



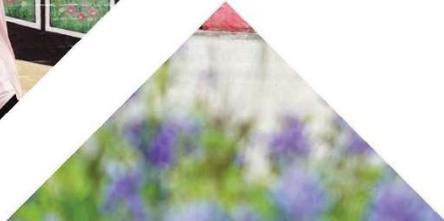
# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ending September 30, 2025

---

City of Boerne, Texas  
*An Exemplary Hill Country Community*

# 2025





# **Annual Comprehensive Financial Report**

**For the Fiscal Year-Ended September 30, 2025**

**Prepared by:**

DEPARTMENT OF FINANCE

**Sarah Buckelew, CPA**  
Director of Finance

**Karen Kochheiser**  
Assistant Director of Finance

**Danielle Montes, CPA**  
Financial Reporting and Compliance Manager



# CITY OF BOERNE, TEXAS

## TABLE OF CONTENTS

	<u>Page</u>
<b>Introductory Section</b>	
Letter of Transmittal	i
Principal Officials	vii
Organizational Chart	viii
GFOA Certificate of Achievement	ix
<b>Financial Section</b>	
Independent Auditor's Report	1
Management's Discussion and Analysis	5
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	23
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	24
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes in Fund Balances	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	27
Proprietary Funds:	
Statement of Net Position	28
Statement of Revenues, Expenses and Changes in Fund Net Position	31
Statement of Cash Flows	32
Notes to the Financial Statements	35
<b>Required Supplementary Information:</b>	
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	79
Notes to Required Supplementary Budget Information	80
Schedule of Changes in Net Pension Liability and Related Ratios - Texas Municipal Retirement System	81
Schedule of Contributions – Texas Municipal Retirement System	82
Schedule of Changes in the Total OPEB Liability and Related Ratios – Texas Municipal Retirement System Supplemental Death Benefits Fund	84
Schedule of Changes the Total OPEB Liability and Related Ratios – Retiree Health Insurance	85

**CITY OF BOERNE, TEXAS**  
**TABLE OF CONTENTS (continued)**

	<u>Page</u>
<b>Financial Section (continued)</b>	
<b>Other Supplementary Information:</b>	
Combining and Individual Fund Statements and Schedules:	
Non-major Governmental Funds:	
Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	94
Schedule of Revenues, Expenditures and Changes in Fund Balances:	
Debt Service Fund – Budget to Actual	96
Special Revenue Funds:	
Park Fund – Budget to Actual	97
Hotel-Motel Fund – Budget to Actual	98
Library Fund – Budget to Actual	99
Economic Development Fund – Budget to Actual	100
Permanent Fund – Cemetery Fund – Budget to Actual	101
Non-major Enterprise Funds:	
Combining Statement of Net Position	104
Combining Statement of Revenues, Expenses and Changes in Net Position	105
Combining Statement of Cash Flows	106

# CITY OF BOERNE, TEXAS

## TABLE OF CONTENTS (continued)

	<u>Table</u>	<u>Page</u>
<b>Statistical Section (Unaudited)</b>		
<b>Financial Trends:</b>		
Net Position by Component	1	110
Changes in Net Position	2	112
Fund Balances of Governmental Funds	3	116
Changes in Fund Balances of Governmental Funds	4	118
<b>Revenue Capacity:</b>		
Tax Revenues by Source – Governmental Funds	5	121
Assessed Value and Estimated Actual Value of Taxable Property	6	122
Direct and Overlapping Property Tax Rates	7	123
Principal Property Taxpayers	8	124
Property Tax Levies and Collections	9	125
Principal Utility Customers	10	126
Connections and Revenues by Utility	11	127
<b>Debt Capacity:</b>		
Ratios of Outstanding Debt by Type	12	128
Ratios of Net General Bonded Debt Outstanding	13	129
Direct and Overlapping Governmental Activities Debt	14	130
Legal Debt Margin	15	131
Pledged Revenue Coverage	16	132
<b>Demographic and Economic Information:</b>		
Demographic and Economic Statistics	17	133
Principal Employers	18	134
<b>Operating Information:</b>		
Full-time Equivalent City Government Employees by Function	19	135
Operating Indicators by Function	20	136
Capital Asset Statistics by Function	21	137
<b>Compliance Section</b>		
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>		141



## **INTRODUCTORY SECTION**





March 10, 2026

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Boerne, Texas (the City) for the fiscal year ended September 30, 2025. This report is published in accordance with local ordinance and state law requirements and is prepared in conformity with generally accepted accounting principles (GAAP). The financial statements have been audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

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

The financial statements and supporting schedules contained in this report are management's representations concerning the finances of the City of Boerne. To provide a reasonable basis for these representations, City management has established a comprehensive internal control framework designed to safeguard the City's assets and ensure the reliability of financial reporting. Because the cost of internal controls should not outweigh their benefits, the City's internal control system is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. Management asserts that, to the best of its knowledge and belief, this report is complete and reliable in all material respects.

Whitley Penn, a firm of licensed certified public accountants, has audited the City's financial statements. The objective of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2025, are free of material misstatement. The independent auditor rendered an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

## **Profile of the Government**

The City of Boerne, Texas, incorporated in 1909, is located in south-central Texas approximately 31 miles northwest of the San Antonio metropolitan area. Boerne serves as the Kendall County seat and functions as a regional service center, providing retail, recreation, and dining opportunities for residents and visitors. The City currently encompasses approximately 12 square miles and has an estimated population of 22,712.

The City of Boerne is a home-rule municipality operating under a Council-Manager form of government since 1995. The Mayor and City Council establish policy and allocate resources, while the City Manager oversees the day-to-day administration of City operations. Council members are elected from five districts, and the Mayor is elected at-large. All positions are non-partisan, with staggered two-year terms.

The City provides a full range of municipal services including public safety, street maintenance, parks and recreation, and cultural programming. In addition, the City operates electric, water, wastewater, reclaimed water, stormwater, natural gas, and solid waste and recycling utilities. The City is financially accountable for the Boerne Public Facility Corporation (BPFC), which is reported as a component unit in the City's financial statements. Additional information is provided in Note 1 to the financial statements.

The annual budget is the foundation of the City's financial planning and control. In accordance with the City Charter and state law, the City Manager submits a proposed budget to the City Council each fiscal year. Following public hearings, the City Council adopts the final budget by ordinance prior to the close of the fiscal year. Budgetary control is maintained at the individual fund level, and budget-to-actual comparisons are included in this report.

## **Economic Condition**

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

### ***Local Economy – Overview***

Boerne is a community that offers exceptional housing, top ranked schools, and a budding business culture, all of which are strong factors in the success of the City's economy. The City enjoys a favorable economic environment due partially to its close proximity to the city of San Antonio, the nation's seventh largest city and a top tourist destination in Texas. In recent years, Boerne's economy has benefitted from an influx of tourists to the area and the migration of population to the state of Texas as a whole. Although Boerne does not have any major large manufacturers or industries within City boundaries, it does have the benefit of being strategically located between San Antonio and the very popular and beautiful Texas Hill Country along Interstate Highway 10 (IH-10). As a result, Boerne is a favorite destination for visiting tourists from all parts of Texas and all over the country.

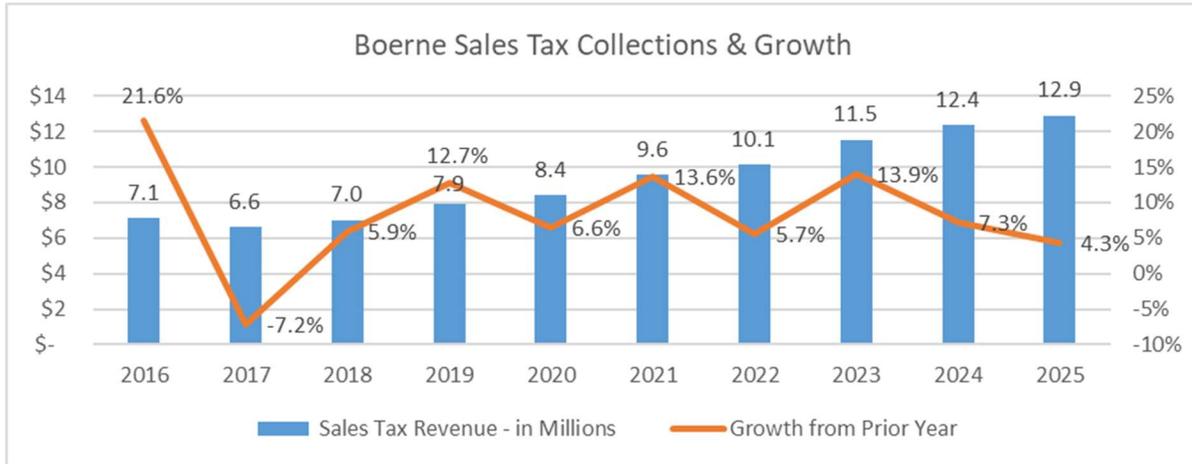
Data from the U.S. Census Bureau's most recent American Community Survey (2023) shows Boerne's median household income is \$86,838 which is moderately higher than the \$79,721 median income for the state of Texas. According to the same survey, Boerne's residents are well-educated with 47% of adults aged 25 and older having a bachelor's degree or higher level of education, compared to 35% for Texas.

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

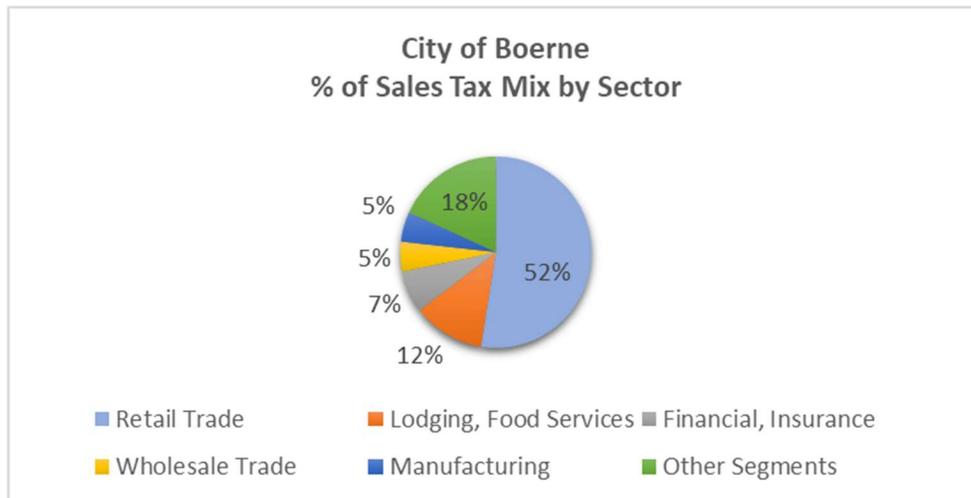
The City’s economic outlook remains positive due to the overall improvement in the economy and continued residential and commercial growth. This is evidenced by local economic indicators such as an increase in tax appraisal values, the increase in residential building permits, and continued sales tax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

**Local Economy – Sales Tax Activity**

Sales tax is the City’s largest General Fund revenue source. As illustrated by the chart that follows, the City’s sales tax collections have experienced varying levels of growth over the last ten years. With the exception of fiscal year 2017, sales tax revenues have risen each year. Like many cities in Texas, the City has seen increasing sales tax collections over the last five fiscal years due to a vibrant local economy.

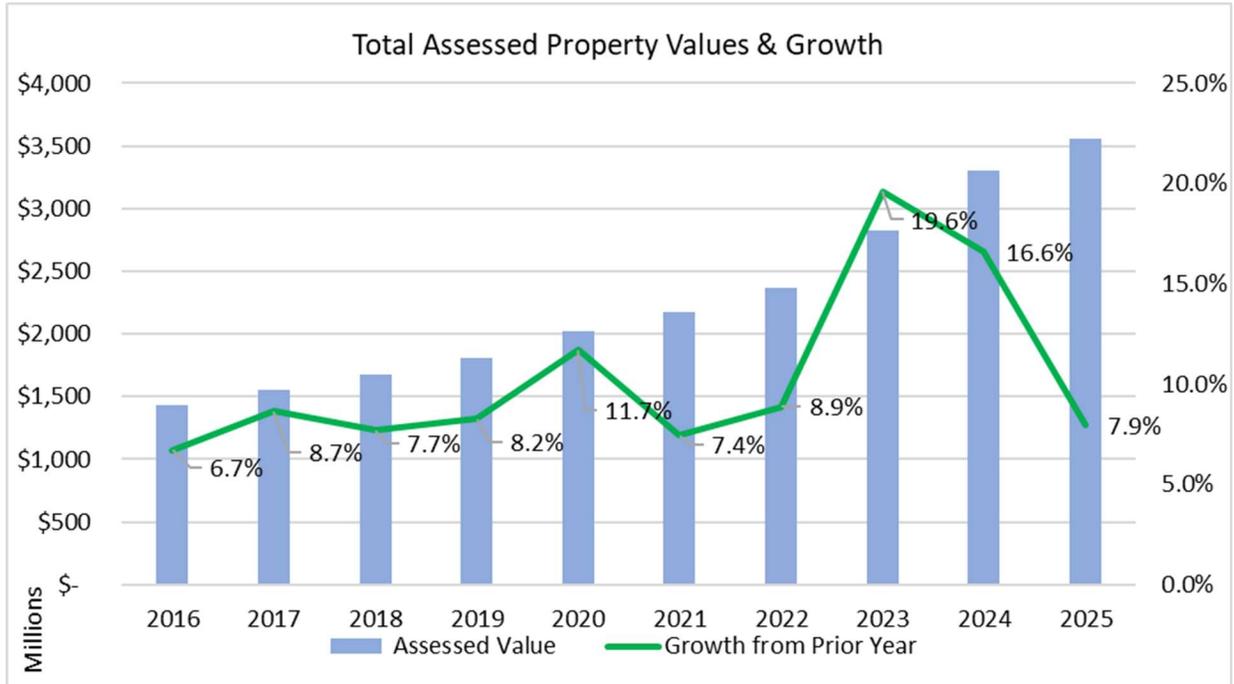


The City of Boerne continues to experience growth rates across all its major sectors of sales tax that exceed or meet the overall growth rate percentage as compared to statewide averages for the 12 months ended September 30, 2025. Specifically strong for the City of Boerne were growth rates in the largest sectors of the City’s local economy including construction and manufacturing, brick and mortar retail (general retail and grocery stores), internet retail, and professional and financial services. The City of Boerne hosts several insurance companies, financial services companies, and banks that experienced strong economic performance during the fiscal year. Restaurants and entertainment also enjoyed a healthy 5% annual growth rate due to strong tourism, and a proud Boerne tradition to “Eat and Shop Local”. Despite a statewide decline in certain online retail segments, the City experienced continued strength in brick-and-mortar retail activity.



### Local Economy – Property Tax Values and Rates

The second major revenue source for the City is property taxes (ad valorem taxes). The City’s sustained population growth combined with consumer demand for real estate over the last ten years has impacted total commercial, industrial, and residential property values. Located in the “Texas Triangle of Growth” and nestled in the highly desirable Texas Hill Country with excellent schools and notorious community charm, Boerne continues to be a sought-after destination for all demographic categories.



Property tax rates have remained stable over the past decade, with a concerted effort in the past two years to decrease the City’s overall maintenance and operations (M&O) tax rate in order to minimize the tax rate impact of the favorably voted 2022 bond election. The first debt issuance occurred in 2023 with a subsequent debt issuance in 2025. Due to diligent efforts to reduce the maintenance and operations rate, the City was able to maintain a stable rate level despite increasing the I&S rate for debt service on the issuance.



## ***Long-Term Financial Planning***

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

### ***Financial Policies***

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

This policy allows the City to better weather economic downturns and strategically handle contingencies and unforeseen emergencies. The City’s fund balance reserve policy requires maintaining a minimum of six (6) months of operating expenditures within the fund balance of the General Fund and a minimum of three (3) months of operating expenditures in reserve for each of the City’s Special Revenue funds. For the Utility funds, the City’s policy requires a minimum of six (6) months of operating expenditures to be held in reserve. As of September 30, 2025, the required reserves were fully funded per the City’s policy.

The City’s conservative financial management practices have enabled it to increase its credit ratings with Moody’s Investor Services in the current year to Aa1, and Fitch Ratings to AA+ in the prior year. This credit rating upgrade further reflects the City’s deep commitment to strategic, responsible, and conservative financial management.

### ***Major Initiatives***

#### **Quality of Life Bond Projects**

Acknowledging the need for continuous reinvestment in City infrastructure as well as to address important community needs, the City Council called a \$36 million quality of life bond program which was approved by the voters in November 2022. The program includes \$23 million to fund improvements to the City’s existing roadways, turn lanes, intersections, and traffic signals and an additional \$13 million for funding the development and improvement of the City’s parks, trails, and open spaces. The bond program began with an initial issuance of \$18 million during the fiscal year ended 2023 and subsequent issuance in fiscal year ended 2025 of \$4 million. Bond project initiatives during the fiscal year included roadway mobility enhancements and improvements to Northside Community Park.

#### **Master Plan Implementations and Capital Infrastructure**

Concentration during the year was placed on advancing master plan recommendations and investment in capital infrastructure, including the following key projects:

- *Design Work on Fire Station #2* – The City of Boerne is actively planning and budgeting for a second Fire Station for the Boerne Fire Department. The project will be funded through cost shares with developers and the City’s general fund. Design work commenced on the fire station during fiscal year 2025 in the amount of \$643 thousand.
- *Sidewalk Mobility Enhancements*—Several sidewalk initiatives are in the design phase in fiscal year 2025. The City of Boerne was awarded \$2.6 million in Federal Transportation Alternatives grant funding from the Alamo Area Metropolitan Planning Organization for fiscal years 2027 through 2030. The funded sidewalk improvements will be constructed at locations identified through a prior MPO mobility study, as well as through ongoing citizen comments and requests. The areas will focus on East Hosack, West Hosack, West Theissen, and Schweppe streets; Herff and City Park roads; and a small extension of the Old No. 9 Trail. Thus, we anticipate expenditures to increase during fiscal years 2027 through 2030.

- *Roadway Mobility Enhancements* - Consistent with one of the top goals in the City’s Rolling Ten-Year Plan, the City of Boerne spent \$240 thousand on design or construction for several portions of roadways throughout the City including portions of Adler road and Old San Antonio road.
- *Street Maintenance and Improvements* – The City relies on a comprehensive street maintenance plan based on a pavement condition index (PCI) analysis. The PCI analysis involves a visual survey of the number and types of distresses in a selected area of pavement, resulting in a pavement health classification ranging from Good (best) to Serious (worst). The City also completed street maintenance activities (i.e., patching) covering approximately 8.7 total lane miles of streets. The street maintenance plan includes annual funding requirements to maintain and preserve the City’s streets over the next ten years to minimize the number of street failures and increase the City-wide PCI rating from Satisfactory to Good.
- *Community Facilities - Parks* – The City of Boerne commenced work on the Boerne Parks, Recreation and Open Space Master Plan goal for improvements to Northside Community Park, Kinderpark, Northrup Park and River Road Park spending a total of approximately \$2.1 million in costs to cover design work and related construction.
- *Utility System Improvements* – Boerne Utilities is upgrading thousands of gas and water meters across the city and our utility boundary to enhance service reliability and accuracy for our customers. The City of Boerne spent \$2.6 million for water and gas meter equipment and installation during fiscal year 2025. Additionally, design work and/or construction continued on the following projects: Water and Wastewater Treatment Plants Expansion, Ammann Road Water Tank and Pump Station improvements, Eastern Distribution Gas Loop Expansion and Ammann Main Improvements at a cost of approximately \$3.5 million.

Other key operational initiatives during the fiscal year ended September 30, 2025 included:

- *Management of inflationary pressures*  
The economic and inflationary challenges facing the nation impacted the way the City was able to conduct its business. Managing cost increases while maintaining or improving service levels was a key initiative during the year.
- *Upholding a competitive compensation and benefits program*  
Difficulty filling positions following the “great resignation” coupled with inflationary pressures resulted in the need for investment in “Employer of Choice” initiatives including benefits enhancements, a cost-of-living adjustment in accordance with City Policy, and an optional, performance-based merit.
- *Increasing Investment in Public Safety Services*  
The City of Boerne added nine new public safety positions including six new grant-funded firefighter positions, an additional Police Officer and two dispatchers in fiscal year 2025.

## **Awards and Acknowledgements**

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boerne for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2024. This was the thirty-eighth consecutive year that the City of Boerne has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

**GFOA Distinguished Budget Presentation Award**

Additionally, the City received the GFOA Distinguished Budget Presentation Award for the fiscal year 2024, highlighting the City’s foundational commitment to budget transparency. In order for a budget document to be recognized with this achievement, it must reflect the highest possible standards of transparency and excellence, while serving as a policy document, financial plan, and operational guide.

**Popular Annual Financial Report Award**

In recognition of its commitment to transparency and excellence in financial reporting, the City received the Popular Annual Financial Report (PAFR) Award for fiscal year 2022 and is currently awaiting the results for fiscal year 2024. This achievement reflects the City’s ongoing dedication to providing financial information that is clear, accessible, and understandable to a broad range of users.

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

Respectfully submitted,



Ben Thatcher  
City Manager



Kristy Stark  
Assistant City Manager



Danny Zincke  
Assistant City Manager



Sarah Buckelew, CPA  
Finance Director



Karen Kochheiser  
Assistant Finance Director



Danielle Montes, CPA  
Reporting and Compliance  
Manager

**CITY OF BOERNE, TEXAS**

**PRINCIPAL OFFICIALS**

**September 30, 2025**

LEGISLATIVE OFFICIALS

Frank Ritchie ..... Mayor\*

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

Joe Bateman ..... Member of City Council – District 2\*

Kyle Mickelson ..... Member of City Council – District 3\*

Bret Bunker ..... Member of City Council – District 4\*

Joseph Macaluso ..... Member of City Council – District 5\*

ADMINISTRATIVE OFFICERS

Ben Thatcher ..... City Manager

Kristy Stark ..... Assistant City Manager

Danny Zincke ..... Assistant City Manager

DEPARTMENT HEADS

William “Mick” McKamie ..... City Attorney

Lori Carroll ..... City Secretary

Chris Shadrock ..... Communications Director

Jeff Carroll ..... Engineering and Mobility Director

Sarah Buckelew, CPA ..... Finance Director

Manual Casarez ..... Fire Chief

Susan Finch ..... Human Resources Director

Mike Raute ..... Information Technology Director

Natalie Shults ..... Library Director

Nicholas Montagno ..... Operations Director

Lissette Jimenez ..... Parks and Recreation Director

Nathan Crane ..... Planning Director

Steve Perez ..... Police Chief

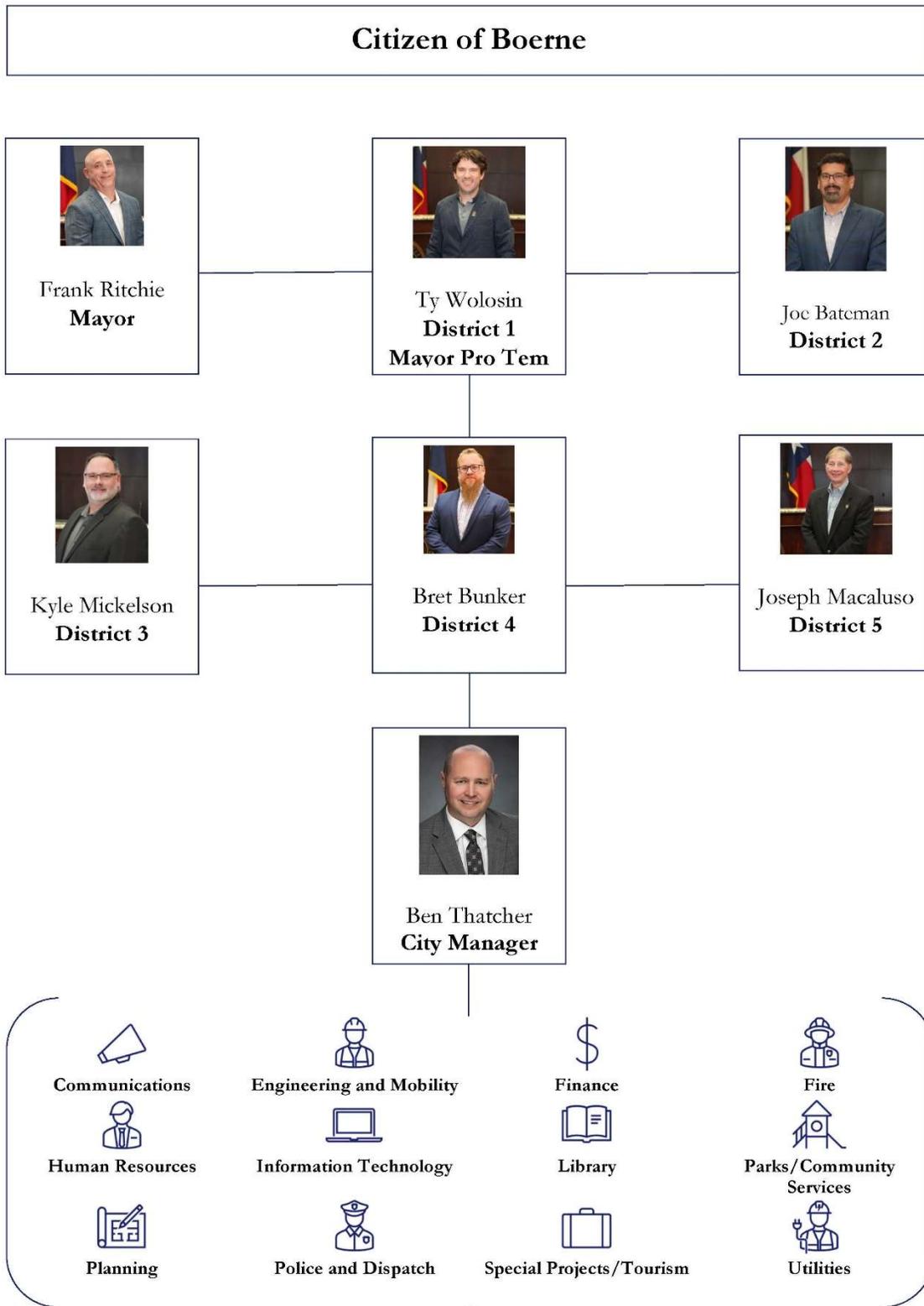
Paul Barwick ..... Special Projects Director

Michael Mann, PE ..... Utilities Director

Larry Woods ..... Visit Boerne Director

\*Elected Official

**CITY OF BOERNE, TEXAS**  
**ORGANIZATIONAL CHART AS OF SEPTEMBER 30, 2025**



x



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Boerne  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2024

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

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

### ***Auditor’s Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, pension information, other-post employment benefit information, and certain budget to actual schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining and individual fund statements and schedules and certain budget to actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

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

***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Houston, Texas  
March 10, 2026



## CITY OF BOERNE, TEXAS

### 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, 2025. 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 resources of the primary government of the City exceeded its liabilities and deferred inflows of resources as of September 30, 2025, by \$281.2 million (net position). Of this amount, \$156.5 million is invested in capital assets, net of related capital debt, \$29.3 million is restricted for specific purposes, and the remaining \$95.4 million net position is unrestricted.
- The City's total net position increased by \$33.0 million from the previous year. GASB Statement No. 101, *Compensated Absences*, was implemented in the current year, which decreased net position by \$2.1 million.
- As of September 30, 2025, the City's governmental funds reported combined ending fund balances of \$79.2 million, an increase of \$8.2 million in comparison to the prior year. Approximately \$31.3 million of the \$79.2 million is considered restricted or nonspendable fund balance.
- As of September 30, 2025, the fund balance of the General Fund was \$21.7 million, of which \$3.1 million is restricted for specific purposes, \$148,221 is nonspendable for prepaid items, and the remaining \$18.4 million is assigned.
- The City's total general obligation debt decreased in total by \$0.6 million during the current fiscal year. Additional general obligation debt from the voter-approved 2022 bond was issued for \$4.0 million. This issuance was offset by a \$1.1 million defeasance along with regularly scheduled payments.

#### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City include electric, water, wastewater, gas, solid waste, and stormwater operations.

