COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF BOERNE, TEXAS

2018

City of Boerne

BOERNE
2018 MASTER PLAN

FISCAL YEAR ENDED
SEPTEMBER 30, 2018

Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program)

The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The goal of the program is not to assess the financial health of participating governments, but rather to ensure that users of their financial statements have the information they need to do so themselves.

Reports submitted to the CAFR program are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee (SRC), which comprises individuals with expertise in public sector financial reporting and includes financial statement preparers, independent auditors, academics, and other finance professionals. It is evaluated according to very high standards including demonstrating a spirit of full disclosure when communicating the city's financial story.

The Government Finance Officers Association of the United States and Canada (GFOA) has given the prestigious award for Excellence in Financial Reporting to the city of Boerne for the 2017 Comprehensive Annual Financial Report. The city has received this recognition for thirty-one consecutive years.

City of Boerne, Texas

Comprehensive Annual Financial Report
Fiscal Year Ended
September 30, 2018

Prepared by the Finance Department

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CITY OF BOERNE, TEXAS

Comprehensive Annual Financial Report
September 30, 2018

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INTRODUCTORY SECTION

P.O. Box 1677 • 402 E. Blanco
Boerne, Texas 78006

March 26, 2019

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

State law requires that all municipalities be audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby include the auditors' report in this comprehensive annual financial report of the City of Boerne (The City) for the fiscal year ended September 30, 2018.

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

The City of Boerne's financial statements have been audited by ABIP, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Boerne for the fiscal year ended September 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Boerne's financial statements for the fiscal year ended September 30, 2018 are fairly presented in conformity with accounting principles generally

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

Profile of the Government

The City of Boerne, Texas, incorporated in 1909, is located in the south-central part of the state just west of the San Antonio metroplex, the Nation's seventh largest city and recognized internationally as the top tourist destination in Texas. The City acts as the service center for the surrounding community, providing retail, recreation, and food service to a population of 44,778 people. Similarly, the City serves as the County Seat for Kendall County. The City of Boerne currently occupies a land area of 11.642 square miles with a population of 16,076. The City of Boerne is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when requested by property owners in the areas adjacent to the City and approved by City Council. The City has operated under the council-manager form of government since 1995. Policy-making and legislative authority are vested in a governing council consisting of the mayor and five other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for the hiring and firing of employees. The council is elected on a non-partisan basis. Council members serve two-year staggered terms, with three council members elected every year.

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

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

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

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

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

Local economy

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

The City's population has seen a healthy growth rate of almost 57% over the last ten years compared to the US growth rate of 7.0% for that same period. Of the total City population 50% are between the ages of 18 and 65 and an additional 17% are over the age of 65**.** The median household income for the area surrounding Boerne, Kendall County, of $78,933 fared well above the State median of $70,136. The unemployment for the Boerne and Kendall County area at September 30, 2018 was 3.0%. During this fiscal year, the region stood about 0.8% under the State unemployment rate and 0.9 % under the U.S. rate at September 30, 2018. The outlook is expected to mirror that of the past decade and Boerne should continue to experience a healthy sales tax and property tax climate. In fact, over the last ten years property tax values have increased 68.5% in amount, while property tax rates have increased by three cents (6.7%) over the rate in effect ten years ago.

Long-term financial planning

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

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

Relevant financial policies

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

Major projects planned

The City continues to experience consistent growth with fiscal year 2018 Ad Valorem tax collections increasing by 6.39%. Sales Tax also showed continued, strong growth over a sustained period with an increase year over year of 5.92%. Economic development efforts over the last eight years have focused on attracting quality retail additions within the city limits. At the same time, the Convention and Visitor's Bureau continues to show strengthening numbers in hotel and motel occupancy and rates boosting the city's eco-tourism results while the Special Projects Department is focused on constant improvement of the downtown core of the city. The city experienced new home starts of more than 275 for the second consecutive year since the economic downturn of 2009.

Utility plant capacities and a focus on reliability through system redundancy has brought about significant capital additions in the Electric, Water, Reclaimed Water, Wastewater, and Natural Gas Utilities in recent years. The Gas utility continues to be the fastest growing of the city's 5 utility systems with 12.9% new customer growth year over year in 2018. The Gas Utility will need another supply main on Hwy 46 east to accommodate growing demand and customer count on the eastern side of the city.

The Electric Utility showed steady growth of 2.3% in 2018. The system can now serve load from two substations, including a recently completed substation at the south end of the City which was built in cooperation with the Lower Colorado River Authority (LCRA) and Bandera Electric Cooperative (BEC). All four feeder lines from the new substation are operational and three of the four have had load transferred to them. The Electric Utility continues to work on upgrading four feeders extending from both substations in order to balance load and enhance redundancy including a $600,000 project which was completed in 2017. That effort continues into 2018-2019 with the electric line reconductoring project in the Electric System providing alternate paths of flow of electricity throughout the city.

Wastewater system customer count continued to grow at a strong and steady rate of 6.4% in 2018. Construction was completed on the Wastewater Treatment and Recycling Center in April of 2013. The plant serves the southern half of the City as well as the high growth area in the northeastern sector. The new plant was designed

for and is producing Type I reclaimed wastewater for use as another source of water for irrigation in the northeast area of the City where much of the new home growth (4,500 homes in various stages of development) is occurring. 3,500 of those homes will have reclaimed water as the source for irrigation water used.

The Water system is now the city's largest in terms of customer count with 7% growth in 2018. The city continues to prepare for the eventual expansion of the water treatment plant to meet future peaking needs that will more than double the treatment capacity to three million gallons per day from the current 1.2MGD. The recently completed Water 2070 Plan indicates that this expansion could be necessary between 2025 and 2030. This plant improvement will be performed when the water utility system summer peaks, usually associated with irrigation, exceed our current ability to meet high demand usage. A loop from Cascade Caverns Road to Hwy 46 will be needed in the next 5 years to meet demand on the high growth eastern side of the city.

The potential for new customers for the reclaimed water system, as well as conservation measures, will allow this project to be deferred from its original projected construction timing. The City began serving reclaimed water to retail customers in January 2016 and as of January 31, 2019, there are now just over 311 customers on the reclaimed water system, up from 126 a year ago.

Projects to increase service capacity and redundancy in the Natural Gas utility have been recently completed. These improvements included constructing a second gate station south of the City and extending mains to that station. The City also extended a new main along IH-10 to help balance system pressure during high demand periods and open new territory to service from that utility.

A majority of the new home sites planned or under construction in and around Boerne will be gas utility customers and accelerated growth of that utility continues. This growth, again primarily located in the northeast sector, will bring with it the need for new mains to meet supply requirements and to loop the gas system for redundancy and reliability. These improvements are planned based on the velocity of home sales and indicate a need for additional mains and looping in the mid years of the current 5-year Capital Improvement Plan (2020-25).

Design of the new City Hall building was completed in 2018. The new building will be located on Main Street and will be approximately 44,624 square feet and will house 10 City departments that are currently located in six different buildings and off-site locations. Construction began in 2018, and the current projected completion date is December 2019.

