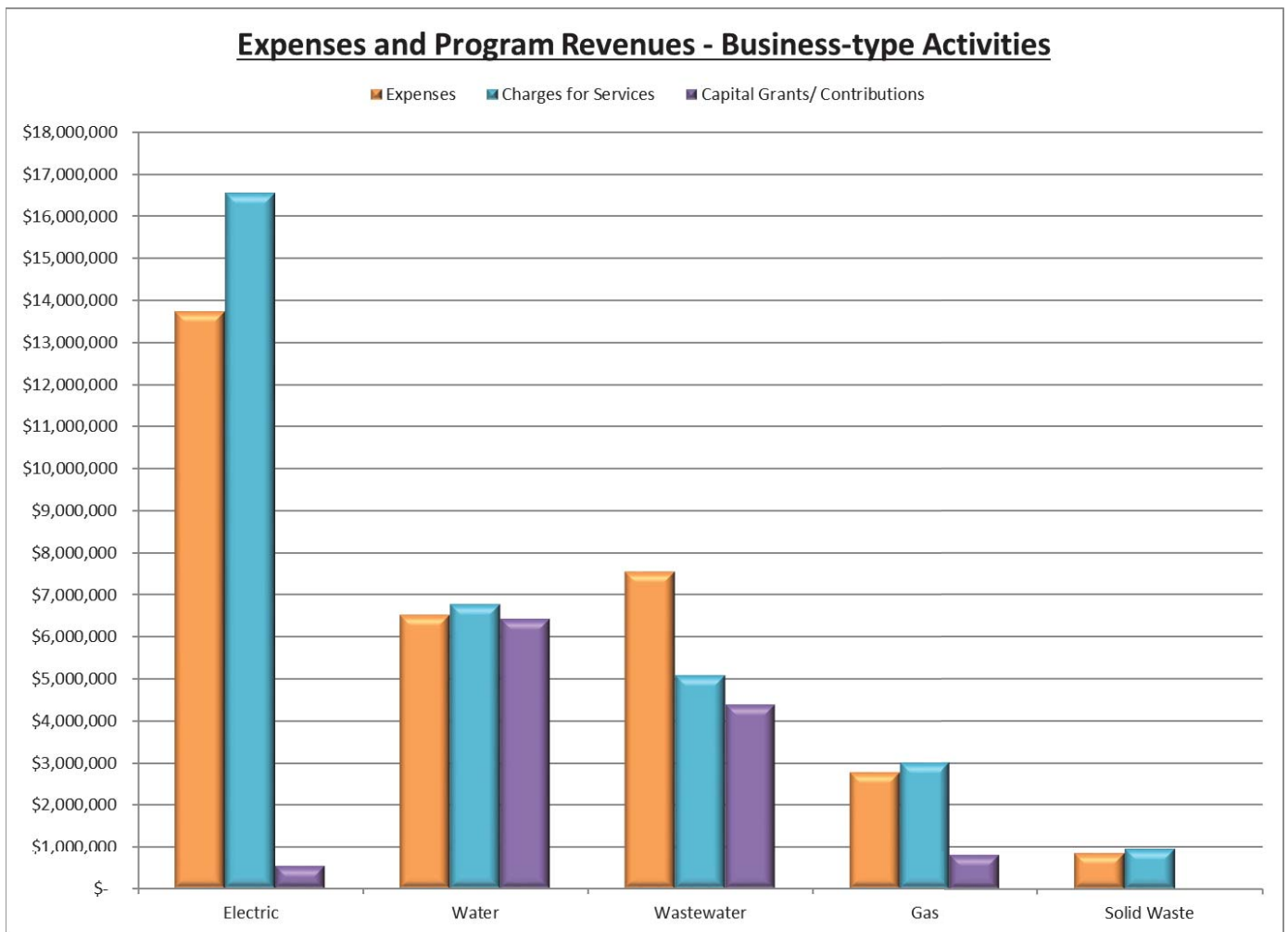
- Charges for services increased by 3.83% or \$1,192,282 from the previous year. The increase is attributable to a growth in customers in every utility due to continued growth in the City.
- Capital grants and contributions increased by 39.46% or \$3,433,743. This increase is attributable to an increase in developer contributions of completed infrastructure to the City.
- Investment earnings increased by 96.10% or \$490,250. This is due to an increase in interest rates and investing in higher yield investments.

Revenues by Source - Business-type Activities



Total expenses increased by 3.41% and transfers increased by 63.54% but expenses remained less than total revenues netting an increase in net position. Summary of the changes in expenses is as follows:

- Water expenses increased by \$653,979 from the previous year. This is due to an increase in personnel costs, an increase in the cost of water purchased, and an increase in maintenance operations costs.
- Gas expenses increased by \$287,458 from the previous year. This is due to an increase in personnel costs and an increase in the amount of gas purchased.
- Transfers increased by \$768,519 from the previous year. This is due to a transfer to the Capital Projects Fund for the new City Hall building.



Financial Analysis of the Government's Funds

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

Government funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,211,975, a decrease of \$10,997,991 in comparison with the prior year. The change is due to the expenditure of the tax note funds on capital projects in the current year. Approximately 48.45% of this total amount, \$12,214,014, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. Of the remaining fund balance, \$6,969,362 is *restricted* to indicate that there are constraints on the use of the funds. These *restricted* fund balances can only be used to pay debt service, promote tourism in the City, to pay for Capital projects currently underway from General Obligation bond issues, and to pay for certain Police and Court expenditures. An additional \$793,398 is nonspendable in that the funds have already been spent (prepaids) or are required to be maintained intact as in the case of the permanent Cemetery fund. The other \$5,235,201 is reported as *assigned*

fund balance. This *assigned* fund balance is constrained by the City's intent to use these funds for maintenance of the City's Park programs, to maintain the Public Library, for Economic Development projects within the City, and for Capital Projects.

The general fund is the chief operating fund of the City of Boerne. At the end of the current fiscal year, unassigned fund balance of the general fund was \$12,214,014. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 69.95% of total general fund expenditures. The fund balance in the City's general fund increased by \$1,082,828 (9.61%) during the current fiscal year. This increase in fund balance can be mainly attributed to continued strong earnings in tax revenues, permits and franchise fees.

Proprietary funds. The City of Boerne's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the year amounted to: Electric \$12,907,377, Water \$7,579,774, Wastewater \$7,367,728, Gas \$238,183, Solid Waste \$522,350 and Internal Service Fund \$331,804. The total increase in net position for the utility funds of \$12,094,963; which was an increase of \$1,701,326, \$6,566,219, \$2,321,634, \$1,426,910, and \$78,874 to Electric, Water, Wastewater, Gas, and Solid Waste respectively. The Internal Service Fund net position increased \$173,107.

All utilities except Wastewater had positive net income before capital contributions and transfers. Wastewater was at (\$2,187,141) due in part to an increase in interest expense on debt and a 7.43% increase in operating expenses resulting from an increase in maintenance costs, and an increase in depreciation expense. Electric, Water, Gas and Solid Waste utilities were at \$3,157,082; \$614,694; \$238,912 and \$113,874 respectively. The positive net income in Electric can be attributed to revenues remaining ahead of expenses and no increase in expenses. The positive net income in Water is due to an increase in water sales resulting from a rate increase and growth in customers with the increase in revenue staying ahead of the increase in expenses. The positive net income in Gas is due to an increase in gas sales as a result of growth in customers keeping revenues ahead of the increase in expenses. The positive net income in Solid Waste is due to a growth in sales for the year (7.99%) along with an increase in rates keeping revenues ahead of the growth in expenses.

The combined utilities (not including Solid Waste) have a revenue bond coverage ratio of 3.77 times coverage which is an increase from the previous year's 3.11 times coverage. This increase in coverage ratio can be attributed to an increase in revenue available over the prior year and a decrease in the annual debt service. The bond covenants require a minimum of 1.20 times debt service coverage.

General Fund Budgetary Highlights

Differences between the original General Fund budget and the final amended budget amounted to \$820,400 (increase in appropriations). Significant budget amendments can be summarized as follows:

- 1) The transfers to other funds budget had a net decrease of \$100,000. The budget was increased by \$600,000 to account for additional transfers to the Capital Projects Fund for City Hall construction, and \$700,000 was reclassified to building maintenance to account for charges for services.
- 2) The professional services budget in the Planning Department was increased by \$155,400 for additional surveying services and services related to the Unified Development Code.
- 3) The capital outlay in the communications department budget was increased by \$50,000 to account for the purchase of a new server.

This increase in the budget is not expected to significantly affect either future services or liquidity of the General Fund.

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

- Licenses and permits exceeded the final budget by \$227,706 due to an increase in plan reviews and permits issued for new development in the City;
- Franchise fees exceeded the final budget by \$122,862 due to increased franchise payments created by growth in the City;
- Administration department expenditures were \$259,682 under budget due to personnel vacancies and reduced operations costs;
- Communications department expenditures were \$161,890 under budget due to personnel vacancies and reduced supplies expenditures;
- Fire department expenditures were \$180,296 under budget due to personnel vacancies and reduced maintenance costs.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2019, amounts to \$161,149,230 (net of accumulated depreciation). This investment in capital assets includes land, buildings and plant, improvements other than buildings, machinery and equipment, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$21,617,419 (a 27.54% increase for governmental activities and a 6.93% increase for business-type activities).

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

- Infrastructure contributed by developers to streets - \$4,418,341;
- Completion of a new Visitor's Center in the Hotel/Motel fund - \$1,334,445;
- Infrastructure contributed by developers for electric distribution system - \$540,107;
- Infrastructure contributed by developers for reclaimed water system - \$532,678;
- Infrastructure contributed by developers for water system - \$4,451,421;
- Infrastructure contributed by developers for wastewater system - \$3,026,633;
- Infrastructure contributed by developers for the gas system - \$808,768;

City of Boerne's Capital Assets (Net of Depreciation)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2019	2018	2019	2018	2019	2018
Land	\$ 10,378,857	\$ 10,378,857	\$ 2,699,574	\$ 2,699,574	\$ 13,078,431	\$ 13,078,431
Buildings and Plant	12,749,578	12,447,451	24,079,867	25,816,405	36,829,445	38,263,405
Improvements Other Than Buildings	5,609,273	5,904,135	-	-	5,609,273	5,904,135
Machinery & Equipment	1,613,341	1,454,403	1,330,800	1,221,569	2,944,141	2,675,972
Infrastructure	28,103,355	24,995,111	57,939,386	51,087,016	86,042,741	76,082,127
Construction In Progress	15,479,292	2,790,929	1,165,907	736,361	16,645,199	3,527,290
Total	\$ 73,933,696	\$ 57,970,886	\$ 87,215,534	\$ 81,560,925	\$ 161,149,230	\$ 139,531,811

For a more detailed presentation on capital assets, please refer to the Notes to Financial Statements on pages 70-71.

Long-term Debt.

At the end of the current fiscal year, the City of Boerne had total debt outstanding of \$74,490,000. The total debt is backed by the full faith and credit of the government, however, \$34,945,000 is being paid for by the business-type activities.

City of Boerne's Outstanding Debt

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2019	2018	2019	2018	2019	2018
General Obligation Revenue Bonds	\$ 39,545,000	\$ 41,635,000	\$ 34,945,000	\$ 36,095,000	\$ 74,490,000	\$ 77,730,000
	\$ -	\$ -	\$ -	\$ 285,000	\$ -	\$ 285,000
Total	\$ 39,545,000	\$ 41,635,000	\$ 34,945,000	\$ 36,380,000	\$ 74,490,000	\$ 78,015,000

The City's total debt decreased by \$3,525,000 during the current fiscal year. The decrease was the result of principal payments on the debt and the refunding of General Obligation Bonds.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to ten percent of its total assessed valuation. The current debt limitation for the City of Boerne is \$140,871,464, which is significantly in excess of the City of Boerne's outstanding \$39,545,000 General Obligation debt. Additional detailed information on debt for the City may be found in the Notes to Financial Statements on pages 73-77.

Economic Factors and Next Year's Budgets

- Sales Tax revenues are stable and have been escalating over the last several years. Budgets remain conservative at 5%.
- Appraisal values are expected to increase at greater than average levels while new additions to the tax rolls will be driven by the velocity of the new home construction and ancillary commercial projects related to that growth. The budget projects a 9.06% growth rate in ad valorem tax revenues based on the tax rolls received from the appraisal district. The city anticipates that the new legislative cap of 3.0% growth in tax base will likely be triggered.
- New development and new home construction are projected to continue at a pace similar to recent years. Demographic data from BISD and the Greater San Antonio Builders Association indicates new home starts of 350 to 375 in 2020.
- Over 3,500 home sites are in some stage of development in or adjacent to Boerne. WCID #3 will add another 1,000 pad sites once it is online, likely in 2022.
- A slight increase is expected for investment interest rates during this fiscal year.
- City staff and the City Council are active in using incentives as allowed by Chapter 380 of the Texas Local Government Code for economic development. The 2013 budget established an economic development fund in order to set aside monies for use in economic development projects. For fiscal year 2020, \$600,000 was set aside to be used for this purpose, which is the same amount as the prior two years. Several Chapter 380 Economic Development Agreements have been executed since 2013. The goal is to use a return on investment (ROI) approach to evaluate potential projects and infrastructure initiatives that are strategically aimed at being a catalyst for growth to increase City revenues. The increased revenues will come from taxes, fees and utility services. It is anticipated that funding for economic development initiatives will continue into fiscal year 2021 and beyond and is included in the city's 5-year financial plan. City Council has indicated a desire to increase the emphasis of economic development efforts towards higher paying jobs.
- A 120-room full-service hotel with 7,500 square feet of conference and meeting space is was completed and opened in the SoBo area in 2019. The new \$25 million full-service facility is expected to have a significant positive impact on sales and hotel-motel tax revenues.
- A 50,000-square foot medical office building began construction in the commercial development area referred to as SoBo in late 2017 and was completed in 2019. The facility includes an ambulatory surgical center which provides additional jobs in the medical and technical fields. Another medical office building is being constructed nearby and is scheduled for completion in 2020.
- The city and the Boerne Kendall County Economic Development Corporation have been selected by the UT Austin Planet Texas 2050 program. The 3-month project will result in a long-term strategic plan for the area to address balance and preservation during this period of high growth for the area.

Requests for Information

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

(The remainder of this page intentionally left blank)



(This page intentionally left blank.)

BASIC FINANCIAL STATEMENTS



(This page intentionally left blank.)

CITY OF BOERNE, TEXAS

Statement of Net Position September 30, 2019

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 12,871,262	\$ 21,676,789	\$ 34,548,051
Investments	5,611,394	8,824,925	14,436,319
Receivables (net of allowance)	1,676,084	3,864,095	5,540,179
Inventories	-	1,141,271	1,141,271
Prepays	1,800	5,238	7,038
Restricted assets:			
Cash and cash equivalents	8,973,025	7,915,255	16,888,280
Investments	244,826	5,012,486	5,257,312
Capital assets not being depreciated:			
Land	10,378,857	2,699,574	13,078,431
Construction in progress	15,479,292	1,165,907	16,645,199
Capital assets net of accumulated depreciation:			
Buildings and plant	12,749,578	24,079,867	36,829,445
Improvements other than buildings	5,609,273	-	5,609,273
Infrastructure	28,103,355	57,939,386	86,042,741
Machinery and equipment	1,613,341	1,330,800	2,944,141
Total Capital assets	73,933,696	87,215,534	161,149,230
Total Assets	103,312,087	135,655,593	238,967,680
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	574,636	1,274,211	1,848,847
Deferred outflows related to pension	4,330,907	1,737,278	6,068,185
Deferred outflows related to OPEB	196,118	84,024	280,142
Total deferred outflows of resources	5,101,661	3,095,513	8,197,174
LIABILITIES			
Accounts payable and accrued expenses	3,720,693	2,706,049	6,426,742
Non-current liabilities:			
Due within one year	2,672,563	1,655,511	4,328,074
Due beyond one year	56,588,123	43,810,695	100,398,818
Total Liabilities	62,981,379	48,172,255	111,153,634
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	167,580	72,128	239,708
NET POSITION			
Net investment in capital assets	39,484,568	50,259,285	89,743,853
Restricted for:			
Debt service	782,309	1,674,388	2,456,697
Tourism	278,808	-	278,808
Law enforcement	132,968	-	132,968
Capital improvements	-	9,957,638	9,957,638
Nonexpendable:			
Cemetery Fund - perpetual care	791,598	-	791,598
Unrestricted	3,794,538	28,615,412	32,409,950
Total net position	\$ 45,264,789	\$ 90,506,723	\$ 135,771,512

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

CITY OF BOERNE, TEXAS

Statement of Activities Year Ended September 30, 2019

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and contributions	Capital Grants and contributions
Primary government:				
Governmental activities:				
General government	\$ 5,196,910	\$ 465,939	\$ 625,218	\$ -
Public safety	11,416,777	3,597,210	32,984	25,853
Highways and streets	3,814,779	5,722	-	4,418,341
Economic development & assistance	819,239	-	-	-
Culture and recreation	4,595,613	734,275	426,369	83,544
Interest on long-term debt	1,073,959	-	-	-
Total governmental activities	26,917,277	4,803,146	1,084,571	4,527,738
Business-type activities				
Electric	13,718,766	16,545,295	-	540,107
Water	6,522,913	6,766,786	-	6,417,388
Wastewater	7,547,160	5,083,504	-	4,369,350
Gas	2,774,933	3,001,284	-	808,768
Solid Waste	855,222	959,154	-	-
Total business-type activities	31,418,994	32,356,023	-	12,135,613
Total Primary Government	\$ 58,336,271	\$ 37,159,169	\$ 1,084,571	\$ 16,663,351
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Other taxes				
Franchise Fees				
Investment earnings				
Miscellaneous				
Gain on Sale of Assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

(Continued)

CITY OF BOERNE, TEXAS

Statement of Activities Year Ended September 30, 2019

Net (Expenses) Revenues and Changes in Net Position			
Governmental	Business	Total	
\$ (4,105,753)	\$ -	\$	(4,105,753)
(7,760,730)	-		(7,760,730)
609,284	-		609,284
(819,239)	-		(819,239)
(3,351,425)	-		(3,351,425)
(1,073,959)	-		(1,073,959)
(16,501,822)	-		(16,501,822)
-	3,366,636		3,366,636
-	6,661,261		6,661,261
-	1,905,694		1,905,694
-	1,035,119		1,035,119
-	103,932		103,932
-	13,072,642		13,072,642
\$ (16,501,822)	\$ 13,072,642	\$	(3,429,180)
\$ 8,401,600	\$ -	\$	8,401,600
7,912,673	-		7,912,673
687,407	-		687,407
2,765,491	-		2,765,491
342,561	994,187		1,336,748
423,401	-		423,401
31,265	6,205		37,470
1,978,071	(1,978,071)		-
22,542,469	(977,679)		21,564,790
6,040,647	12,094,963		18,135,610
39,224,142	78,411,760		117,635,902
\$ 45,264,789	\$ 90,506,723	\$	135,771,512

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



(This page intentionally left blank.)