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

## CITY OF BOERNE, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

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

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

The City maintains various individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, and capital projects fund, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

**CITY OF BOERNE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Government-wide Financial Analysis**

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

**Comparative Statement of Net Position**  
**September 30, 2025 and 2024**

	Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
<b>Assets and Deferred Outflows</b>						
Assets:						
Current	\$ 82,345,585	\$ 72,289,692	\$ 94,062,679	\$ 86,949,694	\$ 176,408,264	\$ 159,239,386
Capital assets	96,848,817	89,104,828	120,648,538	111,272,265	217,497,355	200,377,093
Total assets	179,194,402	161,394,520	214,711,217	198,221,959	393,905,619	359,616,479
Deferred outflows	5,843,725	6,815,499	3,320,580	3,020,940	9,164,305	9,836,439
<b>Total Assets and Deferred Outflows</b>	<b>185,038,127</b>	<b>168,210,019</b>	<b>218,031,797</b>	<b>201,242,899</b>	<b>403,069,924</b>	<b>369,452,918</b>
<b>Liabilities and Deferred Inflows</b>						
Liabilities:						
Current	3,046,046	1,100,284	5,213,750	4,786,995	8,259,796	5,887,279
Long-term	71,391,775	71,251,730	38,957,646	39,586,659	110,349,421	110,838,389
Total liabilities	74,437,821	72,352,014	44,171,396	44,373,654	118,609,217	116,725,668
Deferred inflows	2,311,682	1,861,874	982,100	594,545	3,293,782	2,456,419
<b>Total Liabilities and Deferred Inflows</b>	<b>76,749,503</b>	<b>74,213,888</b>	<b>45,153,496</b>	<b>44,968,199</b>	<b>121,902,999</b>	<b>119,182,087</b>
<b>Net Position</b>						
Net investment in capital assets	65,306,618	57,329,005	91,163,062	79,467,816	156,469,680	136,796,821
Restricted	12,687,252	10,339,905	16,648,115	17,735,464	29,335,367	28,075,369
Unrestricted	30,294,754	26,327,221	65,067,124	59,071,420	95,361,878	85,398,641
<b>Total Net Position</b>	<b>\$ 108,288,624</b>	<b>\$ 93,996,131</b>	<b>\$ 172,878,301</b>	<b>\$ 156,274,700</b>	<b>\$ 281,166,925</b>	<b>\$ 250,270,831</b>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$281.2 million at the close of the most recent fiscal year. By far the largest portion of the City's net position (56%) reflects its investment in capital assets, 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, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The City's overall net position increased by \$33.0 million from the prior fiscal year as summarized in the following condensed statement of activities:

**Comparative Statement of Activities**  
**Year Ended September 30, 2025 and 2024**

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 3,882,710	\$ 9,807,136	\$ 49,675,122	\$ 45,891,468	\$ 53,557,832	\$ 55,698,604
Operating grants and contributions	3,633,072	458,948	5,000	-	3,638,072	458,948
Capital grants and contributions	6,702,918	2,794,506	10,196,698	17,107,688	16,899,616	19,902,194
General Revenues:						
Property taxes	16,423,243	16,012,901	-	-	16,423,243	16,012,901
Sales taxes	12,898,795	12,369,640	-	-	12,898,795	12,369,640
Franchise taxes	3,636,189	3,351,029	-	-	3,636,189	3,351,029
Other taxes	1,244,811	1,249,393	-	-	1,244,811	1,249,393
Investment earnings	3,435,497	3,767,993	3,430,233	3,778,844	6,865,730	7,546,837
Gain on sale of capital assets	227,005	2,619,115	-	20,917	227,005	2,640,032
Miscellaneous	2,641,221	358,674	1,400,000	-	4,041,221	358,674
<b>Total Revenues</b>	<b>54,725,461</b>	<b>52,789,335</b>	<b>64,707,053</b>	<b>66,798,917</b>	<b>119,432,514</b>	<b>119,588,252</b>
<b>Expenses</b>						
General government	5,255,524	4,195,623	-	-	5,255,524	4,195,623
Public safety	16,612,288	15,577,327	-	-	16,612,288	15,577,327
Highway and streets	6,575,046	5,824,692	-	-	6,575,046	5,824,692
Economic development	1,675,916	2,523,471	-	-	1,675,916	2,523,471
Culture and recreation	8,299,750	7,212,610	-	-	8,299,750	7,212,610
Interest on long-term debt	1,609,261	1,648,850	-	-	1,609,261	1,648,850
Electric	-	-	16,924,421	16,898,460	16,924,421	16,898,460
Water	-	-	12,173,517	9,216,647	12,173,517	9,216,647
Wastewater	-	-	10,817,030	9,924,255	10,817,030	9,924,255
Gas	-	-	4,883,873	4,191,674	4,883,873	4,191,674
Solid waste	-	-	1,622,594	1,466,906	1,622,594	1,466,906
Stormwater	-	-	31,044	151,834	31,044	151,834
<b>Total Expenses</b>	<b>40,027,785</b>	<b>36,982,573</b>	<b>46,452,479</b>	<b>41,849,776</b>	<b>86,480,264</b>	<b>78,832,349</b>
Change in net position before transfers	14,697,676	15,806,762	18,254,574	24,949,141	32,952,250	40,755,903
Transfers	1,139,715	(170,929)	(1,139,715)	170,929	-	-
Change in Net Position	15,837,391	15,635,833	17,114,859	25,120,070	32,952,250	40,755,903
<b>Net Position, Beginning (2025 restated)</b>	<b>92,451,233</b>	<b>78,360,298</b>	<b>155,763,442</b>	<b>131,154,630</b>	<b>248,214,675</b>	<b>209,514,928</b>
<b>Net Position - Ending</b>	<b>\$ 108,288,624</b>	<b>\$ 93,996,131</b>	<b>\$ 172,878,301</b>	<b>\$ 156,274,700</b>	<b>\$ 281,166,925</b>	<b>\$ 250,270,831</b>

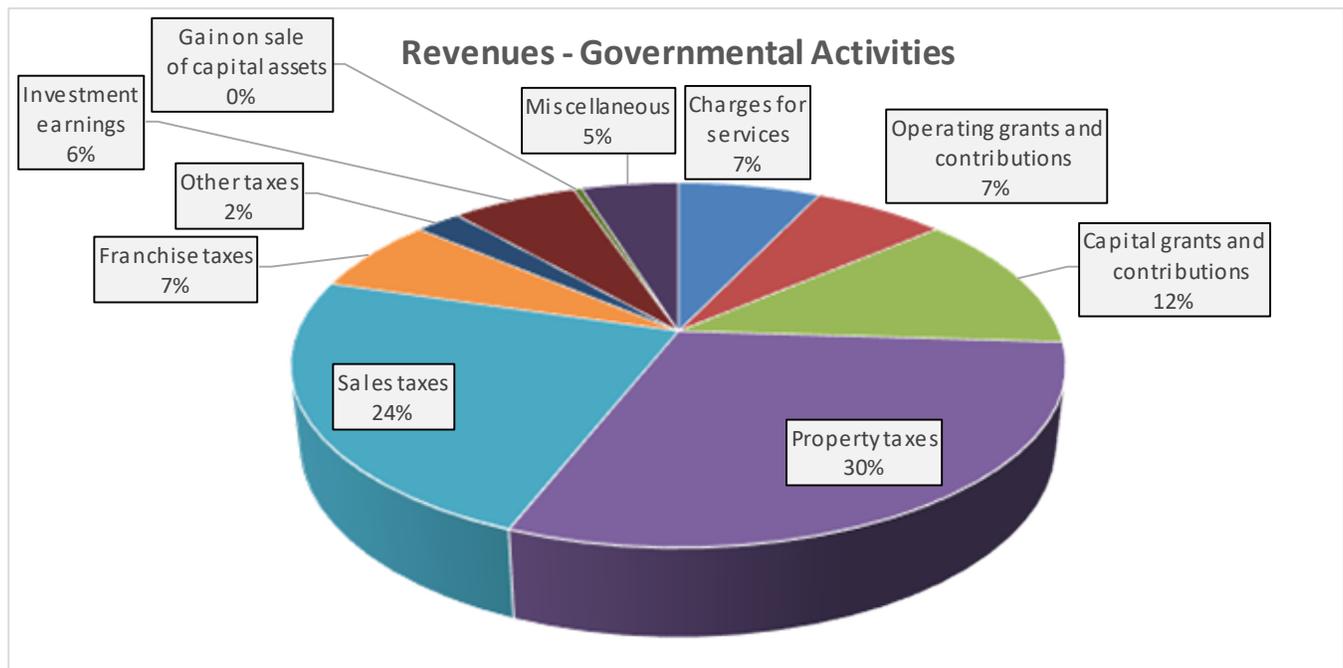
The major components of the changes in net position are explained in more detail on the following pages. Refer to Note 12 regarding implementation of GASB 101, *Compensated Absences*.

**CITY OF BOERNE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Governmental Activities.** Governmental activities net position increased by \$15.8 million, from a restated beginning net position of \$92.5 million to an ending net position of \$108.3 million.

**Governmental Activities Revenues** increased by \$1.9 million from the prior year. Key elements of this change are as follows:

- Program revenues increased by \$1.2 million due to an increase in contributions of capital assets when compared to the previous fiscal year.
- Property taxes increased by \$0.4 million when compared to the previous year due to an increase in appraised values and new properties on the tax roll.
- Sales taxes increased by \$0.5 million when compared to the previous year due primarily to an increase in retail sales, which increased year over year by 9%.
- Gain on sale of capital assets decreased by \$2.4 million due to the sale of the former City Hall in fiscal year 2024 with no large capital asset sales occurring during fiscal year 2025.
- Investment earnings decreased by \$0.3 million due to a decrease in investment holdings and decreases to the Fed Fund target rates.
- Miscellaneous revenue increased by \$2.3 million primarily due to an increase of approximately \$0.8 million in municipal facility fees and \$0.5 million of fire department deployment reimbursements.



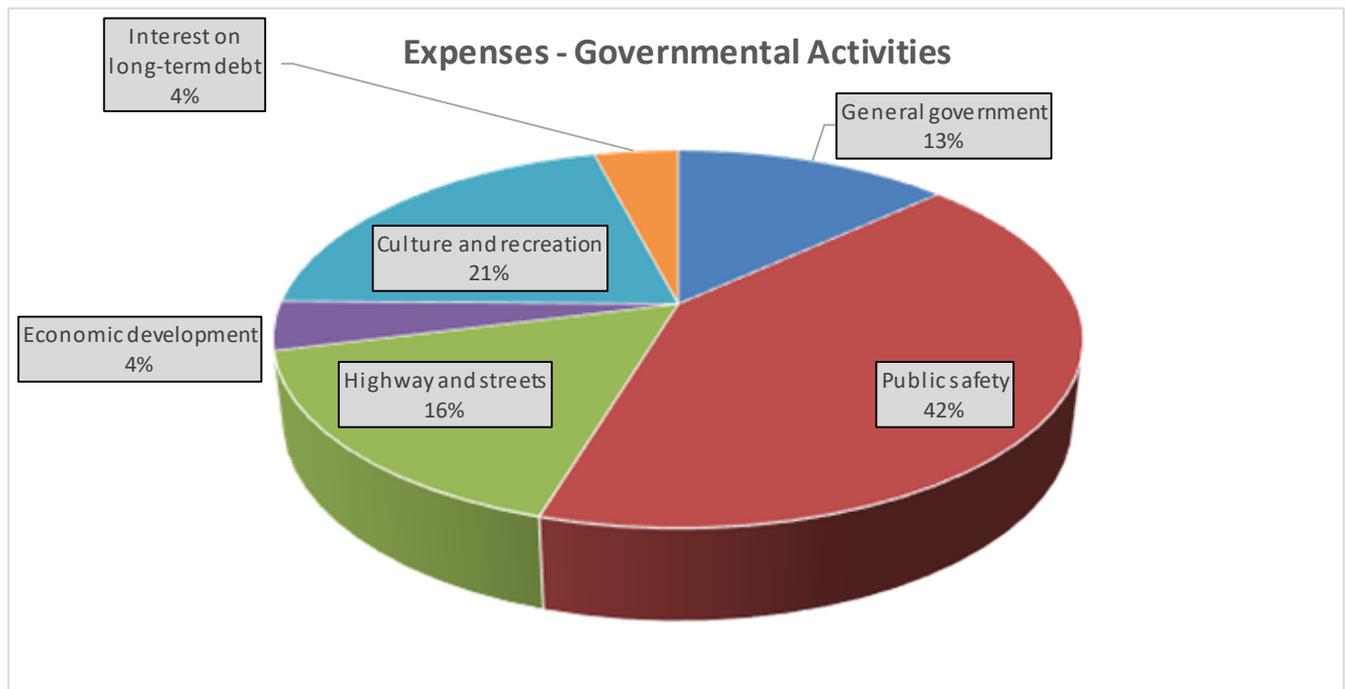
# CITY OF BOERNE, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

**Governmental Activities Expenses** increased by \$3.0 million from the prior year. Key elements of this change are as follows:

- Highway and streets expenses increased by \$0.8 million due to the increase in scope of the annual street maintenance as well as the purchase of dump truck and other heavy capital equipment.
- Public safety expenses increased by \$1.0 million due to the addition of three firefighter positions, as well as the promotion of three police officers, coupled with the addition of a mental health officer. These additional positions and promotions resulted in higher salaries, overtime, payroll related taxes/insurance and retirement costs. In addition, the fire department assisted with more deployments resulting in higher backfill costs that were reimbursed in full. Lastly, the fire and police department assisted with the Kerrville flooding that took place on July 3<sup>rd</sup> of 2025. The overtime costs incurred were obligated and reimbursed through the Federal Emergency Management Agency (FEMA) in fiscal year 2026.

As shown in the chart below, revenues generated by the City's programs are not sufficient to cover the costs. The City relies on property taxes, sales taxes, investment income and other general revenues to cover the costs associated with the various programs.



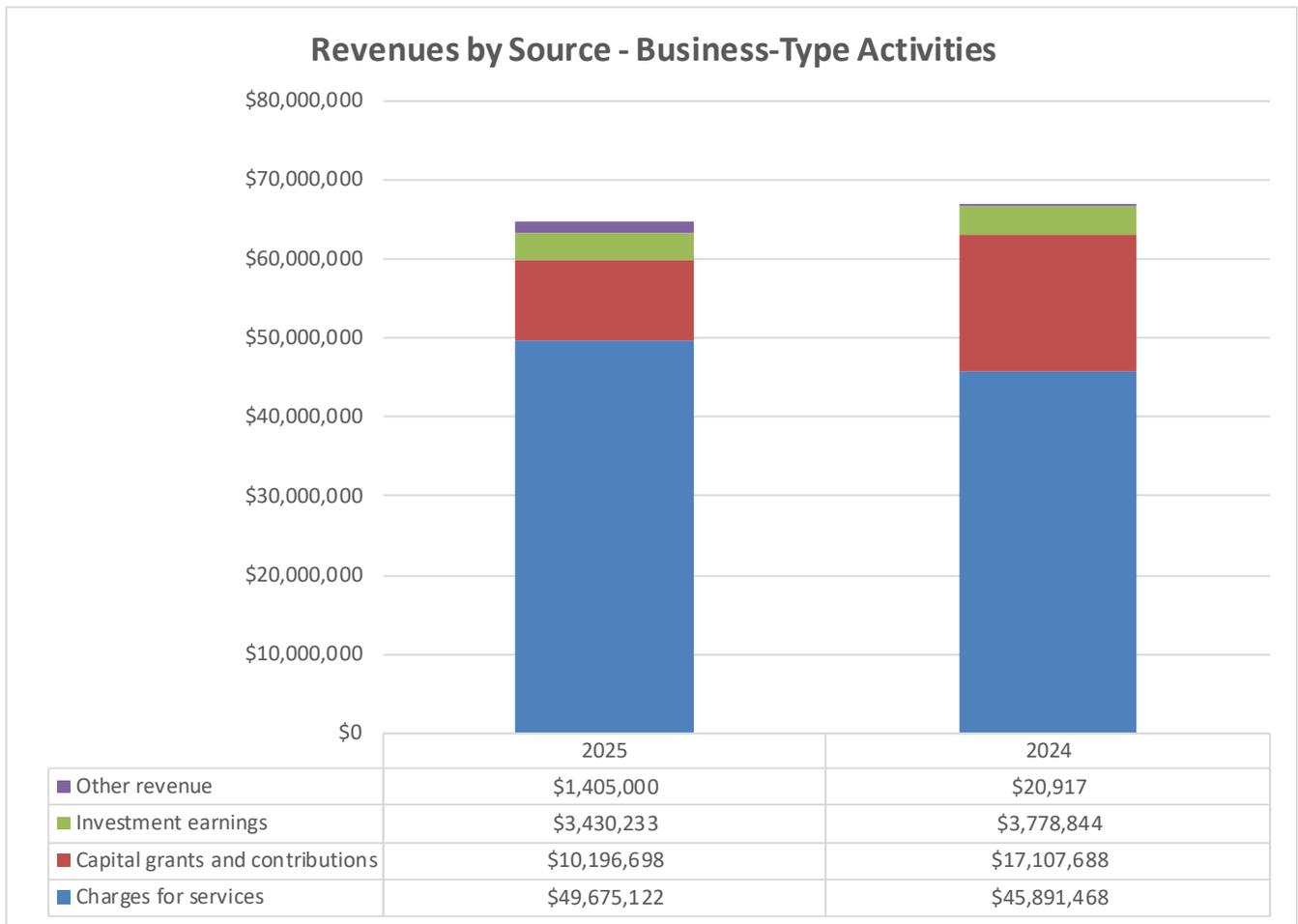
**CITY OF BOERNE, TEXAS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Business-type Activities.** Business-type activities net position increased by \$17.1 million, from a restated beginning net position of \$155.8 million to an ending net position of \$172.9 million.

**Business-Type Activities Revenues** decreased by \$2.1 million from the prior year. Key elements of this change are as follows:

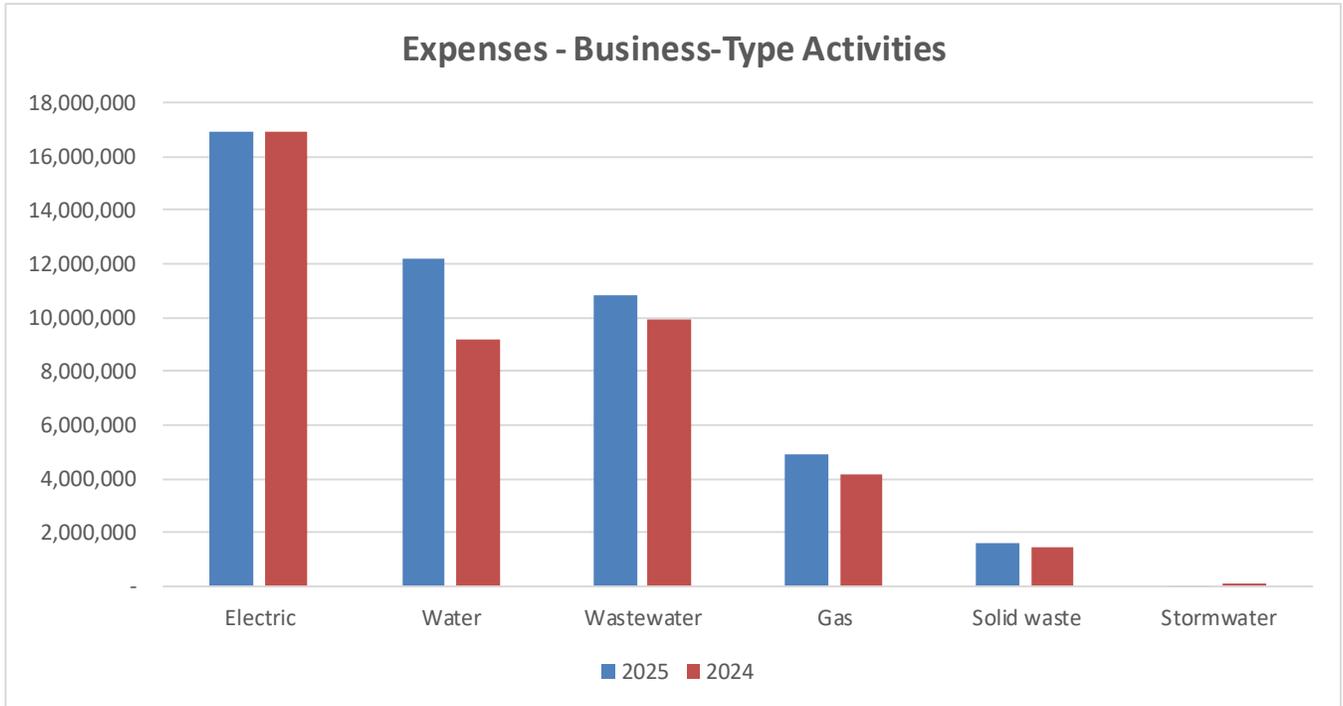
- Charges for services increased by \$3.8 million due to an increase in service connections as well as \$2.7 million in developer reimbursements for infrastructure improvements.
- Investment earnings decreased by \$0.3 million due to the use of cash and investments for intended purposes such as capital outlay, thus decreasing the overall portfolio balance.
- Capital infrastructure contributions from developers for electric, water, sewer, and natural gas infrastructure in various residential subdivisions within the City expenses decreased by \$6.9 million because contractual timing of the contributions varies year over year.
- Miscellaneous revenue increased by \$1.4 million as the City entered into a cost-share with Kendall County of \$1.4 million towards stormwater infrastructure.



**CITY OF BOERNE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Business-Type Activities Expenses** increased by \$4.6 million from the prior year. Key elements of this change are as follows:

- Personnel costs increased by \$4.1 million resulting from the reallocation of four positions from government funds, overtime incurred, and budgeted annual COLA and merit increases.



**CITY OF BOERNE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Financial Analysis of Governmental Funds**

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, assigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The City's governmental funds reflect a combined fund balance of \$79.2 million. Of this amount Approximately 60% of the City's governmental funds' fund balances, or \$47.9 million, constitutes assigned fund balance, which is available for spending at the government's discretion. An additional \$31.3 million is either nonspendable or restricted for purposes imposed by creditors, grantors, contributors, laws, or regulations of other governments or through enabling legislation.

**General Fund.** The general fund is the chief operating fund of the City. Total fund balance decreased by \$0.6 million to an ending balance of \$21.7 million due to the utilization of assigned fund balance from the sale of the old City Hall for debt payments, offset by increases in other restricted fund categories. As a measure of the general fund's liquidity, it may be useful to compare both unassigned and assigned fund balance to total general fund expenditures. Unassigned and assigned fund balance represents 65% of total general fund expenditures.

General fund revenues for the fiscal year ended September 30, 2025, increased by \$1.3 million, or 3.9%, over the prior year due to the following factors:

- Ad valorem decreased by \$0.6 million, or 7.5%, from the prior year as the property tax rate maintenance and operations rate was reduced.
- Sales taxes increased by \$0.5 million, or 4.3%, due to increased economic activity, particularly from an increase in retail sales, which increased 9% year over year.
- Franchise increased by \$0.3 million, or 8.5%, due to an increase in business operating in Boerne territory.
- Miscellaneous revenue increased by \$1.3 million, or 117.2%, comprised of an increase of approximately \$0.8 million in municipal facility fees and \$0.5 million of fire deployment reimbursements.
- Sale of capital assets decreased by \$2.3 million, or 95.0%, as the sale of the old City Hall occurred in fiscal year 2024, and there were no large capital asset sales in fiscal year 2025.
- Proceeds from leases, financed purchases and technology subscriptions (SBITAs) decreased by \$0.5 million, or 20.9%, due to less additions in those categories in the current year. For further details, see note 6 in the notes to the financial statements.

General fund expenditures for the fiscal year ended September 30, 2025, increased by \$2.0 million, or 7.6%, over the prior year due to the following factors:

- General government expenditures increased by \$1.1 million, or 30.0%, due primarily to scheduled cost of living and merit increases in the personnel category.
- Public safety expenditures increased by \$1.6 million, or 11.2%, due to the addition of three grant-funded firefighter positions, as well as the promotion of three police officers, coupled with the addition of a mental health officer. These additional positions and promotions resulted in higher salaries, overtime, payroll related taxes/insurance and retirement costs. The Fire department assisted with more deployments resulting in more overtime. Lastly, the fire and police department assisted with the Kerrville flooding that took place on July 3rd, the overtime costs incurred were reimbursed through the Federal Emergency Management Agency (FEMA) in fiscal year 2026.
- Highways and streets expenditures decreased by \$0.5 million, or 16.1%, due to the reassignment of two positions to the utility department as well as turnover that occurred during the year.

## CITY OF BOERNE, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

**Debt Service Fund.** The fund balance of the City's debt service fund increased by \$0.6 million during the current fiscal year to an ending fund balance of \$1.9 million. This activity in this fund varies based on the amount of debt outstanding each year.

**Capital Projects Fund.** The fund balance of the City's capital projects fund increased by \$9.5 million during the current fiscal year to an ending fund balance of \$45.6 million. This change was due to the issuance of \$4 million of voter-approved general obligation bonds for the completion of Northside Community Park, less reductions for the continued spending on bond projects primarily for streets and park improvement projects. Additionally, programmed savings toward infrastructure of \$6 million was transferred in for upcoming projects as well as transfer from the Parks capital fund balance to the capital projects fund of \$2.4 million for use in the Northside Community Park project.

#### Financial Analysis of Enterprise Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City's business-type activities primarily consist of services provided by the electric, water, wastewater and gas funds.

**Electric Fund.** The net position of the electric fund increased by \$4.7 million during the current fiscal year to an ending net position of \$40.4 million. The increase was due to steady operations year over year coupled with no major infrastructure projects occurring.

**Water Fund.** The net position of the water fund increased by \$3.9 million during the current fiscal year to an ending net position of \$65.6 million. The increase was due to an increase in connections and impact fees.

**Wastewater Fund.** The net position of the wastewater fund increased by \$4.4 million during the current fiscal year to an ending net position of \$38.9 million. The increase was due to an increase in connections and impact fees.

**Gas Fund.** The net position of the gas fund increased by \$1.7 million during the current fiscal year to an ending net position of \$15.6 million. The increase was due to placing gas infrastructure in service and consistent operations during the year.

#### General Fund Budgetary Highlights

**Original budget compared to final budget.** During the year, there was an increase of \$0.1 million in appropriations between the adopted and amended budget which is only a 0.0% amendment to total adopted expenditures.

**Final budget compared to actual results.** Actual revenues of \$33.2 million were more than final budgeted amounts by \$3.0 million due to more than anticipated revenues generated from municipal facility fees, fire department deployment reimbursements, permits, franchise fees, and interest revenue. Actual expenditures of \$28.2 million were less than final budgeted amounts by \$1.1 million primarily due to regularly budgeted expenditures, plus \$650 thousand in savings from staff vacancies, \$730 thousand savings in maintenance, and \$650 thousand in professional services. Other sources (uses) were less than final budgeted amounts by \$4.4 million due to a programmed savings transfer to the capital projects fund for future infrastructure projects of \$6.2 million.

**CITY OF BOERNE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Capital Assets and Debt Administration**

**Capital Assets.** At the end of fiscal year 2025, the City's governmental activities and business-type activities had \$96.8 million and \$120.6 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents an increase of \$7.7 million over the end of last fiscal year for the governmental activities and an increase of \$9.4 million over the end of last fiscal year for business-type activities.

	Capital Assets					
	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	\$ 13,343,941	\$ 10,782,215	\$ 6,780,525	\$ 7,369,627	\$ 20,124,466	\$ 18,151,842
Construction in progress	6,452,307	3,729,556	6,525,330	5,279,263	12,977,637	9,008,819
Infrastructure	43,203,660	38,909,955	91,124,615	81,338,572	134,328,275	120,248,527
Buildings and plant	25,390,158	27,003,645	13,942,856	15,895,001	39,333,014	42,898,646
Improvements other than buildings	2,789,721	3,330,774	-	-	2,789,721	3,330,774
Machinery and equipment	2,524,119	2,429,169	1,676,728	903,109	4,200,847	3,332,278
Lease assets	2,678,064	2,420,718	598,484	486,694	3,276,548	2,907,412
Subscription assets	466,847	498,796	-	-	466,847	498,796
<b>Total Capital Assets</b>	<b>\$ 96,848,817</b>	<b>\$ 89,104,828</b>	<b>\$ 120,648,538</b>	<b>\$ 111,272,266</b>	<b>\$ 217,497,355</b>	<b>\$ 200,377,094</b>

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

Developers contributed infrastructure totaling \$15.6 million to the City's streets and enterprise funds.

- Construction in progress started or in process during the year included work on the wastewater treatment plant as well as multiple utility infrastructure and park improvement projects.
- The City capitalized nearly \$5.6 million in completed infrastructure projects including completed sidewalk, street reconstruction, water and gas meters, and the East Loop natural gas main construction.
- The City acquired equipment with a total cost of \$3.5 million during the fiscal year, which primarily consisted of gas and water meters.

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

**Long-Term Debt.** At the end of the current fiscal year, the City had total outstanding debt of \$51.0 million in the governmental activities and \$30.3 million in the business-type activities.

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 43,770,000	\$ 42,750,000	\$ 25,495,000	\$ 27,230,000	\$ 69,265,000	\$ 69,980,000
General obligation bonds (private)	560,000	830,000	-	-	560,000	830,000
Unamortized premium	3,081,854	3,229,217	2,122,188	2,357,627	5,204,042	5,586,844
Leases	2,548,971	2,260,352	2,115,221	2,673,441	4,664,192	4,933,793
Financed purchases	636,615	437,844	596,989	476,796	1,233,604	914,640
SBITAs	443,598	386,306	-	-	443,598	386,306
<b>Total Outstanding Debt</b>	<b>\$ 51,041,038</b>	<b>\$ 49,893,719</b>	<b>\$ 30,329,398</b>	<b>\$ 32,737,864</b>	<b>\$ 81,370,436</b>	<b>\$ 82,631,583</b>

The City's outstanding debt for governmental activities increased by \$1.1 million due to scheduled principal payments, offset by issuance of \$4.0 million in voter-approved bonds for the completion of Northside Community Park. The City's debt for business-type activities decreased by \$2.4 million from the previous year due to scheduled principal payments.

The City maintains an Aa2 credit rating from Moody's Investors Services, which exceeds a median rating of AA3 for U.S. cities. Additionally, the City received a credit rating upgrade from Fitch Ratings to AA+ during the fiscal year further reflecting the City's conservative financial management system as well as stable operating reserves combined with robust economic growth. State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City of Boerne is approximately \$355.9 million, which is significantly more than the City of Boerne's outstanding \$69.8 million in general obligation debt.

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

## **CITY OF BOERNE, TEXAS**

### ***MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)***

#### **Economic Factors and Next Year's Budget and Rates**

The City's elected and appointed officials considered many factors when setting the fiscal year 2026 budget appropriation, tax rates, and fees that will be charged for the City's governmental and business-type activities. Among these factors were inflationary pressures faced by the City and nation as a whole, and ongoing investment in a strong culture to retain and attract new employees, as well as the City's focus on its strategic priorities.

The fiscal year 2026, \$181 million total City Budget is comprised of nineteen funds, of which eleven are governmental funds and eight are enterprise (utility) funds. The governmental funds account for \$93 million of the budget, while the utility funds account for \$88 million of the budget.

The Fiscal Year 2026 budget maintained the total property tax rate of \$0.4716/\$100 value. This was able to take place because City staff continue to maximize investment in infrastructure and other key initiatives while balancing cost pressures of the current economy and job market resulting in overall tax stability.

The fiscal year 2026 budget prioritizes key initiatives that align with our strategy map and our mission to provide high-quality services and build an exemplary Hill Country Community. Notable highlights include:

- Investing \$57 million in strategic capital infrastructure projects.
- Upholding a competitive compensation and benefits program to maintain our employer of choice status.
- Containing no service level reductions but rather many service level enhancements, including adding seven new positions.
- Maintaining limited expenditure growth.
- Managing inflationary pressures.
- Implementing recommendations from the City's 10-Year Rolling Plan

Budget Infographic Depicting Budget Highlights for Fiscal Year 2025:

# BUDGET AT A GLANCE FY 2025-2026



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

## By the Numbers



## Employer of Choice

Our benchmark is to remain competitive in the designated labor market for civilian and sworn public safety positions while providing tools and training for employee success.

Employee Compensation:  
**3.5% COLA**  
**0% - 3% Merit**  
 COLA effective: 10/1/2025  
 Merit effective: 1/1/2026

There will be a 14% increase in the overall cost of the City's benefit insurance offerings.

## Service Enhancements

As part of the proposed FY 2026 budget, the City of Boerne is looking to add several new positions to enhance core services and support quality of life for residents. The positions are focused on strengthening public safety, improving customer service, and supporting the amenities and community experience that make Boerne a desirable place to live.