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

IH10 Frontage Road Extension (Completed in 2018) - Texas Department of Transportation (TxDOT) agreed to fund this project with the city and it was bid in the fall of 2014 and faced several construction delays. The project was completed in early 2018 with a cost to the City of approximately $700,000 with TxDOT accounting for $3,100,000.

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

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

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

The city has issued $2,000,000 in short term debt to extend the new Herff Road through the South Boerne (SoBo) development to intersect with Christus Parkway and connect to the newly completed Frontage Road. These two roadway segments will greatly enhance crosstown, Frontage Road, and IH 10 access when complete. The bridge connection segment on the north end of the project began construction in late 2017 and was completed in 2018. The south segment construction began in late 2018 following the acquisition of land and right of way and will be completed in 2019.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boerne for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2017. This was the thirty-first consecutive year that the City of Boerne has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR

continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

Ronald C. Bowman
City Manager

Jeff Thompson
Deputy City Manager

Linda S. Zartler
Assistant City Manager

Daniel Blankenship
Assistant City Manager

Sandra Mattick, CPA, CGFO
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Boerne

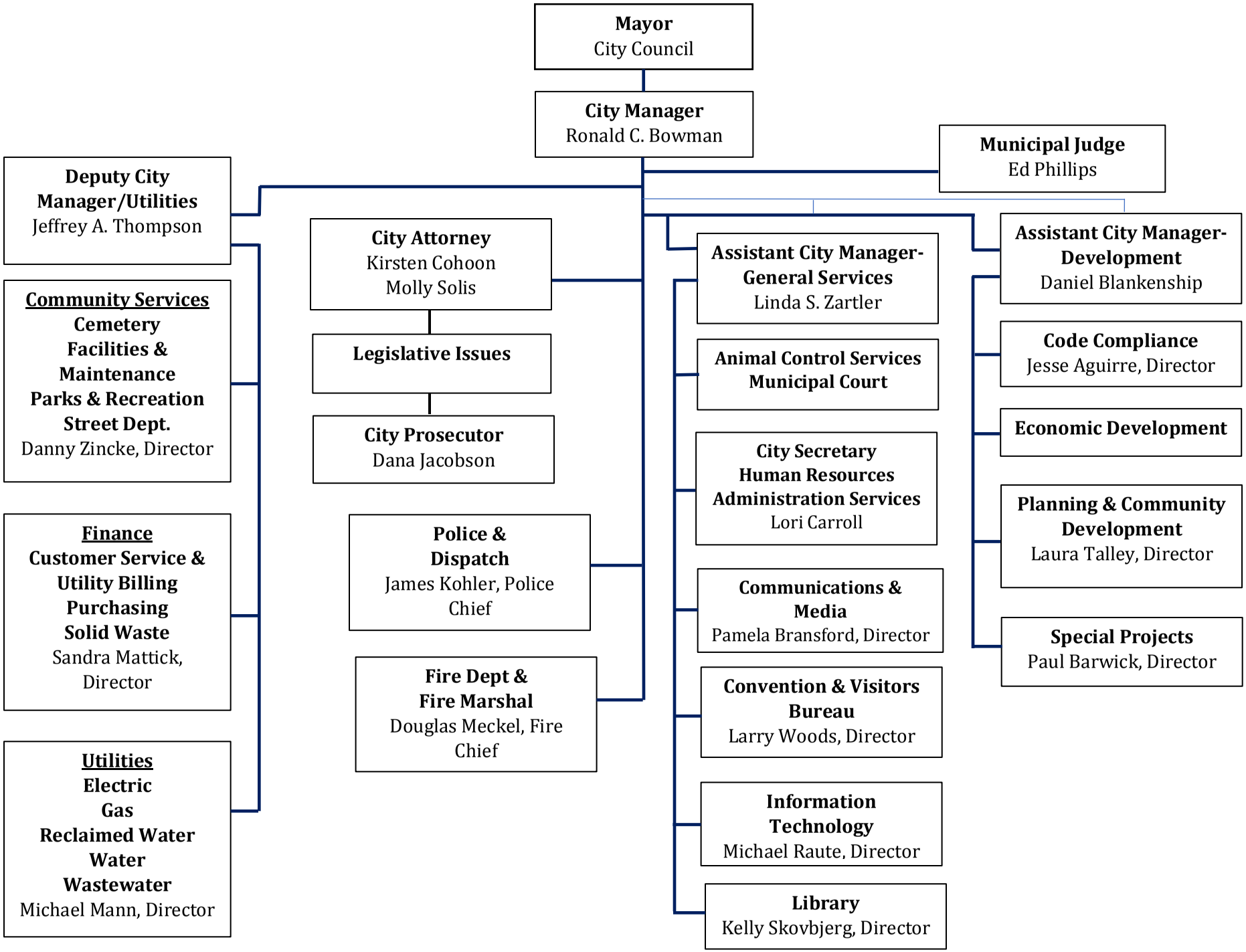
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO


Mayor
City Council
City Manager
Ronald C. Bowman
Municipal Judge
Ed Phillips
Deputy City Manager/Utilities
Jeffrey A. Thompson
Community Services
Cemetery
Facilities & Maintenance
Parks & Recreation
Street Dept.
Danny Zincke, Director
Finance
Customer Service & Utility Billing
Purchasing
Solid Waste
Sandra Mattick, Director
Utilities
Electric
Gas
Reclaimed Water
Water
Wastewater
Michael Mann, Director
City Attorney
Kirsten Cohoon
Molly Solis
Legislative Issues
City Prosecutor
Dana Jacobson
Police & Dispatch
James Kohler, Police Chief
Fire Dept & Fire Marshal
Douglas Meckel, Fire Chief
Assistant City Manager-General Services
Linda S. Zartler
Animal Control Services
Municipal Court
City Secretary
Human Resources
Administration Services
Lori Carroll
Communications & Media
Pamela Bransford, Director
Convention & Visitors Bureau
Larry Woods, Director
Information Technology
Michael Raute, Director
Library
Kelly Skovbjerg, Director
Assistant City Manager-Development
Daniel Blankenship
Code Compliance
Jesse Aguirre, Director
Economic Development
Planning & Community Development
Laura Talley, Director
Special Projects
Paul Barwick, Director

City of Boerne, Texas
List of Principal Officials
September 30, 2018

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

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Boerne, Texas (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Boerne, Texas as of September 30, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note I D to the financial statements, in 2018, the City adopted new accounting guidance, GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*." Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual non-major fund financial statements, the Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual for the Debt Service Fund, Hotel-Motel/Convention and Visitor's Bureau Special Revenue Fund, Library Special Revenue Fund, Economic Development Special Revenue Fund, 2009 G.O. Capital Projects Fund, 2012 Tax Note Capital Projects Fund, Capital Projects Fund, Cemetery Permanent Fund, and Statement of Changes in Assets & Liabilities, as listed in the table of contents as other supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas
March 26, 2019

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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities at the close of the most recent fiscal year by $117,635,902 (*net position*). Of this amount, $24,729,245 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total restated net position increased by $17,258,637 which can be attributed to large capital contributions from developers and an increase in charges for services and general revenues with only a small increase in expenses.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $36,209,966.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $10,983,135 or 74.3% of total general fund expenditures.
- The City's general obligation debt decreased by $2,050,000 during the current fiscal year. The decrease is due to principal retirements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In fiscal year 2018, assets and deferred outflows of resources exceeded liabilities and deferred inflows by $117,635,902.