CITY OF BOERNE, TEXAS

Balance Sheet - Governmental Funds
September 30, 2019

	General Fund	Debt Service Fund	2017 Tax Notes Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,112,107	\$ 781,003	\$ -	\$ 5,539,848	\$ 12,432,958
Investments	5,611,394	-	-	-	5,611,394
Receivables	1,549,410	7,042	-	119,632	1,676,084
Prepays	1,800	-	-	-	1,800
Restricted cash and cash equivalents	37,448	-	8,388,805	546,772	8,973,025
Restricted investments	-	-	-	244,826	244,826
Total assets	<u>\$ 13,312,159</u>	<u>\$ 788,045</u>	<u>\$ 8,388,805</u>	<u>\$ 6,451,078</u>	<u>\$ 28,940,087</u>
LIABILITIES					
Accounts payable	\$ 840,879	\$ -	\$ 2,613,528	\$ 78,476	\$ 3,532,883
Other payables	69,182	-	-	17,217	86,399
Total liabilities	<u>910,061</u>	<u>-</u>	<u>2,613,528</u>	<u>95,693</u>	<u>3,619,282</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	53,316	5,736	-	49,778	108,830
Total deferred inflows of resources	<u>53,316</u>	<u>5,736</u>	<u>-</u>	<u>49,778</u>	<u>108,830</u>
FUND BALANCES:					
Nonspendable:					
Cemetery fund	-	-	-	791,598	791,598
Prepays	1,800	-	-	-	1,800
Restricted:					
Law enforcement seized funds	37,448	-	-	-	37,448
Court technology	13,175	-	-	-	13,175
Court security	82,345	-	-	-	82,345
Debt service	-	782,309	-	-	782,309
Hotel/Motel-tourism promotion	-	-	-	278,808	278,808
Capital projects funds:					
City Hall	-	-	5,775,277	-	5,775,277
Assigned:					
Parks & recreation	-	-	-	2,017,563	2,017,563
Library	-	-	-	431,933	431,933
Cemetery	-	-	-	459,024	459,024
Economic Development	-	-	-	695,465	695,465
Capital projects funds:					
City Hall				1,200,000	1,200,000
Sidewalks				431,216	431,216
Unassigned	12,214,014	-	-	-	12,214,014
Total fund balances	<u>12,348,782</u>	<u>782,309</u>	<u>5,775,277</u>	<u>6,305,607</u>	<u>25,211,975</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,312,159</u>	<u>\$ 788,045</u>	<u>\$ 8,388,805</u>	<u>\$ 6,451,078</u>	

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

Capital assets net of accumulated depreciation, used in governmental activities activities are not financial resources and therefore, are not reported in the funds.	73,933,696
Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore, are not reported in the funds.	(59,018,869)
Deferred outflows (inflows) relating to deferred amounts on refunding and pensions are not financial resources and therefore are not reported in the funds.	4,785,545
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	108,830
The assets and liabilities of the internal service fund are not included in the fund financial statements, but are included in the governmental activities of the statement of net position	331,804
Accrued interest on debt is not reported in the funds.	(88,192)
Net position of governmental activities	<u>\$ 45,264,789</u>

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

CITY OF BOERNE, TEXAS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended September 30, 2019

	General Fund	Debt Service Fund	2017 Tax Notes Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 3,834,218	\$ 1,912,141	\$ -	\$ 2,683,366	\$ 8,429,725
Sales tax	7,912,673	-	-	-	7,912,673
Hotel-Motel Tax	-	-	-	687,407	687,407
Library, parks & swimming pool	-	-	-	794,255	794,255
Franchise fees	2,765,491	-	-	-	2,765,491
Licenses and permits	1,278,906	-	-	-	1,278,906
Fines	301,768	-	-	-	301,768
Grants	13,227	-	-	106,339	119,566
Contributions & donations	2,513,703	-	-	403,574	2,917,277
Miscellaneous	246,211	-	-	189,816	436,027
Investment earnings	342,561	31,725	381,193	159,798	915,277
Total revenues	19,208,758	1,943,866	381,193	5,024,555	26,558,372
Expenditures:					
Current:					
Administration	3,286,710	-	-	-	3,286,710
Streets	1,723,818	-	-	-	1,723,818
Law enforcement	5,287,152	-	-	-	5,287,152
Municipal court	316,067	-	-	-	316,067
Animal control	318,438	-	-	-	318,438
Code enforcement	435,304	-	-	-	435,304
Planning	753,936	-	-	-	753,936
Communications	1,134,068	-	-	-	1,134,068
Information technology	825,634	-	-	-	825,634
Fire department	2,299,311	-	-	-	2,299,311
Park Fund	-	-	-	1,951,327	1,951,327
Library Fund	-	-	-	1,400,467	1,400,467
Hotel/Motel Fund	-	-	-	615,136	615,136
Cemetery Fund	-	-	-	63,675	63,675
Economic Development Fund	-	-	-	163,056	163,056
Capital outlay	1,079,610	-	12,946,458	1,959,707	15,985,775
Debt service:					
Principal	-	2,090,000	-	-	2,090,000
Interest	-	1,081,318	-	-	1,081,318
Bond issuance costs	-	83,167	-	-	83,167
Fiscal agent fees	-	1,909	-	-	1,909
Total expenditures	17,460,048	3,256,394	12,946,458	6,153,368	39,816,268
Excess/(Deficiency) of revenues over (under) expenditures	1,748,710	(1,312,528)	(12,565,265)	(1,128,813)	(13,257,896)

(Continued)

CITY OF BOERNE, TEXAS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended September 30, 2018

	General Fund	Debt Service Fund	2017 Tax Notes Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):					
Transfers in	90,000	1,282,414	-	2,311,754	3,684,168
Transfers out	(1,004,266)	-	-	(701,831)	(1,706,097)
Sale of Capital Assets	31,265	-	-	-	31,265
Refunding bonds issued	-	2,720,000	-	-	2,720,000
Payment to refunded bond escrow agent		(2,686,550)			(2,686,550)
Capital lease	217,119	-	-	-	217,119
Total other financing sources	(665,882)	1,315,864	-	1,609,923	2,259,905
Net change in fund balances	1,082,828	3,336	(12,565,265)	481,110	(10,997,991)
Fund balances - beginning	11,265,954	778,973	18,340,542	5,824,497	36,209,966
Fund balances - ending	\$ 12,348,782	\$ 782,309	\$ 5,775,277	\$ 6,305,607	\$ 25,211,975

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

CITY OF BOERNE, TEXAS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended September 30, 2019

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

Net change in fund balances-total governmental funds	\$ (10,997,991)
--	-----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciable expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. There was \$337,152 in capital outlay expense which did not meet capitalization threshold.	11,629,470
--	------------

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, donations) is to increase net position.	4,418,341
--	-----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of the governmental funds. Neither transaction has an effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,934,981
---	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(28,125)
---	----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,089,136)
---	-------------

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) is reported with the governmental activities.	173,107
--	---------

Change in net position of governmental activities	<u>\$ 6,040,647</u>
---	---------------------

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

CITY OF BOERNE, TEXAS

Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-type Activities-Enterprise Funds						Governmental
	Major Funds			Non-Major Funds			Activities
	Electric	Water	Wastewater	Gas	Solid Waste	Total	Internal Service Fund
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 9,078,801	\$ 4,552,700	\$ 6,899,069	\$ 611,525	\$ 534,694	\$ 21,676,789	\$ 438,304
Investments	4,119,076	3,459,210	1,246,639	-	-	8,824,925	-
Accounts receivable	2,014,753	950,989	598,459	226,980	72,914	3,864,095	-
Inventories	836,876	175,919	12,761	115,715	-	1,141,271	-
Prepays	5,238	-	-	-	-	5,238	-
Restricted cash and cash equivalents:							
Customer deposits	630,193	539,644	-	155,941	-	1,325,778	-
Revenue bond interest and sinking accounts	828	-	1,671,676	1,884	-	1,674,388	-
Total current assets	16,685,765	9,678,462	10,428,604	1,112,045	607,608	38,512,484	438,304
Non-current assets:							
Restricted cash and cash equivalents:							
Revenue bond reserve accounts	-	-	-	-	-	-	-
Bond construction	-	-	-	-	-	-	-
Capital improvements	-	1,813,708	3,101,381	-	-	4,915,089	-
Restricted investments:							
Revenue bond covenant accounts	-	-	-	-	-	-	-
Capital improvements	-	5,012,486	-	-	-	5,012,486	-
Capital assets:							
Land	75,517	792,133	1,787,655	44,269	-	2,699,574	-
Buildings/Plant	773,342	1,875,038	38,073,607	151,977	-	40,873,964	-
Infrastructure	14,445,918	39,242,010	31,551,975	11,616,683	-	96,856,586	-
Machinery and equipment	2,321,408	1,377,148	1,142,291	550,833	-	5,391,680	-
Construction in progress	72,645	320,469	530,845	241,948	-	1,165,907	-
Less accumulated depreciation	(9,952,560)	(19,495,507)	(25,915,803)	(4,408,307)	-	(59,772,177)	-
Total capital assets (net)	7,736,270	24,111,291	47,170,570	8,197,403	-	87,215,534	-
Total non-current assets	7,736,270	30,937,485	50,271,951	8,197,403	-	97,143,109	-
Total assets	24,422,035	40,615,947	60,700,555	9,309,448	607,608	135,655,593	438,304
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	21,296	-	1,195,380	57,535	-	1,274,211	-
Deferred outflows related to pension	653,523	453,211	394,954	235,590	-	1,737,278	147,462
Deferred outflows related to OPEB	32,975	21,043	19,367	10,639	-	84,024	7,451
Total deferred outflows of resources	707,794	474,254	1,609,701	303,764	-	3,095,513	154,913
LIABILITIES							
Current liabilities payable from non-restricted assets:							
Accounts payable	831,883	230,225	76,152	43,381	78,594	1,260,235	13,221
Other payables	42,751	-	-	3,358	6,664	52,773	-
Compensated absences	7,750	3,727	3,423	2,445	-	17,345	-
Total current liabilities payable from non-restricted assets	882,384	233,952	79,575	49,184	85,258	1,330,353	13,221
Current liabilities payable from restricted assets:							
Customer deposits	630,193	539,644	-	155,941	-	1,325,778	-
Capital lease payable	26,720	-	-	-	-	26,720	-
Revenue bonds payable	56,058	-	1,398,883	152,813	-	1,607,754	-
Accrued interest payable	1,330	-	117,685	3,626	-	122,641	-
Total current liabilities payable from restricted assets	714,301	539,644	1,516,568	312,380	-	3,082,893	-
Total current liabilities	1,596,685	773,596	1,596,143	361,564	85,258	4,413,246	13,221
Non-current liabilities:							
Compensated absences	147,234	70,817	65,036	46,461	-	329,548	-
Capital lease payable	63,272	-	-	-	-	63,272	-
Revenue bonds payable	410,692	-	35,099,810	1,112,204	-	36,622,706	-
Net pension liability	2,281,587	1,425,103	1,288,610	725,040	-	5,720,340	151,369
Total OPEB liabilities	402,933	255,361	235,979	128,870	-	1,023,143	90,447
Total non-current liabilities	3,305,718	1,751,281	36,689,435	2,012,575	-	43,759,009	241,816
Total liabilities	4,902,403	2,524,877	38,285,578	2,374,139	85,258	48,172,255	255,037
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to OPEB	28,405	18,002	16,636	9,085	-	72,128	6,376
NET POSITION							
Net investment in capital assets	7,290,816	24,111,291	11,867,257	6,989,921	-	50,259,285	-
Restricted net position							
Restricted for debt service	828	-	1,671,676	1,884	-	1,674,388	-
Restricted for capital improvements - impact fees	-	6,856,257	3,101,381	-	-	9,957,638	-
Unrestricted	12,907,377	7,579,774	7,367,728	238,183	522,350	28,615,412	331,804
Total Net Position	\$ 20,199,021	\$ 38,547,322	\$ 24,008,042	\$ 7,229,988	\$ 522,350	\$ 90,506,723	\$ 331,804

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

CITY OF BOERNE, TEXAS

Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds Year Ended September 30, 2019

	Business-type Activities-Enterprise Funds						Governmental
	Major Funds			Non-Major Funds			Activities
	Electric	Water	Wastewater	Gas	Solid Waste	Total	Internal Service Fund
Operating revenues:							
Charges for sales and services	\$ 15,552,626	\$ 5,682,460	\$ 5,001,054	\$ 2,436,173	\$ 950,643	\$ 29,622,956	\$ 1,001,044
Connection fees	2,406	1,184	22,822	299,841	-	326,253	-
Primary extensions	165,372	125,646	-	477	-	291,495	-
Penalties	119,300	56,587	51,583	35,613	8,511	271,594	-
Other	705,591	900,909	8,045	229,180	-	1,843,725	-
Total operating revenues	16,545,295	6,766,786	5,083,504	3,001,284	959,154	32,356,023	1,001,044
Operating expenses:							
Cost of fuel and water reservation	8,029,884	1,624,292	-	821,172	-	10,475,348	-
Personnel	2,598,450	1,832,410	1,599,738	943,492	-	6,974,090	634,765
Franchise fees	1,391,434	289,456	253,555	124,278	815,158	2,873,881	-
Administration	999,676	1,019,485	1,243,012	308,694	40,064	3,610,931	193,172
Depreciation	653,909	1,678,608	3,208,047	500,154	-	6,040,718	-
Other	21,450	35,584	31,442	13,820	-	102,296	-
Total operating expenses	13,694,803	6,479,835	6,335,794	2,711,610	855,222	30,077,264	827,937
Operating income (loss)	2,850,492	286,951	(1,252,290)	289,674	103,932	2,278,759	173,107
Non-operating revenues (expenses):							
Investment earnings	324,348	370,821	276,515	12,561	9,942	994,187	-
Grant income	-	-	-	-	-	-	-
Interest expense	(23,963)	(43,078)	(1,210,279)	(63,323)	-	(1,340,643)	-
Grant expense	-	-	-	-	-	-	-
Bond costs	-	-	(1,087)	-	-	(1,087)	-
Gain on sale of capital assets	6,205	-	-	-	-	6,205	-
Total non-operating revenues (expenses)	306,590	327,743	(934,851)	(50,762)	9,942	(341,338)	-
Income (loss) before capital contributions and transfers	3,157,082	614,694	(2,187,141)	238,912	113,874	1,937,421	173,107
Capital contributions	540,107	6,417,388	4,369,350	808,768	-	12,135,613	-
Transfers in	-	-	150,000	389,805	-	539,805	-
Transfers out	(1,995,863)	(465,863)	(10,575)	(10,575)	(35,000)	(2,517,876)	-
Change in net position	1,701,326	6,566,219	2,321,634	1,426,910	78,874	12,094,963	173,107
Net position - beginning (as restated)	18,497,695	31,981,103	21,686,408	5,803,078	443,476	78,411,760	158,697
Net position - ending	\$ 20,199,021	\$ 38,547,322	\$ 24,008,042	\$ 7,229,988	\$ 522,350	\$ 90,506,723	\$ 331,804

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

CITY OF BOERNE, TEXAS

Statement of Cash Flows Proprietary Funds Year Ended September 30, 2019

	Business-type Activities-Enterprise Funds						Governmental
	Major Funds			Non-Major Funds			Activities
	Electric	Water	Wastewater	Gas	Solid Waste	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 16,749,418	\$ 6,612,375	\$ 5,073,259	\$ 3,027,142	\$ 958,660	\$ 32,420,854	\$ 1,006,369
Payments to suppliers	(10,347,562)	(2,935,919)	(1,525,226)	(1,297,526)	(848,610)	(16,954,843)	(192,099)
Payments to employees	(2,406,677)	(1,720,041)	(1,486,283)	(885,167)	-	(6,498,168)	(613,074)
Net cash provided by operating activities	3,995,179	1,956,415	2,061,750	844,449	110,050	8,967,843	201,196
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in	-	-	150,000	80,000	-	230,000	-
Transfers out	(1,995,863)	(465,863)	(10,575)	(10,575)	(35,000)	(2,517,876)	-
Grant reimbursement	-	-	-	-	-	-	-
Grant expense	-	-	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	(1,995,863)	(465,863)	139,425	69,425	(35,000)	(2,287,876)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Bond issue costs paid	-	-	(1,087)	-	-	(1,087)	-
Capital grant reimbursement	-	-	-	-	-	-	-
Acquisition of capital assets	(464,934)	(450,337)	(530,863)	(389,790)	-	(1,835,924)	-
Capital lease principal payment	(100,000)	-	-	-	-	(100,000)	-
Capital Recovery Contributions	-	1,433,289	1,342,717	-	-	2,776,006	-
Proceeds from sale of assets	6,205	-	-	-	-	6,205	-
Revenue bonds and certificates-principal	(57,609)	(336,408)	(889,103)	(151,880)	-	(1,435,000)	-
Revenue bonds and certificates-interest	(24,403)	(77,190)	(1,305,394)	(64,338)	-	(1,471,325)	-
Net cash used in capital and related financing activities	(640,741)	569,354	(1,383,730)	(606,008)	-	(2,061,125)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Net sale (purchase) of investments	(353,082)	(1,702,416)	(260,019)	-	-	(2,315,517)	-
Interest earned	324,348	370,821	276,515	12,561	9,942	994,187	-
Net cash provided by (used in) investing activities	(28,734)	(1,331,595)	16,496	12,561	9,942	(1,321,330)	-
Net increase in cash and cash equivalents	1,329,841	728,311	833,941	320,427	84,992	3,297,512	201,196
Balances - beginning of year	8,379,981	6,177,741	10,838,185	448,923	449,702	26,294,532	237,108
Balances - end of year	\$ 9,709,822	\$ 6,906,052	\$ 11,672,126	\$ 769,350	\$ 534,694	\$ 29,592,044	\$ 438,304
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	\$ 2,850,492	\$ 286,951	\$ (1,252,290)	\$ 289,674	\$ 103,932	\$ 2,278,759	173,107
Adjustments to reconcile operating income (loss) to net cash provided by operating activities							
Depreciation expense	653,909	1,678,608	3,208,047	500,154	-	6,040,718	-
Changes in assets, liabilities and deferred outflows:							
Accounts payable	66,799	50,560	4,006	(6,592)	6,612	121,385	1,073
Receivables	208,815	(162,990)	(10,245)	15,397	(494)	50,483	5,325
Inventory	28,287	(9,084)	(1,223)	(12,509)	-	5,471	-
Prepays	(4,896)	-	-	-	-	(4,896)	-
Deferred outflows	(349,672)	(272,559)	(222,823)	(139,046)	-	(984,100)	(107,834)
Net pension liability	518,348	367,082	316,982	187,877	-	1,390,289	127,178
Net OPEB liability	10,458	6,629	6,125	3,345	-	26,557	2,347
Compensated absences	12,639	11,218	13,171	6,149	-	43,177	-
Net cash provided by operating activities	\$ 3,995,179	\$ 1,956,415	\$ 2,061,750	\$ 844,449	\$ 110,050	\$ 8,967,843	\$ 201,196
Noncash, investing, capital, and financing activities:							
Contribution of capital assets by Developers	\$ 540,107	\$ 4,984,099	\$ 3,026,633	\$ 808,768	\$ -	\$ 9,359,607	-
Capital assets acquired through capital lease	\$ 189,992	\$ -	\$ -	\$ -	\$ -	\$ 189,992	-

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

CITY OF BOERNE, TEXAS

Statement of Net Position
Fiduciary Fund
September 30, 2019

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ -
Total assets	<u>\$ -</u>
LIABILITIES	
Accounts payable	\$ -
Total liabilities	<u>\$ -</u>

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



(This page intentionally left blank.)