- Firefighters (3) - Grant Funded
- Emergency Management Coordinator
- Police Officer
- Permit Technician
- Parks Crew Leader

## **CITY OF BOERNE, TEXAS**

### ***MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)***

The primary objectives of the budget are to improve departmental efficiencies in resource allocation, continue investing in our organization to provide high-quality services to residents, businesses, and visitors, and further invest in infrastructure and the Capital Improvement Program (CIP). This budget aims to fulfill the commitments made during the November 2022 election when residents approved two bond propositions to fund street and parks infrastructure. Design work for 2022 bond projects is ongoing and utilizes the first \$18 million of the \$36 million authorized bond funds. An additional \$4 million of the voter-approved debt was issued during fiscal year 2025 to support the completion of Northside Community Park.

This budget emphasizes strategic investments that boost community growth, resilience, and quality of life. A total of \$57 million is allocated for infrastructure improvements, more than 31% of the total budget. These investments will address key needs in transportation, utilities, and public facilities, ensuring that Boerne's infrastructure keeps up with our growing community.

With the support and leadership of the Mayor and City Council, the FY 2026 budget was developed in line with the City's established financial principles and strategic framework. It advances key recommendations from the City's Ten-Year Rolling Plan, manages costs amid ongoing inflation, and focuses on providing high-quality service for our growing community. This plan also includes measures to ensure long-term financial sustainability through multi-year planning, responsible use of reserves, and strategic capital investments. Importantly, it reaffirms our commitment to being an employer of choice, supporting competitive compensation, benefits, and tools that enable our workforce to serve with excellence.

As always, our staff remains aware of the dynamic community we serve and deeply appreciates the trust placed in us. Together, we are building an exemplary Hill Country community characterized by fiscal discipline, strategic foresight, and a shared dedication to service.

#### **Requests for Information**

This financial report is designed to provide a general overview of the City of Boerne's finances for all those with an interest in the government's finances and to show the City's accountability for the financial resources it receives. Questions concerning any of the information provided in this report or requests for additional financial information are available by Public Information Request on the City of Boerne's website.

## **BASIC FINANCIAL STATEMENTS**



**CITY OF BOERNE, TEXAS**  
**STATEMENT OF NET POSITION**  
**September 30, 2025**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and equivalents	\$ 40,995,192	\$ 50,794,984	\$ 91,790,176
Investments	16,068,529	13,520,243	29,588,772
Receivables, net of allowance for uncollectibles	3,591,878	6,026,536	9,618,414
Internal balances	(12,020)	12,020	-
Inventories	-	2,532,983	2,532,983
Prepaid items	189,770	24,680	214,450
Restricted cash and cash equivalents	21,512,236	21,151,233	42,663,469
Capital Assets:			
Nondepreciable	19,796,248	13,305,855	33,102,103
Depreciable, net	77,052,569	107,342,683	184,395,252
Total Capital Assets	96,848,817	120,648,538	217,497,355
<b>Total Assets</b>	<b>179,194,402</b>	<b>214,711,217</b>	<b>393,905,619</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	224,072	843,922	1,067,994
Pension related	5,042,231	2,230,761	7,272,992
OPEB related	577,422	245,897	823,319
<b>Total Deferred Outflows of Resources</b>	<b>5,843,725</b>	<b>3,320,580</b>	<b>9,164,305</b>
<b>Liabilities</b>			
Accounts payable	1,201,180	2,427,833	3,629,013
Accrued liabilities	1,695,209	356,910	2,052,119
Accrued interest	149,657	149,801	299,458
Customer deposits	-	2,279,206	2,279,206
Long-term liabilities:			
Total OPEB liability	538,170	228,893	767,063
Due within one year: Bonds, leases, subscriptions, financed purchases, compensated absences	6,414,798	2,806,182	9,220,980
Due in more than one year:			
Net pension liability	13,732,131	5,840,462	19,572,593
Total OPEB liability	2,783,541	1,183,875	3,967,416
Bonds, leases, subscriptions, financed purchases, compensated absences	47,923,135	28,898,234	76,821,369
<b>Total Liabilities</b>	<b>74,437,821</b>	<b>44,171,396</b>	<b>118,609,217</b>
<b>Deferred Inflows of Resources</b>			
Lease related	2,564	-	2,564
Pension related	921,813	392,061	1,313,874
OPEB related	1,387,305	590,039	1,977,344
<b>Total Deferred Inflows of Resources</b>	<b>2,311,682</b>	<b>982,100</b>	<b>3,293,782</b>
<b>Net Position</b>			
Net investment in capital assets	65,306,618	91,163,062	156,469,680
Restricted for:			
Capital improvements	-	16,648,115	16,648,115
Cemetery - expendable	1,667,193	-	1,667,193
Cemetery - nonexpendable	969,081	-	969,081
Debt service	1,766,397	-	1,766,397
Law enforcement	326,123	-	326,123
Parks	1,034,821	-	1,034,821
Public Facility Corporation	3,543,073	-	3,543,073
Tree restoration	2,745,499	-	2,745,499
Tourism	635,065	-	635,065
Unrestricted	30,294,754	65,067,124	95,361,878
<b>Total Net Position</b>	<b>\$ 108,288,624</b>	<b>\$ 172,878,301</b>	<b>\$ 281,166,925</b>



**CITY OF BOERNE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2025**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 5,255,524	\$ 2,607,528	\$ 1,650,580	\$ -	\$ (997,416)	\$ -	\$ (997,416)
Public safety	16,612,288	336,527	1,670,304	1,292,660	(13,312,797)	-	(13,312,797)
Highway and streets	6,575,046	-	-	5,378,758	(1,196,288)	-	(1,196,288)
Economic development	1,675,916	-	-	-	(1,675,916)	-	(1,675,916)
Culture and recreation	8,299,750	938,655	312,188	31,500	(7,017,407)	-	(7,017,407)
Interest on long-term debt	1,609,261	-	-	-	(1,609,261)	-	(1,609,261)
<b>Total Governmental Activities</b>	<b>40,027,785</b>	<b>3,882,710</b>	<b>3,633,072</b>	<b>6,702,918</b>	<b>(25,809,085)</b>	<b>-</b>	<b>(25,809,085)</b>
Business-Type activities:							
Electric	16,924,421	21,444,662	-	-	-	4,520,241	4,520,241
Water	12,173,517	10,781,123	-	4,123,278	-	2,730,884	2,730,884
Wastewater	10,817,030	9,866,993	-	4,508,134	-	3,558,097	3,558,097
Gas	4,883,873	5,185,333	-	1,565,286	-	1,866,746	1,866,746
Solid waste	1,622,594	1,757,524	5,000	-	-	139,930	139,930
Stormwater	31,044	639,487	-	-	-	608,443	608,443
<b>Total Business-Type Activities</b>	<b>46,452,479</b>	<b>49,675,122</b>	<b>5,000</b>	<b>10,196,698</b>	<b>-</b>	<b>13,424,341</b>	<b>13,424,341</b>
<b>Total Primary Government</b>	<b>\$ 86,480,264</b>	<b>\$ 53,557,832</b>	<b>\$ 3,638,072</b>	<b>\$ 16,899,616</b>	<b>(25,809,085)</b>	<b>13,424,341</b>	<b>(12,384,744)</b>
General Revenues:							
Taxes:							
Property taxes					16,423,243	-	16,423,243
Sales taxes					12,898,795	-	12,898,795
Franchise taxes					3,636,189	-	3,636,189
Other taxes					1,244,811	-	1,244,811
Unrestricted investment earnings					3,435,497	3,430,233	6,865,730
Gain on sale of assets					227,005	-	227,005
Miscellaneous					2,641,221	1,400,000	4,041,221
Transfers					1,139,715	(1,139,715)	-
<b>Total General Revenues and Transfers</b>					<b>41,646,476</b>	<b>3,690,518</b>	<b>45,336,994</b>
Change in net position					15,837,391	17,114,859	32,952,250
Net Position - Beginning, as Previously Reported					93,996,131	156,274,700	250,270,831
Restatement					(1,544,898)	(511,258)	(2,056,156)
<b>Net Position - Beginning, as Restated</b>					<b>92,451,233</b>	<b>155,763,442</b>	<b>248,214,675</b>
Net Position - Ending					\$ 108,288,624	\$ 172,878,301	\$ 281,166,925

See notes to the financial statements.

**CITY OF BOERNE, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**September 30, 2025**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 6,439,250	\$ -	\$ 26,321,437	\$ 8,234,505	\$ 40,995,192
Investments	14,284,190	-	-	1,784,339	16,068,529
Receivables (net of allowance for uncollectibles)	3,325,456	53,801	-	212,621	3,591,878
Prepays	148,221	-	-	41,549	189,770
Restricted cash and cash equivalents	125,393	1,862,253	19,455,508	69,082	21,512,236
<b>Total Assets</b>	<u>\$ 24,322,510</u>	<u>\$ 1,916,054</u>	<u>\$ 45,776,945</u>	<u>\$ 10,342,096</u>	<u>\$ 82,357,605</u>
<b>Liabilities</b>					
Accounts payable	\$ 866,062	\$ -	\$ 180,741	\$ 154,377	\$ 1,201,180
Accrued liabilities	1,621,358	-	-	73,851	1,695,209
Due to other funds	12,020	-	-	-	12,020
<b>Total Liabilities</b>	<u>2,499,440</u>	<u>-</u>	<u>180,741</u>	<u>228,228</u>	<u>2,908,409</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	103,284	53,665	-	72,903	229,852
Lease related	-	-	-	2,564	2,564
<b>Total Deferred Inflows of Resources</b>	<u>103,284</u>	<u>53,665</u>	<u>-</u>	<u>75,467</u>	<u>232,416</u>
<b>Fund Balances</b>					
Nonspendable	148,221	-	-	1,010,630	1,158,851
Restricted	3,133,210	1,862,389	19,304,105	5,845,331	30,145,035
Assigned	18,438,355	-	26,292,099	3,182,440	47,912,894
<b>Total Fund Balances</b>	<u>21,719,786</u>	<u>1,862,389</u>	<u>45,596,204</u>	<u>10,038,401</u>	<u>79,216,780</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 24,322,510</u>	<u>\$ 1,916,054</u>	<u>\$ 45,776,945</u>	<u>\$ 10,342,096</u>	<u>\$ 82,357,605</u>

**CITY OF BOERNE, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2025**

**Total Fund Balance, Governmental Funds** \$ 79,216,780

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	173,288,024
Accumulated depreciation/amortization	(76,439,207)
	<u>96,848,817</u>

Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.

Deferred outflows - pension related	5,042,231
Deferred outflows - OPEB related	577,422
Deferred inflows - pension related	(921,813)
Deferred inflows - OPEB related	(1,387,305)
	<u>3,310,535</u>

Other long-term assets (property taxes receivable and adjudicated court fines receivable) are not available to pay current period expenditures and, therefore, are either deferred or not reported in the funds.

Property taxes receivable	224,398
Other receivable	5,454
	<u>229,852</u>

Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.

Bonds payable	(43,770,000)
Bonds payable (private)	(560,000)
Financed purchases payable	(636,615)
Leases payable	(2,548,971)
SBITAs payable	(443,598)
Compensated absences	(3,296,895)
Net pension liability	(13,732,131)
Total OPEB liability	(3,321,711)
Accrued interest payable on long-term debt	(149,657)
	<u>(68,459,578)</u>

Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Deferred amount on refunding	224,072
Premium on bonds	(3,081,854)
	<u>(2,857,782)</u>

**Net Position of Governmental Activities in the Statement of Net Position** \$ 108,288,624

**CITY OF BOERNE, TEXAS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**

**IN FUND BALANCES - GOVERNMENTAL FUNDS**

**Year Ended September 30, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 7,112,838	\$ 4,123,215	\$ -	\$ 5,229,802	\$ 16,465,855
Sales and use taxes	12,898,795	-	-	-	12,898,795
Franchise taxes	3,636,189	-	-	-	3,636,189
Hotel occupancy taxes	-	-	-	1,131,400	1,131,400
Other taxes	113,411	-	-	-	113,411
Licenses and fees	2,229,168	-	-	-	2,229,168
Fines	336,527	-	-	-	336,527
Charges for services	-	-	-	1,317,015	1,317,015
Investment earnings	1,788,043	84,868	1,068,532	494,054	3,435,497
Intergovernmental	2,773,389	-	-	859,683	3,633,072
Miscellaneous	2,323,537	-	-	320,693	2,644,230
<b>Total Revenues</b>	<b>\$ 33,211,897</b>	<b>\$ 4,208,083</b>	<b>\$ 1,068,532</b>	<b>\$ 9,352,647</b>	<b>\$ 47,841,159</b>
<b>Expenditures</b>					
Current:					
General government	4,919,933	-	-	40,979	4,960,912
Public safety	15,720,933	-	-	-	15,720,933
Highways and streets	2,752,218	-	-	-	2,752,218
Economic development	-	-	-	1,655,892	1,655,892
Culture and recreation	522,647	-	-	5,908,638	6,431,285
Debt Service:					
Principal	1,410,085	3,245,000	-	197,894	4,852,979
Interest	96,829	1,597,836	-	19,778	1,714,443
Other debt service	-	4,900	109,108	-	114,008
Capital outlay	2,757,460	-	5,517,804	769,603	9,044,867
<b>Total Expenditures</b>	<b>28,180,105</b>	<b>4,847,736</b>	<b>5,626,912</b>	<b>8,592,784</b>	<b>47,247,537</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>5,031,792</b>	<b>(639,653)</b>	<b>(4,558,380)</b>	<b>759,863</b>	<b>593,622</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	127,645	1,222,529	9,911,251	432,894	11,694,319
Transfers out	(7,673,287)	-	-	(2,881,317)	(10,554,604)
Issuance of debt:					
General obligation bonds	-	-	3,995,000	-	3,995,000
Premiums on bonds	-	-	117,032	-	117,032
Financed purchase	509,009	-	-	-	509,009
Lease	1,078,950	-	-	304,332	1,383,282
Subscription	202,559	-	-	-	202,559
Sale of general capital assets	121,302	-	27,360	78,343	227,005
<b>Total Other Financing Sources (Uses)</b>	<b>(5,633,822)</b>	<b>1,222,529</b>	<b>14,050,643</b>	<b>(2,065,748)</b>	<b>7,573,602</b>
<b>Net Change in Fund Balances</b>	<b>(602,030)</b>	<b>582,876</b>	<b>9,492,263</b>	<b>(1,305,885)</b>	<b>8,167,224</b>
<b>Fund Balances - Beginning</b>	<b>22,321,816</b>	<b>1,279,513</b>	<b>36,103,941</b>	<b>11,344,286</b>	<b>71,049,556</b>
<b>Fund Balances - Ending</b>	<b>\$ 21,719,786</b>	<b>\$ 1,862,389</b>	<b>\$ 45,596,204</b>	<b>\$ 10,038,401</b>	<b>\$ 79,216,780</b>

**CITY OF BOERNE, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2025**

**Net Change in Fund Balances - Total Governmental Funds:** \$ 8,167,224

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	9,044,867
Depreciation/amortization expense	(7,877,601)
	<u>1,167,266</u>

The net effect of various miscellaneous transactions involving capital assets:

Contributions of capital assets	6,702,918
Gain (loss) on disposal of capital assets	(180,997)
Gain (loss) on lease and SBITA modifications	(3,009)
	<u>6,518,912</u>

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction, however, does not have any effect on net position. Also, governmental funds report the effect of bond premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.

Issuance of debt - bonds	(3,995,000)
Issuance of debt - financing arrangement	(2,094,850)
Issuance of debt - premium on bonds	(117,032)
Principal paid - bonds	3,245,000
Principal paid - financing agreement	310,238
Principal paid - leases	1,064,014
Principal paid - subscriptions	233,727
	<u>(1,353,903)</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes receivable	<u>(42,612)</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:

Accrued interest on long-term debt	(11,352)
Amortization of bond premiums	264,395
Amortization of deferred amounts of refunding	(33,853)
Compensated absences	(428,510)
Changes in pension liabilities and related deferred outflows and inflows of resources	1,364,458
Changes in OPEB liabilities and related deferred outflows and inflows of resources	225,366
	<u>1,380,504</u>

**Change in Net Position of Governmental Activities** \$ 15,837,391

**CITY OF BOERNE, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2025**

	Business-type Activities					
	Electric	Water	Wastewater	Gas	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 15,905,295	\$ 6,538,979	\$ 14,322,894	\$ 3,257,993	\$ 10,769,823	\$ 50,794,984
Investments	9,266,740	2,144,353	2,109,150	-	-	13,520,243
Receivables, net	2,967,115	1,264,910	979,397	470,201	344,913	6,026,536
Due from other funds	3,098,925	-	-	-	-	3,098,925
Prepays	6,419	16,575	1,686	-	-	24,680
Inventories	1,802,195	350,860	18,940	360,988	-	2,532,983
Restricted cash and cash equivalents	1,422,392	16,868,017	2,596,208	264,616	-	21,151,233
<b>Total current assets</b>	<b>34,469,081</b>	<b>27,183,694</b>	<b>20,028,275</b>	<b>4,353,798</b>	<b>11,114,736</b>	<b>97,149,584</b>
Noncurrent assets:						
Capital assets:						
Land	2,542,917	2,313,449	1,828,390	95,769	-	6,780,525
Construction in progress	75,285	2,544,114	1,678,070	647,596	1,580,265	6,525,330
Infrastructure	19,115,546	66,435,422	51,083,022	22,563,822	-	159,197,812
Buildings and plant	822,074	2,626,938	38,642,854	199,398	-	42,291,264
Machinery and equipment	2,581,595	1,318,463	1,962,228	592,754	1,410	6,456,450
Lease assets - Machinery and equipment	445,947	93,609	380,633	141,791	757	1,062,737
Less accumulated depreciation/amortization	(14,451,278)	(31,260,827)	(47,853,325)	(8,099,613)	(537)	(101,665,580)
Total noncurrent assets	11,132,086	44,071,168	47,721,872	16,141,517	1,581,895	120,648,538
<b>Total Assets</b>	<b>45,601,167</b>	<b>71,254,862</b>	<b>67,750,147</b>	<b>20,495,315</b>	<b>12,696,631</b>	<b>217,798,122</b>
<b>Deferred Outflows of Resources</b>						
Deferred charge on refunding	-	-	843,922	-	-	843,922
Pension related	725,895	697,486	502,370	305,010	-	2,230,761
OPEB related	80,015	76,884	55,377	33,621	-	245,897
<b>Total Deferred Outflows of Resources</b>	<b>\$ 805,910</b>	<b>\$ 774,370</b>	<b>\$ 1,401,669</b>	<b>\$ 338,631</b>	<b>\$ -</b>	<b>\$ 3,320,580</b>

**CITY OF BOERNE, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2025**

	Business-type Activities					
	Electric	Water	Wastewater	Gas	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	\$ 864,391	\$ 808,086	\$ 266,011	\$ 156,131	\$ 333,214	\$ 2,427,833
Accrued liabilities	289,878	-	-	41,485	25,547	356,910
Accrued interest	1,884	55,215	85,388	7,314	-	149,801
Customer deposits	1,422,392	593,565	-	263,249	-	2,279,206
Due to other funds	-	-	-	3,086,905	-	3,086,905
Current portion of noncurrent liabilities:						
Total OPEB liability	74,482	71,567	51,547	31,297	-	228,893
Compensated absences	124,607	115,552	90,734	52,298	-	383,191
Financed purchase	-	348,645	-	34,310	-	382,955
Leases payable	109,982	18,084	75,552	31,265	153	235,036
Bonds payable	32,715	-	1,686,706	85,579	-	1,805,000
<b>Total current liabilities:</b>	<b>2,920,331</b>	<b>2,010,714</b>	<b>2,255,938</b>	<b>3,789,833</b>	<b>358,914</b>	<b>11,335,730</b>
Noncurrent liabilities:						
Net pension liability	1,900,499	1,826,123	1,315,278	798,562	-	5,840,462
Total OPEB liability	385,236	370,159	266,610	161,870	-	1,183,875
Compensated absences	322,523	299,089	234,851	135,364	-	991,827
Financed purchase	-	1,572,779	-	159,487	-	1,732,266
Leases payable	146,520	21,825	138,127	55,443	38	361,953
Bonds payable	2,546	-	25,802,743	6,899	-	25,812,188
<b>Total noncurrent liabilities:</b>	<b>2,757,324</b>	<b>4,089,975</b>	<b>27,757,609</b>	<b>1,317,625</b>	<b>38</b>	<b>35,922,571</b>
<b>Total Liabilities</b>	<b>5,677,655</b>	<b>6,100,689</b>	<b>30,013,547</b>	<b>5,107,458</b>	<b>358,952</b>	<b>47,258,301</b>
<b>Deferred Inflows of Resources</b>						
Pension related	127,578	122,585	88,292	53,606	-	392,061
OPEB related	192,001	184,486	132,876	80,676	-	590,039
<b>Total Deferred Inflows of Resources</b>	<b>319,579</b>	<b>307,071</b>	<b>221,168</b>	<b>134,282</b>	<b>-</b>	<b>982,100</b>
<b>Net Position</b>						
Net investment in capital assets	10,840,323	42,109,835	20,862,666	15,768,534	1,581,704	91,163,062
Restricted:						
Capital improvements	3,621,271	2,741,224	10,285,620	-	-	16,648,115
Unrestricted	25,948,249	20,770,413	7,768,815	(176,328)	10,755,975	65,067,124
<b>Total Net Position</b>	<b>\$ 40,409,843</b>	<b>\$ 65,621,472</b>	<b>\$ 38,917,101</b>	<b>\$ 15,592,206</b>	<b>\$ 12,337,679</b>	<b>172,878,301</b>



**CITY OF BOERNE, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended September 30, 2025**

	Business-type Activities					Total Enterprise Funds
	Electric	Water	Wastewater	Gas	Nonmajor Enterprise Funds	
<b>Operating Revenues</b>						
Charges for services:						
Charges for sales and services	\$ 20,912,882	\$ 8,001,655	\$ 7,076,479	\$ 4,386,161	\$ 2,385,315	\$ 42,762,492
Connection fees	-	-	17,363	688,875	-	706,238
Primary extensions	103,348	163,324	-	-	-	266,672
Penalties	149,497	85,564	59,345	78,251	11,696	384,353
Other charges	278,935	2,530,580	2,713,806	32,046	-	5,555,367
Other operating revenues	-	-	-	-	1,400,000	1,400,000
<b>Total Operating Revenues</b>	<b>21,444,662</b>	<b>10,781,123</b>	<b>9,866,993</b>	<b>5,185,333</b>	<b>3,797,011</b>	<b>51,075,122</b>
<b>Operating Expenses</b>						
Personnel services	3,731,098	3,966,945	2,737,560	1,409,271	-	11,844,874
Cost of fuel and water reservation	8,217,723	2,771,803	153,490	1,133,638	1,570,662	13,847,316
City franchise tax	1,795,263	403,439	354,699	219,916	-	2,773,317
Administration	2,264,674	1,923,408	2,499,336	933,539	82,823	7,703,780
Depreciation and amortization	918,747	2,344,838	4,162,594	1,009,699	151	8,436,029
<b>Total Operating Expenses</b>	<b>16,927,505</b>	<b>11,410,433</b>	<b>9,907,679</b>	<b>4,706,063</b>	<b>1,653,636</b>	<b>44,605,316</b>
<b>Operating Income (Loss)</b>	<b>4,517,157</b>	<b>(629,310)</b>	<b>(40,686)</b>	<b>479,270</b>	<b>2,143,375</b>	<b>6,469,806</b>
<b>Nonoperating Revenues (Expenses)</b>						
Investment earnings	1,020,732	1,136,914	877,636	125,409	269,542	3,430,233
Intergovernmental	-	-	-	-	5,000	5,000
Gain (loss) on disposal of property	23,588	(667,499)	-	(46,733)	-	(690,644)
Interest expense	(20,504)	(95,585)	(909,351)	(131,077)	(2)	(1,156,519)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,023,816</b>	<b>373,830</b>	<b>(31,715)</b>	<b>(52,401)</b>	<b>274,540</b>	<b>1,588,070</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>5,540,973</b>	<b>(255,480)</b>	<b>(72,401)</b>	<b>426,869</b>	<b>2,417,915</b>	<b>8,057,876</b>
Capital contributions	-	4,123,278	4,508,134	1,565,286	-	10,196,698
Transfers in	306,046	-	-	-	-	306,046
Transfers out	(1,139,715)	-	-	(306,046)	-	(1,445,761)
<b>Change in Net Position</b>	<b>4,707,304</b>	<b>3,867,798</b>	<b>4,435,733</b>	<b>1,686,109</b>	<b>2,417,915</b>	<b>17,114,859</b>
<b>Net Position - Beginning, as Previously Presented</b>	<b>35,912,301</b>	<b>61,888,855</b>	<b>34,575,007</b>	<b>13,978,773</b>	<b>9,919,764</b>	<b>156,274,700</b>
Restatement	(209,762)	(135,181)	(93,639)	(72,676)	-	(511,258)
<b>Net Position - Beginning, as Restated</b>	<b>35,702,539</b>	<b>61,753,674</b>	<b>34,481,368</b>	<b>13,906,097</b>	<b>9,919,764</b>	<b>155,763,442</b>
<b>Net Position - Ending</b>	<b>\$ 40,409,843</b>	<b>\$ 65,621,472</b>	<b>\$ 38,917,101</b>	<b>\$ 15,592,206</b>	<b>\$ 12,337,679</b>	<b>\$ 172,878,301</b>

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2025

	Business-type Activities					
	Electric	Water	Wastewater	Gas	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>						
Receipts from customers and users	\$ 22,029,450	\$ 10,716,416	\$ 9,816,662	\$ 5,262,634	\$ 2,333,833	\$ 50,158,995
Other receipts	-	-	-	-	1,400,000	1,400,000
Payments to employees for salaries and benefits	(3,432,559)	(3,291,301)	(2,392,839)	(1,448,655)	-	(10,565,354)
Payments to suppliers and service providers	(12,662,273)	(4,827,641)	(2,837,514)	(2,119,623)	(1,457,392)	(23,904,443)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>5,934,618</u>	<u>2,597,474</u>	<u>4,586,309</u>	<u>1,694,356</u>	<u>2,276,441</u>	<u>17,089,198</u>
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers from other funds	306,046	-	-	-	-	306,046
Transfers to other funds	(1,139,715)	-	-	(306,046)	-	(1,445,761)
Operating grants	-	-	-	-	5,000	5,000
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(833,669)</u>	<u>-</u>	<u>-</u>	<u>(306,046)</u>	<u>5,000</u>	<u>(1,134,715)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Acquisition and construction of capital assets	(797,974)	(359,047)	(2,216,802)	(2,250,275)	(225,388)	(5,849,486)
Principal paid on bonds	(101,900)	-	(1,356,600)	(276,500)	-	(1,735,000)
Principal payments on financed purchases	-	(2,369,634)	-	(303,808)	-	(2,673,442)
Principal payments on leases	(94,088)	(23,043)	(73,872)	(30,191)	(152)	(221,346)
Interest paid on capital related debt	(22,398)	(63,085)	(1,069,447)	(133,067)	(2)	(1,287,999)
<b>Net cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(1,016,360)</u>	<u>(2,814,809)</u>	<u>(4,716,721)</u>	<u>(2,993,841)</u>	<u>(225,542)</u>	<u>(11,767,273)</u>
<b>Cash Flows from Investing Activities</b>						
Maturity (purchase) of investments	(5,689,648)	(314,218)	(292,879)	-	-	(6,296,745)
Interest on investments	1,020,732	1,136,914	877,636	125,409	269,542	3,430,233
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(4,668,916)</u>	<u>822,696</u>	<u>584,757</u>	<u>125,409</u>	<u>269,542</u>	<u>(2,866,512)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalent</b>	<u>(584,327)</u>	<u>605,361</u>	<u>454,345</u>	<u>(1,480,122)</u>	<u>2,325,441</u>	<u>1,320,698</u>
<b>Beginning Cash and Cash Equivalents</b>	<u>17,912,014</u>	<u>22,801,635</u>	<u>16,464,757</u>	<u>5,002,731</u>	<u>8,444,382</u>	<u>70,625,519</u>
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 17,327,687</u>	<u>\$ 23,406,996</u>	<u>\$ 16,919,102</u>	<u>\$ 3,522,609</u>	<u>\$ 10,769,823</u>	<u>\$ 71,946,217</u>
<b>Reconciliation to the Statement of Net Position - Proprietary Funds</b>						
Unrestricted cash and cash equivalents	\$ 15,905,295	\$ 6,538,979	\$ 14,322,894	\$ 3,257,993	\$ 10,769,823	\$ 50,794,984
Restricted cash and cash equivalents	1,422,392	16,868,017	2,596,208	264,616	-	21,151,233
	<u>\$ 17,327,687</u>	<u>\$ 23,406,996</u>	<u>\$ 16,919,102</u>	<u>\$ 3,522,609</u>	<u>\$ 10,769,823</u>	<u>\$ 71,946,217</u>

**CITY OF BOERNE, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2025**

	Business-type Activities					
	Electric	Water	Wastewater	Gas	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating income (loss)	\$ 4,517,157	\$ (629,310)	\$ (40,686)	\$ 479,270	\$ 2,143,375	\$ 6,469,806
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization expense	918,747	2,344,838	4,162,594	1,009,699	151	8,436,029
(Increase) decrease in assets:						
Accounts receivable, net	1,195,758	(118,423)	(50,331)	61,277	(63,178)	1,025,103
Due from other funds	(84,520)	-	-	-	-	(84,520)
Prepays	(2,023)	(14,294)	595	2,281	-	(13,441)
Inventories	(377,903)	(89,945)	2,361	(29,694)	-	(495,181)
Increase (decrease) in liabilities:						
Accounts payable	25,351	375,248	167,055	115,420	185,727	868,801
Accrued liabilities	54,482	-	-	6,963	10,366	71,811
Customer deposits	(610,970)	53,716	-	16,024	-	(541,230)
Due to other funds	-	-	-	72,500	-	72,500
Compensated absences	104,943	158,590	118,796	49,820	-	432,149
Net pension liability and related amounts	99,353	332,435	134,577	(80,341)	-	486,024
Total OPEB liability and related amounts	94,243	184,619	91,348	(8,863)	-	361,347
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 5,934,618</u>	<u>\$ 2,597,474</u>	<u>\$ 4,586,309</u>	<u>\$ 1,694,356</u>	<u>\$ 2,276,441</u>	<u>\$ 17,089,198</u>
<b>Non-cash Capital and Related Financing Activities</b>						
Gain (loss) on disposition of capital assets	\$ 23,588	\$ (667,499)	\$ -	\$ (46,733)	\$ -	\$ (690,644)
Contributed capital assets	-	4,123,278	4,508,134	1,565,286	-	10,196,698
Issuance of debt - financed purchases	-	1,925,711	-	189,511	-	2,115,222
Issuance of debt - leases	158,362	-	183,177	-	-	341,539



**CITY OF BOERNE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Note 1 – Summary of Significant Accounting Policies**

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

**A. Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units, if applicable, for which the primary government is financially accountable.