A very large portion of the City's net position (67.25%) reflects its net investment in capital assets, $79,113,886 (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens: consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Boerne's Net Position information:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	$37,626,255	$37,886,839	$42,878,087	$39,009,702	$80,504,342	$76,896,541
Capital assets	57,970,886	50,388,785	81,560,925	78,647,486	139,531,811	129,036,271
Total assets	95,597,141	88,275,624	124,439,012	117,657,188	220,036,153	205,932,812
Deferred outflows of resources	3,433,005	3,827,734	2,548,703	1,728,671	5,981,708	5,556,405
Long-term liabilities	57,758,134	56,135,609	43,845,628	43,964,463	101,603,762	100,100,072
Other liabilities	1,144,601	3,333,223	4,325,338	4,654,993	5,469,939	7,988,216
Total liabilities	58,902,735	59,468,832	48,170,966	48,619,456	107,073,701	108,088,288
Deferred inflows of resources	903,269	-	404,989	-	1,308,258	-
Net Position:						
Net investment in capital assets	34,104,242	27,421,550	45,009,644	40,775,084	79,113,886	68,196,634
Restricted-debt service	778,973	791,089	3,354,046	3,797,098	4,133,019	4,588,187
Restricted – tourism	463,103	385,598	-	-	463,103	385,598
Restricted – public safety	280,945	276,162	-	-	280,945	276,162
Restricted – capital improvements	-	-	8,169,307	6,103,238	8,169,307	6,103,238
Nonexpendable-cemetery fund	744,523	700,792	-	-	744,523	700,792
Unrestricted	2,852,356	3,059,335	21,878,763	20,090,983	24,731,119	23,150,318
Total net position	$39,224,142	$32,634,526	$78,411,760	$70,766,403	$117,635,902	$103,400,929

An additional portion of the City of Boerne's net position, $13,790,897; represents resources that are subject to external restrictions on how they may be used. There was a 14.4% increase, $1,736,920, in total restricted net position reported: an increase of $113,903 in governmental activities and an increase of $1,623,017 in the City's business-type activities.

The remaining balance of $24,731,119 is unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Boerne is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities with the exception of the Gas fund. The Gas fund has negative unrestricted fund balance in the current year due to increases in the net investment in capital assets and the addition of the OPEB liability. All funds had positive balances in all three categories of net position for the prior fiscal year. The major components of the changes in net position are explained in more detail on pages 26-30.

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

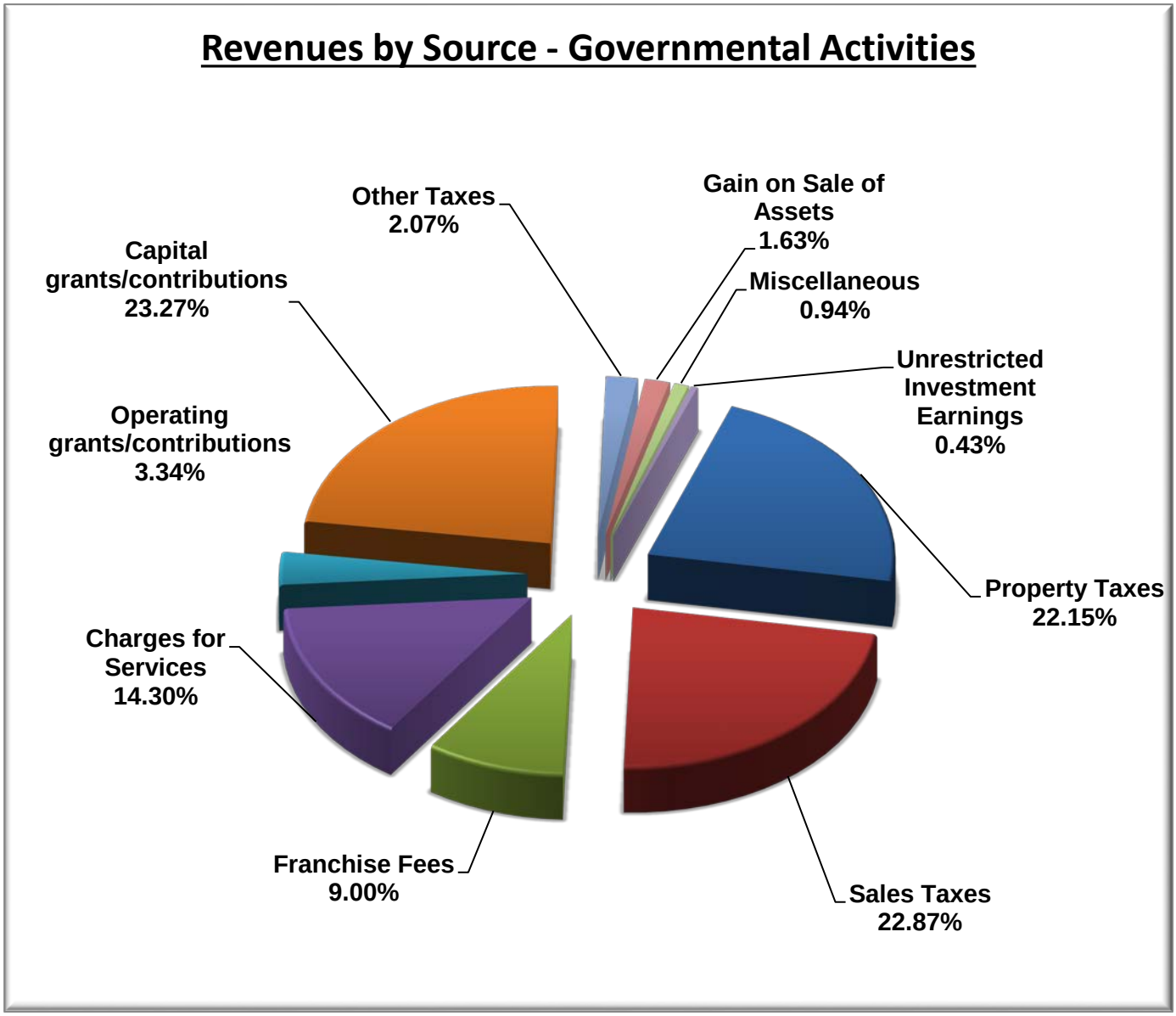
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	$ 4,394,256	$ 4,009,640	$ 31,163,741	$ 28,966,893	$ 35,557,997	$ 32,976,533
Operating Grants and Contributions	1,028,192	948,921	5,000	35,829	1,033,192	984,750
Capital Grants and Contributions	7,144,323	5,792,264	8,701,870	11,612,611	15,846,193	17,404,875
General revenues:						
Property taxes	6,801,767	6,408,676	-	-	6,801,767	6,408,676
Sales taxes	7,021,498	6,628,822	-	-	7,021,498	6,628,822
Other taxes	635,895	597,974	-	-	635,895	597,974
Franchise fees	2,764,266	2,539,941	-	-	2,764,266	2,539,941
Investment Earnings and Other	917,851	370,776	510,142	241,058	1,427,993	611,834
Total revenues	30,708,048	27,297,014	40,380,753	40,856,391	71,088,801	68,153,405
Expenses:						
General government	3,819,815	4,066,160	-	-	3,819,815	4,066,160
Public safety	10,324,538	10,460,090	-	-	10,324,538	10,460,090
Highways/streets	3,329,625	2,595,872	-	-	3,329,625	2,595,872
Economic development	732,029	751,422	-	-	732,029	751,422
Culture and recreation	4,062,629	3,872,533	-	-	4,062,629	3,872,533
Interest on long-term debt	1,178,804	748,770	-	-	1,178,804	748,770
Electric	-	-	13,781,471	14,748,981	13,781,471	14,748,981
Water	-	-	5,868,934	5,231,602	5,868,934	5,231,602
Wastewater	-	-	7,441,029	7,001,087	7,441,029	7,001,087
Gas	-	-	2,487,475	2,131,493	2,487,475	2,131,493
Garbage	-	-	803,815	765,914	803,815	765,914
Total expenses	23,447,440	22,494,847	30,382,724	29,879,077	53,830,164	52,373,924
Increase (Decrease) in net position before transfers	7,260,608	4,802,167	9,998,029	10,977,314	17,258,637	15,779,481
Transfers	1,209,552	963,719	(1,209,552)	(963,719)	-	-
Increase (Decrease) in net position	8,470,160	5,765,886	8,788,477	10,013,595	17,258,637	15,779,481
Beginning net position (restated)	30,753,982	26,868,640	69,623,283	60,752,808	100,377,265	87,621,448
Ending net position	$ 39,224,142	$ 32,634,526	$ 78,411,760	$ 70,766,403	$ 117,635,902	$ 103,400,929