CITY OF BOERNE, TEXAS

Notes to the Financial Statements
September 30, 2019

I. Summary of significant accounting policies

A. Reporting entity

The City of Boerne is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Based on our review at September 30, 2019 there are no component units or other entities that meet the criteria for inclusion in the basic financial statements.

B. Government-wide and fund financial statements

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

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

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

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

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

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

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

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

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

Total value for real and personal property on the tax roll was approximately \$2,243,000,000 as of October 1, 2018, as certified by the Kendall County Appraisal District.

The City's assessed tax rate approved by the City Council for 2019 is \$0.4720 per \$100 of taxable value of all taxable property within the City.

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

Agency funds, however, are unlike all other types of funds, reporting only assets and liabilities. Therefore, Agency funds cannot be said to have a measurement focus.

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

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

The City reports the following major governmental funds:

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

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

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

The City also reports the following fiduciary fund type:

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

The City reports the following permanent fund type:

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

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

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

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

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

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

1. Deposits and investments

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

Cities in Texas are authorized to make investments as follows:

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

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

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

2. Receivables and payables

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

CITY OF BOERNE, TEXAS

Notes to the Financial Statements
September 30, 2019

3. Inventories and prepaid items

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

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

4. Restricted assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable bond covenants. Customer deposit accounts are used to report deposits paid by customers on utility accounts that could be refunded to the customer. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. 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. Capital contribution accounts are used to account for impact fees paid that will be used for either debt service on bonds or future capital projects.

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

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Infrastructure that was acquired prior to the implementation of GASB-Statement No. 34 is included and reported in the government-wide financial statements in this report. The City used backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year) for the purpose of estimating historical cost for the initial reporting of these assets. The costs of normal

CITY OF BOERNE, TEXAS

Notes to the Financial Statements
September 30, 2019

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

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

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

6. *Deferred outflows/inflows of resources*

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Pensions

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

8. Compensated absences

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

9. Long-term obligations

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

10. Fund balance

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

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

- 1) "*Nonspendable*" fund balances are those that are not in a spendable form. The City currently reports a nonspendable fund balance for the permanent Cemetery fund and prepaid expenses.
- 2) "*Restricted*" fund balances are those that have constraints placed on the use of their resources. These constraints can be: (a) externally imposed by creditors (i.e. debt covenants), grantors, contributors or laws/regulations of other governments; or (b) imposed by law through constitutional provision or enabling legislation. Both constraints are legally enforceable by an external party. Currently, the City reports restricted fund balances for the major General fund for police seizure funds and restricted court funds, for the major Debt Service fund, for the major 2017 tax notes capital projects fund for City Hall and street construction, and the non-major special revenues Hotel/Motel fund.
- 3) "*Assigned*" fund balances are those that are constrained by the City's "intent" to be used for specific purposes but are neither restricted nor committed. Assigned fund balances do not require City Council formal action. The City's Fiscal and Budget Policy authorizes the City Manager as the City Official responsible for the assignment of fund balance to a specific purpose. The City currently reports five funds containing assigned fund balances: the special revenue Parks fund with specific purpose to maintain the City Parks and recreation programs; the special revenue Library fund with specific purpose to maintain the City's public library; the special revenue Economic Development fund with the specific purpose to bring economic development to the City; the Capital Projects capital project fund and the Cemetery fund.
- 4) "*Unassigned*" fund balances are those within the General Fund and represent fund balance that has not been restricted, committed, or assigned. The General fund is the only fund that the City reports with positive unassigned fund balance.

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

II. Reconciliation of government-wide and fund financial statements

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

Total fund balances of the City's governmental funds, \$25,211,975, differs from net position of governmental activities, \$45,264,789, reported in the Statement of Net Position. The

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

difference primarily results from the long-term economic focus in the Statement of Net Position versus the current financial resources focus in the Governmental Funds Balance Sheets.

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

Cost of capital assets	\$ 122,104,896
Accumulated depreciation	<u>(48,171,200)</u>
	<u>\$ 73,933,696</u>

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

Bonds payable	\$ (39,545,000)
Bond premium	(1,366,192)
Capital leases	(132,119)
Compensated absences	(1,079,703)
Postemployment liability	(2,934,864)
Net pension liability	<u>(13,960,991)</u>
	<u>\$ (59,018,869)</u>

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

Deferred loss on refunding of debt	\$ 574,636
Deferred outflows of resources related to pensions	4,183,445
Deferred outflows of resources related to OPEB	27,464
	<u>\$ 4,785,545</u>

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

\$ 331,804

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

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

Unavailable property tax revenues	<u>\$ 108,830</u>
-----------------------------------	-------------------

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

<u>\$ (88,192)</u>

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

The net change in fund balances for governmental funds, (\$10,997,991), differs from the change in net position for governmental activities, \$6,040,647, reported in the Statement of Activities. The differences arise primarily from the long-term economic focus in the Statement of Activities versus the current financial resources focus in the governmental funds.

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

Capital expenditures	\$ 15,985,775
Expenditures under capitalization threshold	(337,152)
Depreciation expense	<u>(4,019,153)</u>
	<u>\$ 11,629,470</u>

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

<u>\$ 4,418,341</u>

Net effect of miscellaneous transactions involving capital assets.

<u>\$16,047,811</u>

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

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

Capital lease financing	\$ (217,119)
General obligation refunding bonds	(2,720,000)
Principal repayment of long-term debt	2,090,000
Payment to escrow agent for refunding	2,720,000
Amortization of loss on refunding	(98,370)
Amortization of bond premium	160,470
	<u>\$ 1,934,981</u>

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

Change in deferred inflows – property tax	<u>\$ (28,125)</u>
---	--------------------

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

Change in compensated absences	\$ (132,133)
Change in interest expense	7,359
Change in pension expense	(717,947)
Change in OPEB expenses	(246,415)
	<u>\$ (1,089,136)</u>

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

\$ 173,107

CITY OF BOERNE, TEXAS

Notes to the Financial Statements
September 30, 2019

III. Stewardship, compliance, and accountability

A. Budgetary information

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

	Original Budget	Budget Increase	Amended Budget
General Fund	\$ 19,124,647	\$ 820,400	\$ 19,945,047
Hotel/Motel	893,000	\$ 34,323	927,323
Park	2,343,732	83,544	2,427,276
Library	1,420,231	90,985	1,511,216
Debt Service	3,200,582	49,717	3,250,299
Utility Funds:			
Electric	16,865,009	600,000	17,465,009
Solid Waste	859,749	35,000	894,749
Total	\$ 44,706,950	\$ 1,713,969	\$ 46,420,919

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. There were no outstanding encumbrances at September 30, 2019.

IV. Detailed notes on all funds

A. Deposits and investments

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act ("the Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

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

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

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

At year end, the City's carrying amount of deposits was \$5,026,107 and the bank balance was \$4,772,720. Of the bank balance, \$250,000 was covered by federal depositor insurance, and the balance over \$250,000 was covered by collateral held by the City's agent in the City's name. As of September 30, 2019, the City had the following cash, cash equivalents and investments:

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

	Carrying Amount	Investments Weighted Average Maturity (WAM) days
Cash on hand	\$ 2,806	N/A
Cash in bank	5,026,107	N/A
TexPool	28,334,659	22
Texas Term	354,417	26
Texas Class	17,696,459	19
TexStar	21,884	22
Total cash & cash equivalents	51,436,332	
U.S. Agencies	3,497,116	237
Certificates of Deposit	9,692,728	882
Municipal Bonds	4,003,787	950
Commercial Paper	2,500,000	208
Total Investments	19,693,631	
Total	\$ 71,129,963	

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

Credit risk. Deposits with the investment pools are recorded at amortized cost or fair value per share of the pool's underlying investments, as applicable. The investment pools have as one of their objectives the maintenance of a stable net asset value of \$1.00. The City's investment policy requires that the net asset value of the pools also be \$1.00 and be rated no lower than "AAA" or "AAA-m" or no lower than investment grade with a weighted average maturity no greater than 90 days. As of September 30, 2019, the ratings of the various investment pools were:

Pool	Rating	Rating Agency
Texas Class	AAAm	Standard & Poor's
TexPool	AAAm	Standard & Poor's
Tex STAR	AAAm	Standard & Poor's
Texas TERM	AAAm	Standard & Poor's

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

Similarly, the City's investment policy requires that obligations of states, agencies, counties, cities and other political subdivisions be rated not less than "A" or its equivalent. The current ratings of the U. S. Agencies included in the investment portfolio of the City at September 30, 2019 were:

<u>U.S. Agency</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Percentage</u>
FFCB	AA+	Standard & Poor's	5%
FHLMC	AA+	Standard & Poor's	5%
FHLMC	AA+	Standard & Poor's	5%
FFCB	AA+	Standard & Poor's	5%

Concentration of credit risk. The City is required to disclose investments in any one issuer that represent 5 percent or more of total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. The City's investment policy does not specifically address the concentration of credit risk, as this is accomplished through diversity of its holdings. The City's investments exceeding 5 percent are shown in the table above.

Custodial credit risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments are not exposed to custodial credit risk as of September 30, 2019 as they are held by financial institutions in the name of the City.

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

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

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

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

The carrying amount of investments and fair value hierarchy at September 30, 2019 is shown below:

	September 30, 2019	Level 1	Level 2	Level 3
Investments by fair value level:				
Certificates of Deposit	\$ 5,159,728	\$ -	\$ 5,159,728	\$ -
Commercial Paper	2,500,000	-	2,500,000	-
Debt Securities				
Federal Farm Credit Banks Funding Corporation	999,280		999,280	
Federal Home Loan Mortgage Corporation	999,008		999,008	
Federal Home Loan Mortgage Corporation	500,710	-	500,710	-
Federal Farm Credit Banks Funding Corporation	998,118	-	998,118	-
Total Debt Securities	3,497,116	-	3,497,116	-
Municipal Bonds				
University of North Texas Revenue Bond	225,148	-	225,148	-
Hawthorne CA CGPS Ref Series B	501,060	-	501,060	-
Mishawaka Economic Development	389,279	-	389,279	-
W. Palm Beach Florida Revenue Bond	463,703		463,703	
Stephen F. Austin Board of Regents	353,122		353,122	
New Jersey State Revenue Bond	378,355		378,355	
Texas Tech Univ Txbl Ref Series B	282,388		282,388	
University of Houston Ser B Revenue Bond	403,032		403,032	
Iowa Std Loan Txbl Senior Ser A1 Revenue Bond	500,810		500,810	
UT Ogden City Redev Revenue Bond	506,890	-	506,890	-
Total Municipal Bonds	4,003,787	-	4,003,787	-
Total investments by fair value level:	15,160,631	\$ -	\$ 15,160,631	\$ -
Investments measured at amortized cost:				
Certificates of Deposit	4,533,000			
External Investment Pools				
TexPool	28,334,658			
TexasTerm	354,417			
Total External Investment Pools	28,689,075			
Total investments measured at amortized cost	33,222,075			
Investments measured at net asset value ("NAV"):				
External Investment Pools				
Tex STAR	21,884			
Texas Class	17,696,459			
Total External Investment Pools	17,718,343			
Total investments measured at NAV	17,718,343			
Total	\$ 66,101,049			

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

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

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

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments measured at NAV:				
Tex STAR	\$ 21,884	N/A	Daily	N/A
Texas Class	17,696,459	N/A	Daily	N/A
Total External Investment Pools	17,718,343			
Total investments measured at NAV	<u>\$ 17,718,343</u>			

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

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

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

B. Receivables

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

Receivables:	General	Debt Service	2017 Tax Notes Capital Projects Fund	Nonmajor Funds	Total
Property taxes	\$ 68,687	\$ 7,390	\$ -	\$ 62,197	\$ 138,274
Sales taxes	1,300,868	-	-	-	1,300,868
Access line fees	42,617	-	-	-	42,617
Franchise fees	70,048	-	-	-	70,048
Miscellaneous	77,493	760	-	66,765	145,018
Gross receivables	1,559,713	8,150	-	128,962	1,696,825
Less uncollectible	(10,303)	(1,108)	-	(9,330)	(20,741)
Net Total					
Receivables	\$1,549,410	\$ 7,042	\$ -	\$ 119,632	\$ 1,676,084

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

Receivables:	Electric	Water	Wastewater	Gas	Solid Waste	Total	Governmental Activities Internal Service Fund
Interest	\$ 25,619	\$ 50,620	\$ 1,635	\$ -	\$ -	\$ 77,874	\$ -
Accounts	1,989,134	900,369	596,824	226,980	72,914	3,786,221	-
Total Receivables	\$2,014,753	\$ 950,989	\$ 598,459	\$226,980	\$ 72,914	\$3,864,095	\$ -

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

C. Capital Assets

Capital asset activity for Governmental Activities for the year ended September 30, 2019, was as follows:

Governmental activities:	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 10,378,857	\$ -	\$ -	\$ -	\$ 10,378,857
Construction in progress	2,790,929	12,920,985	(232,622)	-	15,479,292
Total Capital assets, not being depreciated	13,169,786	12,920,985	(232,622)	-	25,858,149
Capital assets, being depreciated:					
Buildings and plant	24,114,626	1,194,630	198,240	-	25,507,496
Improvements other than building:	13,949,543	305,153	-	-	14,254,696
Infrastructure	41,405,725	4,949,076	34,382	-	46,389,183
Machinery and equipment	9,631,094	612,119	66,721	(214,562)	10,095,372
Total Capital assets being depreciate	89,100,988	7,060,978	299,343	(214,562)	96,246,747
Less accumulated depreciation for:					
Buildings and plant	(11,667,175)	(1,090,743)	-	-	(12,757,918)
Improvements other than building:	(8,045,408)	(600,015)	-	-	(8,645,423)
Infrastructure	(16,410,614)	(1,875,214)	-	-	(18,285,828)
Machinery and equipment	(8,176,691)	(453,181)	(66,721)	214,562	(8,482,031)
Total accumulated depreciation	(44,299,888)	(4,019,153)	(66,721)	214,562	(48,171,200)
Total Capital assets being depreciated, net	44,801,100	3,041,825	232,622	-	48,075,547
Governmental activities Capital assets, net	\$ 57,970,886	\$15,962,810	\$ -	\$ -	\$ 73,933,696

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

Capital asset activity for Business-type Activities for the year ended September 30, 2019, was as follows:

Business-type activities:	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 2,699,574	\$ -	\$ -	\$ -	\$ 2,699,574
Construction in progress	736,361	573,851	(144,305)	-	1,165,907
Total Capital assets, not being depreciated	3,435,935	573,851	(144,305)	-	3,865,481
Capital assets, being depreciated:					
Buildings and plant	40,747,685	126,279	-	-	40,873,964
Infrastructure	86,046,930	10,665,351	144,305	-	96,856,586
Machinery and equipment	5,177,391	329,846	(115,557)	-	5,391,680
Total Capital assets being depreciated	131,972,006	11,121,476	28,748	-	143,122,230
Less accumulated depreciation for:					
Buildings and plant	(14,931,280)	(1,862,817)	-	-	(16,794,097)
Infrastructure	(34,959,914)	(3,957,286)	-	-	(38,917,200)
Machinery and equipment	(3,955,822)	(220,615)	115,557	-	(4,060,880)
Total accumulated depreciation	(53,847,016)	(6,040,718)	115,557	-	(59,772,177)
Total Capital assets being depreciated, net	78,124,990	5,080,758	144,305	-	83,350,053
Business-type activities Capital assets, net	\$ 81,560,925	\$ 5,654,609	\$ -	\$ -	\$ 87,215,534

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

Governmental activities:	
General government	\$ 217,170
Public safety	782,581
Highways and streets	1,998,568
Economic development and assistance	16,681
Culture and recreation	1,004,153
Total depr. expense – governmental activities	\$ 4,019,153
Business-type activities:	
Electric utility	\$ 653,910
Water utility	1,678,607
Wastewater utility	3,208,047
Natural Gas utility	500,154
Total depr. expense – business-type activities	\$ 6,040,718

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

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.

E. Construction commitments

The City has active construction projects as of September 30, 2019. The projects include:

2017 Tax Note Construction projects

Projects	2017 Tax Note Projects	
	Spent-to-date	Remaining
City Hall	\$ 15,214,606	\$ 5,775,277
Herff Road extension	1,811,831	-
	<u>\$ 17,026,437</u>	<u>\$ 5,775,277</u>

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

F. Interfund transfers

The composition of interfund transfers as of September 30, 2019, is as follows:

Transfers out:	Transfers In					Totals
	General Fund	Debt-Service Fund	Non-major Governmental Funds	Wastewater Fund	Gas Fund	
General Fund	\$ -	\$ 126,835	\$ 877,431	\$ -	\$ -	\$ 1,004,266
Non-major	55,000	102,703	234,323	-	309,805	701,831
Electric Enterprise Fund	-	1,015,863	900,000	-	80,000	1,995,863
Water Enterprise Fund	-	15,863	300,000	150,000	-	465,863
Wastewater Enterprise Fund	-	10,575	-	-	-	10,575
Gas Enterprise Fund	-	10,575	-	-	-	10,575
Solid Waste Fund	35,000	-	-	-	-	35,000
Totals	\$ 90,000	\$ 1,282,414	\$ 2,311,754	\$ 150,000	\$ 389,805	\$ 4,223,973

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

Transfers are used to: 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due; 2) move unrestricted fund revenue to finance various programs that the City must account for in other funds in accordance with budgetary authorizations. In the year ended September 30, 2019, the City made the following one-time transfers:

- \$126,835 from the General fund to Debt-Service for principal and interest due on debt obligations;
- \$127,431 from the General fund to Economic Development fund for payments on 380 development agreements;
- \$750,000 from the General fund to the Capital Projects fund for sidewalk construction and the completion of City Hall construction;
- \$25,000 from the Economic Development fund to the General fund for the Public Art Project;
- \$30,000 from the Hotel/Motel fund to the General fund to reimburse the General Fund for the new Visitor's Center construction costs;
- \$102,703 from the 2009 and 2012 Construction funds to the Debt Service fund to close out these funds;
- \$234,323 from the Hotel/Motel fund to the Capital Projects fund to pay for construction costs of a new Visitor's Center;
- \$309,085 from the Economic Development fund to the Gas fund to transfer expenditures made through 380 agreements for gas lines that will be assets of the Gas fund;
- \$1,015,863 from the Electric fund to the Debt Service fund for General Obligation debt service;
- \$37,013 from the Water, Wastewater and Gas funds to the Debt Service fund for General Obligation debt service;
- \$600,00 from the Electric fund to the Capital Projects fund to assist with the completion of City Hall construction;
- \$600,000 from the Electric and Water funds to the Economic Development fund to assist with economic development projects within the City;
- \$150,000 from the Water to the Wastewater fund to assist with debt service;
- \$80,000 from the Electric to the Gas fund to assist with operations;
- \$35,000 from the Solid Waste fund to the General fund to assist with the purchase of a brush loader.