**B. Reporting Entity**

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

The accompanying financial statements present the government and its component units, entities for which the government is financially accountable, as defined in GAAP. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, the City's blended component unit is appropriately presented as a fund of the primary government. The City has no discretely presented component units.

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

**C. Basis of Presentation - Government-wide Financial Statements**

The government-wide financial statements, consisting of the statement of net position and the statement of activities, report information on all the nonfiduciary activities of the City and its component unit. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are payments-in-lieu-of taxes, payments for use of rights-of-way, and other charges between the City's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Note 1 – Summary of Significant Accounting Policies (continued)

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the City's funds, including its blended component unit. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- The *General Fund* is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.
- The *Debt Service Fund* is used to account for all financial resources that are restricted, committed, or assigned for the payment of principal and interest of long-term obligations of government funds.
- The *Capital Projects Fund* is used to account for the acquisition and construction of major governmental capital facilities, sidewalks, road improvements, and other infrastructure projects.

The City reports the following major enterprise funds:

- The *Electric Fund* accounts for the activities necessary to provide electric services to the residents of the City within the City's service territory. These activities include administration, billing and collections, distribution system operations and maintenance, transmission system operations and maintenance, new construction, and financing and related debt services.
- The *Water Fund* accounts for the activities necessary to provide water services to the residents of the City within the City's service territory. These activities include administrative services, billing and collections, water production and distribution system operation and maintenance, new construction, and financing and related debt services.
- The *Wastewater Fund* accounts for the activities necessary to provide wastewater services to the residents of the City within the City's service territory. These activities include administrative services, billing and collections, wastewater production and distribution system operation and maintenance, new construction, and financing and related debt services.
- The *Gas Fund* accounts for the activities necessary to provide gas services to the residents of the City within the City's service territory. These activities include administrative services, billing and collections, distribution system operation and maintenance, new construction, and financing and related debt services.

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Note 1 – Summary of Significant Accounting Policies (continued)

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### E. Measurement Focus and Basis of Accounting

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 recognition in the financial statements of various kinds of transactions or events. The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and 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, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, hotel occupancy taxes, license fees, charges for services, amounts due from other governments, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

## **CITY OF BOERNE, TEXAS**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **Note 1 – Summary of Significant Accounting Policies (continued)**

##### **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

###### **1. Cash, Cash Equivalents, and Investments**

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

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

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

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

###### **2. Restricted Assets**

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

Certain resources in the governmental funds are classified as restricted. The cemetery has an endowment fund that is restricted in use for care of the cemetery. The hotel/motel fund is restricted to the promotion of tourism within the City. The public facility corporation fund is restricted for the financing, refinancing, or provision of public facilities within the City.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**3. Inventories and Prepaid Items**

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

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

**4. Receivables**

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. An allowance for doubtful accounts has been established to estimate losses that are likely to exist. Losses are charged against the allowance when management believes the collectability of a receivable is in question. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

**5. Capital Assets**

Capital assets, which include land, buildings and improvements, machinery, vehicles, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable activity columns in the government-wide statement of net position and the proprietary funds statement of net position. Capital assets are defined by the government as land, buildings and improvements, machinery, vehicles, or equipment assets with an initial, individual cost of more than \$5,000 and a useful life of at least three years. Capital assets are recorded where historical records are available and at an estimated original cost where no historical records exist. Donated capital assets, donated works of art, and similar items are recorded at their acquisition value at the date of contribution. Infrastructure that was acquired prior to the implementation of GASB Statement No. 34 is included and reported in the government-wide financial statements in this report. The City used back-trending (estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year) for the purpose of estimating historical cost for the initial reporting of these assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital outlays are recorded as expenditures in the governmental funds and as capital assets in the government-wide financial statements to the extent the City’s capitalization thresholds are met. Major outlays for capital assets and improvements are capitalized as construction in progress projects are constructed.

Land and construction in progress are not depreciated. The other tangible and intangible capital assets used in operations are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Lives (Years)</u>
Infrastructure	20 - 40
Buildings and plant	20 - 30
Improvements other than buildings	20 - 25
Machinery and equipment	3 - 10

Right-to-use lease equipment and subscription assets are amortized over the life of the associated contract.

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Note 1 – Summary of Significant Accounting Policies (continued)

##### 6. Restricted Assets

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

Certain resources in the governmental funds are classified as restricted. The cemetery has an endowment fund that is restricted in use for care of the cemetery. The hotel/motel fund is restricted to the promotion of tourism within the City. The public facility corporation fund is restricted for the financing, refinancing, or provision of public facilities within the City.

##### 7. Deferred Outflows/Inflows of Resources

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

##### 8. Unearned Revenue

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

##### 9. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Note 1 – Summary of Significant Accounting Policies (continued)

Sometimes the City will fund outlays for a particular purpose from both restricted (*e.g.*, restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### 10. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- *Nonspendable* – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* – Amounts that can be spent only for specific purposes because of the City Charter, City Code, State or federal laws, or externally imposed conditions by grantors or creditors.
- *Committed* – Amounts that can be used only for specific purposes determined by ordinances passed by City Council, the City's highest level of decision-making authority. Commitments may be modified or rescinded only through ordinances approved by City Council.
- *Assigned* – Amounts that are intended to be used for a specific purpose, but do not meet the definition of restricted or committed fund balance. The City's fiscal and budget policy authorizes the City Manager as the City official responsible for the assignment of fund balance to a specific purpose. The City's fund balance reserve policy requires maintaining a minimum of six (6) months of operating expenditures within the fund balance of the general fund and a minimum of three (3) months of operating expenditures in reserve for each of the City's special revenue funds. For the utility funds, the City's policy requires a minimum of six (6) months of operating expenditures to be held in reserve. This policy allows the City to better weather economic downturns and strategically handle contingencies and unforeseen emergencies.
- *Unassigned* – Amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### 11. Long-term Debt

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

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

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Note 1 – Summary of Significant Accounting Policies (continued)

#### 12. Leases and Subscription-Based Information Technology Arrangements (SBITAs)

**Lease and Subscription Liabilities.** The City is a lessee for a noncancellable right to use lease assets and subscription-based software. The City recognizes a lease and subscription liabilities and intangible right-to-use lease and subscription assets in the government-wide financial statements. The City recognizes liabilities for machinery and equipment leases and subscriptions with an initial, individual value of \$5,000 or more. The City recognizes liabilities for property, plant, and infrastructure leases with an initial, individual value of \$25,000 or more.

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

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected payments to present value, (2) lease/ subscription term, and (3) lease/ subscription payments.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate.
- The term includes the noncancellable period of the lease or subscription term. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its leases/subscriptions and will remeasure the assets and liabilities if certain changes occur that are expected to significantly affect the amount of the liabilities.

Lease/SBITA assets are reported with other capital assets and lease/subscription liabilities are reported with long-term debt on the statement of net position.

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

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

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Note 1 – Summary of Significant Accounting Policies (continued)

##### 13. Compensated Absences

A liability is recognized for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is recognized as incurred in the government-wide and proprietary fund financial statements. In governmental funds, a liability is recorded only when the obligation has matured due to employee resignations or retirements. Salary-related benefits are included in the liability, where applicable.

The City estimates the amount of leave expected to be used or paid based on historical usage patterns, payout experience, eligibility rules, and employee group trends. Based on these criteria, the City recognizes liabilities for vacation leave, compensatory time, and the portion of sick leave determined to be more likely than not to be used or paid.

**Sick Leave.** Sick leave not used during the year accrues and is available for use in succeeding years, up to a maximum of 960 hours for regular full-time employees and shift firefighters. Accruals cease once the maximum is reached. Sick leave is not paid upon termination of employment; however, it is paid upon retirement for employees who meet Texas Municipal Retirement System eligibility requirements and who have at least ten years of service with the City. The amount paid at retirement ranges from 160 to 480 hours, depending on years of service. Sick leave is attributable to services already rendered and accumulates because it carries over at year-end. The City recognizes as a liability only the portion of accumulated sick leave expected to be used as paid leave or paid upon retirement.

**Vacation Leave.** Vacation leave is available to all regular full-time and regular part-time employees who work at least 20 hours per week. Vacation is accrued each pay period but cannot be used during the first three months of employment. Vacation balances carry over at year-end; however, on an employee's anniversary date, any hours in excess of the 240-hour maximum are reduced to the maximum without compensation. Vacation leave is paid upon termination of employment. Because accrual rates vary by employee and leave may be used across multiple fiscal years, the City estimates the portion of vacation leave that is more likely than not to be used as paid leave during the upcoming fiscal year and recognizes that amount as a liability.

**Compensatory Time.** Compensatory time ("comp time") is earned when employees work overtime or on holidays or weekends and carries over at year-end. State law prohibits forfeiture of unused comp time and requires payout upon termination of employment. Comp time is attributable to services already rendered and accumulates because it carries over. Because there is no limit on accumulation and all unused comp time must be paid upon separation, the entire balance is considered more likely than not to be paid and is recognized as a liability for compensated absences.

**Other Leave.** Parental leave, military leave, and jury duty leave do not meet the compensated absences recognition criteria because they do not accumulate. These leave types are recognized as a liability when the leave begins, and the full amount expected to be taken is recorded at that time.

##### 14. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City-specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City'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. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71*.

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Note 1 – Summary of Significant Accounting Policies (continued)

##### 15. Other Postemployment Benefits (OPEB) – Retiree Health Care

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's insurance plan. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees. Information regarding the City's total liability for this plan is obtained through a report prepared by HUB International, the City's third-party actuary, in compliance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

##### 16. Other Postemployment Benefits (OPEB) – TMRS Supplemental Death Benefits

Additionally, the City participates in a defined-benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 75.

#### G. Revenues and Expenditures/Expenses

##### 1. Program Revenues

Amounts reported as *program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

##### 2. Property Taxes

In accordance with Texas law, property taxes are levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Taxes are payable upon receipt of the tax bill and are due the following February 1 to avoid penalty and interest charges. The tax rate to finance general governmental services, including debt service, was 47.16 cents per \$100 of assessed valuation for the year ended September 30, 2025.

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

##### 3. Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 enterprise funds are charges to customers for sales and services. The enterprise funds also recognizes as operating revenue penalties and fees associated with the charges for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Note 1 – Summary of Significant Accounting Policies (continued)

##### 4. Capital Contributions

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.

##### H. New Accounting Standards

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025 and the impact is reflected in the financial statements. See Note 12 for more information.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025 and did not impact the financial statements.

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The requirements of this statement will be implemented in fiscal year 2026.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The requirements of this statement will be implemented in fiscal year 2026.

GASB issued Statement No. 105, *Subsequent Events*, in December 2025. The primary objective of this Statement is to improve financial reporting requirements for subsequent events by clarifying definitions, the evaluation period, and related disclosure requirements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The requirements of this statement will be implemented in fiscal year 2027.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 2 – Cash, Cash Equivalents, and Investments**

State statutes require that all deposits in financial institutions be fully collateralized by U.S. government obligations or obligations of Texas and its agencies that have a fair value of not less than the principal amount of the deposits. The City’s deposits were insured up to \$250,000 or collateralized as required by State statutes at September 30, 2025. At year-end, the carrying amount of the City’s demand deposits was a balance of \$4,768,102 and the bank balance was \$4,631,512. The collateral is held in the City’s name by the City’s agent. Cash and investments, as of September 30, 2025, consist of the following:

	<u>Amount</u>	<u>Percent of Portfolio</u>	<u>WAM</u>
<b>Cash and Cash Equivalents:</b>			
Cash on hand	\$ 5,830	0.0%	1
Cash in bank	3,970,197	2.4%	1
Investment Pools:			
TexPool	82,231,098	50.1%	44
Texas Range	11,212,851	6.8%	1
Texas Class	37,001,887	22.6%	43
TexSTAR	25,628	0.0%	49
Total Investment Pools	<u>130,471,464</u>	<u>79.5%</u>	
<b>Total Cash and Cash Equivalents</b>	<u>134,447,491</u>	<u>82.0%</u>	
<b>Investments:</b>			
Federal agency securities	3,001,256	1.8%	272
U.S. treasury securities	<u>26,593,213</u>	<u>16.2%</u>	394
<b>Total Investments</b>	<u>29,594,469</u>	<u>18.0%</u>	
<b>Total Cash and Investments</b>	<u>\$ 164,041,960</u>	100.0%	101

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

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Note 2 – Cash, Cash Equivalents, and Investments (continued)

**Local Government Investment Pools.** The description of each local government investment pool in which the City holds funds is listed below.

- **TexPool.** 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.
- **TexSTAR.** The City utilizes the Texas Short Term Asset Reserve Program (TexSTAR). JP Morgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators under an agreement with the TexSTAR board of directors to provide investment and participant services for this pool. JP Morgan Chase Bank or its subsidiary, JP Morgan Investor Services Co. provides the custodial, transfer, agency, fund accounting, and depository services for this pool.
- **Texas Range.** The City invests in Texas Daily, a portfolio of the Texas Range Local Government Investment Pool (“Pool”) which was created by Texas local governments to provide investment programs tailored to the needs of Texas cities, counties, school districts and other public investors. The Pool is directed by an advisory board of experienced local government finance directors and treasurers. The advisory board contracts for services with professional service providers who are industry leaders in their field.
- **Texas CLASS.** The City is invested in Texas Cooperative Liquid Assets Securities System (Texas CLASS) trust. Texas CLASS was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code, or other laws of the State of Texas governing the investment of funds of a participant or funds under its control. Texas CLASS is administered by Public Trust Advisors, LLC with Wells Fargo Bank Texas, NA as the custodian and is supervised by a Board of Trustees who are elected by the participants.

**Interest Rate Risk.** Interest rate risk is the risk that changes in market interest will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. One of the ways that the City manages its exposure to interest rate risk is by limiting the weighted average maturity of its invested operating funds and debt service funds to less than 12 months. Similarly, bond proceeds are limited to less than 24 months of weighted average maturity. In addition, investments of debt reserves, contingency reserves and other reserves may exceed 24 months of weighted average maturity but are limited to 60 months with approval of the City Manager or Assistant City Manager. When including cash investments, the weighted average maturity for the City was 101 days as of September 30, 2025.

**Credit Risk.** Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. In compliance with the City’s investment policy and the Texas Public Investment Act, the City manages credit risk through portfolio diversification by limiting investments to avoid over concentration in securities from a specific issuer; limiting investments in securities with high credit risk; and investing in securities with varying maturities. Deposits with the investment pools are recorded at amortized cost or fair value per share of the pool’s underlying investments, as applicable. The investment pools have as one of their objectives the maintenance of a stable net asset value of \$1.00. The City’s investment policy requires that the net asset value of the pools also be \$1.00 and be rated no lower than “AAA” or “AAA-m” or no lower than investment grade with a weighted average maturity no greater than 90 days. As of September 30, 2025, the ratings of the various investment pools were all AAA-m.

**Concentration of Credit Risk.** The City is required to disclose investments in any one issuer that represent 5% or more of total investments. However, investment issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. The City’s investment policy does not specifically address the concentration of credit risk, as this is accomplished through diversity of its holdings. At September 30, 2025, the City had no investments that exceeded 5% of total investments.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 2 – Cash, Cash Equivalents, and Investments (continued)**

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

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

**Fair Value of Investments.** The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets
- Level 2: Observable inputs other than those in Level 1
- Level 3: Unobservable inputs

U.S. treasury securities classified as Level 1 are valued using prices quoted in active markets for those securities. Federal agency securities classified in Level 2 are valued using price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors for similar securities in active markets.

At September 30, 2025, the City had the following recurring fair value measurements:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Federal agency securities	\$ 3,001,256	\$ -	\$ 3,001,256	\$ -
U.S. treasury securities	26,593,213	26,593,213	-	-
	<u>\$ 29,594,469</u>	<u>\$ 26,593,213</u>	<u>\$ 3,001,256</u>	<u>\$ -</u>

Investment pools are measured at amortized costs or net asset value (NAV) and are exempt from fair value reporting.

- **Amortized Cost.** TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonable foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. The investment pool’s authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool’s liquidity.
- **Net Asset Value.** TexSTAR, Texas Range, and Texas CLASS investment pools are external investment pools measured at NAV. Their strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the pools. The pools all have a redemption notice period of one day and may redeem daily. Each investment pool’s authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool’s liquidity. The fair value of the investments in each pool have been determined using the NAV per share of investments.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 2 – Cash, Cash Equivalents, and Investments (continued)**

**Restricted Assets**

The amount of cash and cash equivalents in the governmental activities is restricted for the following purposes:

	<b>Governmental Activities</b>				<b>Total</b>
	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	
Unspent bond proceeds	\$ -	\$ -	\$ 19,455,508	\$ -	\$ 19,455,508
Debt service	-	1,862,253	-	-	1,862,253
Seized Funds	125,393	-	-	-	125,393
Endowment Funds	-	-	-	69,082	69,082
Restricted Cash and Cash Equivalents	<u>\$ 125,393</u>	<u>\$ 1,862,253</u>	<u>\$ 19,455,508</u>	<u>\$ 69,082</u>	<u>\$ 21,512,236</u>

The amount of cash and cash equivalents in the business-type activities is restricted for the following purposes:

	<b>Business-type Activities</b>				<b>Total</b>
	<b>Electric</b>	<b>Water</b>	<b>Wastewater</b>	<b>Gas</b>	
Customer deposits	\$ 1,422,392	\$ 593,565	\$ -	\$ 263,249	\$ 2,279,206
Capital improvements (impact fees)	-	16,274,452	2,596,208	-	18,870,660
Debt service	-	-	-	1,367	1,367
Restricted Cash and Cash Equivalents	<u>\$ 1,422,392</u>	<u>\$ 16,868,017</u>	<u>\$ 2,596,208</u>	<u>\$ 264,616</u>	<u>\$ 21,151,233</u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 3 – Receivables**

Receivable amounts are aggregated into a single accounts receivable (net of allowance for doubtful accounts) line for certain funds and aggregated columns. Below is the detail of receivables for each major governmental fund and the nonmajor governmental funds in the aggregate, including the applicable allowances for doubtful accounts:

	<b>Governmental Activities</b>			
	<b>Non-Major</b>			<b>Total</b>
	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Governmental Funds</b>	
Receivables				
Property taxes	\$ 97,830	\$ 53,665	\$ 72,903	\$ 224,398
Franchise taxes	80,247	-	-	80,247
Access line fees	4,944	-	-	4,944
Sales taxes	2,023,341	-	-	2,023,341
Accrued interest	112,919	-	10,036	122,955
Leases	-	-	3,279	3,279
Miscellaneous	1,006,175	136	126,403	1,132,714
<b>Total Receivables</b>	<b>\$ 3,325,456</b>	<b>\$ 53,801</b>	<b>\$ 212,621</b>	<b>\$ 3,591,878</b>

Receivables at September 30, 2025, for the City’s major and nonmajor enterprise funds, including unbilled charges for services rendered through year end, are as follows:

	<b>Business-type Activities</b>				<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>
	<b>Electric</b>	<b>Water</b>	<b>Wastewater</b>	<b>Gas</b>		
Receivables						
Customer accounts	\$ 2,844,444	\$ 1,282,724	\$ 979,029	\$ 495,378	\$ 346,061	5,947,636
Accrued interest	61,064	3,919	9,239	-	-	74,222
Miscellaneous	98,175	4,505	-	-	-	102,680
Allowance for uncollectibles	(36,568)	(26,238)	(8,871)	(25,177)	(1,148)	(98,002)
<b>Net Receivables</b>	<b>\$ 2,967,115</b>	<b>\$ 1,264,910</b>	<b>\$ 979,397</b>	<b>\$ 470,201</b>	<b>\$ 344,913</b>	<b>\$ 6,026,536</b>

**CITY OF BOERNE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 3 – Receivables (continued)**

**Lease Receivable**

As of September 30, 2025, the City had 1 active lease. The lease has receipts that are \$3,000 and an interest rate of 0.6320%. As of September 30, 2025, the total value of the lease receivable is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Nonmajor governmental funds:				
Lease receivable	\$ 6,240	\$ -	\$ (2,961)	\$ 3,279
Deferred inflows of resources	(5,694)	-	3,130	(2,564)
<b>Total</b>	<b>\$ (5,694)</b>	<b>\$ -</b>	<b>\$ 3,130</b>	<b>\$ (2,564)</b>

Future payments due to the City are as follows:

<b>Fiscal Year</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 3,279	\$ 21	\$ 3,300
	<u>\$ 3,279</u>	<u>\$ 21</u>	<u>\$ 3,300</u>

**Note 4 – Interfund Transactions**

A summary of interfund transfers for the year ended September 30, 2025, is as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 127,645	\$ (7,673,287)
Debt Service Fund	1,222,529	-
Capital Projects Fund	9,911,251	-
Non-major Governmental Funds	432,894	(2,881,317)
Electric utility	306,046	(1,139,715)
Gas utility	-	(306,046)
	<u>\$ 12,000,365</u>	<u>\$ (12,000,365)</u>

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

A summary of interfund balances as of September 30, 2025, is as follows:

	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
General Fund	\$ -	\$ 12,020
Electric utility	3,098,925	-
Gas utility	-	3,086,905
	<u>\$ 3,098,925</u>	<u>\$ 3,098,925</u>

**CITY OF BOERNE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5 – Capital Assets**

A summary of changes in the City’s capital assets for the year ended September 30, 2025, is as follows:

**Governmental Activities**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Disposals</u>	<u>Transfers to Depreciable Assets</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>					
<b>Capital Assets, not being Depreciated:</b>					
Land	\$ 10,782,215	\$ 2,561,726	\$ -	\$ -	\$ 13,343,941
Construction in progress	3,729,556	4,476,453	(174,313)	(1,579,389)	6,452,307
<b>Total Capital Assets, not being Depreciated</b>	<b>14,511,771</b>	<b>7,038,179</b>	<b>(174,313)</b>	<b>(1,579,389)</b>	<b>19,796,248</b>
<b>Capital Assets, being Depreciated:</b>					
Infrastructure	68,987,030	5,884,750	-	1,379,215	76,250,995
Buildings and plant	45,594,599	337,527	(9,031)	200,174	46,123,269
Improvements other than buildings	14,516,407	31,500	-	-	14,547,907
Machinery and equipment	10,881,388	854,195	(584,556)	-	11,151,027
Intangible assets:					
Lease assets - equipment	3,504,675	1,399,075	(348,282)	-	4,555,468
Subscription assets	979,591	327,398	(443,879)	-	863,110
<b>Total Other Capital Assets, being Depreciated</b>	<b>144,463,690</b>	<b>8,834,445</b>	<b>(1,385,748)</b>	<b>1,579,389</b>	<b>153,491,776</b>
<b>Less Accumulated Depreciation for:</b>					
Infrastructure	(30,077,075)	(2,970,260)		-	(33,047,335)
Buildings and plant	(18,590,954)	(2,151,188)	9,031	-	(20,733,111)
Improvements other than buildings	(11,185,633)	(572,553)		-	(11,758,186)
Machinery and equipment	(8,452,219)	(752,561)	577,872	-	(8,626,908)
Intangible assets:					
Lease assets - equipment	(1,083,957)	(1,111,077)	317,630	-	(1,877,404)
Subscription assets	(480,795)	(319,962)	404,494	-	(396,263)
<b>Total Accumulated Depreciation</b>	<b>(69,870,633)</b>	<b>(7,877,601)</b>	<b>1,309,027</b>	<b>-</b>	<b>(76,439,207)</b>
Total Capital Assets being depreciated, net	74,593,057	956,844	(76,721)	1,579,389	77,052,569
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 89,104,828</b>	<b>\$ 7,995,023</b>	<b>\$ (251,034)</b>	<b>\$ -</b>	<b>\$ 96,848,817</b>

Depreciation and amortization was charged to the functions/programs of the governmental activities as follows:

<b>Governmental Activities</b>	<b>Depreciation/ Amortization Expense</b>
General government	\$ 476,413
Public safety	1,573,259
Highways and streets	3,722,518
Economic development	44,004
Culture and recreation	2,061,407
<b>Total Governmental Activities</b>	<b>\$ 7,877,601</b>

**CITY OF BOERNE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5 – Capital Assets (continued)**

**Business-type Activities**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Disposals</u>	<u>Transfers to Depreciable Assets</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>					
<b>Capital Assets, not being Depreciated:</b>					
Land	\$ 7,369,627	\$ -	\$ (589,102)	\$ -	\$ 6,780,525
Construction in progress	5,279,263	5,677,407	-	(4,431,340)	6,525,330
<b>Total Capital Assets, not being Depreciated</b>	<b>12,648,890</b>	<b>5,677,407</b>	<b>(589,102)</b>	<b>(4,431,340)</b>	<b>13,305,855</b>
<b>Capital Assets, being Depreciated:</b>					
Infrastructure	143,442,393	11,492,019	-	4,263,400	159,197,812
Buildings and plant	42,279,535	11,729	-	-	42,291,264
Machinery and equipment	5,555,943	877,916	(145,349)	167,940	6,456,450
Intangible assets:					
Lease assets - equipment	720,405	342,332	-	-	1,062,737
<b>Total Other Capital Assets, being Depreciated</b>	<b>191,998,276</b>	<b>12,723,996</b>	<b>(145,349)</b>	<b>4,431,340</b>	<b>209,008,263</b>
<b>Less Accumulated Depreciation for:</b>					
Infrastructure	(62,103,821)	(5,969,376)	-	-	(68,073,197)
Buildings and plant	(26,384,534)	(1,963,874)	-	-	(28,348,408)
Machinery and equipment	(4,652,834)	(272,237)	145,349	-	(4,779,722)
Intangible assets:					
Lease assets - equipment	(233,711)	(230,542)	-	-	(464,253)
<b>Total Accumulated Depreciation</b>	<b>(93,374,900)</b>	<b>(8,436,029)</b>	<b>145,349</b>	<b>-</b>	<b>(101,665,580)</b>
<b>Total Capital Assets being Depreciated, net</b>	<b>98,623,376</b>	<b>4,287,967</b>	<b>-</b>	<b>4,431,340</b>	<b>107,342,683</b>
<b>Totals</b>	<b>\$ 111,272,266</b>	<b>\$ 9,965,374</b>	<b>\$ (589,102)</b>	<b>\$ -</b>	<b>\$ 120,648,538</b>

Depreciation and amortization was charged to the functions/programs of the business-type activities as follows:

<b>Business-type activities:</b>	<b>Depreciation/ Amortization Expense</b>
Electric utility	\$ 918,747
Water utility	2,344,838
Wastewater utility	4,162,594
Gas utility	1,009,699
Solid waste utility	151
<b>Total Business-Type Activities</b>	<b>\$ 8,436,029</b>

**Construction Commitments**

The City has active construction projects as of September 30, 2025. The projects include widening of streets, construction of public safety facilities, additions of parks, and projects related to utility fund infrastructure. The remaining commitments for each project are expected to be funded with current bond funds, assigned fund balance, and future revenue sources.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 – Long-term Liabilities**

**Changes in Long-term Liabilities**

A summary of changes in the City’s long-term liabilities for the year ended September 30, 2025, is as follows:

	<b>Restated Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Amount Due Within One Year</b>
<b>Governmental Activities</b>					
Bonds Payable:					
General obligation bonds	\$ 42,750,000	\$ 3,995,000	\$ (2,975,000)	\$ 43,770,000	\$ 3,780,000
Private placement bonds	830,000	-	(270,000)	560,000	280,000
Premium	3,229,217	117,032	(264,395)	3,081,854	-
<b>Total Bonds Payable</b>	<b>46,809,217</b>	<b>4,112,032</b>	<b>(3,509,395)</b>	<b>47,411,854</b>	<b>4,060,000</b>
Other Long-Term Liabilities:					
Financed purchases	437,844	509,009	(310,238)	636,615	247,850
Leases	2,260,352	1,383,282	(1,094,663)	2,548,971	997,265
SBITAs	386,306	324,868	(267,576)	443,598	190,901
Compensated absences *	2,868,385	428,510	-	3,296,895	918,782
Net pension liability *	16,555,054	-	(2,822,923)	13,732,131	-
Total OPEB liability - TMRS SDBF *	541,209	-	(38,580)	502,629	81,434
Total OPEB liability - Retiree Health *	2,938,261	-	(119,179)	2,819,082	456,736
<b>Total Governmental Activities</b>					
<b>Long-Term Liabilities</b>	<b>\$ 72,796,628</b>	<b>\$ 6,757,701</b>	<b>\$ (8,162,554)</b>	<b>\$ 71,391,775</b>	<b>\$ 6,952,968</b>
<b>Business-type Activities</b>					
Bonds Payable:					
General obligation bonds	\$ 27,230,000	\$ -	\$ (1,735,000)	\$ 25,495,000	\$ 1,805,000
Premium	2,357,627	-	(235,439)	2,122,188	-
<b>Total Bonds Payable</b>	<b>29,587,627</b>	<b>-</b>	<b>(1,970,439)</b>	<b>27,617,188</b>	<b>1,805,000</b>
Other Long-Term Liabilities:					
Financed purchases	2,673,441	2,115,222	(2,673,442)	2,115,221	382,955
Leases	476,796	342,332	(222,139)	596,989	235,036
Compensated absences *	942,869	432,149	-	1,375,018	383,191
Net pension liability *	5,302,689	537,773	-	5,840,462	-
Total OPEB liability - TMRS SDBF *	173,353	40,421	-	213,774	34,635
Total OPEB liability - Retiree Health *	941,143	257,851	-	1,198,994	194,258
<b>Total Business-type Activities</b>					
<b>Long-Term Liabilities</b>	<b>\$ 40,097,918</b>	<b>\$ 3,725,748</b>	<b>\$ (4,866,020)</b>	<b>\$ 38,957,646</b>	<b>\$ 3,035,075</b>

\* Net changes for the year.