Governmental activities. Governmental activities increased the City of Boerne's net position by $8,470,160. Key elements of this increase are as follows:

- Charges for services revenues increased by 9.59% or $384,616 from the previous year. This increase can be attributed to a $408,778 increase in restricted investment earnings, and a decrease in fines revenue of $60,061.

- Capital grants and contributions increased by 23.34% or $1,352,059, from the previous year. The increase can be attributed to grant funds received from TxDOT for the construction of new trails.

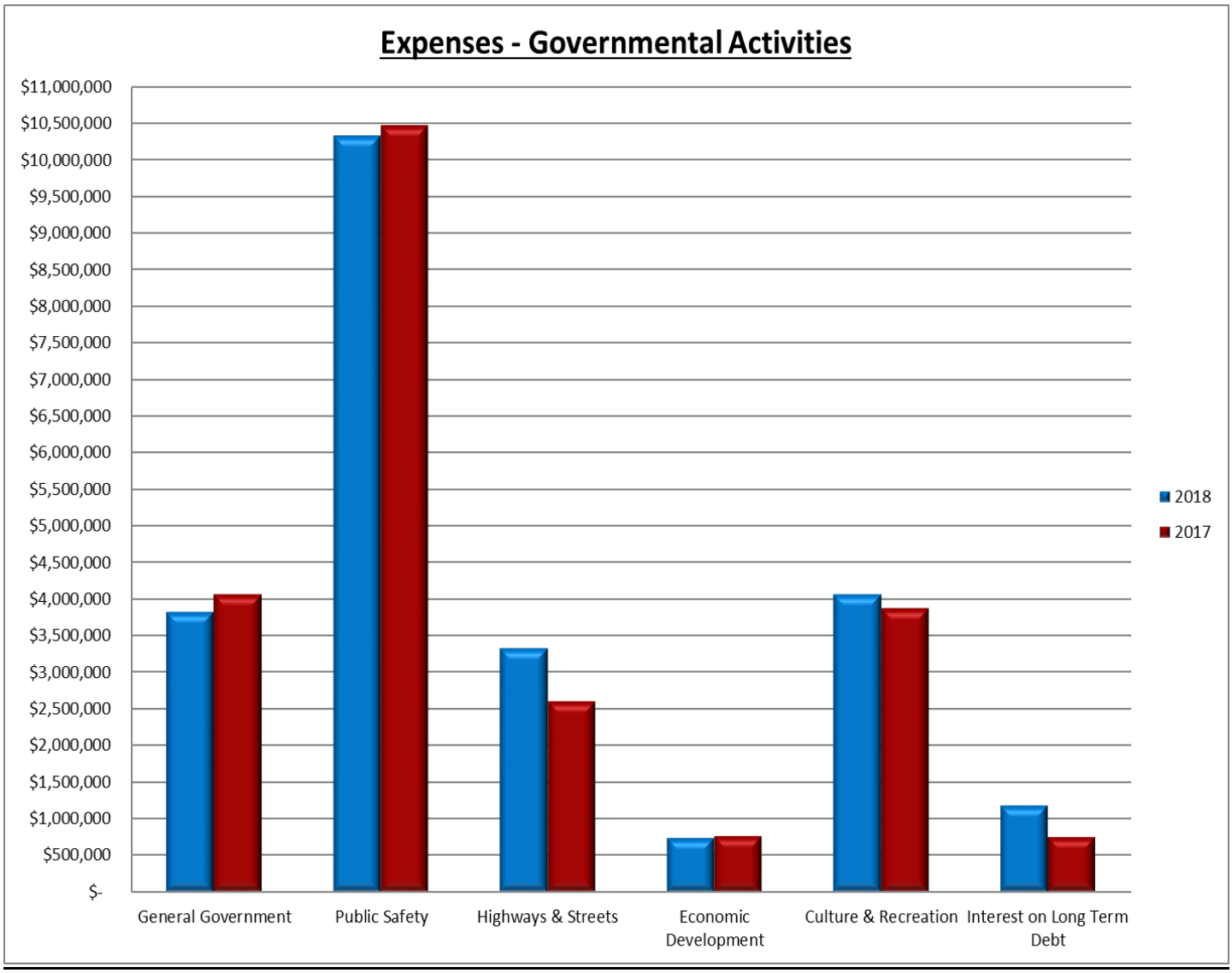
- General revenues increased by 10.51% or $1,840,921 from the previous year. The increase is due to a gain of $499,483 on the sale of the Visitor's Center, an increase of $245,833 in transfers into the Park fund to assist with the trail construction, and an increase in tax revenues of $823,688 due to growth in the City.



Total expenses saw a slight increase of 4.23%, $952,593, for the year. Some of the reasons for the increase in expenses are:

- Highways and streets expenses increased by $733,753 or 28.27% from the previous year due to an increase in depreciation expense of $745,188 which can be attributed to large developer contributions during the last few years.

- Interest expense increased by $430,034 or 57.43% from previous year due to the addition of payments on the 2017 Tax Notes which were issued at the end of the previous fiscal year.