G. Long-term Liabilities

Long-term debt activity for the year ended September 30, 2019, was as follows:

General Obligation Debt

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

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

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

On April 23, 2019, the City issued \$2,720,000 in General Obligation Refunding Bonds, Series 2019 with interest rates of 2.01% to 2.40%. The bonds were issued to refund \$2,720,000 in General Obligation Refunding Bonds, Series 2011. This refunding reduced the total debt service payments for all debt over the next fourteen years by \$169,345. The intent of this refunding was to affect a net present value savings of \$104,022 on the refunded issue.

General obligation debt currently outstanding is as follows:

	Original Amount	Interest Rate %	Balances Oct. 1, 2018	Issued During Year	Retired During Year	Balances Sept. 30, 2019
General Obligation Debt:						
2011 GO Refunding Bonds	6,345,000	2.00 -4.00	\$ 3,240,000	\$ -	\$ 3,240,000	\$ -
2012 Tax Notes	1,540,000	0.45 - 1.10	275,000	-	275,000	-
2014 GO Refunding Bonds	9,560,000	0.50 - 3.20	8,970,000	-	445,000	8,525,000
2016 GO Refunding Bonds	8,510,000	2.00 -5.00	7,890,000	-	265,000	7,625,000
2017 Tax Notes	21,835,000	2.00 - 3.00	21,260,000	-	585,000	20,675,000
2019 GO Refunding Bonds	2,720,000	2.01 - 2.40	-	2,720,000	-	2,720,000
Total of bonded debt			\$ 41,635,000	\$ 2,720,000	\$ 4,810,000	\$ 39,545,000

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

General Obligation Bonds			
Year Ending September 30,	Principal	Interest	Total
2020	\$ 2,010,000	\$ 1,026,207	\$ 3,036,207
2021	2,065,000	976,521	3,041,521
2022	2,125,000	917,471	3,042,471
2023	10,470,000	766,535	11,236,535
2024	10,745,000	531,457	11,276,457
2025-2029	7,345,000	1,473,868	8,818,868
2030-2033	4,785,000	327,291	5,112,291
	<u>\$ 39,545,000</u>	<u>\$ 6,019,350</u>	<u>\$ 45,564,350</u>
Average annual requirements			\$ 3,254,596

Revenue and General Obligation Bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The City has pledged future electric, water, wastewater and gas customer revenue net of specified operating expenses, to repay \$36,095,000 in General Obligation Refunding bonds issued in 2016 and 2017.

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

Proceeds from these bonds in 2016 provided refunding of the 2006 and 2009 Utility System Revenue bonds to affect interest savings, and in 2017 provided refunding of the 2010 Utility System Revenue bond to affect interest savings. These bonds are payable solely from Electric, Water, Wastewater and Gas customer net revenues and are payable through 2040. The total principal and interest remaining to be paid on the bonds is \$51,233,988.

	Original Amount	Interest Rate %	Balances October 1, 2018	Additions During Year	Retired During Year	Balances Sept. 30, 2019
2010 Utility System Revenue Bonds	30,000,000	2.00-5.00	\$ 285,000	\$ -	\$ 285,000	\$ -
Total of Utility Revenue Bonds			285,000	-	285,000	-
General Obligation Bonds:						
2016 General Obligation Refunding Bonds	11,435,000	2.00-5.00	9,910,000	-	1,150,000	8,760,000
2017 General Obligation Refunding Bonds	26,185,000	3.50-5.00	26,185,000	-		26,185,000
Total of GO debt			36,095,000	-	1,150,000	34,945,000
Total of bonded debt			\$ 36,380,000	\$ -	\$ 1,435,000	\$ 34,945,000

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

Utility Revenue and General Obligation Bonds			
Year Ending September 30,	Principal	Interest	Total
2020	\$ 1,435,000	\$ 1,427,925	\$ 2,862,925
2021	1,490,000	1,381,975	2,871,975
2022	1,535,000	1,334,475	2,869,475
2023	1,590,000	1,276,125	2,866,125
2024	1,665,000	1,201,725	2,866,725
2025 – 2029	7,480,000	4,979,275	12,459,275
2030 – 2034	7,960,000	3,257,600	11,217,600
2035 – 2039	9,630,000	1,386,688	11,016,688
2040	2,160,000	43,200	2,203,200
	\$ 34,945,000	\$ 16,288,988	\$ 51,233,988
Average annual requirements			\$ 2,439,714

Capital Leases

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

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

Below is a schedule by years of future minimum lease payments for the governmental activities under the capital lease as of September 30, 2019.

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 42,592	\$ 3,896	\$ 46,487
2021	43,852	2,636	46,487
2022	45,153	1,334	46,487
	<u>\$ 131,597</u>	<u>\$ 7,866</u>	<u>\$ 139,462</u>

Below is a schedule by years of future minimum lease payments for the business type activities under the capital lease as of September 30, 2019.

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 29,295	\$ 2,680	\$ 31,975
2021	30,162	1,813	31,975
2022	31,057	918	31,975
	<u>\$ 90,515</u>	<u>\$ 5,410</u>	<u>\$ 95,925</u>

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

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Machinery & Equipment			
Governmental Activities	217,119	3,618	213,500
Business type Activities	189,992	11,309	178,683

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Governmental activities:					
Long-term Debt:					
General Obligation bonds	\$ 20,100,000	\$ 2,720,000	\$ (3,950,000)	\$ 18,870,000	\$ 1,265,000
Tax notes	21,535,000	-	(860,000)	20,675,000	745,000
Bond Premium	1,526,661	112,151	(272,620)	1,366,192	133,714
Capital lease payable (Direct Borrowing)	-	217,119	(85,000)	132,119	45,168
Total Long-term Debt	43,161,661	3,049,270	(5,167,620)	41,043,311	2,188,882
Other long-term liabilities:					
Compensated absences	947,570	132,468	(335)	1,079,703	483,681
Pension liability	10,685,294	3,427,066	-	14,112,360	-
OPEB liabilities					
Retiree healthcare	1,958,605	66,774	-	2,025,379	-
SDBF	1,005,004	-	(5,071)	999,933	-
Total Other long-term liabilities	14,596,473	3,626,308	(5,406)	18,217,375	483,681
Governmental activity long- term liabilities	\$ 57,758,134	\$ 6,675,578	\$ (5,173,026)	\$ 59,260,686	\$ 2,672,563
Business-type activities:					
Long-term Debt:					
Revenue bonds	\$ 285,000	\$ -	\$ (285,000)	\$ -	\$ -
General Obligation bonds	36,095,000	-	(1,150,000)	34,945,000	1,435,000
Revenue Bond premium	3,517,284	-	(176,446)	3,340,838	176,446
Capital lease payable (Direct Borrowing)	-	189,992	(100,000)	89,992	26,720
Total Long-term Debt	39,897,284	189,992	(1,711,446)	38,375,830	1,638,166
Other long-term liabilities:					
Compensated absences	303,716	43,177	-	346,893	17,345
Pension liability	4,330,051	1,390,289	-	5,720,340	-
OPEB liabilities					
Retiree healthcare	843,003	28,740	-	871,743	-
SDBF	153,583	-	(2,183)	151,400	-
Total Other long-term liabilities	5,630,353	1,462,206	(2,183)	7,090,376	17,345
Business-type long-term liabilities	\$ 45,527,637	\$ 1,652,198	\$ (1,713,629)	\$ 45,466,206	\$ 1,655,511

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

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

Conduit debt

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

The aggregate principal amount payable as of September 30, 2019, could not be determined; however, the original issue amount totaled \$17 million.

H. Restricted assets

Restricted Asset Balances			
<u>Governmental Activities</u>		<u>Business-type activities</u>	
Capital projects funds	\$5,775,277	Customer deposits	\$ 1,325,778
Permanent Cemetery fund	<u>791,598</u>	Capital contributions	<u>9,927,574</u>
Total restricted assets	<u><u>\$6,566,875</u></u>	Total restricted assets	<u><u>\$ 11,253,352</u></u>

V. Other information

A. Risk Management

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

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

CITY OF BOERNE, TEXAS

Notes to the Financial Statements
September 30, 2019

B. Contingent liabilities

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

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

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

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

C. Other post-employment benefits (OPEB) plan

Retiree Health Care Plan

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

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

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

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

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

Pre-65 Retiree Plan shall be with the City of Boerne's active employee pool plan. Retirees are able to choose from and elect the same plans offered to active employees during open enrollment each year. The premiums for retirees are the same as for active employees which are established each year by the TML MultiState IEBP. Participation in the Pre-65 Retiree plan

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

is offered for five (5) years post-retirement or age sixty-five (65), whichever occurs first. Employees who retired before October 1, 2015 may participate in the Pre-65 Retiree plan for ten (10) years post-retirement or age sixty-five (65), whichever occurs first. The City provides a premium subsidy based on years of service for the retirees who are younger than 65.

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

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

Contributions - The City contributes to the retiree health insurance at an amount approved by City Council contained in the Personnel Policy. The retiree medical contribution rate as of November 2017 is as follows:

Boerne City Service	Pre-65 Subsidy	Post-65 Subsidy
Less than 20 years	\$0.00	\$0.00
20 - 24 years	253.00	125.00
25 - 29 years	299.00	150.00
30 - 34 years	379.50	175.00
35 - 39 years	402.50	200.00
Over 40 years	431.25	225.00

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, 2019 were \$23,969 and were equal to the required contributions.

Employees Covered by Benefit Terms - At the December 31, 2017 valuation date, the following employees were covered by the benefit terms:

Active members	240
Inactive, nonretired members	-
Retirees and Beneficiaries	7
Total	<u>247</u>

OPEB liability - The City's total OPEB liability of \$3,545,300 was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2017.

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

Actuarial Assumptions:

The total OPEB liability in the December 31, 2017 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 10.5% including inflation
Discount rate	3.71% as of December 31, 2018
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 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 RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	Non-Medicare: Initial rate of 7.20% declining to an ultimate rate of 4.75% after 12 years; Non-Medicare: Ultimate trend rate includes a 0.50% adjustment for the excise tax; Medicare: Initial rate of 6.40% declining to an ultimate rate of 4.25% after 14 years
Participation Rates	100% for retirees age 65 or older with 20 or more years of service at retirement; 100% for retirees between the ages of 50 and 64 with 30 or more years of service at retirement; 85% for retirees between the ages of 50 and 64 with 25 to 29 years of service at retirement; 75% for retirees between the ages of 50 and 64 with 20 to 24 years of service at retirement; 20% for retirees under age 50 or with less than 20 years of service at retirement

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

Changes in the Total OPEB Liability:

Balance at December 31, 2017	\$	3,449,786
Changes for the year:		
Service cost		241,592
Interest on the total OPEB liability		117,384
Changes of benefit terms		-
Difference between expected and actual experience		(13,216)
Change of assumptions		(201,793)
Benefit payments		(48,453)
Net changes		95,514
Balance at December 31, 2018	\$	3,545,300

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 3.71%, as well as what the City's OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
OPEB liability	\$ 4,080,516	\$ 3,545,300	\$ 3,102,291

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

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
OPEB liability	\$ 2,980,725	\$ 3,545,300	\$ 4,266,631

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

For the year ended September 30, 2019, the city recognized OPEB expense of \$360,673 related to retiree healthcare.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ -	\$ 11,896
Changes of assumptions	185,639	181,635
Net difference in projected and actual earnings on pension plan investments		
Contributions made subsequent to the measurement date	42,421	-
Total	<u>\$ 228,060</u>	<u>\$ 193,531</u>

The City reported \$42,421 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30	Net Deferred Outflows/(Inflows)
2020	\$ 1,697
2021	1,697
2022	1,697
2023	1,697
2024	1,697
Thereafter	(16,377)
Total	<u>\$ (7,892)</u>

Supplemental Death Benefits Fund (SDBF)

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

Benefits provided - The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary calculated based on the employee's actual earnings, for the 12-month period preceding the month of death. Retired employees are insured for \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Contributions - The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate

CITY OF BOERNE, TEXAS

Notes to the Financial Statements
September 30, 2019

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 0.16% and 0.17% for calendar years 2018 and 2019 respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$27,023 and were equal to the required contributions.

Employees Covered by Benefit Terms - At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	259
Inactive employees or beneficiaries currently receiving benefits	67
Inactive employees entitled to but not yet receiving benefits	<u>24</u>
Total	<u><u>350</u></u>

OPEB liability - The City's total OPEB liability of \$503,155 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Discount rate *	3.71%
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	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability:

Balance at December 31, 2017	\$	510,408
Changes for the year:		
Service cost		31,616
Interest on the total OPEB liability		17,368
Changes of benefit terms		-
Difference between expected and actual experience		(14,643)
Change of assumptions		(38,583)
Benefit payments		(3,011)
Net changes		(7,253)
Balance at December 31, 2018	\$	503,155

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

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 3.71%, as well as what the City's OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
OPEB liability	\$ 607,356	\$ 503,155	\$ 421,970

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

For the year ended September 30, 2019, the city recognized OPEB expense of \$47,545 related to the SDBF.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ -	\$ 12,704
Changes of assumptions	31,133	33,473
Net difference in projected and actual earnings on pension plan investments		
Contributions made subsequent to the measurement date	20,949	-
Total	<u>\$ 52,082</u>	<u>\$ 46,177</u>

The City reported \$20,949 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF BOERNE, TEXAS

Notes to the Financial Statements
September 30, 2019

Plan Year December 31,	Amortization Expense
2019	\$ (1,439)
2020	(1,439)
2021	(1,439)
2022	(1,439)
2023	(1,439)
Thereafter	(7,849)
Total	<u>\$ (15,044)</u>

D. Employee retirement systems and pension plans

Texas Municipal Retirement System (TMRS)

Plan Description - The City of Boerne participates as one of the 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.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.

Benefits depend upon the sum of the employee's contributions to the TMRS plan, with interest, and the City-financed monetary credits with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. Prior service credit, granted by the City, is a monetary credit equal to the accumulated value of the percentage of prior service credit adopted times an employee's deposits that would have been made, based on the average salary prior to participation, for the number of months the employee has been employed, accruing 3% annual interest, and including the matching ratio adopted by the City (2 to 1). Monetary credits for service since the TMRS plan began are a percentage of the employee's accumulated contributions. In addition, the City may grant, as often as annually or annually on a repeating basis, another type of monetary credit referred to as an updated service credit. This monetary credit is determined by hypothetically re-computing the employee's account balance by assuming that the current City deposit rate (7%) has always been in effect. The computation also assumes that the employee's salary has always been the

CITY OF BOERNE, TEXAS

Notes to the Financial Statements
September 30, 2019

employee’s average salary, using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical amount is increased by 3% each year and increased by the City’s match currently in effect (200.0% match). The resulting sum is then compared to the employee’s actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted.

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

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

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	259
Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to but not yet receiving benefits	84
Total	<u><u>430</u></u>

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

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

Employees for the City of Boerne covered under TMRS were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rate for the City was 18.84% in calendar year 2018 and 18.83% in calendar year 2019; both rates were adopted by City Council during the annual budget process. The City's contributions to TMRS for fiscal year 2019 were \$4,090,142, with \$1,108,432 contributed by City employees, and \$2,981,710 contributed by the City. The City's contributions were in excess of actuarially determined contributions by \$80,331 for fiscal year 2019.

Net Pension Liability - The City's Net Pension Liability (NPL) was measured as of December 31, 2018 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The TPL in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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.

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	\$ 30,313,255	\$ 19,832,700	\$ 11,270,996

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

Pension Expense - For the year ended September 30, 2019, based on the actuarial valuation of December 31, 2018, the City recognized pension expense of \$4,045,392.

Schedule of Pension Expense	
Total Service Cost	\$2,777,732
Interest on the Total Pension Liability	4,311,426
Current Period Benefit Changes	-
Employee Contributions (Reduction of Expense)	(1,053,882)
Projected Earnings on Plan Investments (Reduction of Expense)	(3,257,011)
Administrative Expense	27,934
Other Changes in Fiduciary Net Position	1,459
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	23,035
Recognition of Current Year Outflow (Inflow) of Resources-Assets	940,896
Amortization of Prior Year Outflows (Inflows) of Resources-Liabilities	309,981
Amortization of Prior Year Outflows (Inflows) of Resources-Assets	(36,178)
Total Pension Expense	<u>\$4,045,392</u>

Schedule of Changes in Net Pension Liability and Related Ratios – The measurement date of the NPL, as well as the date of the actuarial valuation on which the TPL is based, is December 31, 2018. The table below presents the components used to calculate the NPL for the current reporting period.

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	\$ 2,777,732
Interest (on the TPL)	4,311,426
Difference between expected and actual experience	141,667
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(1,566,488)
Net change in TPL	\$ 5,664,337
Total pension liability - beginning	63,267,359
Total pension liability - ending	<u>\$ 68,931,696</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 2,836,449
Contributions - employee	1,053,882
Net investment income	(1,447,467)
Benefit payments, including refunds of employee contributions	(1,566,488)
Administrative Expense	(27,934)
Other	(1,459)
Net change in plan fiduciary net position	\$ 846,984
Plan fiduciary net position - beginning	48,252,014
Plan fiduciary net position - ending	<u>\$ 49,098,998</u>
Net Pension Liability	<u>\$ 19,832,698</u>

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

At September 30, 2019, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual	\$ 1,241,908	\$ -
Changes of assumptions	14,537	-
Net difference in projected and actual earnings on pension plan investments	2,491,370	-
Contributions made subsequent to the measurement date	2,320,370	-
Total	<u>\$ 6,068,185</u>	<u>\$ -</u>

CITY OF BOERNE, TEXAS

Notes to the Financial Statements September 30, 2019

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$2,320,370 will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources, by year, will be recognized in pension expense as follows:

Plan Year December 31	Net Deferred Outflows (Inflows) of Resources
2019	\$ 1,159,794
2020	681,040
2021	663,450
2022	1,164,324
2023	75,750
Thereafter	3,457
Total	\$ 3,747,815

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

E. Tax Abatements and Economic Incentives

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

The City has two categories of economic development agreements:

- **Tax Abatements** – Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the

CITY OF BOERNE, TEXAS

Notes to the Financial Statements

September 30, 2019

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 \$29,171 in fiscal year 2019.