The City intends to retire all of its general long-term liabilities, plus interest, from the collection of ad valorem taxes. Long-term liabilities including financed purchases, lease liabilities, subscription (SBITA) liabilities, compensated absences, net pension liabilities, and other post-employment benefit liabilities attributable to governmental activities will be liquidated primarily by the general fund. Proprietary fund type long-term debt issued for electric, wastewater, and gas projects will be repaid, plus interest, from the operating revenues of their respective funds. Additions to SBITAs includes \$122,309 in contract modifications that did not result in the recognition of issuance of debt in the governmental fund statements as the City did not receive the right to use any new assets.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 – Long-term Liabilities (continued)**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These types of bonds have been issued by the City for both governmental activities as well as business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenue. General obligation bonds are direct obligations, for which the City has pledged the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year. The City is required by bond covenants to create from ad valorem tax revenues a sinking fund sufficient to pay the current interest and principal installments as they become due. In addition to the sinking fund, there are a number of limitations and restrictions contained in the various general obligation bonds and certificate indentures. The City is in compliance with the significant limitations and restrictions as of September 30, 2025

The debt service requirements for the City’s bonds are as follows:

Fiscal Year	Governmental Activities					
	General Obligation Bonds		Private Placement Bonds		Total Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 3,780,000	\$ 1,590,300	\$ 280,000	\$ 9,972	\$ 4,060,000	\$ 1,600,272
2027	2,105,000	1,475,600	280,000	3,357	2,385,000	1,478,957
2028	2,585,000	1,384,125	-	-	2,585,000	1,384,125
2029	2,710,000	1,280,500	-	-	2,710,000	1,280,500
2030	2,860,000	1,168,275	-	-	2,860,000	1,168,275
2031 - 2035	12,345,000	4,149,025	-	-	12,345,000	4,149,025
2036 - 2040	12,495,000	2,060,850	-	-	12,495,000	2,060,850
2041 - 2045	4,890,000	247,000	-	-	4,890,000	247,000
	<u>\$ 43,770,000</u>	<u>\$ 13,355,675</u>	<u>\$ 560,000</u>	<u>\$ 13,329</u>	<u>\$ 44,330,000</u>	<u>\$ 13,369,004</u>

Fiscal Year	Business-type Activities	
	General Obligation Bonds	
	Principal	Interest
2026	\$ 1,805,000	\$ 1,058,175
2027	1,255,000	991,950
2028	1,310,000	931,675
2029	1,375,000	868,500
2030	1,445,000	800,775
2031 - 2035	8,295,000	2,854,150
2036 - 2040	10,010,000	1,012,763
	<u>\$ 25,495,000</u>	<u>\$ 8,517,988</u>

**Current Year Issuance.** In September 2025, the City issued \$3,995,000 of Series 2025 General Obligation Bonds. The bonds were issued with a premium of \$117,032 and were deposited into the City’s capital projects fund. The proceeds are to be used for acquiring, constructing, equipping, renovating, and landscaping park, recreation, and open space improvements and additions including public facilities located in and integral to such parks, acquiring necessary lands and rights-of-way.

**Current Year Defeasance.** In May 2025, the City defeased \$1,050,000 of Series 2016 General Obligation Refunding Bonds. The City paid \$1,058,317 to retire the bonds, which included \$1,057,817 paid to the refunding agent and \$3,000 in fees. The amount paid to retire the bonds was equal to the carrying value of the retired bonds. Therefore, no current period gain/loss was recognized. The transaction resulted in an economic gain with savings of approximately \$370,200.

**Authorized and Unissued Bonds.** As of September 30, 2025, the City has \$14,000,000 in unissued bonds, which were authorized in 2022 for the purpose of street construction and improvements.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 – Long-term Liabilities (continued)**

General obligation bonds outstanding as of September 30, 2025, are as follows:

	<u>Interest Rate (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Net Retirement</u>	<u>Outstanding</u>
Governmental Activities						
General Obligation Bonds:						
2016 General Obligation Refunding Bonds	3.00 - 5.00	06/02/16	03/01/33	\$ 8,510,000	\$ 3,895,000	\$ 4,615,000
2021 General Obligation Refunding Bonds	2.00 - 4.00	12/01/21	03/01/40	23,085,000	4,120,000	18,965,000
2023 General Obligation Bonds	4.00 - 5.00	09/05/23	03/01/42	17,805,000	1,610,000	16,195,000
2025 General Obligation Bonds	4.00 - 5.00	09/25/25	03/01/45	3,995,000	-	3,995,000
Total General Obligation Bonds				<u>53,395,000</u>	<u>9,625,000</u>	<u>43,770,000</u>
Private Placement Bonds:						
2019 General Obligation Refunding Bonds	2.11 - 2.40	04/23/19	03/01/27	2,720,000	2,160,000	560,000
Total Governmental Activities				<u>\$ 56,115,000</u>	<u>\$ 11,785,000</u>	<u>\$ 44,330,000</u>
Business-type Activities						
General Obligation Bonds:						
2016 General Obligation Refunding Bonds	3.00 - 5.00	06/02/16	03/01/32	11,435,000	8,090,000	\$ 3,345,000
2017 General Obligation Refunding Bonds	3.50 - 5.00	12/1/2017	3/1/2040	26,185,000	4,035,000	22,150,000
Total Business-type Activities				<u>37,620,000</u>	<u>12,125,000</u>	<u>25,495,000</u>
Total Bonds Payable				<u>\$ 93,735,000</u>	<u>\$ 23,910,000</u>	<u>\$ 69,825,000</u>

**Arbitrage Compliance.** Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate to the federal government excess arbitrage earnings from bond proceeds. As of September 30, 2025, the City did not have an arbitrage rebate liability.

**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, 2024 could not be determined; however, the original issue amount totaled \$17 million.

**Defeased Bonds Outstanding.** In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2025, the City had \$0 of previously refunded bonds outstanding or outstanding refunding escrows.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 – Long-term Liabilities (continued)**

**Financed Purchases**

The City has entered into multiple lease purchase agreements (direct borrowing) to purchase equipment for the police department, parks department, streets department, water department, and gas department. As these agreements transfer ownership of the underlying assets to the City at the end of the lease, they are reported as financed purchases. The commitments for each lease are expected to be funded by the City’s general fund, park fund, water fund, and gas fund. The historical purchase price of the assets under active financed purchase agreements is entirely classified as machinery and equipment and is approximately \$0.8 million for the governmental activities and \$2.1 million for the business-type activities.

The future principal and interest financed purchase payments as of September 30, 2025, were as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 247,850	\$ 33,679	\$ 281,529	\$ 382,955	\$ 105,338	\$ 488,293
2027	210,445	20,293	230,738	402,026	86,267	488,293
2028	178,320	9,249	187,569	422,047	66,246	488,293
2029	-	-	-	443,065	45,228	488,293
2030	-	-	-	465,128	23,163	488,291
	<u>\$ 636,615</u>	<u>\$ 63,221</u>	<u>\$ 699,836</u>	<u>\$ 2,115,221</u>	<u>\$ 326,242</u>	<u>\$ 2,441,463</u>

**Leases**

As of September 30, 2025, the City had 102 active leases. The leases have payments that range from \$3,621 to \$76,863 and interest rates that range from 0.0404% to 7.2838%. As of September 30, 2025, the total value of the lease liability is \$3,145,960 and the combined value of the right-to-use assets was \$5,618,205 with accumulated amortization of \$2,341,657. The leases had no variable payments or other payments included in the lease liability within the fiscal year. All amounts paid were previously included in the measurement of the lease liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any lease term and there were no impairment losses related to lease assets.

The future principal and interest lease payments as of September 30, 2025, were as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 997,265	\$ 70,331	\$ 1,067,596	\$ 235,036	\$ 16,337	\$ 251,373
2027	891,913	40,152	932,065	192,331	9,229	201,560
2028	532,076	14,465	546,541	133,276	3,513	136,789
2029	127,717	1,622	129,339	36,346	343	36,689
	<u>\$ 2,548,971</u>	<u>\$ 126,570</u>	<u>\$ 2,675,541</u>	<u>\$ 596,989</u>	<u>\$ 29,422</u>	<u>\$ 626,411</u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 – Long-term Liabilities (continued)**

**Subscription-Based Information Technology Arrangements (SBITAs)**

The City is under contract for noncancellable SBITAs that convey control of the right to use software. The SBITA liabilities outstanding as of September 30, 2025, are as follows:

As of September 30, 2025, the City had 19 active subscriptions. The subscriptions have payments that range from \$170 to \$45,000 and interest rates that range from 2.3120% to 3.3050%. As of September 30, 2025, the total combined value of the subscription liability is \$443,598 and the combined value of the right to use assets was \$863,110 with accumulated amortization of \$396,263. The subscriptions had no variable or other payments included in the subscription liability within the fiscal year. All amounts paid were previously included in the measurement of the subscription liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any SBITA term and there were no impairment losses related to SBITA assets.

The future principal and interest SBITA payments as of September 30, 2025, were as follows:

<b>Fiscal Year</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 190,901	\$ 11,413	\$ 202,314
2027	153,727	6,048	159,775
2028	54,985	2,390	57,375
2029	43,985	1,017	45,002
	<u>\$ 443,598</u>	<u>\$ 20,868</u>	<u>\$ 464,466</u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 7 – Fund Balance/Net Position**

**Governmental Fund Balance Classifications**

The City has classified ending fund balance based on the availability of funds for expenditure on programs and services. As of September 30, 2025, the following balances were restricted, committed, assigned, or unassigned in the governmental fund balances:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>					
Prepays	\$ 148,221	\$ -	\$ -	\$ 41,549	\$ 189,770
Endowment funds	-	-	-	969,081	969,081
<b>Total Nonspendable</b>	<u>148,221</u>	<u>-</u>	<u>-</u>	<u>1,010,630</u>	<u>1,158,851</u>
<b>Restricted:</b>					
Capital projects	-	-	19,304,105	-	19,304,105
Cemetery	-	-	-	1,667,193	1,667,193
Debt service	-	1,862,389	-	-	1,862,389
<b>Law enforcement:</b>					
Court security	98,875	-	-	-	98,875
Court (other)	33,665	-	-	-	33,665
LEOSE grant	37,522	-	-	-	37,522
Opioid abatement funds	30,669	-	-	-	30,669
Seizures	125,392	-	-	-	125,392
PEG fees	61,588	-	-	-	61,588
Tourism	-	-	-	635,065	635,065
Tree restoration	2,745,499	-	-	-	2,745,499
Public Facility Corporation	-	-	-	3,543,073	3,543,073
<b>Total Restricted</b>	<u>3,133,210</u>	<u>1,862,389</u>	<u>19,304,105</u>	<u>5,845,331</u>	<u>30,145,035</u>
<b>Assigned:</b>					
Capital projects - beautification	-	-	653,511	-	653,511
Capital projects - parks	-	-	6,393,354	-	6,393,354
Capital projects - sidewalks	-	-	2,978,217	-	2,978,217
Capital projects - streets	-	-	2,120,000	-	2,120,000
Capital projects - facilities	-	-	14,119,657	-	14,119,657
Economic development	-	-	-	1,080,581	1,080,581
Equipment replacement	1,711,321	-	-	-	1,711,321
Facility maintenance	402,920	-	-	497,556	900,476
Fleet replacement	-	-	27,360	-	27,360
Dispatch interlocal funds	698,652	-	-	-	698,652
Library operating reserve	-	-	-	569,482	569,482
General operating reserve	14,338,196	-	-	-	14,338,196
Future debt service	1,287,266	-	-	-	1,287,266
Parks operating reserve	-	-	-	1,034,821	1,034,821
<b>Total Assigned</b>	<u>18,438,355</u>	<u>-</u>	<u>26,292,099</u>	<u>3,182,440</u>	<u>47,912,894</u>
<b>Total Fund Balances</b>	<u>\$ 21,719,786</u>	<u>\$ 1,862,389</u>	<u>\$ 45,596,204</u>	<u>\$ 10,038,401</u>	<u>\$ 79,216,780</u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 7 – Fund Balance/Net Position (continued)**

**Net Position Restricted for Debt Service**

Net position restricted for debt service as of September 30, 2025 consisted of the following:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Cash restricted for debt service	\$ 1,862,389	\$ 40,044
Plus recognition of unavailable revenue for I&S property taxes	53,665	-
Less: accrued interest payable	(149,657)	(86,978)
Accrued interest payable in excess of restricted cash	-	46,934
<b>Restricted for Debt Service</b>	<b>\$ 1,766,397</b>	<b>\$ -</b>

**Net Investment in Capital Assets**

Net investment in capital assets as of September 30, 2025 consisted of the following:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Capital assets, net	\$ 96,848,817	\$ 120,648,538
Less:		
General obligation bonds	(43,770,000)	(25,495,000)
Private placement bonds	(560,000)	-
Unamortized premium/discount	(3,081,854)	(2,122,188)
Financed purchases	(636,615)	(2,115,221)
Leases	(2,548,971)	(596,989)
SBITAs	(443,598)	-
Other non-debt capital-related liabilities	(180,741)	-
Plus:		
Deferred charge on refunding	224,072	843,922
Unspent bond proceeds	19,455,508	-
	<b>\$ 65,306,618</b>	<b>\$ 91,163,062</b>

**Fund Balance/Net Position Deficits**

The following funds reported deficit unassigned fund balances or a deficit unrestricted net position as of September 30, 2025:

<b>Enterprise Funds:</b>	
Deficit Unrestricted Net Position - Gas Fund	(176,328)

The deficit will be replenished with future revenue from charges for services.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 8 – Pension Plan**

**Texas Municipal Retirement System**

**Plan Description and Provisions**

The City participates as one of 938 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 the System 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 annual comprehensive financial report that can be obtained at [www.tmr.com](http://www.tmr.com). All eligible employees of the City are required to participate in TMRS.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a partial lump-sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions. A summary of plan provisions for the City are as follows:

Employee deposit rate	7.00%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service requirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

At the December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	134
Inactive employees entitled to but not yet receiving benefits	155
Active employees	297
<b>Total</b>	<u><u>586</u></u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 8 – Pension Plan (continued)**

**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 consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2025, the City's contribution rate was 19.23% for the months in 2024 and 19.72% for the months in 2025. The City's contributions to TMRS for the year ended September 30, 2025, were \$5,126,435 and were \$491,483 more than the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The Total Pension Liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes	Adopted 70% non-retroactive repeating COLA.
-------	---

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 8 – Pension Plan (continued)**

**Actuarial Assumptions**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global public equity	35%	7.1%
Core fixed income	6%	5.0%
Non-core fixed income	6%	6.8%
Hedge funds	5%	6.4%
Private equity	13%	8.5%
Private debt	13%	8.2%
Real estate	12%	6.7%
Infrastructure	6%	6.0%
Other private markets	4%	7.3%
<b>Total</b>	<u>100%</u>	

**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.

**CITY OF BOERNE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 8 – Pension Plan (continued)**

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance at January 1, 2024</b>	\$ 103,040,735	\$ 81,182,993	\$ 21,857,742
Changes for the year:			
Service cost	4,367,495	-	4,367,495
Interest	6,904,245	-	6,904,245
Change in benefit terms	(1,018,197)	-	(1,018,197)
Difference between expected and actual experience	2,058,298	-	2,058,298
Contributions - employer	-	4,583,816	(4,583,816)
Contributions - employee	-	1,608,667	(1,608,667)
Net investment income	-	8,459,871	(8,459,871)
Benefit payments, including refunds, of employee contributions	(3,842,359)	(3,842,359)	-
Administrative expense	-	(54,099)	54,099
Other	-	(1,265)	1,265
Net changes	<u>8,469,482</u>	<u>10,754,631</u>	<u>(2,285,149)</u>
<b>Balance at December 31, 2024</b>	<u>\$ 111,510,217</u>	<u>\$ 91,937,624</u>	<u>\$ 19,572,593</u>

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Net Pension Liability (Asset)	\$ 35,770,992	\$ 19,572,593	\$ 6,300,345

**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 at [tmrs.com](http://tmrs.com).

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

For the year ended September 30, 2025, the City recognized pension expense of \$4,281,869.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 8 – Pension Plan (continued)**

At September 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between actuarial assumptions and actual experience	\$ 3,365,371	\$ -
Changes in actuarial assumptions	-	(245,466)
Differences between projected and actual pension plan investment earnings	-	(1,068,408)
Contributions subsequent to the measurement date	3,907,621	-
<b>Total</b>	<u>\$ 7,272,992</u>	<u>\$ (1,313,874)</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year subsequent to 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year</b>	
<u>                    </u>	
2026	\$ 1,060,684
2027	1,801,419
2028	(631,394)
2029	(179,212)
<b>Total</b>	<u>\$ 2,051,497</u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 9 – Other Post-Employment Benefits (OPEB)**

The City offers two other postemployment benefit (OPEB) plans; the Retiree Health Care Plan and the TMRS-Supplemental Death Benefits Fund as discussed below. OPEB items for the two plans are as follows:

	<b>Total OPEB Liability</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>OPEB Expense</b>
TMRS Supplemental Death Benefits Fund	\$ 716,403	\$ 125,523	\$ 237,957	\$ 42,718
Retiree Health Care Plan	4,018,076	697,796	1,739,387	247,692
Total OPEB Plans	<u>\$ 4,734,479</u>	<u>\$ 823,319</u>	<u>\$ 1,977,344</u>	<u>\$ 290,410</u>

**TMRS Supplemental Death Benefits Fund**

**Benefit Plan Description**

The City participates in the single-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No 75.

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; this coverage is OPEB. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (*i.e.* no assets are accumulated).

Membership in the plan as of the measurement date of December 31, 2024 was as follows:

Inactive employees currently receiving benefits	110
Inactive employees entitled to but not yet receiving benefits	49
Active Employees	<u>297</u>
	<u>456</u>

**Contributions**

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. For fiscal year 2025, the City's total contribution rate was 0.28% for the months in 2024 and 0.23% for the months in 2025. The City's retiree portion of the contribution rate was 0.08% for the months in 2024 and 0.08% for the months in 2025. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 9 – Other Post-Employment Benefits (OPEB) (continued)**

**Discount Rate**

The TMRS SDBF program is treated as unfunded OPEB plan because the SDBF trust covers both active employees and retirees and the assets are not segregated for these groups. Under GASB Statement No. 75, the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.08% based on the Bond Buyer “20-Bond GO Index” rate is used as of the measurement date of December 31, 2024.

**Actuarial Assumptions**

The City's total OPEB liability was measured at December 31, 2024, and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Valuation Date:	December 31, 2024
Methods and Assumptions:	
Inflation	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Discount rate*	4.08%
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 - services retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

\* The discount rate was based on the Bond Buyer “20-Bond GO Index” rate as of December 31, 2024.

The actuarial assumptions used in the December 31, 2024, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

**CITY OF BOERNE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 9 – Other Post-Employment Benefits (OPEB) (continued)**

**Changes in the Total OPEB Liability**

	<u><b>Total OPEB Liability</b></u>
<b>Balance at January 1, 2024</b>	\$ 714,562
Changes for the year:	
Service cost	34,336
Interest on total OPEB liability	27,241
Differences between expected and actual experience	(678)
Change of assumptions	(40,746)
Benefit payments	<u>(18,312)</u>
<b>Balance at December 31, 2024</b>	<u><u>\$ 716,403</u></u>

**Sensitivity Analysis**

The following presents the total OPEB liability of the employer, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	<u><b>1% Decrease in Discount Rate (3.08%)</b></u>	<u><b>Current Discount Rate (4.08%)</b></u>	<u><b>1% Increase in Discount Rate (5.08%)</b></u>
<b>Total OPEB Liability</b>	\$ 860,486	\$ 716,403	\$ 604,509

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity**

For the year ended September 30, 2025, the City recognized OPEB expense of \$42,718. As of September 30, 2025, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u><b>Deferred Outflows of Resources</b></u>	<u><b>Deferred Inflows of Resources</b></u>
Difference between expected and actual experience	\$ 16,230	\$ (8,084)
Changes of assumptions	94,917	(229,873)
Contributions subsequent to measurement date	14,376	-
<b>Total</b>	<u><u>\$ 125,523</u></u>	<u><u>\$ (237,957)</u></u>

The deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year subsequent to fiscal year 2025. Amounts currently reported as deferred outflows and deferred inflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows.

<u><b>Fiscal Year</b></u>	
2026	\$ (18,776)
2027	(23,513)
2028	(37,996)
2029	(42,343)
2030	(1,782)
Thereafter	(2,400)
<b>Total</b>	<u><u>\$ (126,810)</u></u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 9 – Other Post-Employment Benefits (OPEB) (continued)**

**Retiree Health Care Plan (RHCP)**

**Plan Description**

The City of Boerne makes available a single-employer group hospitalization and medical insurance for retirees who are:

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

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

**Benefits Provided**

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

The Pre-65 Retiree Plan includes members from the City’s active employee pool plan. Retirees choose from and elect the same plans offered to active employees during open enrollment each year. The premiums for retirees are the same as for active employees which are established each year by the plan administrator. Participation in the Pre-65 Retiree plan is offered for five (5) years post-retirement or age sixty-five (65), whichever occurs first. Employees who retired before October 1, 2015, may participate in the Pre-65 Retiree plan for ten (10) years post-retirement or age sixty-five (65), whichever occurs first. The City provides a premium subsidy based on years of service for the retirees who are younger than 65. Subsidies are adjusted by the annual cost of living adjustment, which is determined by the City Council during the budget process. Should an employee continue to remain in employment with the City of Boerne until after the age of 65 and then retire, the employee may qualify for a post-65 subsidy payable over their lifetime based on years of service with the City. Employees retiring before the age of 65 are not eligible for the post-65 subsidy. For retirees over the age of 65, the City offers a subsidy for supplement Medicare coverage, provided the retiree has 20 years of service or more at the City. The retiree must show proof of insurance beyond Part A and Part B, or Part D of Medicare. Post 65 retirees will be subsidized based on the years of service, and the subsidies are adjusted by the annual cost of living adjustment, which is determined by the City Council during the budget process.

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

At December 31, 2023, the actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	-
Active Employees	<u>281</u>
<b>Total</b>	<u><u>293</u></u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 9 – Other Post-Employment Benefits (OPEB) (continued)**

**Contributions**

The City contributes to the retiree health insurance at an amount approved by City Council contained in the Personnel Policy. The retiree medical contribution rate as of January 2025 is as follows:

<b>City of Boerne</b>		
<b>Years of Service</b>	<b>Pre-65 Subsidy</b>	<b>Post-65 Subsidy</b>
Less than 20	\$ -	\$ -
20 - 24	315.56	155.91
25 - 29	372.93	187.08
30 - 34	473.34	218.28
35 - 39	502.03	249.46
Over 40	537.88	280.63

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, 2025 were \$87,928 and were equal to the required contributions.

**Total OPEB liability**

The City’s total OPEB liability of \$4,018,076 was measured as of December 31, 2023 and was determined by an actuarial valuation as of the same date.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 9 – Other Post-Employment Benefits (OPEB) (continued)**

**Actuarial Assumptions and Methods**

The City's total OPEB liability was measured as of December 31, 2024, and was determined by an actuarial valuation as of December 31, 2023. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	December 31, 2023
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	4.08%
Inflation	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2022 as conducted for the Texas Municipal Retirement System (TMRS). For the OPEB valuation, the standard TMRS retirement rates were adjusted to reflect the impact of the City's retiree medical plan design.
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Health Care Trend Rates	Pre-65: Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years; Post-65: Initial rate of 5.10% declining to an ultimate rate of 4.25% after 9 years.
Participation Rates	95% for retirees age 65 or older with at least 20 years of City service; 90% for retirees between the ages of 50 and 64 with at least 30 years of City service; 75% for retirees between the ages of 50 and 64 with 25 to 29 years of City service; 65% for retirees between the ages of 50 and 64 with 20 to 24 years of City service; 20% for retirees under age 50 or with less than 20 years of City service.
Other Information:	
Notes	The discount rate changed from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024.

**Discount Rate**

The discount rate changed from 3.77% as of December 31, 2023, to 4.08% as of December 31, 2024. Additionally, the demographic and salary increase assumptions were taken from the 2022 TMRS Experience Study, and the participation rates and the health care trend rates were updated to reflect the plan's anticipated experience.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 9 – Other Post-Employment Benefits (OPEB) (continued)**

**Changes in the Total OPEB Liability**

The following table shows the changes in total OPEB liability:

	<b>Total OPEB Liability</b>
<b>Balance at January 1, 2024</b>	\$ 3,879,404
Changes for the year:	
Service cost	255,292
Interest on total OPEB liability	148,763
Change in benefit terms	-
Differences between expected and actual experience	22,992
Change of assumptions	(166,214)
Benefit payments	(122,161)
<b>Balance at December 31, 2024</b>	<u>\$ 4,018,076</u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the plan's total OPEB liability, calculated using the discount rate, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease in Discount Rate (3.08%)</b>	<b>Current Discount Rate (4.08%)</b>	<b>1% Increase in Discount Rate (5.08%)</b>
<b>Total OPEB Liability</b>	\$ 4,592,410	\$ 4,018,076	\$ 3,542,171

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rates Assumption</b>	<b>1% Increase</b>
<b>Total OPEB Liability</b>	\$ 3,403,609	\$ 4,018,076	\$ 4,796,581

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 9 – Other Post-Employment Benefits (OPEB) (continued)**

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$247,692. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 110,834	\$ (596,465)
Changes assumptions	499,034	(1,142,922)
Contributions subsequent to the measurement date	87,928	-
	<u>\$ 697,796</u>	<u>\$ (1,739,387)</u>

Amounts currently reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows.

<b>Fiscal Year</b>	
2026	\$ (156,363)
2027	(156,363)
2028	(179,299)
2029	(159,955)
2030	(177,521)
Thereafter	(300,018)
<b>Total</b>	<u>\$ (1,129,519)</u>

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Note 10 – Tax Abatements and Economic Incentives

##### Chapter 380 Economic Development Agreements

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

The City has two categories of economic development agreements:

- *Tax abatements* – Tax abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were \$0 in fiscal year 2025.
- *General economic development* – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property taxes, hotel taxes or sales tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2025, the City rebated \$775,216 in taxes and other economic incentives.

## **CITY OF BOERNE, TEXAS**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **Note 11 – Risk Management and Contingent Liabilities**

##### **Litigation and Other Contingencies**

The City is exposed to various risks of loss relating to general liability, theft of, damage to, or destruction of City assets, errors and omissions, natural disasters, and personal risks which relate to workers' compensation. The City participates in the Texas Municipal League (TML) Intergovernmental Risk Pool to provide for its worker's compensation, general and auto liability, and property insurance coverage. These multi-employer accounts provide for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability for the City is generally limited to the contributed amounts. There have been no significant reductions in insurance coverage for these risks of loss since the prior year and there have been no settlements in excess of the insurance coverage for any of the past three fiscal years.

##### **Contingent Liabilities**

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

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

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

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

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 12 – Restatements of Beginning Balances**

GASB Statement No. 101, *Compensated Absences* was implemented in the current fiscal year. In addition to the value of unused vacation time owed to employees upon separation of employment, the liability for compensated absences now includes recognition of an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years. The effects of the change in accounting principle are summarized below in the “Restatement - GASB 101 implementation” column in the table below.

	Governmental Activities	Business-Type Activities - Enterprise Funds				Business- Type Activities	Total
		Electric	Water	Wastewater	Gas		
<b>Implementation of New Standards</b>							
GASB 101, <i>Compensated Absences</i>	\$ (1,544,898)	\$ (209,762)	\$ (135,181)	\$ (93,639)	\$ (72,676)	\$ (511,258)	\$ (2,056,156)
<b>Beginning Balance, as Previously Reported</b>	93,996,131	35,912,301	61,888,855	34,575,007	13,978,773	156,274,700	250,270,831
<b>Beginning Balance, as Restated</b>	<u>\$ 92,451,233</u>	<u>\$ 35,702,539</u>	<u>\$ 61,753,674</u>	<u>\$ 34,481,368</u>	<u>\$ 13,906,097</u>	<u>\$ 155,763,442</u>	<u>\$ 248,214,675</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF BOERNE, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**  
**General Fund**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments Budgetary Basis</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>						
Property taxes	\$ 7,067,418	\$ 7,067,418	\$ 7,112,838	\$ -	\$ 7,112,838	\$ 45,420
Sales and use taxes	12,956,338	12,956,338	12,898,795	-	12,898,795	(57,543)
Franchise taxes	3,380,224	3,380,224	3,636,189	-	3,636,189	255,965
Other taxes	100,000	100,000	113,411	-	113,411	13,411
Licenses and fees	1,591,500	1,591,500	2,229,168	-	2,229,168	637,668
Fines	231,800	231,800	336,527	-	336,527	104,727
Investment earnings	1,536,390	1,536,390	1,788,043	-	1,788,043	251,653
Intergovernmental	2,451,292	2,451,292	2,773,389	-	2,773,389	322,097
Miscellaneous	877,600	895,374	2,323,537	-	2,323,537	1,428,163
<b>Total Revenues</b>	<b>\$ 30,192,562</b>	<b>\$ 30,210,336</b>	<b>\$ 33,211,897</b>	<b>\$ -</b>	<b>\$ 33,211,897</b>	<b>3,001,561</b>
<b>Expenditures</b>						
Current:						
General government:						
Administration	1,248,870	1,248,870	1,137,815	860	1,138,675	110,195
Planning and Community Development	1,595,552	1,595,552	1,356,884	-	1,356,884	238,668
Information Technology	2,341,999	2,341,999	1,574,414	461,026	2,035,440	306,559
Administration	1,119,249	1,119,249	909,083	-	909,083	210,166
HR	535,852	535,852	481,109	-	481,109	54,743
Legal	335,000	335,000	205,772	-	205,772	129,228
Communications	315,859	315,859	278,130	-	278,130	37,729
Facility Maint	1,549,673	1,553,673	1,410,901	81,251	1,492,152	61,521
Fleet	2,331,123	2,331,123	1,081,029	800,770	1,881,799	449,324
Shared services	(3,515,204)	(3,515,204)	(3,515,204)	-	(3,515,204)	-
Public safety :						
Law Enforcement	7,832,713	7,850,487	7,247,864	54,930	7,302,794	547,693
Fire Department	4,398,644	4,398,644	5,154,783	133,556	5,288,339	(889,695)
Dispatch	1,736,297	1,736,297	1,648,098	62,886	1,710,984	25,313
Municipal Court	423,390	423,390	396,129	-	396,129	27,261
Animal Control	684,631	687,181	539,162	5,970	545,132	142,049
Code Enforcement	726,723	726,723	734,897	-	734,897	(8,174)
Highways and streets:						
Streets	3,162,553	3,162,553	1,539,783	541,689	2,081,472	1,081,081
Engineering	1,386,328	1,458,328	1,212,435	-	1,212,435	245,893
Culture and recreation:						
Special Projects	705,268	705,268	522,647	-	522,647	182,621
Debt Service:						
Principal	225,000	225,000	1,410,085	(1,099,847)	310,238	(85,238)
Interest	-	-	96,829	(76,149)	20,680	(20,680)
Capital outlay	-	-	2,757,460	(2,757,460)	-	-
<b>Total Expenditures</b>	<b>29,139,520</b>	<b>29,235,844</b>	<b>28,180,105</b>	<b>(1,790,518)</b>	<b>26,389,587</b>	<b>2,846,257</b>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures</b>	<b>1,053,042</b>	<b>974,492</b>	<b>5,031,792</b>	<b>1,790,518</b>	<b>6,822,310</b>	<b>5,847,818</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	77,645	77,645	127,645	-	127,645	50,000
Transfers out	(1,442,529)	(1,442,529)	(7,673,287)	-	(7,673,287)	(6,230,758)
Issuance of debt:						
Financed purchase	-	-	509,009	(509,009)	-	-
Lease	-	-	1,078,950	(1,078,950)	-	-
Subscription	-	-	202,559	(202,559)	-	-
Sale of general capital assets	481,612	121,612	121,302	-	121,302	(310)
<b>Total Other Financing Sources (Uses)</b>	<b>(883,272)</b>	<b>(1,243,272)</b>	<b>(5,633,822)</b>	<b>(1,790,518)</b>	<b>(7,424,340)</b>	<b>(6,181,068)</b>
<b>Net Change in Fund Balances</b>	<b>169,770</b>	<b>(268,780)</b>	<b>(602,030)</b>	<b>-</b>	<b>(602,030)</b>	<b>(333,250)</b>
<b>Fund Balance - Beginning</b>			<b>22,321,816</b>			
<b>Fund Balance - Ending</b>			<b>\$ 21,719,786</b>			

**CITY OF BOERNE, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION**  
*For the Year Ended September 30, 2025*

**Budgetary Compliance**

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

The appropriated budget is prepared by fund, function, and department. Following approval of the budget by the Mayor and City Council, the City Manager and budget official may make transfers of appropriations within a department. Transfers of appropriations between departments or an increase in the budget requires the approval of the City Council. For the general fund, the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is considered to be the department level. For all other funds the legal level of budgetary control is considered to be the fund level.