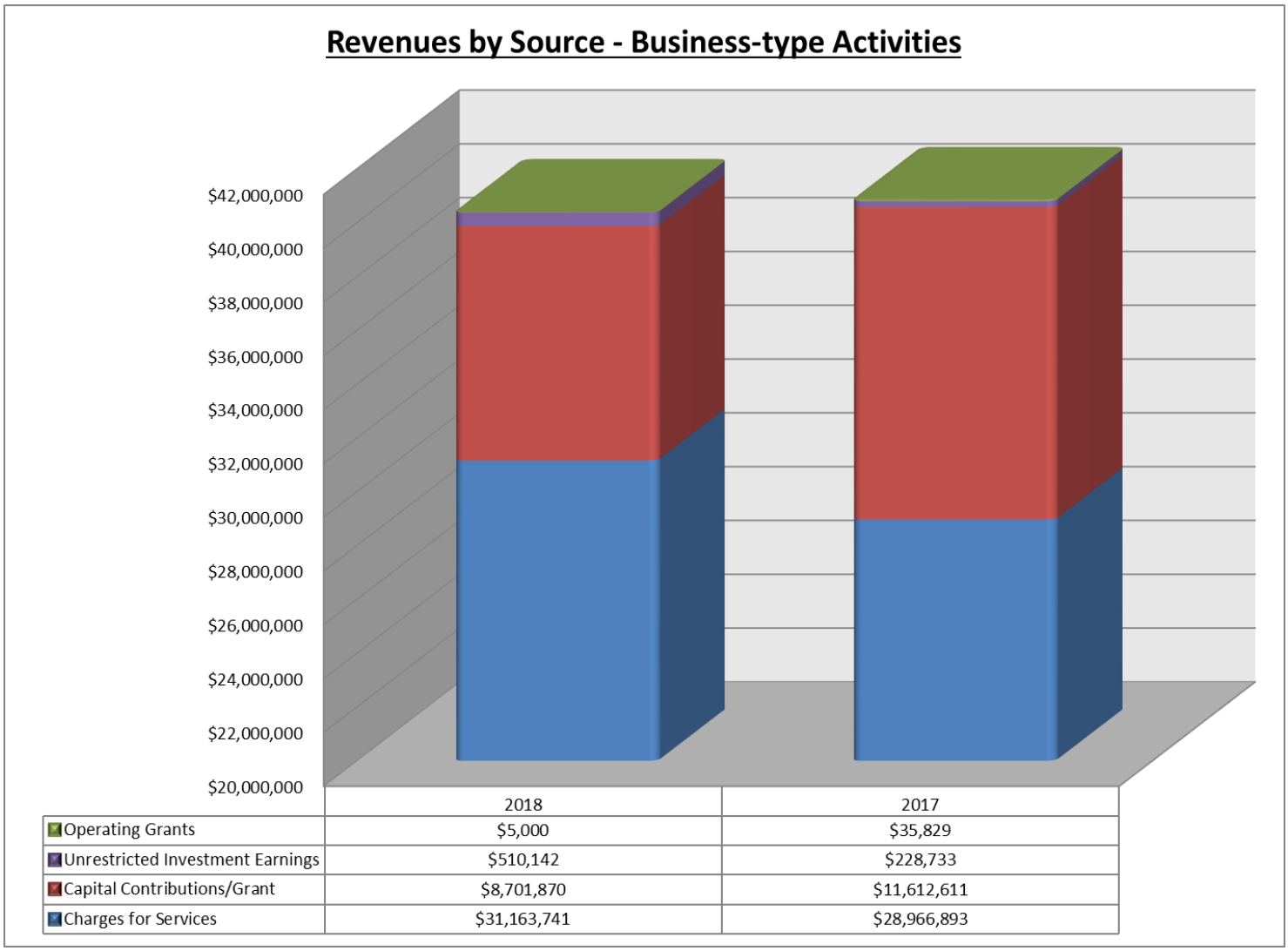


Business-type activities. Business-type activities increased the City of Boerne's net position by $8,788,477. Key elements of the change are as follows:

- Charges for services increased by 7.58% or $2,196,848 from the previous year. The increase is attributable to an increase in rates in every utility and growth in customers in every utility due to continued growth in the City.

- Capital grants and contributions decreased by 25.07% or $2,910,741. This decrease is attributable to a decrease in developer contributions of completed infrastructure to the City.

- Investment earnings increased by 123.03% or $281,409. This is due to an increase in interest rates and investing in higher yield investments.



Total expenses increased by 1.69% and transfers increased by 25.51%, but expenses remained less than total revenues netting an increase in net position. Summary of the changes in expenses is as follows:

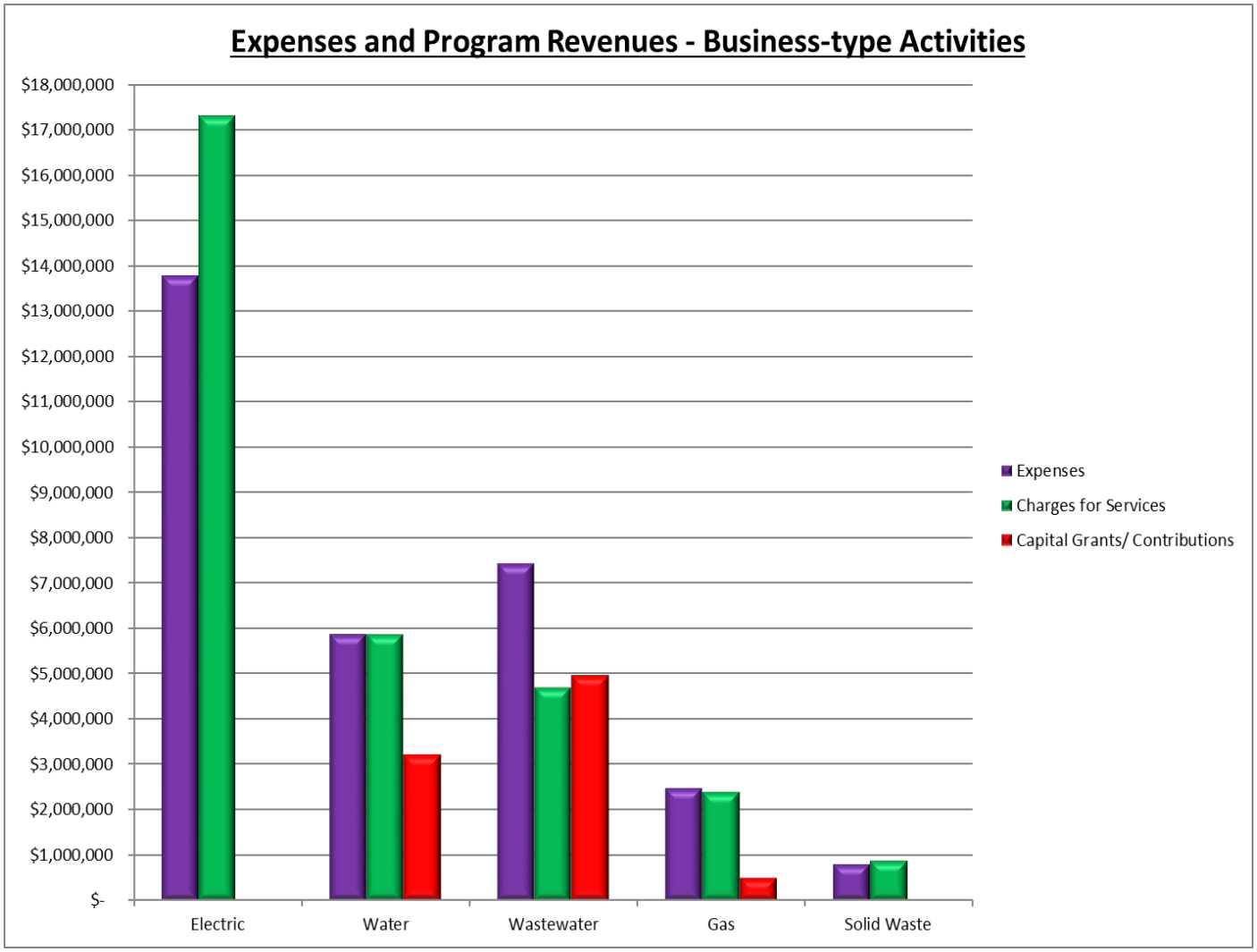
- Electric expenses decreased by $967,510 from the previous year due to a decrease in the cost of power purchased.