- 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 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 2019, the City rebated \$127,431 in taxes.

REQUIRED SUPPLEMENTARY
INFORMATION



(This page intentionally left blank.)

CITY OF BOERNE, TEXAS

Required Supplementary Information

General Fund

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

Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Ad valorem taxes (including interest and penalties)	\$ 3,764,002	\$ 3,764,002	\$ 3,834,218	\$ 70,216
Sales tax	7,314,174	7,814,174	7,912,673	98,499
Franchise fees	2,642,629	2,642,629	2,765,491	122,862
Licenses and permits	1,041,200	1,051,200	1,278,906	227,706
Fines	326,700	326,700	301,768	(24,932)
Grants	30,000	30,000	13,227	(16,773)
Contributions & donations	2,489,460	2,494,460	2,513,703	19,243
Miscellaneous	234,000	234,000	246,211	12,211
Interest earned	100,000	200,000	342,561	142,561
Total revenues	17,942,165	18,557,165	19,208,758	651,593
Expenditures:				
Current:				
Administration	2,826,392	3,546,392	3,286,710	259,682
Streets	1,804,265	1,914,265	1,723,818	190,447
Law enforcement	5,406,979	5,406,979	5,287,152	119,827
Municipal court	356,230	356,230	316,067	40,163
Animal control	312,695	321,695	318,438	3,257
Code enforcement	525,322	516,322	435,304	81,018
Planning	643,919	809,319	753,936	55,383
Communications	1,305,958	1,295,958	1,134,068	161,890
Information Technology	943,760	943,760	825,634	118,126
Fire department	2,479,607	2,479,607	2,299,311	180,296
Capital outlay	1,146,405	1,081,405	1,079,610	1,795
Total expenditures	17,751,532	18,671,932	17,460,048	1,211,884
Excess(Deficiency) of revenues over(under) expenditures	190,633	(114,767)	1,748,710	1,863,477
Other financing sources (uses):				
Transfers from other funds	207,000	207,000	90,000	(117,000)
Transfers to other funds	(1,373,115)	(1,273,115)	(1,004,266)	268,849
Capital lease	-	-	217,119	217,119
Sale of capital assets	10,000	10,000	31,265	21,265
Total other financing sources (uses)	(1,156,115)	(1,056,115)	(665,882)	390,233
Excess(Deficiency) of revenues and other sources (uses), over(under) expenditures	(965,482)	(1,170,882)	1,082,828	2,253,710
Fund balance at October 1, 2018	11,265,954	11,265,954	11,265,954	-
Fund balance at September 30, 2019	\$ 10,300,472	\$ 10,095,072	\$ 12,348,782	\$ 2,253,710

Note 1 - Basis of Budgeting:

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

CITY OF BOERNE, TEXAS

Required Supplementary Information
Schedule of Changes in the Net Pension Liability and TMRS Related Ratios
Fiscal Year Ending September 30, 2019

	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
Total Pension Liability					
Service Cost	\$ 2,777,732	\$ 2,642,850	\$ 2,493,905	\$ 2,224,334	\$ 1,919,644
Interest	4,311,426	3,906,133	3,539,542	3,351,716	3,064,431
Differences Between Expected and Actual Experience	141,667	982,925	761,562	30,940	157,833
Changes of assumptions	-	-	-	39,494	-
Benefit Payments, including refunds of employee contributions	(1,566,488)	(1,623,523)	(1,253,485)	(1,197,037)	(1,183,335)
Net Change in Total Pension Liability	\$ 5,664,337	\$ 5,908,385	\$ 5,541,524	\$ 4,449,447	\$ 3,958,573
Total Pension Liability - Beginning	<u>63,267,359</u>	<u>57,358,974</u>	<u>51,817,450</u>	<u>47,368,003</u>	<u>43,409,430</u>
Total Pension Liability - Ending (a)	<u>\$ 68,931,696</u>	<u>\$ 63,267,359</u>	<u>\$ 57,358,974</u>	<u>\$ 51,817,450</u>	<u>\$ 47,368,003</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 2,836,449	\$ 2,664,248	\$ 2,511,382	\$ 2,344,680	\$ 2,120,885
Contributions - Employee	1,053,882	998,378	941,096	878,191	794,715
Net Investment Income	(1,447,467)	5,633,932	2,435,208	50,123	1,745,475
Benefit Payments, including Refunds of Employee Contributions	(1,566,488)	(1,623,523)	(1,253,485)	(1,197,037)	(1,183,335)
Administrative Expense	(27,934)	(29,169)	(27,480)	(30,522)	(18,218)
Other	(1,459)	(1,478)	(1,481)	(1,508)	(1,498)
Net Change in Plan Fiduciary Net Position	\$ 846,983	\$ 7,642,388	\$ 4,605,240	\$ 2,043,928	\$ 3,458,024
Plan Fiduciary Net Position - Beginning	<u>48,252,013</u>	<u>40,609,625</u>	<u>36,004,385</u>	<u>33,960,457</u>	<u>30,502,433</u>
Plan Fiduciary Net Position - Ending (b)*	<u>\$ 49,098,996</u>	<u>\$ 48,252,013</u>	<u>\$ 40,609,625</u>	<u>\$ 36,004,385</u>	<u>\$ 33,960,457</u>
City's Net Pension Liability - Ending (a) - (b)	\$ 19,832,700	\$ 15,015,346	\$ 16,749,349	\$ 15,813,065	\$ 13,407,546
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.23%	76.27%	70.80%	69.48%	71.69%
Covered Payroll	\$ 15,055,458	\$ 14,262,545	\$ 13,444,231	\$ 12,545,593	\$ 11,353,077
City's Net Pension Liability as a Percentage of Covered Payroll	131.73%	105.28%	124.58%	126.04%	118.10%

*FNP may be off a dollar due to rounding

Notes to Schedule: N/A

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

CITY OF BOERNE, TEXAS

Required Supplementary Information
Schedule of Contributions and Notes to Schedule of Contributions - Net Pension Liability
Fiscal Year Ending September 30, 2019

	Schedule of Contributions for Fiscal year ended September 30,						
	2019	2018	2017	2016	2015	2014	
Actuarially Determined Contribution	\$ 2,901,379	\$ 2,699,031	\$ 2,578,789	\$ 2,437,285	\$ 2,167,467	\$ 2,127,796	
Contributions in relation to the actuarially determined contribution	\$ 2,981,710	\$ 2,775,625	\$ 2,648,351	\$ 2,567,437	\$ 2,234,020	\$ 2,143,585	
Contributions deficiency (excess)	\$ (80,331)	\$ (76,594)	\$ (69,562)	\$ (130,152)	\$ (66,553)	\$ (15,789)	
Covered payroll	\$ 15,834,730	\$ 14,763,224	\$ 14,177,471	\$ 13,627,933	\$ 11,857,858	\$ 11,399,302	
Contributions as a percentage of covered payroll	18.83%	18.80%	18.68%	18.84%	18.84%	18.80%	

Notes to Schedule of Contributions

Valuation Date

Notes

Actuarially determined contributions are determined as of December 31 and become effective in January 13 months later

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method

Entry Age Normal

Amortization method

Level Percentage of Payroll, Closed

Remaining Amortization Period

27 years

Asset Valuation Method

10 Year smoothed market; 15.0% soft corridor

Actuarial Assumption:

Inflation

2.50%

Salary Increases

3.50% to 10.5% 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 2015 valuation pursuant to experience study of the period 2010 - 2014

Mortality

RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.0% and female rates multiplied by 103.0% and protected on a fully generational basis with scale BB

Other Information:

Notes

There were no benefit changes during the year.

CITY OF BOERNE, TEXAS

Required Supplementary Information

Schedule of Changes in the OPEB Liability and TMRS Related Ratios - SDBF

Fiscal Year Ending September 30, 2019

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

Notes to Schedule: N/A

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

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

CITY OF BOERNE, TEXAS

Required Supplementary Information

Schedule of Contributions and Notes to Schedule of Contributions - SDBF

Fiscal Year Ending September 30, 2019

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

Notes to Schedule of Contributions

Actuarial Assumption:

Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Discount Rate*	3.31%
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	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and females rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and females rates multiplied by 103% with a 3 year set-forward for both male and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Other Information:

Notes There were no benefit changes during the year.

CITY OF BOERNE, TEXAS

Required Supplementary Information

Schedule of Changes in the OPEB Liability - Retiree Health Insurance

Fiscal Year Ending September 30, 2019

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

Changes of assumptions reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

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

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

OTHER SUPPLEMENTARY
INFORMATION



(This page intentionally left blank.)

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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, 2019

	SPECIAL REVENUE				
	HOTEL- MOTEL/CVB FUND	PARK FUND	LIBRARY FUND	ECONOMIC DEVL FUND	TOTAL
ASSETS					
Cash and cash equivalents	\$ 223,328	\$ 2,047,409	\$ 437,795	\$ 740,360	\$ 3,448,892
Receivables	59,895	42,439	17,298	-	119,632
Prepaid items	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 283,223</u>	<u>\$ 2,089,848</u>	<u>\$ 455,093</u>	<u>\$ 740,360</u>	<u>\$ 3,568,524</u>
LIABILITIES					
Accounts payable	\$ 4,415	\$ 23,986	\$ 4,464	\$ 44,895	\$ 77,760
Other payables	-	14,317	2,900	-	17,217
Deferred revenue	-	33,982	15,796	-	49,778
Total liabilities	<u>\$ 4,415</u>	<u>\$ 72,285</u>	<u>\$ 23,160</u>	<u>\$ 44,895</u>	<u>\$ 144,755</u>
FUND BALANCES					
Nonspendable:					
Permanent-Cemetery	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:					
Hotel/Motel -Tourism	278,808	-	-	-	278,808
Capital Projects:					
Public Safety Center	-	-	-	-	-
Sidewalks	-	-	-	-	-
Assigned:					
Capital Projects:					
City Hall Building	-	-	-	-	-
Sidewalks	-	-	-	-	-
Parks & Recreation	-	2,017,563	-	-	2,017,563
Library	-	-	431,933	-	431,933
Economic Development	-	-	-	695,465	695,465
Cemetery	-	-	-	-	-
Total fund balances	<u>\$ 278,808</u>	<u>\$ 2,017,563</u>	<u>\$ 431,933</u>	<u>\$ 695,465</u>	<u>\$ 3,423,769</u>
Total liabilities and fund balances	<u>\$ 283,223</u>	<u>\$ 2,089,848</u>	<u>\$ 455,093</u>	<u>\$ 740,360</u>	<u>\$ 3,568,524</u>

CAPITAL PROJECTS			PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
2009 G.O.	2012 TAX NOTE	CAPITAL PROJECTS	CEMETERY FUND	
\$ -	\$ -	\$ 1,631,533	\$ 459,423	\$ 5,539,848
-	-	-	-	119,632
-	-	-	-	-
-	-	-	791,598	791,598
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,631,533</u>	<u>\$ 1,251,021</u>	<u>\$ 6,451,078</u>
\$ -	\$ -	\$ 317	\$ 399	\$ 78,476
-	-	-	-	17,217
-	-	-	-	49,778
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317</u>	<u>\$ 399</u>	<u>\$ 145,471</u>
\$ -	\$ -	\$ -	\$ 791,598	\$ 791,598
-	-	-	-	278,808
-	-	-	-	-
-	-	-	-	-
-	-	1,200,000	-	1,200,000
-	-	431,216	-	431,216
-	-	-	-	2,017,563
-	-	-	-	431,933
-	-	-	-	695,465
-	-	-	459,024	459,024
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,631,216</u>	<u>\$ 1,250,622</u>	<u>\$ 6,305,607</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,631,533</u>	<u>\$ 1,251,021</u>	<u>\$ 6,451,078</u>

CITY OF BOERNE, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2019

	SPECIAL REVENUE				
	HOTEL- MOTEL/CVB	PARK	LIBRARY	ECONOMIC DEVELOPMENT	TOTAL
REVENUES					
Ad valorem taxes	\$ -	\$ 1,638,898	\$ 1,044,468	\$ -	\$ 2,683,366
Hotel-Motel taxes	687,407	-	-	-	687,407
Special revenues	-	628,926	30,564	-	659,490
Grants	-	83,544	22,795	-	106,339
Contributions	-	2,278	401,296	-	403,574
Other	1,181	150,672	4,875	-	156,728
Interest	7,428	54,203	20,582	14,113	96,326
Total revenues	<u>696,016</u>	<u>2,558,521</u>	<u>1,524,580</u>	<u>14,113</u>	<u>4,793,230</u>
EXPENDITURES					
Current:					
Public Safety	-	-	-	-	-
Culture and recreation	-	1,951,327	1,400,467	-	3,351,794
Economic development	615,136	-	-	163,056	778,192
Capital outlay:					
General government	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	319,974	107,726	-	427,700
Economic development	852	-	-	-	852
Total expenditures	<u>615,988</u>	<u>2,271,301</u>	<u>1,508,193</u>	<u>163,056</u>	<u>4,558,538</u>
Excess (Deficiency) of revenues over/ (under) expenditures	<u>80,028</u>	<u>287,220</u>	<u>16,387</u>	<u>(148,943)</u>	<u>234,692</u>
OTHER FINANCING SOURCES (USES)					
Transfers in:					
General fund	-	-	-	127,431	127,431
Hotel-Motel fund	-	-	-	-	-
Electric fund	-	-	-	300,000	300,000
Water fund	-	-	-	300,000	300,000
Transfers out:					
General fund	(30,000)	-	-	(25,000)	(55,000)
Debt Service fund	-	-	-	-	-
Capital Projects fund	(234,323)	-	-	-	(234,323)
Gas fund	-	-	-	(309,805)	(309,805)
Sale of Assets	-	-	-	-	-
Total other financing sources and (uses)	<u>(264,323)</u>	<u>-</u>	<u>-</u>	<u>392,626</u>	<u>128,303</u>
Net change in fund balances	(184,295)	287,220	16,387	243,683	362,995
Fund balances - beginning	463,103	1,730,343	415,546	451,782	3,060,774
Fund balances - ending	<u>\$ 278,808</u>	<u>\$ 2,017,563</u>	<u>\$ 431,933</u>	<u>\$ 695,465</u>	<u>\$ 3,423,769</u>

CAPITAL PROJECTS			PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
2009 G.O.	2012 TAX NOTE	CAPITAL PROJECTS	CEMETERY	
\$ -	\$ -	\$ -	\$ -	\$ 2,683,366
-	-	-	-	687,407
-	-	-	134,765	794,255
-	-	-	-	106,339
-	-	-	-	403,574
-	-	-	33,088	189,816
3,327	2,395	31,480	26,270	159,798
<u>3,327</u>	<u>2,395</u>	<u>31,480</u>	<u>194,123</u>	<u>5,024,555</u>
-	-	-	63,675	63,675
-	-	-	-	3,351,794
-	-	-	-	778,192
-	-	1,136,206	-	1,136,206
49,689	146,625	198,635	-	394,949
-	-	-	-	427,700
-	-	-	-	852
<u>49,689</u>	<u>146,625</u>	<u>1,334,841</u>	<u>63,675</u>	<u>6,153,368</u>
<u>(46,362)</u>	<u>(144,230)</u>	<u>(1,303,361)</u>	<u>130,448</u>	<u>(1,128,813)</u>
-	-	750,000	-	877,431
-	-	234,323	-	234,323
-	-	600,000	-	900,000
-	-	-	-	300,000
-	-	-	-	(55,000)
(94,195)	(8,508)	-	-	(102,703)
-	-	-	-	(234,323)
-	-	-	-	(309,805)
-	-	-	-	-
<u>(94,195)</u>	<u>(8,508)</u>	<u>1,584,323</u>	<u>-</u>	<u>1,609,923</u>
(140,557)	(152,738)	280,962	130,448	481,110
140,557	152,738	1,350,254	1,120,174	5,824,497
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,631,216</u>	<u>\$ 1,250,622</u>	<u>\$ 6,305,607</u>

CITY OF BOERNE, TEXAS

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual

Year Ended September 30, 2019

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUES				
Ad valorem taxes	\$ 1,856,695	\$ 1,856,695	\$ 1,912,141	\$ 55,446
Interest	3,500	3,500	31,725	28,225
Total revenues	<u>1,860,195</u>	<u>1,860,195</u>	<u>1,943,866</u>	<u>83,671</u>
EXPENDITURES				
Debt service:				
Principal	2,090,000	2,090,000	2,090,000	-
Interest	1,107,082	1,107,082	1,081,318	25,764.00
Paying agent fees	3,500	3,500	1,909	1,591
Bond issuance costs	-	49,717	83,167	(83,167)
Total expenditures	<u>3,200,582</u>	<u>3,250,299</u>	<u>3,256,394</u>	<u>(55,812)</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>(1,340,387)</u>	<u>(1,390,104)</u>	<u>(1,312,528)</u>	<u>27,859</u>
OTHER FINANCING SOURCES				
Transfers in	1,179,711	1,179,711	1,282,414	102,703
Transfers out	-	-	-	-
Refunding bonds issued	-	-	2,720,000	2,720,000
Payments to escrow agent	-	-	(2,686,550)	(2,686,550)
Total other financing sources	<u>1,179,711</u>	<u>1,179,711</u>	<u>1,315,864</u>	<u>136,153.00</u>
Net change in fund balances	(160,676)	(210,393)	3,336	164,012
Fund balances - beginning	778,973	778,973	778,973	-
Fund balances - ending	<u>\$ 618,297</u>	<u>\$ 568,580</u>	<u>\$ 782,309</u>	<u>\$ 164,012</u>

CITY OF BOERNE, TEXAS

Hotel-Motel/Convention/Visitors Bureau - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2019