For the fiscal year ended September 30, 2025, budgets were legally adopted for all City funds except the following:

- Boerne Public Facility Corporation
- Capital Projects Fund

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

**CITY OF BOERNE, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**Texas Municipal Retirement System**  
**Last Ten Measurement Years**

	Measurement Year Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service cost	\$ 4,367,495	\$ 3,862,321	\$ 3,477,558	\$ 3,380,510	\$ 3,315,810	\$ 2,960,271	\$ 2,777,732	\$ 2,642,850	\$ 2,493,905	\$ 2,224,334
Interest	6,904,245	6,464,576	5,924,320	5,484,646	5,106,836	4,699,549	4,311,426	3,906,133	3,539,542	3,351,716
Changes of benefit terms	(1,018,197)	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	2,058,298	1,061,159	1,739,920	814,706	370,684	430,109	141,667	982,925	761,562	30,940
Change in assumptions	-	(395,142)	-	-	-	106,740	-	-	-	39,494
Benefit payments, including refunds of employee contributions	(3,842,359)	(3,585,032)	(3,075,738)	(3,353,661)	(3,103,330)	(1,577,773)	(1,566,488)	(1,623,523)	(1,253,485)	(1,197,037)
<b>Net Change in Total Pension Liability</b>	<b>8,469,482</b>	<b>7,407,882</b>	<b>8,066,060</b>	<b>6,326,201</b>	<b>5,690,000</b>	<b>6,618,896</b>	<b>5,664,337</b>	<b>5,908,385</b>	<b>5,541,524</b>	<b>4,449,447</b>
<b>Total Pension Liability - Beginning</b>	<b>103,040,735</b>	<b>95,632,853</b>	<b>87,566,793</b>	<b>81,240,592</b>	<b>75,550,592</b>	<b>68,931,696</b>	<b>63,267,359</b>	<b>57,358,974</b>	<b>51,817,450</b>	<b>47,368,003</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 111,510,217</b>	<b>\$ 103,040,735</b>	<b>\$ 95,632,853</b>	<b>\$ 87,566,793</b>	<b>\$ 81,240,592</b>	<b>\$ 75,550,592</b>	<b>\$ 68,931,696</b>	<b>\$ 63,267,359</b>	<b>\$ 57,358,974</b>	<b>\$ 51,817,450</b>
<b>Plan Fiduciary Net Position:</b>										
Contributions - employer	\$ 4,583,816	\$ 3,959,051	\$ 3,515,923	\$ 3,348,502	\$ 3,333,512	\$ 3,014,703	\$ 2,836,449	\$ 2,664,248	\$ 2,511,382	\$ 2,344,680
Contributions - employee	1,608,667	1,452,820	1,302,456	1,244,796	1,239,224	1,120,708	1,053,882	998,378	941,096	878,191
Net investment income	8,459,871	8,260,134	(5,478,943)	8,513,741	4,504,442	7,605,508	(1,447,467)	5,633,932	2,435,208	50,123
Benefit payments, including refunds of employee contributions	(3,842,359)	(3,585,032)	(3,075,738)	(3,353,661)	(3,103,330)	(1,577,773)	(1,566,488)	(1,623,523)	(1,253,485)	(1,197,037)
Administrative expense	(54,099)	(52,387)	(47,297)	(39,305)	(29,086)	(42,890)	(27,934)	(29,169)	(27,480)	(30,522)
Other	(1,265)	(367)	56,439	267	(1,133)	(1,288)	(1,459)	(1,478)	(1,481)	(1,508)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>10,754,631</b>	<b>10,034,219</b>	<b>(3,727,160)</b>	<b>9,714,340</b>	<b>5,943,629</b>	<b>10,118,968</b>	<b>846,983</b>	<b>7,642,388</b>	<b>4,605,240</b>	<b>2,043,927</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>81,182,993</b>	<b>71,148,773</b>	<b>74,875,933</b>	<b>65,161,593</b>	<b>59,217,964</b>	<b>49,098,996</b>	<b>48,252,013</b>	<b>40,609,625</b>	<b>36,004,385</b>	<b>33,960,457</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>91,937,624</b>	<b>81,182,992</b>	<b>71,148,773</b>	<b>74,875,933</b>	<b>65,161,593</b>	<b>59,217,964</b>	<b>49,098,996</b>	<b>48,252,013</b>	<b>40,609,625</b>	<b>36,004,384</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 19,572,593</b>	<b>\$ 21,857,743</b>	<b>\$ 24,484,080</b>	<b>\$ 12,690,860</b>	<b>\$ 16,078,999</b>	<b>\$ 16,332,628</b>	<b>\$ 19,832,700</b>	<b>\$ 15,015,346</b>	<b>\$ 16,749,349</b>	<b>\$ 15,813,066</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	82.45%	78.79%	74.40%	85.51%	80.21%	78.38%	71.23%	76.27%	70.80%	69.48%
<b>Covered Payroll</b>	\$ 22,041,059	\$ 20,731,727	\$ 18,606,514	\$ 17,782,797	\$ 17,703,205	\$ 16,010,120	\$ 15,055,458	\$ 14,262,545	\$ 13,444,231	\$ 12,545,593
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	88.80%	105.43%	131.59%	71.37%	90.83%	102.01%	131.73%	105.28%	124.58%	126.04%

**CITY OF BOERNE, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
*Texas Municipal Retirement System*  
*Last Ten Fiscal Years*

<b>Fiscal Year</b>	<b>Actuarially determined contribution</b>	<b>Contribution in relation of the actuarially determined contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a percentage of covered payroll</b>
2025	\$ 4,634,952	\$ 5,126,435	\$ 491,483	\$ 23,676,115	21.65%
2024	4,284,461	4,337,933	53,472	22,280,088	19.47%
2023	3,804,259	3,873,456	69,197	20,420,072	18.97%
2022	3,421,284	3,434,505	13,221	18,239,540	18.83%
2021	3,247,207	3,280,254	33,047	17,420,358	18.83%
2020	3,156,066	3,196,136	40,070	16,973,634	18.83%
2019	2,901,379	2,981,710	80,331	15,834,730	18.83%
2018	2,699,031	2,775,625	76,594	14,763,224	18.80%
2017	2,578,789	2,648,351	69,562	14,177,471	18.68%
2016	2,437,285	2,567,437	130,152	13,627,933	18.84%

**CITY OF BOERNE, TEXAS**

**NOTES TO REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION**

*For the Year Ended September 30, 2025*

**Methods and Assumptions Used to Determine Contribution Rates:**

**Valuation Date:**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

**Other Information:**

Notes: Adopted 70% non-retroactive repeating COLA.

**CITY OF BOERNE, TEXAS**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

**Texas Municipal Retirement System Supplemental Death Benefits Fund**

**Last Eight Measurement Years**

	Measurement Year Ended December 31,							
	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>								
Service cost	\$ 34,336	\$ 29,024	\$ 55,820	\$ 51,570	\$ 44,258	\$ 28,819	\$ 31,616	\$ 25,673
Interest	27,241	25,972	16,774	16,550	18,309	19,142	17,368	16,632
Difference between expected and actual experience	(678)	3,427	24,312	(2,574)	(8,596)	(14,007)	(14,643)	-
Changes of assumptions	(40,746)	37,667	(339,078)	28,304	111,223	111,515	(38,583)	42,353
Benefit payments, including refunds of employee contributions	(18,312)	(16,585)	(13,025)	(10,670)	(3,542)	(3,202)	(3,011)	(2,853)
Net Change in Total OPEB Liability	1,841	79,505	(255,197)	83,180	161,652	142,267	(7,253)	81,805
<b>Total OPEB Liability - Beginning</b>	<b>714,562</b>	<b>635,057</b>	<b>890,254</b>	<b>807,074</b>	<b>645,422</b>	<b>503,155</b>	<b>510,408</b>	<b>428,603</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 716,403</b>	<b>\$ 714,562</b>	<b>\$ 635,057</b>	<b>\$ 890,254</b>	<b>\$ 807,074</b>	<b>\$ 645,422</b>	<b>\$ 503,155</b>	<b>\$ 510,408</b>
 <b>Covered-Employee Payroll</b>	 \$ 22,041,059	 \$ 20,731,727	 \$ 18,606,514	 \$ 17,782,797	 \$ 17,703,205	 \$ 16,010,120	 \$ 15,055,458	 \$ 14,262,545
 <b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	 3.25%	 3.45%	 3.41%	 5.01%	 4.56%	 4.03%	 3.34%	 3.58%

**Notes to the Required Supplementary Information**

Ten years of data should be presented in this schedule, but data was unavailable prior to 2017.

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

**CITY OF BOERNE, TEXAS**

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

**Retiree Health Insurance**

**Last Seven Fiscal Years**

	Measurement Year Ended December 31,							
	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>								
Service cost	\$ 255,292	\$ 233,460	\$ 327,932	\$ 361,870	\$ 290,623	\$ 252,873	\$ 241,592	\$ 208,936
Interest	148,763	145,330	85,157	99,594	113,143	135,161	117,384	115,131
Changes of benefit terms	-							
Difference between expected and actual experience	22,992	107,487	(19,476)	(779,311)	9,066	(316,877)	(13,216)	
Changes of assumptions	(166,214)	(37,668)	(1,313,866)	59,106	494,965	443,131	(201,793)	231,989
Benefit payments, including refunds of employee contributions	(122,161)	(81,723)	(62,727)	(89,085)	(66,879)	(57,182)	(48,453)	(47,214)
Net change in total OPEB liability	138,672	366,886	(982,980)	(347,826)	840,918	457,106	95,514	508,842
<b>Total OPEB Liability - Beginning</b>	<b>3,879,404</b>	<b>3,512,518</b>	<b>4,495,498</b>	<b>4,843,324</b>	<b>4,002,406</b>	<b>3,545,300</b>	<b>3,449,786</b>	<b>2,940,944</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 4,018,076</b>	<b>\$ 3,879,404</b>	<b>\$ 3,512,518</b>	<b>\$ 4,495,498</b>	<b>\$ 4,843,324</b>	<b>\$ 4,002,406</b>	<b>\$ 3,545,300</b>	<b>\$ 3,449,786</b>
<b>Covered-Employee Payroll</b>	<b>\$ 22,809,895</b>	<b>\$ 20,640,580</b>	<b>\$ 18,569,658</b>	<b>\$ 17,580,213</b>	<b>\$ 17,702,995</b>	<b>\$ 16,080,470</b>	<b>\$ 15,123,968</b>	<b>\$ 14,212,220</b>
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	<b>17.62%</b>	<b>18.80%</b>	<b>18.92%</b>	<b>25.57%</b>	<b>27.36%</b>	<b>24.89%</b>	<b>23.44%</b>	<b>24.27%</b>

**Notes to the Required Supplementary Information**

Discount Rate 4.08% 3.77% 4.05% 1.84% 2.00% 2.75% 3.71% 3.31%

Ten years of data should be presented in this schedule, but data was unavailable prior to fiscal year 2018.

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

Changes of assumptions reflect the effects of changes in the discount rate each period. The discount rate at the beginning of FY 2018 was 3.81%.

FY 2024 - The demographic and salary increase assumptions were updated to reflect the 2023 TMRS Experience Study, and the participation and health care trend assumptions were modified.

FY 2022 - The period of service used for the allocation of service cost was changed to only reflect service with the City of Boerne and the participation assumption was modified.

FY 2020 - The demographic assumptions were updated to reflect the 2019 TMRS Experience Study and the health care trend rates were updated to better reflect the plan's anticipated experience and the repeal of the excise tax on high-cost employer health plans.

FY 2019 - The health care trend assumption was modified.



## **OTHER SUPPLEMENTARY INFORMATION**



**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



**CITY OF BOERNE, TEXAS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
*September 30, 2025*

**Special Revenue Funds**

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

- *Hotel-Motel Fund* – This fund is used to account for proceeds of the City’s hotel-motel lodging tax revenues that are restricted or committed to the promotion of tourism and the hotel-motel industry within the City’s boundaries.
- *Park Fund* – This fund is used to account for proceeds of specific parks revenue sources that are intended to be spent for maintenance of the City’s parks and recreation programs.
- *Library Fund* – This fund is used to account for proceeds of specific library revenue sources that are intended to be spent for maintenance of the City’s public library.
- *Economic Development Fund* – This fund is used to account for transfers from other funds that are intended to be spent for economic development projects and contracts.
- *Boerne Public Facility Corporation* – This fund is used to account for the activity of the Boerne Public Facility Corporation (BPFC), a blended component unit of the City. The BPFC is a nonprofit public corporation organized exclusively for the purpose of assisting the City in financing, refinancing, or providing public facilities within the City.

**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.

	<b>Special Revenue Funds</b>		
	<b>Hotel/ Motel</b>		
	<b>Fund</b>	<b>Park Fund</b>	<b>Library Fund</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 534,674	\$ 224,547	\$ 1,057,470
Investments	-	941,259	-
Receivables (net of allowance for uncollectibles)	103,557	57,871	47,155
Prepays	625	12,800	-
Restricted cash and cash equivalents	-	-	-
<b>Total Assets</b>	<b>\$ 638,856</b>	<b>\$ 1,236,477</b>	<b>\$ 1,104,625</b>
<b>Liabilities</b>			
Accounts payable	\$ 3,166	\$ 67,019	\$ 10,106
Accrued liabilities	-	73,687	164
<b>Total Liabilities</b>	<b>3,166</b>	<b>140,706</b>	<b>10,270</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	-	45,586	27,317
Lease related	-	2,564	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>48,150</b>	<b>27,317</b>
<b>Fund Balances</b>			
Nonspendable	625	12,800	-
Restricted	635,065	-	-
Assigned	-	1,034,821	1,067,038
<b>Total Fund Balances</b>	<b>635,690</b>	<b>1,047,621</b>	<b>1,067,038</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 638,856</b>	<b>\$ 1,236,477</b>	<b>\$ 1,104,625</b>

**CITY OF BOERNE, TEXAS**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2025**

	<u>Special Revenue Funds</u>		<u>Permanent Fund</u>	<b>Total Nonmajor Governmental Funds</b>
	<b>Economic Development Fund</b>	<b>Boerne Public Facility Corporation</b>	<b>Cemetery Fund</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,154,647	\$ 3,543,073	\$ 1,720,094	\$ 8,234,505
Investments	-	-	843,080	1,784,339
Receivables (net of allowance for uncollectibles)	-	-	4,038	212,621
Prepays	-	-	28,124	41,549
Restricted cash and cash equivalents	-	-	69,082	69,082
<b>Total Assets</b>	<u>\$ 1,154,647</u>	<u>\$ 3,543,073</u>	<u>\$ 2,664,418</u>	<u>\$ 10,342,096</u>
<b>Liabilities</b>				
Accounts payable	\$ 74,066	\$ -	\$ 20	\$ 154,377
Accrued liabilities	-	-	-	73,851
<b>Total Liabilities</b>	<u>74,066</u>	<u>-</u>	<u>20</u>	<u>228,228</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	72,903
Lease related	-	-	-	2,564
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,467</u>
<b>Fund Balances</b>				
Nonspendable	-	-	997,205	1,010,630
Restricted	-	3,543,073	1,667,193	5,845,331
Assigned	1,080,581	-	-	3,182,440
<b>Total Fund Balances</b>	<u>1,080,581</u>	<u>3,543,073</u>	<u>2,664,398</u>	<u>10,038,401</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 1,154,647</u>	<u>\$ 3,543,073</u>	<u>\$ 2,664,418</u>	<u>\$ 10,342,096</u>

**CITY OF BOERNE, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2025**

	<b>Special Revenue Funds</b>		
	<b>Hotel/ Motel Fund</b>	<b>Park Fund</b>	<b>Library Fund</b>
<b>Revenues</b>			
Property taxes	\$ -	\$ 3,270,157	\$ 1,959,645
Hotel occupancy taxes	1,131,400	-	-
Charges for services	-	897,910	40,745
Investment earnings	308	271,475	39,190
Grants and donations	-	-	409,683
Miscellaneous	-	189,581	50,132
<b>Total Revenues</b>	<b>1,131,708</b>	<b>4,629,123</b>	<b>2,499,395</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Economic development	912,673	-	-
Culture and recreation	-	3,699,701	2,208,937
Debt Service:			
Principal	228	172,601	25,065
Interest	3	16,965	2,810
Capital outlay	-	719,608	-
<b>Total Expenditures</b>	<b>912,904</b>	<b>4,608,875</b>	<b>2,236,812</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>218,804</b>	<b>20,248</b>	<b>262,583</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	118,368	55,000	-
Transfers out	(317,171)	(2,338,408)	(120,738)
Issuance of debt:			
Lease	-	304,332	-
Sale of general capital assets	-	77,857	486
<b>Total Other Financing Sources (Uses)</b>	<b>(198,803)</b>	<b>(1,901,219)</b>	<b>(120,252)</b>
<b>Net change in Fund Balances</b>	<b>20,001</b>	<b>(1,880,971)</b>	<b>142,331</b>
<b>Fund Balances - Beginning</b>	<b>615,689</b>	<b>2,928,592</b>	<b>924,707</b>
<b>Fund Balances (Deficit) - Ending</b>	<b>\$ 635,690</b>	<b>\$ 1,047,621</b>	<b>\$ 1,067,038</b>

**CITY OF BOERNE, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES**

**NON-MAJOR GOVERNMENTAL FUNDS**

*For the Year Ended September 30, 2025*

	<u>Special Revenue Funds</u>		<u>Permanent Fund</u>	<b>Total Nonmajor Governmental Funds</b>
	<b>Economic Development Fund</b>	<b>Boerne Public Facility Corporation</b>	<b>Cemetery Fund</b>	
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 5,229,802
Hotel occupancy taxes	-	-	-	1,131,400
Charges for services	-	-	378,360	1,317,015
Investment earnings	87,984	37,781	57,316	494,054
Grants and donations	-	450,000	-	859,683
Miscellaneous	-	-	80,980	320,693
<b>Total Revenues</b>	<b>87,984</b>	<b>487,781</b>	<b>516,656</b>	<b>9,352,647</b>
<b>Expenditures</b>				
Current:				
General government	-	100	40,879	40,979
Economic development	743,219	-	-	1,655,892
Culture and recreation	-	-	-	5,908,638
Debt Service:				
Principal	-	-	-	197,894
Interest	-	-	-	19,778
Capital outlay	-	-	49,995	769,603
<b>Total Expenditures</b>	<b>743,219</b>	<b>100</b>	<b>90,874</b>	<b>8,592,784</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(655,235)</b>	<b>487,681</b>	<b>425,782</b>	<b>759,863</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	259,526	-	-	432,894
Transfers out	-	(50,000)	(55,000)	(2,881,317)
Issuance of debt:				
Lease	-	-	-	304,332
Sale of general capital assets	-	-	-	78,343
<b>Total Other Financing Sources (Uses)</b>	<b>259,526</b>	<b>(50,000)</b>	<b>(55,000)</b>	<b>(2,065,748)</b>
<b>Net change in Fund Balances</b>	<b>(395,709)</b>	<b>437,681</b>	<b>370,782</b>	<b>(1,305,885)</b>
<b>Fund Balances - Beginning</b>	<b>1,476,290</b>	<b>3,105,392</b>	<b>2,293,616</b>	<b>11,344,286</b>
<b>Fund Balances (Deficit) - Ending</b>	<b>\$ 1,080,581</b>	<b>\$ 3,543,073</b>	<b>\$ 2,664,398</b>	<b>\$ 10,038,401</b>

**CITY OF BOERNE, TEXAS**

*Debt Service Fund*

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

*For the Year Ended September 30, 2025*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Property taxes	\$ 3,615,422	\$ 3,615,422	\$ 4,123,215	\$ 507,793
Investment earnings	75,000	75,000	84,868	9,868
Miscellaneous	361,197	361,197	-	(361,197)
<b>Total Revenues</b>	<u>\$ 4,051,619</u>	<u>\$ 4,051,619</u>	<u>\$ 4,208,083</u>	<u>156,464</u>
<b>Expenditures</b>				
Current:				
Debt Service:				
Principal	3,245,000	3,245,000	3,245,000	-
Interest	1,598,119	1,598,119	1,597,836	283
Other debt service	3,500	3,500	4,900	(1,400)
<b>Total Expenditures</b>	<u>4,846,619</u>	<u>4,846,619</u>	<u>4,847,736</u>	<u>(1,117)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(795,000)	(795,000)	(639,653)	155,347
<b>Other Financing Sources (Uses)</b>				
Transfers in	795,000	795,000	1,222,529	427,529
<b>Total Other Financing Sources (Uses)</b>	<u>795,000</u>	<u>795,000</u>	<u>1,222,529</u>	<u>427,529</u>
<b>Net Change in Fund Balances</b>	-	-	582,876	582,876
<b>Fund Balances - Beginning</b>	1,279,513	1,279,513	1,279,513	-
<b>Fund Balances - Ending</b>	<u>\$ 1,279,513</u>	<u>\$ 1,279,513</u>	<u>\$ 1,862,389</u>	<u>\$ 582,876</u>

**CITY OF BOERNE, TEXAS**

*Hotel/ Motel Fund*

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

*For the Year Ended September 30, 2025*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Hotel occupancy taxes	1,251,000	1,251,000	1,131,400	(119,600)
Investment earnings	250	250	308	58
Miscellaneous	1,000	1,000	-	(1,000)
<b>Total Revenues</b>	<u>\$ 1,252,250</u>	<u>\$ 1,252,250</u>	<u>\$ 1,131,708</u>	<u>(120,542)</u>
<b>Expenditures</b>				
Current:				
Economic development	899,605	899,605	912,673	(13,068)
Debt Service:				
Principal	-	-	228	(228)
Interest	-	-	3	(3)
<b>Total Expenditures</b>	<u>899,605</u>	<u>899,605</u>	<u>912,904</u>	<u>(13,299)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	352,645	352,645	218,804	(133,841)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	118,368	118,368
Transfers out	(352,645)	(352,645)	(317,171)	35,474
<b>Total Other Financing Sources (Uses)</b>	<u>(352,645)</u>	<u>(352,645)</u>	<u>(198,803)</u>	<u>153,842</u>
<b>Net Change in Fund Balances</b>	-	-	20,001	20,001
<b>Fund Balances - Beginning</b>	615,689	615,689	615,689	-
<b>Fund Balances - Ending</b>	<u>\$ 615,689</u>	<u>\$ 615,689</u>	<u>\$ 635,690</u>	<u>\$ 20,001</u>

**CITY OF BOERNE, TEXAS**

*Park Fund*

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

*For the Year Ended September 30, 2025*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
Property taxes	\$ 3,275,851	\$ 3,275,851	\$ 3,270,157	\$ (5,694)
Charges for services	897,500	897,500	897,910	410
Investment earnings	239,343	239,343	271,475	32,132
Miscellaneous	7,500	207,500	189,581	(17,919)
<b>Total Revenues</b>	<u>\$ 4,420,194</u>	<u>\$ 4,620,194</u>	<u>\$ 4,629,123</u>	<u>8,929</u>
<b>Expenditures</b>				
Current:				
Culture and recreation	4,353,862	4,353,862	3,699,701	654,161
Debt Service:				
Principal	-	-	172,601	(172,601)
Interest	-	-	16,965	(16,965)
Capital outlay	119,000	119,000	719,608	(600,608)
<b>Total Expenditures</b>	<u>4,472,862</u>	<u>4,472,862</u>	<u>4,608,875</u>	<u>(136,013)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(52,668)	147,332	20,248	(127,084)
<b>Other Financing Sources (Uses)</b>				
Transfers in	55,000	55,000	55,000	-
Transfers out	-	(200,000)	(2,338,408)	(2,138,408)
Issuance of debt - financing arrangement	-	-	304,332	304,332
Sale of general capital assets	-	-	77,857	77,857
<b>Total Other Financing Sources (Uses)</b>	<u>55,000</u>	<u>(145,000)</u>	<u>(1,901,219)</u>	<u>(1,756,219)</u>
<b>Net Change in Fund Balances</b>	2,332	2,332	(1,880,971)	(1,883,303)
<b>Fund Balances - Beginning</b>	2,928,592	2,928,592	2,928,592	-
<b>Fund Balances - Ending</b>	<u>\$ 2,930,924</u>	<u>\$ 2,930,924</u>	<u>\$ 1,047,621</u>	<u>\$ (1,883,303)</u>

**CITY OF BOERNE, TEXAS**

*Library Fund*

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

*For the Year Ended September 30, 2025*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
Property taxes	\$ 1,956,692	\$ 1,956,692	\$ 1,959,645	\$ 2,953
Charges for services	29,500	29,500	40,745	11,245
Investment earnings	38,567	38,567	39,190	623
Intergovernmental	374,188	374,188	409,683	35,495
Miscellaneous	48,650	48,650	50,132	1,482
<b>Total Revenues</b>	<u>\$ 2,447,597</u>	<u>\$ 2,447,597</u>	<u>\$ 2,499,395</u>	<u>51,798</u>
<b>Expenditures</b>				
Current:				
Culture and recreation	2,346,007	2,346,007	2,208,937	137,070
Debt Service:				
Principal	-	-	25,065	(25,065)
Interest	-	-	2,810	(2,810)
<b>Total Expenditures</b>	<u>2,346,007</u>	<u>2,346,007</u>	<u>2,236,812</u>	<u>109,195</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	101,590	101,590	262,583	160,993
<b>Other Financing Sources (Uses)</b>				
Transfers out	(100,000)	(100,000)	(120,738)	(20,738)
Sale of general capital assets	-	-	486	486
<b>Total Other Financing Sources (Uses)</b>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(120,252)</u>	<u>(20,252)</u>
<b>Net Change in Fund Balances</b>	1,590	1,590	142,331	140,741
<b>Fund Balances - Beginning</b>	924,707	924,707	924,707	-
<b>Fund Balances - Ending</b>	<u>\$ 926,297</u>	<u>\$ 926,297</u>	<u>\$ 1,067,038</u>	<u>\$ 140,741</u>

**CITY OF BOERNE, TEXAS**

*Economic Development Fund*

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

*For the Year Ended September 30, 2025*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Investment earnings	87,108	87,108	87,984	876
Miscellaneous	1,607,892	1,607,892	-	(1,607,892)
<b>Total Revenues</b>	<u>\$ 1,695,000</u>	<u>\$ 1,695,000</u>	<u>\$ 87,984</u>	<u>(1,607,016)</u>
<b>Expenditures</b>				
Current:				
Economic development	1,695,000	1,695,000	743,219	951,781
<b>Total Expenditures</b>	<u>1,695,000</u>	<u>1,695,000</u>	<u>743,219</u>	<u>951,781</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	-	(655,235)	(655,235)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	259,526	259,526
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>259,526</u>	<u>259,526</u>
<b>Net Change in Fund Balances</b>	-	-	(395,709)	(395,709)
<b>Fund Balances - Beginning</b>	1,476,290	1,476,290	1,476,290	-
<b>Fund Balances - Ending</b>	<u>\$ 1,476,290</u>	<u>\$ 1,476,290</u>	<u>\$ 1,080,581</u>	<u>\$ (395,709)</u>

**CITY OF BOERNE, TEXAS**

*Cemetery Fund*

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

*For the Year Ended September 30, 2025*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Charges for services	190,000	190,000	378,360	188,360
Investment earnings	63,150	63,150	57,316	(5,834)
Miscellaneous	35,200	35,200	80,980	45,780
<b>Total Revenues</b>	<u>\$ 288,350</u>	<u>\$ 288,350</u>	<u>\$ 516,656</u>	<u>228,306</u>
<b>Expenditures</b>				
Current:				
General government	60,187	60,187	40,879	19,308
Capital outlay	70,200	70,200	49,995	20,205
<b>Total Expenditures</b>	<u>130,387</u>	<u>130,387</u>	<u>90,874</u>	<u>39,513</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	157,963	157,963	425,782	267,819
<b>Other Financing Sources (Uses)</b>				
Transfers out	(157,963)	(157,963)	(55,000)	102,963
<b>Total Other Financing Sources (Uses)</b>	<u>(157,963)</u>	<u>(157,963)</u>	<u>(55,000)</u>	<u>102,963</u>
<b>Net Change in Fund Balances</b>	-	-	370,782	370,782
<b>Fund Balances - Beginning</b>	<u>2,293,616</u>	<u>2,293,616</u>	<u>2,293,616</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 2,293,616</u>	<u>\$ 2,293,616</u>	<u>\$ 2,664,398</u>	<u>\$ 370,782</u>



**CITY OF BOERNE, TEXAS**  
**NONMAJOR ENTERPRISE FUNDS**  
**September 30, 2025**

Enterprise funds charge customers directly for certain services provided.

- *Stormwater Fund* – This fund accounts for the activities necessary to provide stormwater collection services to the residents of the City. These activities include administrative services, billing and collections, system operation and maintenance, new construction, and financing and related debt services.
- *Solid Waste Fund* – This fund accounts for the activities necessary to provide solid waste collection services to the residents of the City within the City’s service territory through the City’s outsourced provider. These activities include administrative services and billing and collections.