- Water expenses increased by $637,332 from the previous year. This is due to an increase in personnel costs, an increase in the cost of water purchased, and an increase in maintenance operations costs.

- Wastewater expenses increased by $439,942 from the previous year. This is due to bond costs incurred on the refunding of the 2010 Revenue Bond.

- Gas expenses increased by $355,982 from the previous year. This is due to an increase in personnel costs, an increase in the cost of gas purchased, and an increase in maintenance and operations costs.

- Transfers increased by $245,833 from the previous year. This is due to an increase in transfers to the General Government Debt Service Fund for interest and principal payments on the 2017 Tax Notes for the new City Hall building.



Financial Analysis of the Government's Funds

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

Government funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $36,209,966, a decrease of $815,278 in comparison with the prior year. The change is due to the issuance of $21,835,000 in Tax Notes in the prior year and the expenditure of the tax note funds on capital projects in the current year. Approximately 30.33% of this total amount, $10,983,135, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. Of the remaining fund

balance, $20,156,858 is *restricted* to indicate that there are constraints on the use of the funds. These *restricted* fund balances can only be used to pay debt service, promote tourism in the City, to pay for Capital projects currently underway from General Obligation bond issues, and to pay for certain Police and Court expenditures. An additional $746,397 is nonspendable in that the funds have already been spent (prepaids) or are required to be maintained intact as in the case of the permanent Cemetery fund. The other $4,323,576 is reported as *assigned* fund balance. This *assigned* fund balance is constrained by the City's intent to use these funds for maintenance of the City's Park programs, to maintain the Public Library, for Economic Development projects within the City, and for Capital Projects.

The general fund is the chief operating fund of the City of Boerne. At the end of the current fiscal year, unassigned fund balance of the general fund was $10,983,135. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 74.26% of total general fund expenditures. The fund balance in the City's general fund increased by $486,023 (4.51%) during the current fiscal year. This increase in fund balance can be mainly attributed to:

1. Continued strong earnings in tax revenues, permits and franchise fees.
2. Proceeds from the sale of capital assets of $608,351.

Proprietary funds. The City of Boerne's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the year amounted to: Electric $11,649,797, Water $6,134,513, Wastewater $3,837,670, Gas ($186,693), Solid Waste $443,476 and Internal Service Fund $158,697. The total increase in net position for the utility funds of $7,645,357; was an increase of $1,445,775, $2,732,525, $2,313,577, $1,096,040, and $57,440 to Electric, Water, Wastewater, Gas, and Solid Waste respectively. The Internal Service Fund net position increased $5,021.

All utilities except Wastewater and Gas had positive net income before capital contributions and transfers. Wastewater was at ($2,579,913) due in part to bond costs incurred in refunding the 2010 Revenue Bond and a 6.99% increase in operating expenses resulting from the addition of new personnel, an increase in maintenance costs, and an increase in depreciation expense. Gas was at ($78,702) due to an increase in the cost of fuel purchased and in personnel and depreciation expense. Electric, Water and Solid Waste utilities were at $3,672,850; $192,484; and $89,440 respectively. The positive net income in Electric can be attributed to an increase in the sales revenues and a decrease in the cost of power purchased. The positive net income in Water is due an increase in water sales resulting from a rate increase and growth in customers with the increase in revenue staying ahead of the increase in expenses. The positive net income in Solid Waste is due to a growth in sales for the year (7.52%) along with an increase in rates keeping revenues ahead of the growth in expenses.

The combined utilities (not including Solid Waste) have a revenue bond coverage ratio of 3.11 times coverage which is an increase from the previous year's 2.36 times

coverage. This increase in coverage ratio can be attributed to an increase in revenue available over the prior year and a decrease in the annual debt service. The bond covenants require a minimum of 1.20 times debt service coverage.

General Fund Budgetary Highlights

Differences between the original General Fund budget and the final amended budget amounted to $1,250,593 (increase in appropriations). Significant budget amendments can be summarized as follows:

1) The capital outlay in the administration department budget was increased by $115,169 to account for construction costs for the new Visitor's Center building.
2) The Transfers to other Funds budget was also increased by $1,350,000 to account for additional transfers to establish the new Capital Projects Fund.
3) The capital outlay in the street department budget was decreased by $300,000 to account for sidewalk projects that were not started during the year.
4) The capital outlay in the communications department budget was increased by $51,001 to account for the purchase of a new recorder system, battery backup, air conditioner, radio amplifier, and an antenna.

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

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

- Licenses and permits exceeded the final budget by $78,400 due to an increase in plan reviews and permits issued for new development in the City;
- Franchise fees exceeded the final budget by $63,326 due to increased franchise payments created by growth in the City;
- Administration department expenditures were $289,061 under budget due to personnel vacancies and reduced operations costs;
- Law enforcement department expenditures were $286,505 under budget due to personnel vacancies and reduced supplies expenditures;
- Fire department expenditures were $171,690 under budget due to personnel vacancies and reduced maintenance costs.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2018, amounts to $139,531,811 (net of accumulated depreciation). This investment in capital assets includes land, buildings and plant, improvements other than buildings, machinery and equipment, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was $10,495,540 (an 15.05% increase for governmental activities and a 3.70% increase for business-type activities).

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

- Infrastructure contributed by developers to streets - $5,622,279;
- Completion of new trails in the Park fund - $2,414,218;
- Infrastructure contributed by developers for electric distribution system - $41,211;
- Infrastructure contributed by developers for reclaimed water system - $139,077;
- Infrastructure contributed by developers for water system – $1,525,829;
- Infrastructure contributed by developers for wastewater system – $3,323,132;
- Infrastructure contributed by developers for the gas system - $511,992;

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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017	2018	2017	2018	2017
Land	$ 10,378,857	$ 9,833,819	$ 2,699,574	$ 2,705,658	$ 13,078,431	$ 12,539,477
Buildings and Plant	12,447,451	13,651,769	25,816,405	27,623,944	38,263,856	41,275,713
Improvements Other Than Buildings	5,904,135	3,814,367	-	-	5,904,135	3,814,367
Machinery & Equipment	1,454,403	1,719,976	1,221,569	1,120,541	2,675,972	2,840,517
Infrastructure	24,995,111	20,018,686	51,087,016	46,676,621	76,082,127	66,695,307
Construction In Progress	2,790,929	1,350,168	736,361	520,722	3,527,290	1,870,890
Total	$ 57,970,886	$ 50,388,785	$ 81,560,925	$ 78,647,486	$ 139,531,811	$ 129,036,271

For a more detailed presentation on capital assets, please refer to the Notes to Financial Statements on pages 71-73.