	ORIGINAL & FINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUES				
Hotel-motel taxes	\$ 650,000	\$ 650,000	\$ 685,198	\$ 35,198
Penalties	1,000	1,000	2,209	1,209
Miscellaneous Revenues	1,000	1,000	1,181	181
Interest on investments	1,000	1,000	7,428	6,428
Total revenues	<u>653,000</u>	<u>653,000</u>	<u>696,016</u>	<u>43,016</u>
EXPENDITURES				
Current:				
Economic development	657,500	656,500	615,136	41,364
Capital outlay:				
Economic development	500	1,500	852	648
Total expenditures	<u>658,000</u>	<u>658,000</u>	<u>615,988</u>	<u>42,012</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>(5,000)</u>	<u>(5,000)</u>	<u>80,028</u>	<u>85,028</u>
OTHER FINANCING (USES)				
Transfers out	<u>(235,000)</u>	<u>(269,323)</u>	<u>(264,323)</u>	<u>5,000</u>
Total other financing (uses)	<u>(235,000)</u>	<u>(269,323)</u>	<u>(264,323)</u>	<u>5,000</u>
Net change in fund balances	(240,000)	(274,323)	(184,295)	90,028
Fund balances - beginning	463,103	463,103	463,103	-
Fund balances - ending	<u>\$ 223,103</u>	<u>\$ 188,780</u>	<u>\$ 278,808</u>	<u>\$ 90,028</u>

CITY OF BOERNE, TEXAS

Park Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual

Year Ended September 30, 2019

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUES				
Ad valorem taxes	\$ 1,603,695	\$ 1,603,695	\$ 1,638,898	\$ 35,203
Licenses and Fees	335,000	335,000	513,153	178,153
Facility Rentals	122,000	122,000	115,773	(6,227)
Other	161,700	161,700	150,672	(11,028)
Grants	-	83,544	83,544	-
Contributions and donations	2,500	2,500	2,278	(222)
Interest earned	20,000	20,000	54,203	34,203
Total revenues	<u>2,244,895</u>	<u>2,328,439</u>	<u>2,558,521</u>	<u>230,082</u>
EXPENDITURES				
Current:				
Culture and recreation	2,079,732	2,026,732	1,951,327	75,405
Capital outlay:				
Culture and recreation	<u>264,000</u>	<u>400,544</u>	<u>319,974</u>	<u>80,570</u>
Total expenditures	<u>2,343,732</u>	<u>2,427,276</u>	<u>2,271,301</u>	<u>155,975</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(98,837)</u>	<u>(98,837)</u>	<u>287,220</u>	<u>386,057</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Sale of Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(98,837)	(98,837)	287,220	386,057
Fund balances - beginning	<u>1,730,343</u>	<u>1,730,343</u>	<u>1,730,343</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,631,506</u>	<u>\$ 1,631,506</u>	<u>\$ 2,017,563</u>	<u>\$ 386,057</u>

CITY OF BOERNE, TEXAS

Library Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual

Year Ended September 30, 2019

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUES				
Ad valorem taxes	\$ 1,022,019	\$ 1,043,019	\$ 1,044,468	\$ 1,449
Special revenues	41,000	41,000	30,564	(10,436)
Grants	-	-	22,795	22,795
Contributions	333,212	390,197	401,296	11,099
Other	4,500	4,500	4,875	375
Interest on investments	7,500	20,500	20,582	82
Total revenues	<u>1,408,231</u>	<u>1,499,216</u>	<u>1,524,580</u>	<u>25,364</u>
EXPENDITURES				
Current:				
Culture and recreation	1,344,231	1,402,436	1,400,467	1,969
Capital outlay:				
Culture and recreation	76,000	108,780	107,726	1,054
Total expenditures	<u>1,420,231</u>	<u>1,511,216</u>	<u>1,508,193</u>	<u>3,023</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(12,000)</u>	<u>(12,000)</u>	<u>16,387</u>	<u>28,387</u>
OTHER FINANCING SOURCES				
Sale of Assets	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(12,000)	(12,000)	16,387	28,387
Fund balances - beginning	415,546	415,546	415,546	-
Fund balances - ending	<u>\$ 403,546</u>	<u>\$ 403,546</u>	<u>\$ 431,933</u>	<u>\$ 28,387</u>

CITY OF BOERNE, TEXAS

Economic Development - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2019

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUES				
Interest on investments	\$ 10,000	\$ 10,000	\$ 14,113	\$ 4,113
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>14,113</u>	<u>4,113</u>
EXPENDITURES				
Current:				
Economic development	592,000	592,000	163,056	428,944
Capital outlay:				
Economic development	-	-	-	-
Total expenditures	<u>592,000</u>	<u>592,000</u>	<u>163,056</u>	<u>428,944</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>(582,000)</u>	<u>(582,000)</u>	<u>(148,943)</u>	<u>433,057</u>
OTHER FINANCING (USES)				
Transfers in	764,636	764,636	727,431	(37,205)
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(334,805)</u>	<u>(309,805)</u>
Total other financing (uses)	<u>739,636</u>	<u>739,636</u>	<u>392,626</u>	<u>(347,010)</u>
Net change in fund balances	157,636	157,636	243,683	86,047
Fund balances - beginning	451,782	451,782	451,782	-
Fund balances - ending	<u>\$ 609,418</u>	<u>\$ 609,418</u>	<u>\$ 695,465</u>	<u>\$ 86,047</u>

CITY OF BOERNE, TEXAS

2009 General Obligation Capital Projects Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances From Inception and for the Year Ended September 30, 2019

	Prior Years	Current Year	Total to Date
REVENUES			
G.O. Bond proceeds - General Fund	\$ 3,051,400	-	\$ 3,051,400
G.O. Bond proceeds - Parks Fund	2,276,200	-	2,276,200
G.O. Bond proceeds - Library Fund	4,612,400	-	4,612,400
Contributions/Donations - Library	1,557,701	-	1,557,701
Interest on investments	30,189	3,327	33,516
Total revenues	<u>11,527,890</u>	<u>3,327</u>	<u>11,531,217</u>
EXPENDITURES			
Bond Issuance Costs	282,266	-	282,266
Engineering - General Fund	127,178	-	127,178
Engineering - Parks Fund	200,738	-	200,738
Engineering - Library Fund	106,940	-	106,940
Engineering - Sidewalks	118,587	42,826	161,413
Capital outlay:			
General Government - Highways and Streets	-	6,863	6,863
General Government - Public Safety	2,887,596	-	2,887,596
General Government - Culture & Recreation	9,265,706	-	9,265,706
Total expenditures	<u>12,989,011</u>	<u>49,689</u>	<u>13,038,700</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>(1,461,121)</u>	<u>(46,362)</u>	<u>(1,507,483)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 1,259,412	\$ -	\$ 1,259,412
Transfers out	(3,023)	(94,195)	(97,218)
Premium on General Obligation bonds issued	345,289	-	345,289
Total other financing sources (uses)	<u>1,601,678</u>	<u>(94,195)</u>	<u>1,507,483</u>
Net change in fund balances	<u>\$ 140,557</u>	<u>(140,557)</u>	<u>\$ -</u>
Fund balances - beginning		<u>140,557</u>	
Fund balances - ending		<u>\$ -</u>	

CITY OF BOERNE, TEXAS

2012 Tax Notes Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances

From Inception and for the Year Ended September 30, 2019

	Prior Years	Current Year	Total to Date
REVENUES			
Tax Notes proceeds	\$ 1,540,000	\$ -	\$ 1,540,000
Interest on investments	3,965	2,395	6,360
Total revenues	<u>1,543,965</u>	<u>2,395</u>	<u>1,546,360</u>
EXPENDITURES			
Bond Issuance costs	15,340	-	15,340
Capital outlay:			
Highways and Streets	178,942	146,625	325,567
Public Safety	667,433	-	667,433
Total expenditures	<u>861,715</u>	<u>146,625</u>	<u>1,008,340</u>
Excess of revenues over expenditures	<u>682,250</u>	<u>(144,230)</u>	<u>538,020</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(529,512)</u>	<u>(8,508)</u>	<u>(538,020)</u>
Net change in fund balances	<u>\$ 152,738</u>	<u>(152,738)</u>	<u>\$ -</u>
Fund balances - beginning		<u>152,738</u>	
Fund balances - ending		<u>\$ -</u>	

CITY OF BOERNE, TEXAS

Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances

From Inception and for the Year Ended September 30, 2019

	Prior Years	Current Year	Total to Date
REVENUES			
Interest on investments	\$ 254	\$ 31,480	\$ 31,734
Total revenues	<u>254</u>	<u>31,480</u>	<u>31,734</u>
EXPENDITURES			
Capital outlay:			
General government	-	1,136,206	1,136,206
Economic development	-	-	-
Highways and Streets	-	198,635	198,635
Public Safety	-	-	-
Culture and recreation	-	-	-
Total expenditures	<u>-</u>	<u>1,334,841</u>	<u>1,334,841</u>
Excess of revenues over expenditures	<u>254</u>	<u>(1,303,361)</u>	<u>(1,303,107)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,350,000	1,584,323	2,934,323
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,350,000</u>	<u>1,584,323</u>	<u>2,934,323</u>
Net change in fund balances	<u>\$ 1,350,254</u>	280,962	<u>\$ 1,631,216</u>
Fund balances - beginning		1,350,254	
Fund balances - ending		<u>\$ 1,631,216</u>	

CITY OF BOERNE, TEXAS**Cemetery Permanent Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balances -****Budget and Actual****Year Ended September 30, 2019**

	ORIGINAL & FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUES:			
Special revenues			
Lot sales	\$ 90,000	\$ 115,365	\$ 25,365
Urn Garden sales	8,000	19,400	11,400
Other - Endowment revenue	20,200	33,088	12,888
Endowment interest	2,500	11,361	8,861
Interest	2,500	14,909	12,409
Total revenues	<u>123,200</u>	<u>194,123</u>	<u>70,923</u>
EXPENDITURES:			
Current:			
Public Safety	109,351	63,675	45,676
Capital outlay:			
Public Safety	500	-	500
Total expenditures	<u>109,851</u>	<u>63,675</u>	<u>46,176</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>13,349</u>	<u>130,448</u>	<u>117,099</u>
OTHER FINANCING (USES)			
Transfers out	-	-	-
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	13,349	130,448	117,099
Fund balances - beginning	<u>1,120,174</u>	<u>1,120,174</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,133,523</u>	<u>\$ 1,250,622</u>	<u>\$ 117,099</u>

CITY OF BOERNE, TEXAS

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended September 30, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Assets:				
Cash and cash equivalents	\$ 1,198	\$ 6,369	\$ (7,567)	\$ -
Total Assets	<u>\$ 1,198</u>	<u>\$ 6,369</u>	<u>\$ (7,567)</u>	<u>\$ -</u>
Liabilities:				
Accounts payable	\$ 1,198	\$ 4,068	\$ (5,266)	\$ -
Total Liabilities	<u>\$ 1,198</u>	<u>\$ 4,068</u>	<u>\$ (5,266)</u>	<u>\$ -</u>



(This page intentionally left blank.)

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	123-130
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the Electric Utility Sales revenue.	131-135
Debt Capacity 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.	136-140
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.	141-143
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	144-145

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



(This page intentionally left blank.)

CITY OF BOERNE, TEXAS

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

	2010	2011	2012	2013 *	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 18,000,161	\$ 19,450,251	\$ 19,571,756	\$ 18,157,123	\$ 19,046,817	\$ 21,692,143	\$ 22,983,923	\$ 27,421,550	\$ 34,104,242	\$ 39,484,568
Restricted	1,566,068	1,645,612	1,829,410	1,972,707	3,597,587	2,139,963	1,955,074	2,153,641	2,267,544	1,985,683
Unrestricted	8,173,245	5,338,306	6,341,545	6,738,731	7,608,138	887,348	1,929,643	3,059,335	2,852,356	3,794,538
Total governmental activities net position	\$ 27,739,474	\$ 26,434,169	\$ 27,742,711	\$ 26,868,561	\$ 30,252,542	\$ 24,719,454	\$ 26,868,640	\$ 32,634,526	\$ 39,224,142	\$ 45,264,789
Business-type activities										
Net investment in capital assets	\$ 29,313,411	\$ 27,450,008	\$ 19,244,222	\$ 26,963,246	\$ 29,206,459	\$ 28,462,491	\$ 34,595,282	\$ 40,775,084	\$ 45,009,644	\$ 50,259,285
Restricted	1,764,788	2,388,744	2,778,849	3,118,441	3,165,146	7,518,901	8,492,021	9,900,336	11,523,353	11,632,026
Unrestricted	12,765,404	15,299,718	26,491,187	18,557,728	20,521,968	16,259,453	17,665,505	20,090,983	21,878,763	28,615,412
Total business-type activities net position	\$ 43,843,603	\$ 45,138,470	\$ 48,514,258	\$ 48,639,415	\$ 52,893,573	\$ 52,240,845	\$ 60,752,808	\$ 70,766,403	\$ 78,411,760	\$ 90,506,723
Primary government										
Net investment in capital assets	\$ 47,313,572	\$ 46,900,259	\$ 38,815,978	\$ 45,120,369	\$ 48,253,276	\$ 50,154,634	\$ 57,579,205	\$ 68,196,634	\$ 79,113,886	\$ 89,743,853
Restricted	3,330,856	4,034,356	4,608,259	5,091,148	6,762,733	9,658,864	10,447,095	12,053,977	13,790,897	13,617,709
Unrestricted	20,938,649	20,638,024	32,832,732	25,296,459	28,130,106	17,146,801	19,595,148	23,150,318	24,731,119	32,409,950
Total primary government net position	\$ 71,583,077	\$ 71,572,639	\$ 76,256,969	\$ 75,507,976	\$ 83,146,115	\$ 76,960,299	\$ 87,621,448	\$ 103,400,929	\$ 117,635,902	\$ 135,771,512

* Restated for the implementation of GASB 65

CITY OF BOERNE, TEXAS

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

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses											
Governmental activities:											
General government		\$ 2,530,904	\$ 2,453,996	\$ 2,604,602	\$ 2,510,530	\$ 3,007,864	\$ 4,621,744	\$ 4,139,228	\$ 4,066,160	\$ 3,819,815	\$ 5,196,910
Public safety		6,308,002	7,310,411	7,323,674	7,869,498	8,835,090	9,300,269	10,252,055	10,460,090	10,324,538	11,416,777
Highways & streets		2,006,388	2,216,205	2,158,471	2,266,961	2,357,844	2,452,071	2,794,067	2,595,872	3,329,625	3,814,779
Economic Development and assistance		406,730	396,847	409,890	436,306	761,734	915,793	1,025,169	751,422	732,029	819,239
Culture & recreation		2,421,140	3,170,061	3,000,519	4,340,210	5,091,619	3,470,167	3,939,720	3,872,533	4,062,629	4,595,613
Interest on long term debt		1,320,546	1,293,803	1,121,400	1,131,656	1,104,084	805,586	699,457	748,770	1,178,804	1,073,959
Total government activities expenses		\$ 14,993,710	\$ 16,841,323	\$ 16,618,556	\$ 18,555,161	\$ 21,158,235	\$ 21,565,630	\$ 22,849,696	\$ 22,494,847	\$ 23,447,440	\$ 26,917,277
Business-type activities:											
Electric		\$ 12,369,579	\$ 12,861,039	\$ 12,593,722	\$ 12,262,199	\$ 14,159,182	\$ 14,422,455	13,762,430	14,748,981	13,781,471	13,718,766
Water		4,077,894	4,569,970	4,624,902	4,572,830	4,418,399	4,680,585	4,962,987	5,231,602	5,868,934	6,522,913
Wastewater		2,708,628	3,775,324	4,262,799	5,182,105	6,178,373	6,496,625	6,763,885	7,001,087	7,441,029	7,547,160
Gas		2,155,397	1,679,275	1,632,058	1,659,027	1,992,137	1,925,674	1,934,105	2,131,493	2,487,475	2,774,933
Solid Waste		498,007	536,432	568,090	586,371	598,292	700,442	698,642	765,914	803,815	855,222
Total business-type activities expenses		\$ 21,809,505	\$ 23,422,040	\$ 23,681,571	\$ 24,262,532	\$ 27,346,383	\$ 28,225,781	\$ 28,122,049	\$ 29,879,077	\$ 30,382,724	\$ 31,418,994
Total primary government expenses		\$ 36,803,215	\$ 40,263,363	\$ 40,300,127	\$ 42,817,693	\$ 48,504,618	\$ 49,791,411	\$ 50,971,745	\$ 52,373,924	\$ 53,830,164	\$ 58,336,271
Program Revenues											
Governmental activities:											
Charges for services:											
General government		\$ 133,675	\$ 109,590	\$ 74,803	\$ 61,020	\$ 62,147	\$ 67,004	\$ 21,505	\$ 45,468	\$ 375,423	\$ 465,939
Public safety		1,809,486	1,782,195	1,901,382	2,137,987	2,589,549	2,366,888	2,906,752	3,220,636	3,187,726	3,597,210
Highways & streets		1,400	549	143	-	-	88	450	3,726	49,524	5,722
Culture & recreation		463,942	527,594	489,884	498,018	542,087	570,145	679,724	739,810	781,583	734,275
Total charges for services		\$ 2,408,503	\$ 2,419,928	\$ 2,466,212	\$ 2,697,025	\$ 3,193,783	\$ 3,004,125	\$ 3,608,431	\$ 4,009,640	\$ 4,394,256	\$ 4,803,146
Operating grants and contributions		461,943	523,219	587,686	579,134	599,513	677,415	828,004	948,921	1,028,192	1,084,571
Capital grants and contributions		3,978,553	347,907	252,050	534,403	5,781,669	2,096,374	1,854,325	5,792,264	7,144,323	4,527,738
Total governmental activities program revenues		\$ 6,848,999	\$ 3,291,054	\$ 3,305,948	\$ 3,810,562	\$ 9,574,965	\$ 5,777,914	\$ 6,290,760	\$ 10,750,825	\$ 12,566,771	\$ 10,415,455
Business-type activities:											
Charges for services:											
Electric		\$ 13,542,999	\$ 13,721,849	\$ 14,331,712	\$ 13,571,874	\$ 15,214,937	17,248,469	15,752,733	\$ 16,278,423	\$ 17,298,397	\$ 16,545,295
Water		3,287,331	4,198,571	4,067,670	4,271,406	4,447,030	4,645,301	5,109,931	5,453,144	5,871,244	6,766,786
Wastewater		3,230,305	3,439,563	3,767,118	3,749,289	3,906,546	4,030,775	4,223,193	4,434,700	4,704,658	5,083,504
Gas		1,866,484	1,634,740	1,523,688	1,513,893	2,075,464	1,995,865	1,834,219	1,974,451	2,400,814	3,001,284
Solid Waste		526,885	549,714	583,393	624,917	647,758	700,792	780,116	826,175	888,628	959,154
Total charges for services		\$ 22,454,004	\$ 23,544,437	\$ 24,273,581	\$ 23,730,379	\$ 26,291,735	\$ 28,621,202	\$ 27,700,192	\$ 28,966,893	\$ 31,163,741	\$ 32,356,023
Operating grants and contributions		62,611	95,550	212,916	23,537	28,959	57,365	25,952	35,829	5,000	-
Capital grants and contributions		2,093,451	1,157,061	2,659,318	1,380,320	5,780,513	4,653,095	10,390,016	11,612,611	8,701,870	12,135,613
Total business-type activities program revenues		\$ 24,610,066	\$ 24,797,048	\$ 27,145,815	\$ 25,134,236	\$ 32,101,207	\$ 33,331,662	\$ 38,116,160	\$ 40,615,333	\$ 39,870,611	\$ 44,491,636
Total primary government program revenues		\$ 31,459,065	\$ 28,088,102	\$ 30,451,763	\$ 28,944,798	\$ 41,676,172	\$ 39,109,576	\$ 44,406,920	\$ 51,366,158	\$ 52,437,382	\$ 54,907,091
Net (expense)/revenue											
Governmental activities		\$ (8,144,711)	\$ (13,550,269)	\$ (13,312,608)	\$ (14,744,599)	\$ (11,583,270)	\$ (15,787,716)	\$ (14,104,415)	\$ (11,744,022)	\$ (10,880,669)	\$ (16,501,822)
Business-type activities		2,800,561	1,375,008	3,464,244	871,704	4,754,824	5,105,881	9,994,111	10,736,256	9,487,887	13,072,642
Total primary government net expense		\$ (5,344,150)	\$ (12,175,261)	\$ (9,848,364)	\$ (13,872,895)	\$ (6,828,446)	\$ (10,681,835)	\$ (4,110,304)	\$ (1,007,766)	\$ (1,392,782)	\$ (3,429,180)