**CITY OF BOERNE, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**September 30, 2025**

	<b>Business-type Activities</b>		<b>Total Nonmajor Enterprise Funds</b>
	<b>Stormwater</b>	<b>Solid Waste</b>	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 9,834,682	\$ 935,141	\$ 10,769,823
Receivables, net	81,021	263,892	344,913
Total current assets	<u>9,915,703</u>	<u>1,199,033</u>	<u>11,114,736</u>
Noncurrent assets:			
Capital assets:			
Construction in progress	1,580,265	-	1,580,265
Machinery and equipment	1,410	-	1,410
Lease assets - Machinery and equipment	-	757	757
Less accumulated depreciation/amortization	-	(537)	(537)
Total noncurrent assets	<u>1,581,675</u>	<u>220</u>	<u>1,581,895</u>
<b>Total Assets</b>	<u><u>11,497,378</u></u>	<u><u>1,199,253</u></u>	<u><u>12,696,631</u></u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 168,685	\$ 164,529	\$ 333,214
Accrued liabilities	-	25,547	25,547
Current portion of noncurrent liabilities:			
Leases payable	-	153	153
Total current liabilities:	<u>168,685</u>	<u>190,229</u>	<u>358,914</u>
Noncurrent liabilities:			
Leases payable	-	38	38
Total noncurrent liabilities:	<u>-</u>	<u>38</u>	<u>38</u>
<b>Total Liabilities</b>	<u><u>168,685</u></u>	<u><u>190,267</u></u>	<u><u>358,952</u></u>
<b>Net Position</b>			
Net investment in capital assets	1,581,675	29	1,581,704
Unrestricted	9,747,018	1,008,957	10,755,975
<b>Total Net Position</b>	<u><u>\$ 11,328,693</u></u>	<u><u>\$ 1,008,986</u></u>	<u><u>12,337,679</u></u>

**CITY OF BOERNE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended September 30, 2025**

	<b>Business-type Activities</b>		
	<b>Stormwater</b>	<b>Solid Waste</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Operating Revenues</b>			
Charges for services:			
Charges for sales and services	\$ 639,487	\$ 1,745,828	\$ 2,385,315
Penalties	-	11,696	11,696
Other operating revenues	1,400,000	-	1,400,000
<b>Total Operating Revenues</b>	<u>2,039,487</u>	<u>1,757,524</u>	<u>3,797,011</u>
<b>Operating Expenses</b>			
Cost of fuel and water reservation	-	1,570,662	1,570,662
Administration	31,044	51,779	82,823
Depreciation and amortization	-	151	151
<b>Total Operating Expenses</b>	<u>31,044</u>	<u>1,622,592</u>	<u>1,653,636</u>
<b>Operating Income (Loss)</b>	<u>2,008,443</u>	<u>134,932</u>	<u>2,143,375</u>
<b>Nonoperating Revenues (Expenses)</b>			
Investment earnings	234,336	35,206	269,542
Intergovernmental	-	5,000	5,000
Interest expense	-	(2)	(2)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>234,336</u>	<u>40,204</u>	<u>274,540</u>
<b>Change in Net Position</b>	2,242,779	175,136	2,417,915
<b>Net Position - Beginning</b>	<u>9,085,914</u>	<u>833,850</u>	<u>9,919,764</u>
<b>Net Position - Ending</b>	<u>\$ 11,328,693</u>	<u>\$ 1,008,986</u>	<u>\$ 12,337,679</u>

**CITY OF BOERNE, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended September 30, 2025**

	<b>Business-type Activities</b>		
	<b>Stormwater</b>	<b>Solid Waste</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 640,008	\$ 1,693,825	\$ 2,333,833
Other receipts	1,400,000	-	1,400,000
Payments to suppliers and service providers	115,550	(1,572,942)	(1,457,392)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>2,155,558</u>	<u>120,883</u>	<u>2,276,441</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating grants	-	5,000	5,000
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(225,388)	-	(225,388)
Principal payments on leases	-	(152)	(152)
Interest paid on capital related debt	-	(2)	(2)
<b>Net cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(225,388)</u>	<u>(154)</u>	<u>(225,542)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on investments	234,336	35,206	269,542
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>234,336</u>	<u>35,206</u>	<u>269,542</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	2,164,506	160,935	2,325,441
<b>Beginning Cash and Cash Equivalents</b>	7,670,176	774,206	8,444,382
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 9,834,682</u>	<u>\$ 935,141</u>	<u>\$ 10,769,823</u>
<b>Reconciliation to the Statement of Net Position - Proprietary Funds</b>			
Unrestricted cash and cash equivalents	\$ 9,834,682	\$ 935,141	\$ 10,769,823
	<u>\$ 9,834,682</u>	<u>\$ 935,141</u>	<u>\$ 10,769,823</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ 2,008,443	\$ 134,932	\$ 2,143,375
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	-	151	151
(Increase) decrease in assets:			
Accounts receivable, net	521	(63,699)	(63,178)
Increase (decrease) in liabilities:			
Accounts payable	146,594	39,133	185,727
Accrued liabilities	-	10,366	10,366
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 2,155,558</u>	<u>\$ 120,883</u>	<u>\$ 2,276,441</u>

## **STATISTICAL SECTION**



**CITY OF BOERNE, TEXAS**  
**STATISTICAL SECTION**  
*September 30, 2025*

This section of the City of Boerne’s Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b>	110 - 120
These schedules contain trend information to help the readers understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	121 - 127
These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes, as well as proprietary revenues for the City’s major utilities.	
<b>Debt Capacity</b>	128 - 132
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.	
<b>Demographic and Economic Information</b>	133 - 134
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.	
<b>Operating Information</b>	135 - 137
These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	
<b>Sources:</b> Unless otherwise noted, the information in these schedules is derived from the ACFRs for the relevant year.	

**CITY OF BOERNE, TEXAS**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 1**  
**Page 1 of 2**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 22,983,923	\$ 27,421,550	\$ 34,104,242	\$ 39,484,568	\$ 41,258,458
Restricted	1,955,074	2,153,641	2,267,544	1,985,683	1,894,842
Unrestricted	1,929,643	3,059,335	2,852,356	3,794,538	6,207,028
<b>Total Governmental Activities</b>					
<b>Net Position</b>	<u>\$ 26,868,640</u>	<u>\$ 32,634,526</u>	<u>\$ 39,224,142</u>	<u>\$ 45,264,789</u>	<u>\$ 49,360,328</u>
<b>Business-Type Activities</b>					
Net investment in capital assets	\$ 34,595,282	\$ 40,775,084	\$ 45,009,644	\$ 50,259,285	\$ 50,703,357
Restricted	8,492,021	9,900,336	11,523,353	11,632,026	11,656,916
Unrestricted	17,665,505	20,090,983	21,878,763	28,615,412	31,947,479
<b>Total Business-Type Activities</b>					
<b>Net Position</b>	<u>\$ 60,752,808</u>	<u>\$ 70,766,403</u>	<u>\$ 78,411,760</u>	<u>\$ 90,506,723</u>	<u>\$ 94,307,752</u>
<b>Primary Government</b>					
Investment in capital assets	\$ 57,579,205	\$ 68,196,634	\$ 79,113,886	\$ 89,743,853	\$ 91,961,815
Restricted	10,447,095	12,053,977	13,790,897	13,617,709	13,551,758
Unrestricted	19,595,148	23,150,318	24,731,119	32,409,950	38,154,507
<b>Total Primary Government</b>					
<b>Net Position</b>	<u>\$ 87,621,448</u>	<u>\$ 103,400,929</u>	<u>\$ 117,635,902</u>	<u>\$ 135,771,512</u>	<u>\$ 143,668,080</u>

**CITY OF BOERNE, TEXAS**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 1**  
**Page 2 of 2**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 41,214,772	\$ 45,659,140	\$ 49,557,666	\$ 57,329,005	\$ 65,306,618
Restricted	2,115,222	3,610,795	9,774,696	10,339,905	12,687,252
Unrestricted	10,979,668	14,705,942	19,027,936	26,327,221	30,294,754
<b>Total Governmental Activities</b>					
<b>Net Position</b>	<u>\$ 54,309,662</u>	<u>\$ 63,975,877</u>	<u>\$ 78,360,298</u>	<u>\$ 93,996,131</u>	<u>\$ 108,288,624</u>
<b>Business-Type Activities</b>					
Net investment in capital assets	\$ 51,525,350	\$ 66,324,567	\$ 64,878,785	\$ 79,467,816	\$ 91,163,062
Restricted	14,348,870	15,956,484	17,211,153	17,735,464	16,648,115
Unrestricted	36,491,504	43,032,521	49,064,692	59,071,420	65,067,124
<b>Total Business-Type Activities</b>					
<b>Net Position</b>	<u>\$ 102,365,724</u>	<u>\$ 125,313,572</u>	<u>\$ 131,154,630</u>	<u>\$ 156,274,700</u>	<u>\$ 172,878,301</u>
<b>Primary Government</b>					
Investment in capital assets	\$ 92,740,122	\$ 111,983,707	\$ 114,436,451	\$ 136,796,821	\$ 156,469,680
Restricted	16,464,092	19,567,279	26,985,849	28,075,369	29,335,367
Unrestricted	47,471,172	57,738,463	68,092,628	85,398,641	95,361,878
<b>Total Primary Government</b>					
<b>Net Position</b>	<u>\$ 156,675,386</u>	<u>\$ 189,289,449</u>	<u>\$ 209,514,928</u>	<u>\$ 250,270,831</u>	<u>\$ 281,166,925</u>

**CITY OF BOERNE, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 2**  
**Page 1 of 4**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Primary Government</b>					
<b>Expenses</b>					
Governmental activities:					
General government	\$ 4,139,228	\$ 4,066,160	\$ 3,819,815	\$ 5,196,910	\$ 6,459,119
Public safety	10,252,055	10,460,090	10,324,538	11,416,777	11,863,284
Highway and streets	2,794,067	2,595,872	3,329,625	3,814,779	3,884,976
Economic development	1,025,169	751,422	732,029	819,239	1,307,105
Culture and recreation	3,939,720	3,872,533	4,062,629	4,595,613	4,534,013
Interest on long-term debt	699,457	748,770	1,178,804	1,073,959	1,026,511
Total governmental activities expenses	<u>22,849,696</u>	<u>22,494,847</u>	<u>23,447,440</u>	<u>26,917,277</u>	<u>29,075,008</u>
Business-type activities:					
Electric	13,762,430	14,748,981	13,781,471	13,718,766	13,956,777
Water	4,962,987	5,231,602	5,868,934	6,522,913	6,873,574
Wastewater	6,763,885	7,001,087	7,441,029	7,547,160	7,892,719
Gas	1,934,105	2,131,493	2,487,475	2,774,933	2,665,897
Solid waste	698,642	765,914	803,815	855,222	930,228
Stormwater	-	-	-	-	-
Total Business-type activities	<u>28,122,049</u>	<u>29,879,077</u>	<u>30,382,724</u>	<u>31,418,994</u>	<u>32,319,195</u>
<b>Total Expenses</b>	<u>\$ 50,971,745</u>	<u>\$ 52,373,924</u>	<u>\$ 53,830,164</u>	<u>\$ 58,336,271</u>	<u>\$ 61,394,203</u>
<b>Program Revenue</b>					
Governmental activities:					
Charges for services:					
General government	\$ 21,505	\$ 45,468	\$375,423.00	\$ 465,939	\$ 90,498
Public safety	2,906,752	3,220,636	3,187,726	3,597,210	3,596,418
Highway and streets	450	3,726	49,524	5,722	-
Economic development	-	-	-	-	-
Culture and recreation	679,724	739,810	781,583	734,275	558,539
Operating grants and contributions	828,004	948,921	1,028,192	1,084,571	1,920,520
Capital grants and contributions	1,854,325	5,792,264	7,144,323	4,527,738	3,316,197
Total governmental activities	<u>6,290,760</u>	<u>10,750,825</u>	<u>12,566,771</u>	<u>10,415,455</u>	<u>9,482,172</u>
Business-type activities:					
Charges for services:					
Electric	15,752,733	16,278,423	17,298,397	16,545,295	15,158,611
Water	5,109,931	5,453,144	5,871,244	6,766,786	6,811,700
Wastewater	4,223,193	4,434,700	4,704,658	5,083,504	5,420,652
Gas	1,834,219	1,974,451	2,400,814	3,001,284	2,701,672
Solid waste	780,116	826,175	888,628	959,154	1,014,108
Stormwater	-	-	-	-	-
Operating grants and contributions	25,952	35,829	5,000	-	-
Capital grants and contributions	10,390,016	11,612,611	8,701,870	12,135,613	5,973,143
Total Business-type activities	<u>38,116,160</u>	<u>40,615,333</u>	<u>39,870,611</u>	<u>44,491,636</u>	<u>37,079,886</u>
<b>Total Program Revenue</b>	<u>\$ 44,406,920</u>	<u>\$ 51,366,158</u>	<u>\$ 52,437,382</u>	<u>\$ 54,907,091</u>	<u>\$ 46,562,058</u>

**CITY OF BOERNE, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 2**  
**Page 2 of 4**

<b>Primary Government</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 6,338,343	\$ 6,706,056	\$ 9,612,661	\$ 9,078,460	\$ 5,255,524
Public safety	11,789,354	12,453,125	13,738,764	15,577,327	16,612,288
Highway and streets	4,021,755	4,476,566	5,425,718	5,824,692	6,575,046
Economic development	857,597	1,086,012	1,344,552	2,523,471	1,675,916
Culture and recreation	4,674,240	5,087,280	6,580,381	7,212,610	8,299,750
Interest on long-term debt	1,039,565	1,074,130	1,240,309	1,648,850	1,609,261
Total governmental activities expenses	<u>28,720,854</u>	<u>30,883,169</u>	<u>37,942,385</u>	<u>41,865,410</u>	<u>40,027,785</u>
Business-type activities:					
Electric	14,141,570	13,465,955	15,113,513	16,912,865	16,924,421
Water	7,429,111	8,042,811	8,114,157	9,216,647	12,173,517
Wastewater	8,529,651	8,774,835	9,715,037	9,924,255	10,817,030
Gas	3,146,598	4,354,303	4,777,064	4,177,269	4,883,873
Solid waste	1,036,328	1,120,874	1,404,384	1,466,906	1,622,594
Stormwater	150	15,537	51,911	151,834	31,044
Total Business-type activities	<u>34,283,408</u>	<u>35,774,315</u>	<u>39,176,066</u>	<u>41,849,776</u>	<u>46,452,479</u>
<b>Total Expenses</b>	<u>\$ 63,004,262</u>	<u>\$ 66,657,484</u>	<u>\$ 77,118,451</u>	<u>\$ 83,715,186</u>	<u>\$ 86,480,264</u>
<b>Program Revenue</b>					
Governmental activities:					
Charges for services:					
General government	\$ 24,061	\$ 739,173	\$ 1,767,739	\$ 2,017,744	\$ 2,607,528
Public safety	4,074,841	3,637,914	6,194,898	8,319,499	336,527
Highway and streets	-	-	-	-	-
Economic development	-	-	-	2,385,489	-
Culture and recreation	671,375	973,693	4,846,884	1,967,241	938,655
Operating grants and contributions	974,183	5,677,645	413,589	458,948	3,633,072
Capital grants and contributions	1,909,485	5,520,721	3,196,975	2,794,506	6,702,918
Total governmental activities	<u>7,653,945</u>	<u>16,549,146</u>	<u>16,420,085</u>	<u>17,943,427</u>	<u>14,218,700</u>
Business-type activities:					
Charges for services:					
Electric	16,921,679	18,493,259	19,956,225	22,080,744	21,444,662
Water	8,831,904	9,369,373	8,947,201	8,964,973	10,781,123
Wastewater	8,977,822	8,773,874	8,724,535	7,819,978	9,866,993
Gas	2,971,794	4,394,173	4,870,155	4,970,429	5,185,333
Solid waste	1,116,862	1,294,476	1,385,171	1,417,966	1,757,524
Stormwater	481,030	609,082	626,691	637,378	639,487
Operating grants and contributions	-	-	-	-	5,000
Capital grants and contributions	4,374,051	12,997,889	-	17,107,688	10,196,698
Total Business-type activities	<u>43,675,142</u>	<u>55,932,126</u>	<u>44,509,978</u>	<u>62,999,156</u>	<u>59,876,820</u>
<b>Total Program Revenue</b>	<u>\$ 51,329,087</u>	<u>\$ 72,481,272</u>	<u>\$ 60,930,063</u>	<u>\$ 80,942,583</u>	<u>\$ 74,095,520</u>

**CITY OF BOERNE, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 2**  
**Page 3 of 4**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (16,558,936)	\$ (11,744,022)	\$ (10,880,669)	\$ (16,501,822)	\$ (19,592,836)
Business-type activities	9,994,111	10,736,256	9,487,887	13,072,642	4,760,691
<b>Total Primary Government Net Expense</b>	<u>\$ (6,564,825)</u>	<u>\$ (1,007,766)</u>	<u>\$ (1,392,782)</u>	<u>\$ (3,429,180)</u>	<u>\$ (14,832,145)</u>
<b>General Revenues and Other</b>					
<b>Changes in Net Position</b>					
<b>Governmental Activities:</b>					
Taxes:					
Property taxes	\$ 6,716,220	\$ 6,408,676	\$ 6,801,767	\$ 8,401,600	\$ 9,387,036
Sales taxes	6,657,261	6,628,822	7,021,498	7,912,673	8,432,288
Franchise taxes	2,454,521	2,539,941	2,764,266	2,765,491	2,599,006
Other taxes	546,239	597,974	635,895	687,407	612,466
Investment earnings	83,538	86,679	130,876	342,561	229,749
Miscellaneous	593,071	295,240	287,492	423,401	805,946
Gain on sale of assets	35,704	-	499,483	31,265	18,389
Transfers	1,621,568	963,719	1,209,552	1,978,071	1,603,495
<b>Total Governmental Activities</b>	<u>18,708,122</u>	<u>17,521,051</u>	<u>19,350,829</u>	<u>22,542,469</u>	<u>23,688,375</u>
<b>Business-Type Activities:</b>					
Investment earnings	139,417	228,733	510,142	994,187	635,431
Miscellaneous	-	12,325	-	-	-
Gain on sale of assets	3	-	-	6,205	8,402
Transfers	(1,621,568)	(963,719)	(1,209,552)	(1,978,071)	(1,603,495)
<b>Total Business-Type Activities</b>	<u>(1,482,148)</u>	<u>(722,661)</u>	<u>(699,410)</u>	<u>(977,679)</u>	<u>(959,662)</u>
<b>Total Primary Government</b>	<u>\$ 17,225,974</u>	<u>\$ 16,798,390</u>	<u>\$ 18,651,419</u>	<u>\$ 21,564,790</u>	<u>\$ 22,728,713</u>
<b>Change in Net Position:</b>					
Governmental activities	\$ 2,149,186	\$ 5,777,029	\$ 8,470,160	\$ 6,040,647	\$ 4,095,539
Business-type activities	8,511,963	10,013,595	8,788,477	12,094,963	3,801,029
<b>Total Primary Government</b>	<u>\$ 10,661,149</u>	<u>\$ 15,790,624</u>	<u>\$ 17,258,637</u>	<u>\$ 18,135,610</u>	<u>\$ 7,896,568</u>

**CITY OF BOERNE, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 2**  
**Page 4 of 4**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (21,066,909)	\$ (14,334,023)	\$ (21,522,300)	\$ (23,921,983)	\$ (25,809,085)
Business-type activities	9,391,734	20,157,811	5,333,912	21,149,380	13,424,341
<b>Total Primary Government Net Expense</b>	<u>\$ (11,675,175)</u>	<u>\$ 5,823,788</u>	<u>\$ (16,188,388)</u>	<u>\$ (2,772,603)</u>	<u>\$ (12,384,744)</u>
<b>General Revenues and Other</b>					
<b>Changes in Net Position</b>					
<b>Governmental Activities:</b>					
Taxes:					
Property taxes	\$ 10,078,721	\$ 10,907,162	\$ 13,150,643	\$ 16,012,901	\$ 16,423,243
Sales taxes	9,577,288	10,119,996	11,531,095	12,369,640	12,898,795
Franchise taxes	2,768,083	3,136,495	3,311,807	3,351,029	3,636,189
Other taxes	925,792	1,123,631	1,163,602	1,249,393	1,244,811
Investment earnings	79,660	151,568	2,123,308	3,767,993	3,435,497
Miscellaneous	1,093,418	916,021	573,746	358,674	227,005
Gain on sale of assets	3,689	85,285	1,941,031	2,619,115	2,641,221
Transfers	1,657,043	(2,439,920)	2,111,489	(170,929)	1,139,715
<b>Total Governmental Activities</b>	<u>26,183,694</u>	<u>24,000,238</u>	<u>35,906,721</u>	<u>39,557,816</u>	<u>41,646,476</u>
<b>Business-Type Activities:</b>					
Investment earnings	142,297	326,367	2,618,635	3,778,844	3,430,233
Miscellaneous	13,533	-	-	-	-
Gain on sale of assets	-	23,750	-	20,917	1,400,000
Transfers	(1,657,043)	2,439,920	(2,111,489)	170,929	(1,139,715)
<b>Total Business-Type Activities</b>	<u>(1,501,213)</u>	<u>2,790,037</u>	<u>507,146</u>	<u>3,970,690</u>	<u>3,690,518</u>
<b>Total Primary Government</b>	<u>\$ 24,682,481</u>	<u>\$ 26,790,275</u>	<u>\$ 36,413,867</u>	<u>\$ 43,528,506</u>	<u>\$ 45,336,994</u>
<b>Change in Net Position:</b>					
Governmental activities	\$ 5,116,785	\$ 9,666,215	\$ 14,384,421	\$ 15,635,833	\$ 15,837,391
Business-type activities	7,890,521	22,947,848	5,841,058	25,120,070	17,114,859
<b>Total Primary Government</b>	<u>\$ 13,007,306</u>	<u>\$ 32,614,063</u>	<u>\$ 20,225,479</u>	<u>\$ 40,755,903</u>	<u>\$ 32,952,250</u>

**CITY OF BOERNE, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 3**  
**Page 1 of 2**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>General fund</b>					
Non-spendable	\$ -	\$ -	\$ 1,874	\$ 1,800	\$ 1,500
Restricted	232,981	276,162	280,945	132,968	149,809
Assigned	-	-	-	-	-
Unassigned	9,509,466	10,503,769	10,983,135	12,214,014	14,246,963
<b>Total General Fund</b>	<u>\$ 9,742,447</u>	<u>\$ 10,779,931</u>	<u>\$ 11,265,954</u>	<u>\$ 12,348,782</u>	<u>\$ 14,398,272</u>
<b>All Other Governmental Funds</b>					
Non-spendable	\$ 1,937,815	\$ 2,908,115	\$ 4,323,576	\$ 5,235,201	\$ 6,176,676
Restricted	1,374,357	22,636,406	19,875,913	6,836,394	952,225
Assigned	665,999	700,792	744,523	791,598	849,058
<b>Total All Other Governmental Funds</b>	<u>\$ 3,978,171</u>	<u>\$ 26,245,313</u>	<u>\$ 24,944,012</u>	<u>\$ 12,863,193</u>	<u>\$ 7,977,959</u>

**CITY OF BOERNE, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
*Last Ten Fiscal Years*  
*(Modified Accrual Basis of Accounting)*

**Table 3**  
**Page 2 of 2**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>General fund</b>					
Non-spendable	\$ 25,000	\$ 3,425	\$ 322,790	\$ 20,948	\$ 148,221
Restricted	203,101	412,982	305,906	3,148,308	3,133,210
Assigned		13,417,911	15,190,742	19,152,560	18,438,355
Unassigned	15,865,075	-	-	-	-
<b>Total General Fund</b>	<u>\$ 16,093,176</u>	<u>\$ 13,834,318</u>	<u>\$ 15,819,438</u>	<u>\$ 22,321,816</u>	<u>\$ 21,719,786</u>
<b>All Other Governmental Funds</b>					
Non-spendable	\$ 9,318,678	\$ 15,645,308	\$ 21,651,949	\$ 865,973	\$ 1,010,630
Restricted	1,151,125	3,197,813	24,756,099	25,051,569	27,011,825
Assigned	899,677	735,188	775,186	22,810,198	29,474,539
<b>Total All Other Governmental Funds</b>	<u>\$ 11,369,480</u>	<u>\$ 19,578,309</u>	<u>\$ 47,183,234</u>	<u>\$ 48,727,740</u>	<u>\$ 57,496,994</u>

**CITY OF BOERNE, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 4**  
**Page 1 of 2**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Revenues</b>					
Property taxes	\$ 6,654,315	\$ 6,397,290	\$ 6,806,247	\$ 8,429,725	\$ 9,400,512
Sales and use taxes	7,143,387	6,628,822	7,021,498	7,912,673	8,432,288
Franchise taxes	2,454,521	2,539,941	2,764,266	2,765,491	2,599,006
Hotel occupancy taxes	546,239	597,974	635,895	687,407	612,466
Other taxes	-	-	-	-	-
Licenses and fees	940,051	1,071,546	1,139,600	1,278,906	1,152,585
Fines	367,768	346,143	286,082	301,768	216,500
Charges for services	824,119	866,220	942,108	794,255	642,402
Investment earnings	101,706	163,263	616,238	915,277	380,793
Intergovernmental	158,083	26,665	1,501,976	119,566	1,013,027
Miscellaneous	2,943,875	2,936,425	2,876,856	3,353,304	3,931,968
<b>Total Revenues</b>	<u>22,134,064</u>	<u>21,574,289</u>	<u>24,590,766</u>	<u>26,558,372</u>	<u>28,381,547</u>
<b>Expenditures</b>					
General government	2,935,432	3,354,343	3,597,506	4,866,280	5,161,608
Public safety	8,824,004	8,487,808	8,969,673	9,854,015	10,396,814
Highways and streets	1,471,268	1,524,170	1,506,474	1,723,818	1,575,084
Economic development	1,003,922	738,176	711,281	778,192	1,203,679
Culture and recreation	3,069,393	2,872,098	3,152,650	3,351,794	3,352,406
Debt Service:					
Principal	1,385,000	1,435,000	2,050,000	2,090,000	2,010,000
Interest	712,727	707,684	1,189,760	1,083,227	1,027,751
Other debt service	119,965	296,557	-	83,167	-
Capital outlay	2,472,434	2,129,027	6,046,830	15,985,775	8,182,493
<b>Total Expenditures</b>	<u>21,994,145</u>	<u>21,544,863</u>	<u>27,224,174</u>	<u>39,816,268</u>	<u>32,909,835</u>
Excess of Revenues Over (Under) Expenditures	139,919	29,426	(2,633,408)	(13,257,896)	(4,528,288)
<b>Other Financing Sources (Uses)</b>					
Transfers in	2,106,052	2,119,801	4,014,148	3,684,168	4,071,500
Transfers out	(484,484)	(484,484)	(2,804,596)	(1,706,097)	(2,468,005)
Issuance of debt, net of refunding amounts	(34,825)	22,298,943	-	250,569	66,957
Sale of general capital assets	44,917	12,538	608,578	31,265	22,092
<b>Total Other Financing Sources (Uses)</b>	<u>1,631,660</u>	<u>23,946,798</u>	<u>1,818,130</u>	<u>2,259,905</u>	<u>1,692,544</u>
Net Change in Fund Balances	<u>\$ 1,771,579</u>	<u>\$ 23,976,224</u>	<u>\$ (815,278)</u>	<u>\$ (10,997,991)</u>	<u>\$ (2,835,744)</u>
Debt Service as a Percentage of Noncapital Expenditures	10.7%	11.0%	15.3%	13.3%	12.3%

**CITY OF BOERNE, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 4**  
**Page 2 of 2**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Revenues</b>					
Property taxes	\$ 10,073,144	\$ 10,944,323	\$ 13,067,122	\$ 15,913,690	\$ 16,465,855
Sales and use taxes	9,577,288	10,119,996	11,531,095	12,369,640	12,898,795
Franchise taxes	2,768,083	3,136,495	3,311,807	3,351,029	3,636,189
Hotel occupancy taxes	925,792	1,017,376	1,049,976	1,125,303	1,131,400
Other taxes	-	-	-	-	113,411
Licenses and fees	1,606,570	1,776,284	1,773,034	2,816,594	2,229,168
Fines	194,532	253,069	243,158	322,846	336,527
Charges for services	958,856	1,277,172	4,600,537	1,181,293	1,317,015
Investment earnings	79,660	151,568	2,123,394	3,767,993	3,435,497
Intergovernmental	33,921	4,546,204	56,427	126,501	3,633,072
Miscellaneous	4,023,197	4,200,880	7,237,240	11,184,450	2,644,230
<b>Total Revenues</b>	<u>30,241,043</u>	<u>37,423,367</u>	<u>44,993,790</u>	<u>52,159,339</u>	<u>47,841,159</u>
<b>Expenditures</b>					
General government	5,524,658	6,110,643	8,412,713	8,670,442	4,960,912
Public safety	11,124,532	11,464,073	12,469,383	14,172,808	15,720,933
Highways and streets	1,732,168	2,040,054	2,816,843	3,280,217	2,752,218
Economic development	790,591	1,009,103	1,294,132	2,478,232	1,655,892
Culture and recreation	3,746,622	4,075,908	5,085,169	5,593,846	6,431,285
Debt Service:					
Principal	2,065,000	2,354,765	2,787,849	4,852,715	4,852,979
Interest	1,144,617	902,784	1,100,698	1,827,068	1,714,443
Other debt service	1,453	338,419	317,058	-	114,008
Capital outlay	1,061,229	2,410,596	4,612,035	8,130,351	9,044,867
<b>Total Expenditures</b>	<u>27,190,870</u>	<u>30,706,345</u>	<u>38,895,880</u>	<u>49,005,679</u>	<u>47,247,537</u>
Excess of Revenues Over (Under) Expenditures	3,050,173	6,717,022	6,097,910	3,153,660	593,622
<b>Other Financing Sources (Uses)</b>					
Transfers in	4,610,657	15,949,614	11,118,417	10,556,006	11,694,319
Transfers out	(2,953,614)	(17,761,466)	(9,006,928)	(10,726,935)	(10,554,604)
Issuance of debt, net of refunding amounts	375,520	959,516	19,438,000	2,596,478	6,206,882
Sale of general capital assets	3,689	85,285	1,942,646	2,467,675	227,005
<b>Total Other Financing Sources (Uses)</b>	<u>2,036,252</u>	<u>(767,051)</u>	<u>23,492,135</u>	<u>4,893,224</u>	<u>7,573,602</u>
Net Change in Fund Balances	<u>\$ 5,086,425</u>	<u>\$ 5,949,971</u>	<u>\$ 29,590,045</u>	<u>\$ 8,046,884</u>	<u>\$ 8,167,224</u>
Debt Service as a Percentage of Noncapital Expenditures	12.3%	12.7%	12.3%	16.3%	17.2%



**CITY OF BOERNE, TEXAS****TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS***Last Ten Fiscal Years**(Modified Accrual Basis of Accounting)***Table 5**

<b>Fiscal Year</b>	<b>Ad Valorem Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Hotel/Motel Tax</b>	<b>Total</b>
2016	\$ 6,716,220	\$ 6,657,261	\$ 2,454,521	\$ 546,239	\$ 16,374,241
2017	6,408,676	6,628,822	2,539,941	597,974	16,175,413
2018	6,801,767	7,021,498	2,764,266	635,895	17,223,426
2019	8,401,600	7,912,673	2,765,491	687,407	19,767,171
2020	9,387,036	8,432,288	2,599,006	612,466	21,030,796
2021	10,078,721	9,577,288	2,768,083	925,792	23,349,884
2022	10,907,162	10,119,996	3,136,495	1,017,376	25,181,029
2023	13,150,643	11,531,095	3,311,807	1,049,976	29,043,521
2024	15,913,689	12,369,640	3,351,029	1,125,303	32,759,661
2025	16,465,855	12,898,795	3,636,189	1,131,400	34,132,239

Note: Amounts above do not include mixed beverage tax.