Long-term Debt.

At the end of the current fiscal year, the City of Boerne had total debt outstanding of $78,015,000. Of this amount, $77,730,000 comprises debt backed by the full faith and credit of the government, however, $36,095,000 is being paid for by the business-type activities.

City of Boerne's Outstanding Debt

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017	2018	2017	2018	2017
General Obligation	$ 41,635,000	$43,685,000	$36,095,000	$11,030,000	$77,730,000	$54,715,000
Revenue Bonds	$ -	$ -	$ 285,000	$28,255,000	$285,000	$28,255,000
Total	$ 41,635,000	$43,685,000	$36,380,000	$39,285,000	$78,015,000	$82,970,000

The City's total debt decreased by $4,955,000 during the current fiscal year. The decrease was the result of principal payments on the debt and the refunding of Revenue Bonds.

The City currently has a rating from Moody's of Aa2 on its General Obligation bonded debt, and a rating of Aa3 on its Utility System Revenue debt. The City has a rating from Fitch of AA on General Obligation debt with the rating outlook as stable, and a rating on the City's Utility System Revenue debt of A with a stable outlook.

State statutes limit the amount of general obligation debt a governmental entity may issue to ten percent of its total assessed valuation. The current debt limitation for the City of Boerne is $124,835,525, which is significantly in excess of the City of Boerne's outstanding $41,635,000 General Obligation debt. Additional detailed information on debt for the City may be found in the Notes to Financial Statements on pages 75-77.

Economic Factors and Next Year's Budgets

- Sales Tax revenues are stable and have been escalating over the last several years. Budgets are conservative at 5%.
- Appraisal values are expected to increase at modest levels while new additions to the tax rolls will be driven by the velocity of the new home construction and ancillary commercial projects related to that growth. The budget projects a 9.06% growth rate in ad valorem tax revenues based on the tax rolls received from the appraisal district.
- New development and new home construction is projected to continue at a pace similar to (350 permits) the past fiscal year (367 permits).
- Over 3,500 home sites are in some stage of development.
- A slight increase is expected for investment interest rates during this fiscal year.
- City staff and the City Council are active in using incentives as allowed by Chapter 380 of the Texas Local Government Code for economic development. The 2013 budget established an economic development fund in order to set aside monies for the staff and council to use in economic development. For fiscal year 2019, $600,000 was set aside to be used for this purpose, which is the same amount as the prior year. Several Chapter 380 Economic Development Agreements have been executed over the last five years. The goal is to use a return on investment (ROI) approach to evaluate potential projects and infrastructure initiatives that are strategically aimed at being a catalyst for growth to increase City revenues. The increased revenues would come from taxes, fees and utility services. It is anticipated that funding for economic development initiatives will continue into fiscal year 2020 and beyond.
- A 120-room hotel with 7,500 square feet of conference and meeting space is under construction and will be completed in 2019. The new full-service facility is expected to have a significant positive impact on sales and hotel-motel tax revenues and will be valued at approximately $25 million on the tax rolls.

- A 50,000-square foot medical office building began construction in the commercial development area referred to as SoBo in late 2017 and will be completed in 2019. The facility will include an ambulatory surgical center which will provide for additional jobs in the medical and technical fields.

These factors were considered in preparing the City of Boerne's budget for the 2019 fiscal year:

- General Government Budget was balanced with no Ad Valorem Tax rate increase but a projected increase in Sales Tax revenues.
- Permits and fees revenues were forecast with an 23% increase over the past fiscal year budget.
- Several one-time projects will be completed during the year and will be financed by available bond funds, tax notes, General Government revenues and excess fund balance:
  a. Herff Road Extension - $427,000;
  b. Visitor's Center construction- $1,063,000;
  c. LED Street Lights upgrade Phase I - $120,000;
  d. Streets and new sidewalks - $601,000;
  e. School Lift Station Upgrade - $800,000
- A rate increase of 5% was included in the 2019 budget for the Water fund. The rate increase was needed to off-set the increasing cost of the water that the City is purchasing for resale. Wastewater will have a rate increase of 2.8% to cover increases in operating expenses.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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CITY OF BOERNE, TEXAS

Statement of Net Position
September 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 9,679,399	$ 16,279,299	$ 25,958,698
Investments	6,427,047	6,725,640	13,152,687
Receivables (net of allowance)	1,686,099	3,914,576	5,600,675
Inventories	-	1,146,742	1,146,742
Prepaids	1,874	342	2,216
Restricted assets:			
Cash and cash equivalents	18,592,950	10,015,233	28,608,183
Investments	1,238,886	4,796,255	6,035,141
Capital assets not being depreciated:			
Land	10,378,857	2,699,574	13,078,431
Construction in progress	2,790,929	736,361	3,527,290
Capital assets net of accumulated depreciation:			
Buildings and plant	12,447,451	25,816,405	38,263,856
Improvements other than buildings	5,904,135	-	5,904,135
Infrastructure	24,995,111	51,087,016	76,082,127
Machinery and equipment	1,454,403	1,221,569	2,675,972
Total Capital assets	57,970,886	81,560,925	139,531,811
Total Assets	95,597,141	124,439,012	220,036,153
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	673,006	1,378,640	2,051,646
Deferred outflows related to pension	2,536,999	1,074,140	3,611,139
Deferred outflows related to OPEB	223,000	95,923	318,923
Total deferred outflows of resources	3,433,005	2,548,703	5,981,708
LIABILITIES			
Accounts payable and accrued expenses	1,144,601	2,643,329	3,787,930
Non-current liabilities:			
Due within one year	1,992,909	1,682,009	3,674,918
Due beyond one year	55,765,225	43,845,628	99,610,853
Total Liabilities	58,902,735	48,170,966	107,073,701
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	903,269	404,989	1,308,258
NET POSITION			
Net investment in capital assets	34,104,242	45,009,644	79,113,886
Restricted for:			
Debt service	778,973	3,354,046	4,133,019
Tourism	463,103	-	463,103
Law enforcement	280,945	-	280,945
Capital improvements	-	8,169,307	8,169,307
Nonexpendable:			
Cemetery Fund - perpetual care	744,523	-	744,523
Unrestricted	2,852,356	21,878,763	24,731,119
Total net position	$ 39,224,142	$ 78,411,760	$ 117,635,902