CITY OF BOERNE, TEXAS

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 4,904,034	\$ 4,834,525	\$ 5,065,159	\$ 5,546,182	\$ 5,883,300	\$ 6,279,784	\$ 6,716,220	\$ 6,408,676	\$ 6,801,767	\$ 8,401,600
Sales taxes	4,474,155	4,832,704	4,739,388	5,313,433	5,460,798	5,841,658	6,657,261	6,628,822	7,021,498	7,912,673
Other taxes	377,530	379,218	420,617	468,556	498,886	553,729	546,239	597,974	635,895	687,407
Franchise fees	1,827,711	1,929,954	1,966,300	2,087,618	2,297,457	2,568,986	2,454,521	2,539,941	2,764,266	2,765,491
Investment earnings	24,553	11,443	6,112	17,378	29,965	34,758	83,538	86,679	130,876	342,561
Miscellaneous			306,170	146,263		399,398	593,071	295,240	287,492	423,401
Gains on sale of assets	204,279	104,244	1,966,143	11,773	243,969	33,789	35,704		499,483	31,265
Transfers	52,876	152,876	151,261	450,816	552,876	2,610,209	1,621,568	963,719	1,209,552	1,978,071
Total governmental activities	\$ 11,865,138	\$ 12,244,964	\$ 14,621,150	\$ 14,042,019	\$ 14,967,251	\$ 18,322,311	\$ 18,708,122	\$ 17,521,051	\$ 19,350,829	\$ 22,542,469
Business-type activities:										
Investment earnings	\$ 69,302	\$ 72,735	\$ 51,865	\$ 45,063	\$ 52,210	\$ 97,999	\$ 139,417	\$ 228,733	\$ 510,142	\$ 994,187
Miscellaneous	-	-	-	-	-	-	3	12,325		6,205
Gains on sale of assets			10,940	22,097		18,526				
Transfers	(52,876)	(152,876)	(151,261)	(450,816)	(552,876)	(2,610,209)	(1,621,568)	(963,719)	(1,209,552)	(1,978,071)
Total business-type activities	16,426	(80,141)	(88,456)	(383,656)	(500,666)	(2,493,684)	(1,482,148)	(722,661)	(699,410)	(977,679)
Total primary government	\$ 11,881,564	\$ 12,164,823	\$ 14,532,694	\$ 13,658,363	\$ 14,466,585	\$ 15,828,627	\$ 17,225,974	\$ 16,798,390	\$ 18,651,419	\$ 21,564,790
Change in Net Position										
Governmental activities	\$ 3,720,427	\$ (1,305,305)	\$ 1,308,542	\$ (702,580)	\$ 3,383,981	\$ 2,534,595	\$ 2,149,186	\$ 5,765,886	\$ 8,470,160	\$ 6,040,647
Business-type activities	2,816,987	1,294,867	3,375,788	488,048	4,254,158	2,612,197	8,511,963	10,013,595	8,788,477	12,094,963
Total primary government	\$ 6,537,414	\$ (10,438)	\$ 4,684,330	\$ (214,532)	\$ 7,638,139	\$ 5,146,792	\$ 10,661,149	\$ 15,779,481	\$ 17,258,637	\$ 18,135,610

CITY OF BOERNE, TEXAS

General Government Tax Revenues by Source Last Ten Fiscal Years

Fiscal Year	Ad Valorem Tax	Sales Tax	Franchise Tax	Total
2010	4,825,698	4,135,773	1,827,711	10,789,182
2011	4,768,108	4,447,723	1,929,954	11,145,785
2012	5,040,616	4,765,341	1,966,300	11,772,257
2013	5,548,012	5,243,148	2,087,618	12,878,778
2014	5,869,666	5,420,528	2,297,457	13,587,651
2015	6,263,241	5,876,279	2,415,090	14,554,610
2016	6,654,315	7,143,387	2,454,521	16,252,223
2017	6,397,290	6,628,822	2,539,941	15,566,053
2018	6,806,247	7,021,498	2,764,266	16,592,011
2019	8,429,725	7,912,673	2,765,491	19,107,889

CITY OF BOERNE, TEXAS

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Restricted	-	-	\$ 154,143	\$ 233,957	\$ 181,694	\$ 215,226	\$ 232,981	\$ 276,162	\$ 280,945	\$ 132,968
Nonspendable	-	-	-	-	1,550,000	4,578	-	-	1,874	1,800
Unassigned	5,416,495	4,742,104	5,937,743	6,863,709	5,636,863	7,651,822	9,509,466	10,503,769	10,983,135	12,214,014
Total general fund	\$ 5,416,495	\$ 4,742,104	\$ 6,091,886	\$ 7,097,666	\$ 7,368,557	\$ 7,871,626	\$ 9,742,447	\$ 10,779,931	\$ 11,265,954	\$ 12,348,782
All other governmental funds										
Restricted	\$ 10,334,535	\$ 3,894,842	\$ 1,873,798	\$ 1,851,532	\$ 1,552,523	\$ 1,491,782	\$ 1,374,357	\$ 22,636,406	\$ 19,875,913	\$ 6,836,394
Assigned	1,106,521	1,305,767	1,345,188	1,917,829	2,296,930	1,817,953	1,937,815	2,908,115	4,323,576	5,235,201
Nonspendable	545,176	608,629	634,857	675,859	741,419	767,678	665,999	700,792	744,523	791,598
Total all other governmental funds	\$ 11,986,232	\$ 5,809,238	\$ 3,853,843	\$ 4,445,220	\$ 4,590,872	\$ 4,077,413	\$ 3,978,171	\$ 26,245,313	\$ 24,944,012	\$ 12,863,193

CITY OF BOERNE, TEXAS

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Ad valorem taxes	\$ 4,825,698	\$ 4,768,108	\$ 5,040,616	\$ 5,548,012	\$ 5,869,666	\$ 6,263,241	\$ 6,654,315	\$ 6,397,290	\$ 6,806,247	\$ 8,429,725
Sales tax	4,135,773	4,447,723	4,765,341	5,243,148	5,420,528	5,876,279	7,143,387	6,628,822	7,021,498	7,912,673
Hotel-Motel tax	377,530	379,218	420,617	468,556	498,886	553,729	546,239	597,974	635,895	687,407
Library, parks & swimming revenues	447,425	520,690	545,724	575,268	635,317	669,848	824,119	866,220	942,108	794,255
Franchise fees	1,827,711	1,929,954	1,966,300	2,087,618	2,297,457	2,568,986	2,454,521	2,539,941	2,764,266	2,765,491
Licenses & permits	333,791	404,746	451,526	526,713	934,541	698,757	940,051	1,071,546	1,139,600	1,278,906
Fines	374,193	334,505	287,541	347,142	316,436	238,562	367,768	346,143	286,082	301,768
Rents	130,542	107,419	72,854	61,020	62,147	66,376	15,331	-	-	-
Grants	350,981	53,364	9,093	105,094	32,647	149,877	158,083	26,665	1,501,976	119,566
Contributions & donations	2,806,287	1,879,470	1,685,023	1,807,408	1,937,632	2,405,192	2,314,010	2,582,588	2,565,044	2,917,277
Miscellaneous	185,382	104,244	306,170	146,263	276,474	422,679	614,534	353,837	311,812	436,027
Interest earned	56,981	24,054	12,341	17,378	29,964	38,772	101,706	163,263	616,238	915,277
Total revenues	\$ 15,852,294	\$ 14,953,495	\$ 15,563,146	\$ 16,933,620	\$ 18,311,695	\$ 19,952,298	\$ 22,134,064	\$ 21,574,289	\$ 24,590,766	\$ 26,558,372
Expenditures:										
General government	\$ 1,843,755	\$ 1,884,531	\$ 2,155,208	\$ 2,154,800	\$ 2,619,570	\$ 2,630,721	\$ 2,935,432	\$ 3,354,343	\$ 3,597,506	\$ 4,866,280
Public safety	5,786,130	6,116,646	6,472,489	6,845,431	7,624,418	8,035,246	8,824,004	8,487,808	8,969,673	9,854,015
Highways & streets	1,171,132	1,286,214	1,236,591	1,408,011	1,427,229	1,286,420	1,471,268	1,524,170	1,506,474	1,723,818
Economic development and assistance	394,149	393,428	405,257	422,791	757,666	904,553	1,003,922	738,176	711,281	778,192
Culture & recreation	1,924,468	2,029,605	2,252,021	2,375,379	2,547,634	2,709,127	3,069,393	2,872,098	3,152,650	3,351,794
Capital outlay	9,494,253	8,256,048	3,874,870	2,024,439	1,128,183	4,716,638	2,472,434	2,129,027	6,046,830	15,985,775
Debt service										
Principal	650,000	715,000	950,000	965,000	1,235,000	1,270,000	1,385,000	1,435,000	2,050,000	2,090,000
Interest and fees	1,551,892	1,293,047	1,163,324	1,134,572	1,108,328	824,765	712,727	707,684	1,189,760	1,083,227
Bond issuance costs	-	-	-	15,340	-	213,022	119,965	296,557	-	83,167
Total expenditures	\$ 22,815,779	\$ 21,974,519	\$ 18,509,760	\$ 17,330,423	\$ 18,448,028	\$ 22,590,492	\$ 21,994,145	\$ 21,544,863	\$ 27,224,174	\$ 39,816,268
Excess of revenues over (under) expenditures	\$ (6,963,485)	\$ (7,021,024)	\$ (2,946,614)	\$ (396,803)	\$ (136,333)	\$ (2,638,194)	\$ 139,919	\$ 29,426	\$ (2,633,408)	\$ (13,257,896)
Other financing sources (uses):										
Issuance and refunding of Bonds/Notes - net	\$ 10,285,289	\$ -	\$ 40,714	\$ 1,540,000	\$ -	\$ (37,751)	\$ (34,825)	\$ 22,298,943	\$ -	\$ 33,450
Capital lease										217,119
Transfers from other funds	329,138	1,485,164	501,767	1,353,597	885,694	3,688,578	2,106,052	2,119,801	4,014,148	3,684,168
Transfers to other funds	(276,262)	(1,332,288)	(348,891)	(902,781)	(332,818)	(1,078,369)	(484,484)	(484,484)	(2,804,596)	(1,706,097)
Sale of capital assets	18,897	16,763	2,147,411	18,484	-	55,346	44,917	12,538	608,578	31,265
Total other financing sources (uses)	\$ 10,338,165	\$ 169,639	\$ 2,341,001	\$ 2,009,300	\$ 552,876	\$ 2,627,804	\$ 1,631,660	\$ 23,946,798	\$ 1,818,130	\$ 2,259,905
Net change in fund balances	\$ 3,374,680	\$ (6,851,385)	\$ (605,613)	\$ 1,612,497	\$ 416,543	\$ (10,390)	\$ 1,771,579	\$ 23,976,224	\$ (815,278)	\$ (10,997,991)
Debt service as a percentage of non-capital expenditures	16.53%	14.64%	14.44%	13.72%	13.53%	11.72%	10.75%	11.04%	15.30%	13.32%

CITY OF BOERNE, TEXAS

General Fund Tax Revenues by Source Last Ten Fiscal Years

Fiscal Year	Ad		City		Franchise Tax	Total
	Valorem Taxes	Sales Tax				
2010	1,197,187	4,135,773		1,827,711		7,160,671
2011	1,268,845	4,447,723		1,929,954		7,646,522
2012	1,488,223	4,765,341		1,966,300		8,219,864
2013	1,891,238	5,243,148		2,087,618		9,222,004
2014	1,911,144	5,420,528		2,297,457		9,629,129
2015	2,131,566	5,876,279		2,415,090		10,422,935
2016	2,388,394	7,143,387		2,454,521		11,986,302
2017	2,228,832	6,628,822		2,539,941		11,397,595
2018	2,576,942	7,021,498		2,764,266		12,362,706
2019	3,834,218	7,912,673		2,765,491		14,512,382

Note: The above figures are for the General Fund.

CITY OF BOERNE, TEXAS

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

Fiscal Year	Total					Connection fees	Other	Total Revenues
	Residential Sales	Commercial Sales	Electric Sales	Primary Extensions	Penalties			
2010	5,079,463	7,779,938	12,859,401	327,665	125,792	2,102	520,497	13,835,457
2011	5,247,193	8,036,841	13,284,034	89,869	118,134	1,303	255,529	13,748,869
2012	5,260,906	8,535,408	13,796,314	136,890	122,186	1,976	296,426	14,353,792
2013	4,977,063	8,063,997	13,041,060	119,890	120,164	3,041	370,521	13,654,676
2014	5,893,977	8,681,280	14,575,257	252,053	124,342	2,105	675,928	15,629,685
2015	6,854,313	9,727,159	16,581,472	283,395	131,981	4,473	247,148	17,248,469
2016	6,022,691	9,034,036	15,056,727	155,683	119,304	3,055	417,964	15,752,733
2017	5,937,475	9,687,459	15,624,934	97,988	119,653	3,264	432,584	16,278,423
2018	6,864,816	10,018,647	16,883,463	102,200	131,157	4,274	177,303	17,298,397
2019	6,301,924	9,250,702	15,552,626	165,372	119,300	2,406	705,591	16,545,295

CITY OF BOERNE, TEXAS

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

Fiscal Year Ended September 30	Real Property		Personal Property Assessed Value	Less: Tax Exempt Real Property	Taxable Assessed Value	Direct Tax Rate (1)	Actual Taxable Value	Percentage of Assessed to Actual Value (2)
	Residential Assessed Value	Commercial Assessed Value						
2010	849,104,764	418,215,780	95,938,380	280,198,433	1,083,060,491	0.4422	1,083,060,491	100.00
2011	823,207,597	425,211,568	90,414,470	260,206,640	1,078,626,995	0.4422	1,078,626,995	100.00
2012	933,608,580	459,605,741	97,593,970	393,317,887	1,097,490,404	0.4520	1,097,490,404	100.00
2013	811,357,700	662,935,880	109,964,730	384,246,493	1,200,011,817	0.4720	1,200,011,817	100.00
2014	845,949,030	680,011,960	125,695,330	384,442,497	1,267,213,823	0.4720	1,267,213,823	100.00
2015	927,624,720	669,799,647	131,782,310	389,757,552	1,339,449,125	0.4720	1,339,449,125	100.00
2016	1,008,473,244	680,098,025	142,610,030	402,133,600	1,429,047,699	0.4720	1,429,047,699	100.00
2017	1,114,421,409	708,258,890	145,637,910	415,623,163	1,552,695,046	0.4720	1,552,695,046	100.00
2018	1,193,509,146	747,899,553	149,771,290	418,997,863	1,672,182,126	0.4720	1,672,182,126	100.00
2019	1,330,883,015	755,247,401	157,212,880	433,339,825	1,810,003,471	0.4720	1,810,003,471	100.00

The above information was obtained from the Kendall Appraisal District.

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

(2) Excludes tax-exempt property.