**CITY OF BOERNE, TEXAS**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY  
Last Ten Fiscal Years**

*Table 6*

Fiscal Year Ended September 30	Real Property		Personal Property Assessed Value	Less: Tax Exempt Real Property	Taxable Assessed Value	Direct Tax Rate <sup>(1)</sup>	Actual Taxable Value	Percentage of Assessed to Actual Value <sup>(2)</sup>
	Residential Assessed Value	Commerical Assessed Value						
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%
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%
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%
2019	1,330,883,015	1,003,745,403	157,212,880	(433,339,825)	2,058,501,473	0.4720	1,810,003,471	100%
2020	1,442,539,484	891,177,004	183,712,320	(496,829,403)	2,020,599,405	0.4720	2,020,599,405	100%
2021	1,559,897,497	908,572,221	197,025,250	(493,661,486)	2,171,833,482	0.4720	2,171,833,482	100%
2022	1,795,092,108	951,883,413	197,170,440	(579,571,617)	2,364,574,344	0.4720	2,364,574,344	100%
2023	2,081,849,789	1,488,343,455	224,841,180	(967,296,487)	2,827,737,937	0.4510	2,827,737,937	100%
2024	2,505,388,956	1,839,042,495	242,521,120	(1,290,115,955)	3,296,836,616	0.4766	3,296,836,616	100%
2025	2,771,400,512	1,778,342,730	241,893,580	(1,233,118,020)	3,558,518,802	0.4716	3,558,518,802	100%

The above information was obtained from the Kendall Appraisal District.

<sup>(1)</sup> Tax rates are per \$100 of assessed value.

<sup>(2)</sup> Excludes tax-exempt property.

**CITY OF BOERNE, TEXAS**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

*Last Ten Fiscal Years*

*(rate per \$100 of assessed value)*

*Table 7*

Fiscal Year	City of Boerne			Overlapping Rates						Total Direct & Overlapping Rates
	Operating Rate	Debt	Total	School District			County			
		Service Rate	City Rate	Operating Rate	Service Rate	Total School Rate	Operating Rate	Service Rate	Total County Rate	
2016	0.3261	0.1459	0.4720	1.0400	0.2540	1.2940	0.3460	0.0407	0.3867	2.1527
2017	0.3426	0.1294	0.4720	1.0400	0.2760	1.3160	0.3465	0.0662	0.4127	2.2007
2018	0.3585	0.1135	0.4720	1.0400	0.3140	1.3540	0.3490	0.0637	0.4127	2.2387
2019	0.3651	0.1069	0.4720	1.0400	0.3140	1.3540	0.3520	0.0607	0.4127	2.2387
2020	0.3869	0.0851	0.4720	0.9716	0.3140	1.2856	0.3558	0.0569	0.4127	2.1703
2021	0.3908	0.0812	0.4720	0.9367	0.3140	1.2507	0.3604	0.0523	0.4127	2.1354
2022	0.3936	0.0784	0.4720	0.8826	0.3140	1.1966	0.3643	0.0484	0.4127	2.0813
2023	0.3906	0.0604	0.4510	0.6692	0.3240	0.9932	0.2994	0.0833	0.3827	1.8269
2024	0.3582	0.1184	0.4766	0.6669	0.3240	0.9909	0.2994	0.0833	0.3827	1.8502
2025	0.3532	0.1184	0.4716	0.6969	0.3140	1.0109	0.3180	0.0590	0.3770	1.8595

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

**CITY OF BOERNE, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Nine Years Ago**

*Table 8*

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Albany Engineered Composites	\$ 25,407,685	1	0.71%			
VBM Acquisition LLC	24,256,080	2	0.68%	\$ 13,243,470	4	0.93%
Boerne Hotel LTD	23,451,880	3	0.66%			
Zylstra Holdings at Boerne LLC	19,026,980	4	0.53%			
LC Boerne Investco LLC	16,739,840	5	0.47%			
Jet Specialty Inc	14,504,590	6	0.41%	11,071,310	5	0.77%
FOB1, LLC	12,699,940	7	0.36%			
H.E.B. Grocery Co.	12,350,000	8	0.35%	17,866,650	1	1.25%
VBM Boerne Land LLC	11,550,000	9	0.32%			
Wal-Mart Stores Texas LP	11,200,000	10	0.31%	17,170,510	2	1.20%
Heller Property, LP				15,028,750	3	1.05%
Carrington Place I & II, LP				9,905,750	6	0.69%
Home Depot				9,686,000	7	0.68%
Lanpar Holding LP				7,693,650	8	0.54%
Cambridge-Boerne Partners, LP				7,274,360	9	0.51%
Starplex				7,164,070	10	0.50%
	<u>\$ 171,186,995</u>		<u>4.81%</u>	<u>\$ 116,104,520</u>		<u>8.12%</u>

Source: Kendall Appraisal District

**CITY OF BOERNE, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
*Last Ten Fiscal Years*

*Table 9*

Fiscal Year Ended September 30	Tax Roll Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
			Current Taxes Collected	Percent of Levy		Total Tax Collections	Percentage of Levy
2016	2015	6,622,585	6,549,283	98.9%	71,090	6,620,373	100%
2017	2016	7,224,676	7,132,942	98.7%	38,732	7,171,674	99.3%
2018	2017	7,697,939	7,655,276	99.4%	42,663	7,697,939	100%
2019	2018	8,375,606	8,318,459	99.3%	35,664	8,354,123	99.7%
2020	2019	9,335,187	9,264,788	99.2%	32,668	9,297,456	99.6%
2021	2020	9,997,543	9,941,187	99.4%	46,748	9,987,935	99.9%
2022	2021	10,840,333	10,798,678	99.6%	41,707	10,840,385	100.0%
2023	2022	13,175,006	13,010,187	98.7%	56,935	13,067,122	99.2%
2024	2023	15,896,667	15,776,568	99.2%	24,787	15,801,355	99.4%
2025	2024	16,316,536	16,201,372	99.3%	43,100	16,244,472	99.6%

Source: Kendall Appraisal District

**CITY OF BOERNE, TEXAS**  
**PRINCIPAL UTILITY CUSTOMERS**  
**Last Ten Calendar Years**  
**(in thousands of dollars)**

*Table 10*

Utility Customer	Electric			Gas		
	Customer Revenue	Rank	Percent of Total Electric Revenue	Customer Revenue	Rank	Percent of Total Gas Revenue
Boerne Independent School District	\$ 1,638,741	1	7.83%	\$ 169,297	2	3.86%
City of Boerne	1,401,752	2	6.70%	66,997	5	1.53%
Morningside Ministries	691,012	3	3.30%	96,995	4	2.21%
Wal-Mart	658,759	4	3.15%			0.00%
H.E.B Supermarket	522,679	5	2.50%	64,533	6	1.47%
Boerne Medical Plaza LP	279,646	6	1.34%			0.00%
Woodland Notes, LLC	196,626	7	0.94%			0.00%
Boerne Hotel Ltd	171,532	8	0.82%	46,507	7	1.06%
Home Depot	149,018	9	0.71%			0.00%
Methodist Ambulatory Surgery	138,260	10	0.66%	43,611	8	0.99%
Mission Pharmacal				190,268	1	4.34%
Albany Engineered Composites				109,918	3	2.51%
The Kendall				34,202	9	0.78%
El Chaparral Cocina y Cantina				31,930	10	0.73%
	<u>\$ 5,848,025</u>		<u>27.96%</u>	<u>\$ 854,258</u>		<u>19.48%</u>

Utility Customer	Water			Wastewater		
	Customer Revenue	Rank	Percent of Total Water Revenue	Customer Revenue	Rank	Percent of Total Wastewater Revenue
Boerne Independent School District	\$ 152,392	1	1.90%	\$ 175,912	1	2.48%
City of Boerne	157,072	2	1.96%	73,461	8	1.04%
Morningside Ministries	148,714	3	1.86%	147,417	2	2.08%
Steadfast Estraya LLC	101,805	4	1.27%	97,614	4	1.38%
LC Boerne Investco LLC	72,943	5	0.91%	79,572	7	1.12%
Vantage at Boerne LLC	68,162	6	0.85%	103,176	3	1.46%
Boerne Car Wash LLC	60,053	7	0.75%	82,635	6	1.17%
Boerne Nursing Operations, LLC	38,684	8	0.48%			
Boerne Terraces at Cibolo Apts.	33,194	9	0.41%	52,219	10	0.74%
Liv Boerne Hills LP	32,413	10	0.40%			
Corley Farms Lift Station				88,063	5	1.24%
Kendall County Auditor				62,176	9	0.88%
	<u>\$ 865,432</u>		<u>10.80%</u>	<u>\$ 812,007</u>		<u>11.46%</u>

Source: City of Boerne Utilities

**CITY OF BOERNE, TEXAS**  
**CONNECTIONS AND REVENUES BY UTILITY**  
**Last Ten Fiscal Years**

**Table 11**

Utility	2025		2024		2023		2022	
	Connections	Revenue	Connections	Revenue	Connections	Revenue	Connections	Revenue
Electric	6,556	\$ 21,444,662	6,572	\$ 22,080,744	6,572	\$ 19,956,225	6,247	\$ 18,493,259
Water <sup>(1)</sup>	10,238	10,781,123	9,138	8,964,973	9,138	8,947,201	8,754	9,369,373
Wastewater	7,899	9,866,993	7,369	7,819,978	7,369	8,724,535	7,045	8,773,874
Gas	4,815	5,185,333	3,949	4,970,429	3,949	4,870,155	3,626	4,394,173
Solid Waste	7,003	1,757,524	6,360	1,417,966	6,360	1,385,171	6,011	1,294,476
Stormwater	6,798	639,487	6,425	637,378	6,425	626,691	6,210	609,082
	<u>43,309</u>	<u>49,675,122</u>	<u>39,813</u>	<u>\$ 45,891,468</u>	<u>39,813</u>	<u>\$ 44,509,978</u>	<u>37,893</u>	<u>\$ 42,934,237</u>

Utility	2021		2020		2019		2018	
	Connections	Revenue	Connections	Revenue	Connections	Revenue	Connections	Revenue
Electric	6,194	\$ 16,921,679	5,940	\$ 15,158,611	5,628	\$ 16,545,295	5,498	\$ 17,298,397
Water <sup>(1)</sup>	8,301	8,831,904	7,622	6,811,700	7,188	6,766,786	6,620	5,871,244
Wastewater	6,715	8,977,822	6,342	5,420,652	6,047	5,083,504	5,797	4,704,658
Gas	3,290	2,971,794	3,027	2,701,672	2,699	3,001,284	2,376	2,400,814
Solid Waste	5,694	1,116,862	5,318	1,014,108	5,019	959,154	4,659	888,628
Stormwater	5,970	481,030	-	-	-	-	-	-
	<u>36,164</u>	<u>\$ 39,301,091</u>	<u>28,249</u>	<u>\$ 31,106,743</u>	<u>26,581</u>	<u>\$ 32,356,023</u>	<u>24,950</u>	<u>\$ 31,163,741</u>

Utility	2017		2016	
	Connections	Revenue	Connections	Revenue
Electric	5,394	\$ 16,278,423	5,301	\$ 15,752,733
Water <sup>(1)</sup>	6,120	5,453,144	5,726	5,109,931
Wastewater	5,465	4,434,700	5,302	4,223,193
Gas	2,088	1,974,451	1,867	1,834,219
Solid Waste	4,368	826,175	4,137	780,116
Stormwater	-	-	-	-
	<u>23,435</u>	<u>\$ 28,966,893</u>	<u>22,333</u>	<u>\$ 27,700,192</u>

<sup>(1)</sup>Includes reclaimed water, which began in FY2016

Source: City of Boerne Utilities

**CITY OF BOERNE, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(dollars in thousands, except per capita)**

**Table 12**

Governmental Activities						
Fiscal Year	General	Tax	Financed			Subtotal
	Obligation Bonds <sup>(2)</sup>	Notes <sup>(2)</sup>	Leases	SBITAs	Purchases	
2016	23,781,752	805,000	-	-	-	\$ 24,586,752
2017	22,984,317	22,380,000	-	-	-	45,364,317
2018	21,626,661	21,535,000	-	-	-	43,161,661
2019	20,236,192	20,675,000	-	-	132,119	41,043,311
2020	18,821,455	19,930,000	-	-	139,799	38,891,254
2021	17,366,720	19,170,000	-	-	376,437	36,913,157
2022	34,455,056	-	763,647	-	423,014	35,641,717
2023	50,566,255	-	1,072,270	224,507	583,960	52,446,992
2024	46,809,217	-	2,260,352	386,306	437,844	49,893,719
2025	47,411,854	-	2,548,971	443,598	636,615	51,041,038

Business-Type Activities						
Fiscal Year	General	Revenue	Financed			Subtotal
	Obligation Bonds <sup>(2)</sup>	Bonds	Leases	SBITAs	Purchases	
2016	12,528,576	29,210,000	-	-	-	\$ 41,738,576
2017	12,062,822	28,255,000	-	-	-	40,317,822
2018	39,612,284	285,000	-	-	-	39,897,284
2019	38,285,838	-	-	-	89,992	38,375,830
2020	36,622,706	-	-	-	60,697	36,683,403
2021	34,959,952	-	-	-	30,535	34,990,487
2022	33,252,198	-	112,569	-	254,401	33,619,168
2023	31,489,444	-	273,784	130,730	-	31,893,958
2024	29,587,626	-	476,795	-	2,673,441	32,737,862
2025	27,617,188	-	596,989	-	2,115,221	30,329,398

Fiscal Year	Total Primary Government	Percentage of Household Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
2016	\$ 66,325,328	5.4%	4,608
2017	85,682,139	7.1%	5,724
2018	83,058,945	6.5%	5,167
2019	79,419,141	5.8%	4,691
2020	75,574,657	5.7%	4,183
2021	71,903,644	4.5%	3,275
2022	69,260,885	4.1%	3,288
2023	84,340,950	4.6%	3,821
2024	82,631,581	4.3%	3,701
2025	81,370,436	4.1%	3,583

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

<sup>(1)</sup> Income statistics are only available for census years, between census years estimates are used.  
 See Schedule of Demographic and Economic Statistics for population data.

<sup>(2)</sup> The City's General Obligation and Tax Notes are pledged by ad valorem taxes levied upon all taxable p  
 located within the City, within the limitations prescribed by law.

**CITY OF BOERNE, TEXAS**

**RATIO OF NET GENERAL BONDED DEBT OUTSTANDING**

*Last Ten Fiscal Years*

*(dollars in thousands, except per capita)*

**Table 13**

Fiscal Year Ended September 30,	Governmental and Business-Type Activities				Less:		Percentage of Estimated Actual Taxable Value of Property <sup>(1)</sup>	Per Capita <sup>(2)</sup>
	Gross Bonded Debt	Tax Notes	Total	Service Fund	Total	Total		
2016	\$ 36,310,328	\$ 805,000	\$ 37,115,328	\$ (698,449)	\$ 36,416,879	2.55%	\$ 2,530	
2017	35,047,139	22,380,000	57,427,139	(791,089)	56,636,050	3.65%	3,784	
2018	61,238,945	21,535,000	82,773,945	(778,973)	81,994,972	4.90%	5,100	
2019	58,522,030	20,675,000	79,197,030	(782,309)	78,414,721	4.33%	4,632	
2020	55,444,161	19,930,000	75,374,161	(701,236)	74,672,925	3.69%	4,134	
2021	52,326,672	19,170,000	71,496,672	(621,486)	70,875,186	3.26%	3,228	
2022	67,707,254	-	67,707,254	(692,501)	67,014,753	2.83%	3,182	
2023	82,055,699	-	82,055,699	(948,591)	81,107,108	2.87%	3,674	
2024	76,396,843	-	76,396,843	(1,279,513)	75,117,330	2.28%	3,364	
2025	75,029,042	-	75,029,042	(1,862,389)	73,166,653	2.06%	3,221	

Note: Specific details regarding the City's outstanding debt can be found in the Notes to the Financial Statements

<sup>(1)</sup>See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property

<sup>(2)</sup>Population data can be found in the Schedule of Demographic and Economic Statistics

**CITY OF BOERNE, TEXAS**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**September 30, 2025 and 2024**

**Table 14**

	<u>Net Debt</u>	<u>Percentage Applicable to City<sup>(1)</sup></u>	<u>City's Share of Debt</u>
Kendall County	\$ 30,700,000	33.73%	\$ 10,355,110
Boerne Independent School District	411,599,074	39.41%	<u>162,211,195</u>
Total overlapping debt			<u>172,566,305</u>
City of Boerne	49,893,719	100.00%	<u>49,893,719</u>
Total direct and overlapping debt			<u><u>\$ 222,460,024</u></u>

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

<sup>(1)</sup>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**  
**Last Ten Fiscal Years**

**Table 15**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assessed valuation (AV)	\$ 1,429,047,699	\$ 1,552,695,046	\$ 1,672,182,126	\$ 1,810,003,471	\$ 2,020,599,405	\$ 2,171,833,482	\$ 2,364,574,344	\$ 2,827,737,937	\$ 3,296,836,616	\$ 3,558,518,802
Debt limit percentage	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Debt limit	142,904,770	155,269,505	167,218,213	181,000,347	202,059,941	217,183,348	236,457,434	282,773,794	329,683,662	355,851,880
Net debt applicable to limit										
General bonded debt	37,115,328	57,427,139	82,773,945	79,197,030	75,374,161	71,496,672	67,707,254	82,055,699	76,396,843	75,029,042
Less: Amount set aside for repayment of general bonded debt	(698,449)	(791,089)	(778,973)	(782,309)	(701,236)	(621,486)	(692,501)	(948,591)	(1,279,513)	(1,862,389)
Total net debt applicable to limit	36,416,879	56,636,050	81,994,972	78,414,721	74,672,925	70,875,186	67,014,753	81,107,108	75,117,330	73,166,653
Legal debt margin	\$ 106,487,891	\$ 98,633,455	\$ 85,223,241	\$ 102,585,626	\$ 127,387,016	\$ 146,308,162	\$ 169,442,681	\$ 201,666,686	\$ 254,566,332	\$ 282,685,227
Total net debt applicable to the limit as a percentage of debt limit	25.48%	36.48%	49.03%	43.32%	36.96%	32.63%	28.34%	28.68%	22.78%	20.56%

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**  
**PLEDGE REVENUE COVERAGE**  
**Last Ten Fiscal Years**

**Table 16**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Electric:										
Revenues	\$ 15,819,084	\$ 16,359,468	\$ 17,142,473	\$ 16,869,643	\$ 15,386,121	\$ 16,964,340	\$ 18,584,140	\$ 20,655,622	\$ 23,213,933	\$ 22,465,394
Less: Operating Expenses	(13,178,897)	(14,148,327)	(13,129,342)	(13,040,894)	(13,231,814)	(13,368,035)	(12,750,934)	(14,300,333)	(16,016,262)	(16,008,758)
Net Available Revenue	2,640,187	2,211,141	4,013,131	3,828,749	2,154,307	3,596,305	5,833,206	6,355,289	7,197,671	6,456,636
Water:										
Revenues	5,146,172	5,531,374	5,681,070	7,137,607	7,070,683	8,924,724	9,467,208	9,827,455	10,180,803	11,918,037
Less: Operating Expenses	(3,520,010)	(3,660,798)	(4,223,734)	(4,801,227)	(4,993,168)	(5,429,883)	(6,113,369)	(6,295,194)	(7,217,813)	(9,065,595)
Net Available Revenue	1,626,162	1,870,576	1,457,336	2,336,380	2,077,515	3,494,841	3,353,839	3,532,261	2,962,990	2,852,442
Wastewater:										
Revenues	4,258,053	4,499,452	4,553,200	5,360,019	5,559,312	8,983,995	8,883,242	9,457,608	8,835,698	10,744,629
Less: Operating Expenses	(2,301,112)	(2,565,220)	(2,795,283)	(3,127,747)	(3,284,714)	(3,846,534)	(4,080,522)	(4,890,592)	(4,987,879)	(5,745,085)
Net Available Revenue	1,956,941	1,934,232	1,757,917	2,232,272	2,274,598	5,137,461	4,802,720	4,567,016	3,847,819	4,999,544
Natural Gas:										
Revenues	1,835,627	1,977,390	2,392,855	3,013,845	2,708,055	2,972,174	4,399,854	4,915,878	5,096,950	5,310,742
Less: Operating Expenses	(1,809,543)	(1,658,937)	(1,960,649)	(2,211,456)	(2,062,344)	(2,457,759)	(3,685,045)	(4,036,008)	(3,887,208)	(3,696,364)
Net Available Revenue	26,084	318,453	432,206	802,389	645,711	514,415	714,809	879,870	1,209,742	1,614,378
Total Utility System:										
Revenues	27,058,936	28,367,684	29,769,598	32,381,114	30,724,171	37,845,233	41,334,444	44,856,563	47,327,384	50,438,802
Less: Operating Expenses	(20,809,562)	(22,033,282)	(22,109,008)	(23,181,324)	(23,572,040)	(25,102,211)	(26,629,870)	(29,522,127)	(32,109,162)	(34,515,802)
Net Available Revenue	\$ 6,249,374	\$ 6,334,402	\$ 7,660,590	\$ 9,199,790	\$ 7,152,131	\$ 12,743,022	\$ 14,704,574	\$ 15,334,436	\$ 15,218,222	\$ 15,923,000
Annual Debt Service	\$ 2,695,789	\$ 2,679,527	\$ 2,460,923	\$ 2,439,714	\$ 2,418,553	\$ 2,394,889	\$ 2,546,697	\$ 2,866,125	\$ 2,438,666	\$ 2,842,746
Coverage	2.32	2.36	3.11	3.77	2.96	5.32	5.77	5.35	6.24	5.60

Note: Excludes depreciation and amortization

**CITY OF BOERNE, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
*Last Ten Fiscal Years*

**Table 17**

<b>Fiscal Year</b>	<b>Population<sup>(1)</sup></b>	<b>Median Household Income<sup>(2)</sup></b>	<b>Persons Per Household<sup>(1)</sup></b>	<b>School Enrollment<sup>(3)</sup></b>	<b>Unemployment Rate<sup>(4)</sup></b>
2016	14,392	84,582	2.47	8,303	3.4
2017	14,968	81,110	2.47	8,688	3.0
2018	16,076	78,933	2.47	8,664	3.0
2019	16,930	80,339	2.47	9,579	2.8
2020	18,065	72,776	2.47	9,690	5.2
2021	21,956	72,496	2.85	10,117	3.4
2022	21,062	79,692	2.66	10,327	3.0
2023	22,075	82,982	2.65	10,800	3.1
2024	22,327	86,838	2.63	10,910	4.1
2025	22,712	86,838	2.60	11,101	4.1

Sources:

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

**CITY OF BOERNE, TEXAS**  
**PRINCIPAL EMPLOYERS**  
*Current Year and Nine Years Ago*

*Table 18*

<b>Employer</b>	<b>Fiscal Year 2025</b>		<b>Fiscal Year 2016</b>	
	<b>Ranking</b>	<b>Number of Employees</b>	<b>Ranking</b>	<b>Number of Employees</b>
Boerne Independent School District	1	1,700	1	1,014
H E Butt Grocery Store	2	517	2	351
Kendall County	3	361	5	252
City of Boerne	4	314	6	232
Toyota of Boerne	5	290	8	199
WalMart Stores	6	265	7	217
Albany Engineered Composites	7	227	4	228
Mission Pharmacal	8	198	3	247
The Home Depot	9	150	10	127
Mercedes Benz of Boerne	10	110		
Cibolo Creek Health and Rehab			9	129

Source: City of Boerne Study

**CITY OF BOERNE, TEXAS**

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
Last Ten Fiscal Years**

*Table 19*

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Function:</b>										
General Government	18	32	36	39	49	54	59	59	59	62
Public Safety:										
Animal Control	3	4	4	4	4	4	4	5	6	5
Cemetery	1	1	1	1	-	-	-	-	-	-
Code Enforcement	11	4	4	5	4	4	4	4	5	5
Dispatch	12	14	14	15	15	16	16	16	14	16
Emergency & Risk	7	2	2	2	2.5	3	3	2	3	3
Fire	16	16	17	18	18	19	20	24	27	33
Municipal Court	3	3	3	3	3	3	3	3	3	3
Police	41	41	45	47	47	46	47	50	51	52
Highways & Streets	18	19	20	21	20	16	15	15	15	15
Culture & Recreation	38	33	34	34	37.5	35	32	34	36	36
Economic Development	3	3	3	3	3	3	3	3	3	3
Electric	23	25	23	23	20	24	24	23	24	23
Water	16	16	16	16	14	11	11	17	17	21
Sewer	15	14	18	18	16	16	16	11	10	11
Gas	7	7	9	11	10	9	10	9	11	10
<b>Total</b>	<u>232</u>	<u>234</u>	<u>249</u>	<u>260</u>	<u>263</u>	<u>263</u>	<u>267</u>	<u>275</u>	<u>284</u>	<u>298</u>

Source: City of Boerne Payroll as of September 30

**CITY OF BOERNE, TEXAS**  
**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**

**Table 20**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Physical Arrests	578	664	641	585	396	583	614	580	515	495
Parking Violations	104	48	82	52	39	90	159	176	183	117
Traffic Violations	2,481	1,650	1,774	1,576	816	1,091	1,359	1,473	3,520	3,388
Fire										
Number of calls (In City)	472	549	600	767	798	1,322	1,234	1,256	1,942	2,932
Inspections	2302	2,501	1,674	1,776	2,019	2,435	2,139	*	922	1,026
Code Enforcement										
Permits issued	2,305	2,731	3,168	3,066	3,030	4,038	2,323	2,138	3,949	3,670
Highways & streets										
Streets resurfaced(miles)	2.9	3.4	3.8	3.8	1.7	4.7	4.2	4.8	3.0	8.7
Other street repairs (hours)	1,466	5,108	9,293	8,700	5,145	4,304	4,133	7,757	5,986	6,653
Culture & recreation										
Athletic field revenues	\$ 42,669	\$ 44,794	\$ 181,609	\$ 225,036	\$ 180,140	\$ 221,040	\$ 266,007	\$ 296,908	\$ 290,945	\$ 368,943
Community Center events	142	-	-	-	-	-	-	-	-	-
Electric										
New connections	75	93	104	130	312	254	53	325	15	9
Average daily consumptions (kilowatt hours)	360,960	364,209	386,241	382,213	369,515	374,745	400,237	403,190	404,508	406,854
Water										
New connections	248	305	266	471	307	483	318	246	192	409
Average daily consumptions (thousands of gallons)	177,771	189,877	208,156	195,387	221,241	219,948	248,329	251,312	237,729	247,993
Wastewater										
New connections	246	163	332	250	295	373	330	324	240	290
Average daily treatment (thousands of gallons)	119,015	123,687	132,382	132,619	142,328	157,337	165,772	172,324	187,647	177,376
Reclaimed water										
New connections	88	89	106	97	127	196	135	138	203	282
Average daily treatment (thousands of gallons)	17,970	92,847	126,638	148,253	217,851	245,842	309,673	324,324	345,519	382,660
Natural Gas										
New connections	128	221	288	323	328	263	336	323	363	475
Average daily consumptions (thousands of cubic feet)	424	412	519	603	565	680	690	696	707	739

Source: Various City of Boerne departments

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

**CITY OF BOERNE, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**Last Ten Fiscal Years**

**Table 21**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	18	18	21	21	24	24	29	29	26	27
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	9	9	12	12	12	12	12	14	15	17
Highways & Streets:										
Streets (miles)	63	68	71	72	73	75	77	82	83	83
Streetlights	686	580	564	580	581	581	581	584	586	586
Culture & Recreation:										
Parks	12	12	12	12	12	12	12	12	12	12
Parks acreage	402	402	402	402	402	402	431	431	431	431
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	8	8	8	8	8	8	8	8	8	6
Pickleball courts	-	-	-	-	-	-	-	-	-	8
Convention/Community centers	1	-	-	-	-	-	-	-	-	-
Electric:										
Number of distribution stations	2	2	2	2	2	2	2	2	2	2
Capacity sold (mega-watt hours)	132	133	141	140	135	137	146	147	148	149
Water:										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Capacity produced (1000s of gallons)	743,454	842,680	911,936	870,501	936,298	934,474	1,033,656	1,052,452	997,079	1,050,349
Wastewater:										
Treatment plants	2	2	2	2	2	2	2	2	2	2
Capacity treated (1000s of gallons)	558,906	451,458	458,771	565,730	420,941	509,846	420,382	462,083	487,709	551,819
Reclaimed water produced (1000s of gallons)	14,234	72,144	83,232	95,964	117,876	121,095	140,269	137,375	155,914	181,848
Natural Gas:										
Gas mains (miles)	61	72	73	75	80	78	82	85	94	94
Capacity sold (1000s of cubic feet)	154,594	150,474	189,398	220,275	206,362	248,284	251,732	253,923	258,040	269,455

Source: Various City of Boerne departments.

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



## **COMPLIANCE SECTION**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boerne, Texas (the "City"), as of and for the year ended September 30, 2025, 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, 2026.

**Report on Internal Control over Financial Reporting**

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

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City’s financial statements are free of 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 City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Houston, Texas  
March 10, 2026