CITY OF BOERNE, TEXAS

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

Fiscal Year	City of Boerne						Overlapping Rates						Total Direct & Overlapping Rates
				School District			County						
	Debt		Total	Debt		Total	Debt		Total	Debt		Total	
	Operating Rate	Service Rate	City Rate	Operating Rate	Service Rate	School Rate	Operating Rate	Service Rate	County Rate	Operating Rate	Service Rate	County Rate	
2010	0.2587	0.1835	0.4422	1.0400	0.2900	1.3300	0.3432	0.0268	0.3700	0.3432	0.0268	0.3700	2.1422
2011	0.2518	0.1904	0.4422	1.0400	0.2740	1.3140	0.3434	0.0266	0.3700	0.3434	0.0266	0.3700	2.1262
2012	0.2451	0.1971	0.4520	1.0400	0.2740	1.3140	0.3434	0.0266	0.3700	0.3434	0.0266	0.3700	2.1360
2013	0.2647	0.1873	0.4720	1.0400	0.2540	1.2940	0.3687	0.0263	0.3950	0.3687	0.0263	0.3950	2.1610
2014	0.2925	0.1795	0.4720	1.0400	0.2540	1.2940	0.3486	0.0454	0.3940	0.3486	0.0454	0.3940	2.1600
2015	0.3092	0.1628	0.4720	1.0400	0.2540	1.2940	0.3508	0.0432	0.3940	0.3508	0.0432	0.3940	2.1600
2016	0.3261	0.1459	0.4720	1.0400	0.2540	1.2940	0.3460	0.0407	0.3867	0.3460	0.0407	0.3867	2.1527
2017	0.3426	0.1294	0.4720	1.0400	0.2760	1.3160	0.3465	0.0662	0.4127	0.3465	0.0662	0.4127	2.2007
2018	0.3585	0.1135	0.4720	1.0400	0.3140	1.3540	0.3490	0.0637	0.4127	0.3490	0.0637	0.4127	2.2387
2019	0.3651	0.1069	0.4720	1.0400	0.3140	1.3540	0.3520	0.0607	0.4127	0.3520	0.0607	0.4127	2.2387

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

CITY OF BOERNE, TEXAS

Principal Property Taxpayers
Current Year and Nine Years Ago

	2019				2010			
	Taxpayer			Taxpayer	Taxable Assessed			Percentage of Total Taxable Assessed Value
	Value	Rank	Value		Value	Rank	Value	
VBM Acquisition LLC	\$ 17,332,620	1	0.96%	Wal-Mart Real Estate Business, TR	\$ 16,568,820	1	1.51%	
H.E.B. Grocery Co.	15,838,800	2	0.88%	Heller Property, LP	11,646,860	2	1.06%	
Mercedes Benz of Boerne	15,716,910	3	0.87%	Carrington Place I & II, LP	11,325,600	3	1.03%	
Wal-Mart Real Estate Business, TR	15,353,700	4	0.85%	Albany Engineered Composites	10,210,700	4	0.93%	
Vantage at Boerne	14,111,140	5	0.78%	Cambridge-Boerne Partners, LP	8,410,680	5	0.76%	
Nissan of Boerne	11,225,160	6	0.62%	Boerne Woodland Apartments 1, LTD	8,344,990	6	0.76%	
Albany Engineered Composites	10,990,420	7	0.61%	Presenzia Investment Properties, LLC	6,984,330	7	0.63%	
Tusculum, LLC	10,593,910	8	0.59%	The Vistas of Boerne, LTD	6,464,840	8	0.59%	
Home Depot	9,979,000	9	0.55%	Boerne Terraces @Cibolo Apts LP	6,337,840	9	0.58%	
Carrington Place I & II, LP	9,830,880	10	0.54%	VBM Acquisition, LLC	5,948,720	10	0.54%	
	<u>\$ 130,972,540</u>		<u>7.24%</u>		<u>\$ 92,243,380</u>		<u>8.52%</u>	

Source: Kendall Appraisal District

CITY OF BOERNE, TEXAS

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended September 30	Tax Roll Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Total Collections To Date		
			Current Taxes Collected	Percent of Levy	Collections in Subsequent Years	Total Tax Collections	Percentage of Levy
2010	2009	4,753,703	4,662,552	98.1%	87,291	4,749,843	99.9%
2011	2010	4,756,326	4,705,125	98.9%	45,691	4,750,816	99.9%
2012	2011	4,975,957	4,915,337	98.8%	62,958	4,978,295	100.0%
2013	2012	5,510,736	5,429,178	98.5%	83,814	5,512,992	100.0%
2014	2013	5,839,322	5,759,708	98.6%	80,149	5,839,857	100.0%
2015	2014	6,181,080	6,131,966	99.2%	47,868	6,179,834	100.0%
2016	2015	6,622,585	6,549,283	98.9%	65,500	6,614,783	99.9%
2017	2016	7,224,676	7,132,942	98.7%	29,173	7,162,115	99.1%
2018	2017	7,697,939	7,655,276	99.4%	33,536	7,688,812	99.9%
2019	2018	8,375,606	8,318,459	99.3%	-	8,318,459	99.3%

Source: Kendall Appraisal District

CITY OF BOERNE, TEXAS

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

	2019				2010			
	Percentage of Total Electric				Percentage of Total Electric			
	Electric Sales Revenue	Rank	Sales Revenues	Utility Customer	Electric Sales Revenue	Rank	Sales Revenues	Utility Customer
City of Boerne	\$ 1,301,924	1	8.37%	Boerne Independent School District	\$ 956,606	1	7.06%	
Boerne Independent School District	863,339	2	5.55%	Wal-Mart	498,953	2	3.68%	
Morningside Ministries	590,851	3	3.80%	Morningside Ministries	419,802	3	3.10%	
Wal-Mart	442,751	4	2.85%	H.E. Butt Store	393,205	4	2.90%	
H.E. Butt Supermarket	405,710	5	2.61%	City of Boerne	392,384	5	2.89%	
The Home Depot	158,002	6	1.02%	The Home Depot	225,851	6	1.67%	
Woodland Notes, LLC	152,584	7	0.98%	Cambridge Partner	158,057	7	1.17%	
Healthcare Reit Inc	147,121	8	0.95%	Alamo Fiesta RV Resort	112,633	8	0.83%	
Kendall County Auditor	124,453	9	0.80%	Kendall County Auditor	111,607	9	0.82%	
Cascade-Kendall Health Srv Ltd	101,036	10	0.65%	Methodist Boerne Medical Ctr	93,424	10	0.69%	
	\$ 4,287,773		27.57%		\$ 3,362,522		24.80%	

Source: City of Boerne Utilities

CITY OF BOERNE, TEXAS

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Household Income (1)	Per Capita (1)
	General Obligation Bonds (2)	Tax Notes (2)	Certificates of Obligation (2)	General					
				Revenue Bonds	Obligation Bonds (2)				
2010	24,175,289	4,665,000	-	18,243,601	-	-	47,083,890	8.0%	4,496.60
2011	23,726,477	4,385,000	-	47,363,033	-	-	75,474,510	12.1%	7,064.26
2012	27,430,427	-	-	46,375,882	-	-	73,806,309	11.1%	6,644.43
2013	26,384,846	1,540,000	-	45,266,900	-	-	73,191,746	9.0%	5,825.51
2014	25,353,640	1,300,000	-	44,106,333	-	-	70,759,973	7.5%	5,344.81
2015	24,900,772	1,055,000	-	42,895,767	-	-	68,851,539	6.3%	5,055.55
2016	23,781,752	805,000	-	29,210,000	12,528,576	-	66,325,328	5.4%	4,608.49
2017	22,984,317	22,380,000	-	28,255,000	12,062,822	-	85,682,139	7.1%	5,724.35
2018	21,626,661	21,535,000	-	285,000	39,612,284	-	83,058,945	6.5%	5,166.64
2019	20,236,192	20,675,000	-	-	38,285,838	-	79,197,030	5.8%	4,677.91

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 141 for population data.
- (2) The City's General Obligation, Certificates of Obligation, and Tax Notes are pledged by ad valorem taxes levied upon all taxable property located within the City, within the limitations prescribed by law.

CITY OF BOERNE, TEXAS

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year Ended September 30,	Gross Bonded Debt	Less:		Total	Percentage of	
		Amounts Available in Debt Service Fund			Estimated Actual Taxable Value of Property (1)	Per Capita(2)
2010	28,840,289	703,138		28,137,151	2.60%	2,687.15
2011	28,111,477	727,129		27,384,348	2.54%	2,563.12
2012	27,430,427	770,881		26,659,546	2.43%	2,400.03
2013	27,924,846	772,228		27,152,618	2.19%	2,161.14
2014	26,653,640	821,729		25,831,911	2.04%	1,951.20
2015	25,955,772	838,134		25,117,638	1.88%	1,844.31
2016	24,586,752	698,449		23,888,303	1.67%	1,659.83
2017	45,364,317	791,089		44,573,228	2.87%	2,977.90
2018	43,161,661	778,973		42,382,688	2.53%	2,636.40
2019	40,911,192	782,309		40,128,883	2.22%	2,370.28

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 131 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 141.

CITY OF BOERNE, TEXAS

Direct and Overlapping Governmental Activities Debt
September 30, 2019

		Net Debt	Percentage Applicable to City (1)	City's Share of Debt
Kendall County	(1) \$	27,870,000	34.35%	\$ 95,733
Boerne Ind. School District	(1)	320,837,405	26.69%	856,315
Total overlapping debt				<u>952,048</u>
City of Boerne	(1)	40,911,192	100.00%	<u>40,911,192</u>
Total direct and overlapping debt				<u>\$ 41,863,240</u>

(1) As of September 30, 2019

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$108,306,049	\$107,862,700	\$ 109,749,040	\$ 123,893,228	\$ 126,721,382	\$ 133,944,913	\$ 142,904,770	\$ 155,269,505	\$ 167,218,213	\$ 181,000,347
Total net debt applicable to limit	27,791,862	27,052,871	26,069,119	26,642,772	25,358,270	25,117,638	23,888,303	44,573,228	42,382,688	40,128,883
Legal debt margin	\$80,514,187	\$80,809,829	\$83,679,921	\$97,250,456	\$101,363,112	\$108,827,275	\$119,016,467	\$110,696,277	\$124,835,525	\$140,871,464
Total net debt applicable to the limit as a percentage of debt limit	25.66%	25.08%	23.75%	21.50%	20.01%	18.75%	16.72%	28.71%	25.35%	22.17%

Legal Debt Margin Calculation for Fiscal Year 2019

Total assessed value	\$ 1,810,003,471
Debt limit (10% of total assessed value)	181,000,347
Debt applicable to limit:	
General bonded debt	40,911,192
Less: Amount set aside for repayment of general bonded debt	782,309
Total net debt applicable to limit	40,128,883
Legal debt margin	\$ 140,871,464

Note:

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

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

CITY OF BOERNE, TEXAS

Pledged Revenue Coverage
Last Ten Fiscal Years

Utility	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Electric:</u>										
Revenues	\$ 13,558,392	\$ 13,741,179	\$ 14,346,832	\$ 13,592,854	\$ 15,252,637	\$ 17,287,785	\$ 15,819,084	\$ 16,359,468	\$ 17,142,473	\$ 16,869,643
Less: Operating Expenses	(11,964,106)	(12,450,289)	(12,132,292)	(11,698,252)	(13,546,962)	(13,794,036)	(13,178,897)	(14,148,327)	(13,129,342)	(13,040,894)
Net Available Revenue	\$ 1,594,286	\$ 1,290,890	\$ 2,214,540	\$ 1,894,602	\$ 1,705,675	\$ 3,493,749	\$ 2,640,187	\$ 2,211,141	\$ 4,013,131	\$ 3,828,749
<u>Water:</u>										
Revenues	\$ 3,367,539	\$ 4,207,917	\$ 4,075,525	\$ 4,283,577	\$ 4,456,288	\$ 4,679,108	\$ 5,146,172	\$ 5,531,374	\$ 5,681,070	\$ 7,137,607
Less: Operating Expenses	(2,760,467)	(2,947,661)	(2,846,182)	(2,925,133)	(3,167,299)	(3,347,857)	(3,520,010)	(3,660,798)	(4,223,734)	(4,801,227)
Net Available Revenue	\$ 607,072	\$ 1,260,256	\$ 1,229,343	\$ 1,358,444	\$ 1,288,989	\$ 1,331,251	\$ 1,626,162	\$ 1,870,576	\$ 1,457,336	\$ 2,336,380
<u>Wastewater:</u>										
Revenues	\$ 3,264,502	\$ 3,482,521	\$ 3,795,316	\$ 3,759,661	\$ 3,911,613	\$ 4,055,297	\$ 4,258,053	\$ 4,499,452	\$ 4,553,200	\$ 5,360,019
Less: Operating Expenses	(1,432,880)	(1,498,255)	(1,525,010)	(1,572,710)	(1,753,726)	(1,999,875)	(2,301,112)	(2,565,220)	(2,795,283)	(3,127,747)
Net Available Revenue	\$ 1,831,622	\$ 1,984,266	\$ 2,270,306	\$ 2,186,951	\$ 2,157,887	\$ 2,055,422	\$ 1,956,941	\$ 1,934,232	\$ 1,757,917	\$ 2,232,272
<u>Natural Gas:</u>										
Revenues	\$ 1,868,336	\$ 1,715,100	\$ 1,524,222	\$ 1,514,274	\$ 2,075,574	\$ 1,996,107	\$ 1,835,627	\$ 1,977,390	\$ 2,392,855	\$ 3,013,845
Less: Operating Expenses	(1,816,636)	(1,467,841)	(1,321,356)	(1,330,473)	(1,647,996)	(1,550,053)	(1,809,543)	(1,658,937)	(1,960,649)	(2,211,456)
Net Available Revenue	\$ 51,700	\$ 247,259	\$ 202,866	\$ 183,801	\$ 427,578	\$ 446,054	\$ 26,084	\$ 318,453	\$ 432,206	\$ 802,389
Total Utility Systems Revenues	\$ 22,058,769	\$ 23,146,717	\$ 23,741,895	\$ 23,150,366	\$ 25,696,112	\$ 28,018,297	\$ 27,058,936	\$ 28,367,684	\$ 29,769,598	\$ 32,381,114
Less: Total Utility Systems Operating Expenses	(17,974,089)	(18,364,046)	(17,824,840)	(17,526,568)	(20,115,983)	(20,691,820)	(20,809,562)	(22,033,282)	(22,109,008)	(23,181,324)
Total Utility Systems Net Revenue Available	\$ 4,084,680	\$ 4,782,671	\$ 5,917,055	\$ 5,623,798	\$ 5,580,129	\$ 7,326,477	\$ 6,249,374	\$ 6,334,402	\$ 7,660,590	\$ 9,199,790
Annual Debt Service Coverage	\$ 1,112,931	\$ 2,850,118	\$ 2,841,379	\$ 2,828,657	\$ 2,814,852	\$ 2,799,925	\$ 2,695,789	\$ 2,679,527	\$ 2,460,923	\$ 2,439,714
	3.67	1.68	2.08	1.99	1.98	2.62	2.32	2.36	3.11	3.77

*Note: Excludes depreciation and amortization

CITY OF BOERNE, TEXAS

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population(1)	Median Household Income(2)	Persons		School Enrollment (3)	Unemployment Rate(4)
			Per Household(1)	Per		
2010*	10,471	56,350	2.47		6,637	5.7
2011	10,684	58,175	2.23		6,754	6.6
2012	11,108	60,060	2.23		7,095	5.3
2013	12,564	66,655	2.47		7,206	6.0
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

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
- * Revised to 2010 Census data

Principal Employers
Current Year and Nine Years Ago142

Source: City of Boerne Study

CITY OF BOERNE, TEXAS

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

<u>Function:</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	18	20	20	21	22	20	21	29	33	36
Public Safety:										
Police	35	34	35	34	36	35	41	41	45	47
Animal Control	3	3	3	3	3	3	3	4	4	4
Municipal Court	3	3	3	3	3	3	3	3	3	3
Emergency & Risk	5	6	7	8	8	8	7	2	2	2
Code Enforcement	8	7	7	7	9	10	11	4	4	5
Communications	12	12	12	13	13	13	12	14	14	15
Fire	13	11	12	12	13	14	16	16	17	18
Highways & Streets	18	18	18	18	18	15	18	19	20	21
Culture & Recreation	39	39	40	37	37	38	38	39	40	40
Cemetery	1	1	1	1	1	1	1	1	1	1
Electric	21	20	20	20	21	20	23	25	23	23
Water	14	13	13	15	15	15	16	16	16	16
Sewer	14	13	13	13	13	16	15	14	18	18
Gas	8	6	6	6	6	6	7	7	9	11
Total	212	206	210	211	218	217	232	234	249	260

Source: City of Boerne

CITY OF BOERNE, TEXAS

Operating Indicators by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Physical Arrests	309	333	362	373	490	479	578	664	641	585
Parking Violations	38	27	32	11	70	20	104	48	82	52
Traffic Violations	2427	2,498	1,943	2,583	1,986	1,326	2,481	1,650	1,774	1,576
Fire										
Number of calls (In City)	295	372	348	271	317	444	472	549	600	767
Inspections	1804	1586	1457	2102	1277	1870	2302	2501	1674	1776
Code Enforcement										
Permits issued	1247	1664	1699	1909	2002	2135	2305	2731	3168	3066
Highways & streets										
Streets resurfaced(miles)	5.90	2.90	3.00	4.00	2.72	1	2.9	3.4	3.8	3.8
Other street repairs (hours)	10,072	16,006	16,558	16,839	17,412	285	1,466	5,108	9,293	8,700
Culture & recreation										
Athletic field revenues	\$ 33,811	\$ 28,333	\$ 25,910	\$ 22,647	\$ 27,881	\$ 44,923	\$ 42,669	\$ 44,794	\$ 181,609	\$ 225,036
Community Center events	574	442	432	371	297	303	142	-	-	-
Electric										
New connections	71	80	102	75	88	128	75	93	104	130
Average daily consumptions (kilowatt hours)	342,077	354,182	347,317	339,886	362,390	366,009	360,960	364,209	386,241	382,213
Water										
New connections	127	112	168	167	172	254	248	305	266	471
Average daily consumptions (thousands of gallons)	125,796	168,722	161,389	163,363	156,933	158,559	177,771	189,877	208,156	195,387
Wastewater										
New connections	113	90	145	148	138	131	246	163	332	250
Average daily treatment (thousands of gallons)	99,069	107,293	107,217	101,182	113,884	115,372	119,015	123,687	132,382	132,619
Reclaimed water										
New connections							88	89	106	97
Average daily treatment (thousands of gallons)							17,970	92,847	126,638	148,253
Natural Gas										
New connections	58	58	54	68	78	138	128	221	288	323
Average daily consumptions (thousands of cubic feet)	455	402	397	386	483	475	424	412	519	603

Sources: Various City of Boerne departments

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

CITY OF BOERNE, TEXAS

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety											
Police:											
Stations	1	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	15	15	15	15	16	18	18	21	21
Fire:											
Stations	1	1	1	1	1	1	1	1	1	1	1
Fire Trucks	8	8	8	8	8	9	9	9	9	12	12
Highways & streets											
Streets (miles)	49,25	52.7	52.7	52.7	55.4	59	60	63	68	70.8	72.3
Streetlights	550	559	613	613	613	658	666	686	580	564	580
Culture & recreation											
Parks	12	12	12	12	12	12	12	12	12	12	12
Parks acreage	401.6	401.6	401.6	401.6	401.6	401.6	401.6	401.6	401.6	401.6	401.6
Swimming pools	1	1	1	1	1	1	1	1	1	1	1
Tennis courts	8	8	8	8	8	8	8	8	8	8	8
Convention/Community centers	1	1	1	1	1	1	1	1	0	0	0
Electric											
Number of distribution stations	2	2	2	2	2	2	2	2	2	2	2
Capacity sold (mega-watt hours)	119.3	124.9	129.3	126.8	124.1	132.3	133.6	131.8	132.9	140.9	139.5
Water											
Treatment plants	1	1	1	1	1	1	1	1	1	1	1
Capacity produced (thousands of gallons)	600,138	553,636	752,281	676,762	691,667	676,100	678,456	743,454	842,680	911,936	870,501
Wastewater											
Treatment plants	1	1	1	1	2	2	2	2	2	2	2
Capacity treated (thousands of gallons)	314,498	479,507	340,377	361,646	364,256	374,001	529,526	558,906	451,458	458,771	565,730
Capacity produced (thousands of gallons) - Reclaimed Water								14,234	72,144	83,232	95,964
Natural Gas											
Gas mains (miles)	54.65	55.23	55.23	54.35	56.65	57	58	61.21	71.72	72.64	75
Capacity sold (thousands of cubic feet)	116,383	165,970	146,786	145,038	140,711	176,464	173,413	154,594	150,474	189,398	220,275

Sources: Various City of Boerne departments.

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



(This page intentionally left blank.)

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 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, 2019, 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 10, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected on timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

ABIP, PC

San Antonio, Texas
March 10, 2020



(This page intentionally left blank.)



CITY OF BOERNE



447 N. MAIN
P.O. BOX 1677
BOERNE, TEXAS 78006
830.249.9511 TEL
830.249.9264 FAX
WWW.BOERNE-TX.GOV