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

CITY OF BOERNE, TEXAS

Statement of Activities
Year Ended September 30, 2018

		Program Revenues		
Functions/programs	Expenses	Charges for Services	Operating Grants and contributions	Capital Grants and contributions
Primary government:				
Governmental activities:				
General government	$ 3,819,815	$ 375,423	$ 619,695	$ -
Public safety	10,324,538	3,187,726	32,035	54,727
Highways and streets	3,329,625	49,524	-	5,622,279
Economic development & assistance	732,029	-	-	-
Culture and recreation	4,062,629	781,583	376,462	1,467,317
Interest on long-term debt	1,178,804	-	-	-
Total governmental activities	23,447,440	4,394,256	1,028,192	7,144,323
Business-type activities				
Electric	13,781,471	17,298,397	-	41,211
Water	5,868,934	5,871,244	-	3,207,919
Wastewater	7,441,029	4,704,658	5,000	4,940,748
Gas	2,487,475	2,400,814	-	511,992
Solid Waste	803,815	888,628	-	-
Total business-type activities	30,382,724	31,163,741	5,000	8,701,870
Total Primary Government	$ 53,830,164	$ 35,557,997	$ 1,033,192	$ 15,846,193

General revenues:
Taxes:
Property taxes
Sales taxes
Other taxes
Franchise Fees
Investment earnings
Miscellaneous
Gain on Sale of Assets
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning (as restated)
Net position - ending

(Continued)

CITY OF BOERNE, TEXAS

Statement of Activities
Year Ended September 30, 2018

Net (Expenses) Revenues and Changes in Net Position		
Govermental	Business	Total
$ (2,824,697)	$ -	$ (2,824,697)
(7,050,050)	-	(7,050,050)
2,342,178	-	2,342,178
(732,029)	-	(732,029)
(1,437,267)	-	(1,437,267)
(1,178,804)	-	(1,178,804)
(10,880,669)	-	(10,880,669)
-	3,558,137	3,558,137
-	3,210,229	3,210,229
-	2,209,377	2,209,377
-	425,331	425,331
-	84,813	84,813
-	9,487,887	9,487,887
$ (10,880,669)	$ 9,487,887	$ (1,392,782)
$ 6,801,767	$ -	$ 6,801,767
7,021,498	-	7,021,498
635,895	-	635,895
2,764,266	-	2,764,266
130,876	510,142	641,018
287,492	-	287,492
499,483	-	499,483
1,209,552	(1,209,552)	-
19,350,829	(699,410)	18,651,419
8,470,160	8,788,477	17,258,637
30,753,982	69,623,283	100,377,265
$ 39,224,142	$ 78,411,760	$ 117,635,902

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

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CITY OF BOERNE, TEXAS

Balance Sheet - Governmental Funds
September 30, 2018

	General Fund	Debt Service Fund	2017 Tax Notes Capital Projects Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 3,996,889	$ 777,423	$ -	$ 1,647,015	$ 3,020,964	$ 9,442,291
Investments	6,427,047	-	-	-	-	6,427,047
Receivables	1,361,862	10,691	11,826	227,840	68,555	1,680,774
Prepaids	1,874	-	-	-	-	1,874
Restricted cash and cash equivalents	173,440	-	17,592,638	-	826,872	18,592,950
Restricted investments	-	-	996,970	-	241,916	1,238,886
Total assets	$ 11,961,112	$ 788,114	$ 18,601,434	$ 1,874,855	$ 4,158,307	$ 37,383,822
LIABILITIES						
Accounts payable	$ 148,870	$ -	$ 260,892	$ 70,520	$ 43,207	$ 523,489
Other payables	493,850	-	-	14,612	4,950	513,412
Total liabilities	642,720	-	260,892	85,132	48,157	1,036,901
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	$ 52,438	$ 9,141	$ -	$ 59,380	$ 15,996	$ 136,955
Total deferred inflows of resources	52,438	9,141	-	59,380	15,996	136,955
FUND BALANCES:						
Nonspendable:						
Cemetery fund	-	-	-	-	744,523	744,523
Prepaids	1,874	-			-	1,874
Restricted:						
Law enforcement seized funds	173,440	-	-	-	-	173,440
Court technology	25,573	-	-	-	-	25,573
Court security	81,932	-	-	-	-	81,932
Debt service	-	778,973	-	-	-	778,973
Hotel/Motel-tourism promotion	-	-	-	-	463,103	463,103
Capital projects funds:						
Public Safety Center	-	-	-	-	95,292	95,292
Sidewalks	-	-	-	-	154,134	154,134
Library	-	-	-	-	43,869	43,869
City Hall	-	-	17,603,528	-	-	17,603,528
Street Construction	-	-	737,014	-	-	737,014
Assigned:						
Parks & recreation	-	-	-	1,730,343	-	1,730,343
Library	-	-	-	-	415,546	415,546
Cemetery	-	-	-	-	375,651	375,651
Economic Development	-	-	-	-	451,782	451,782
Capital projects funds:						
CVB Building					1,063,000	1,063,000
Sidewalks					287,254	287,254
Unassigned	10,983,135	-	-	-	-	10,983,135
Total fund balances	11,265,954	778,973	18,340,542	1,730,343	4,094,154	36,209,966
Total liabilities, deferred inflows of resources and fund balances	$ 11,961,112	$ 788,114	$ 18,601,434	$ 1,874,855	$ 4,158,307	

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

Capital assets net of accumulated depreciation, used in governmental activities activities are not financial resources and therefore, are not reported in the funds.	57,970,886
Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore, are not reported in the funds.	(57,645,843)
Deferred outflows (inflows) relating to deferred amounts on refunding and pensions are not financial resources and therefore are not reported in the funds.	2,489,033
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	136,955
The assets and liabilities of the internal service fund are not included in the fund financial statements, but are included in the governmental activities of the statement of net position	158,697
Accrued interest on debt is not reported in the funds.	(95,552)
Net position of governmental activities	$ 39,224,142

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

CITY OF BOERNE, TEXAS

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2018

	General Fund	Debt Service Fund	2017 Tax Notes Capital Projects Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Ad valorem taxes	$ 2,576,942	$ 1,861,119	$ -	$ 1,482,183	$ 886,003	$ 6,806,247
Sales tax	7,021,498	-	-	-	-	7,021,498
Hotel-Motel Tax	-	-	-	-	635,895	635,895
Library, parks & swimming pool	-	-	-	692,343	249,765	942,108
Franchise fees	2,764,266	-	-	-	-	2,764,266
Licenses and permits	1,139,600	-	-	-	-	1,139,600
Fines	286,082	-	-	-	-	286,082
Grants	30,407	-	-	1,467,317	4,252	1,501,976
Contributions & donations	2,192,834	-	-	9,487	362,723	2,565,044
Miscellaneous	219,216	-	-	47,551	45,045	311,812
Investment earnings	130,876	15,453	384,511	32,642	52,756	616,238
Total revenues	16,361,721	1,876,572	384,511	3,731,523	2,236,439	24,590,766
Expenditures:						
Current:						
Administration	2,305,107	-	-	-	-	2,305,107
Streets	1,506,474	-	-	-	-	1,506,474
Law enforcement	4,734,298	-	-	-	-	4,734,298
Municipal court	304,736	-	-	-	-	304,736
Animal control	286,174	-	-	-	-	286,174
Code enforcement	415,520	-	-	-	-	415,520
Planning	517,045	-	-	-	-	517,045
Communications	1,074,181	-	-	-	-	1,074,181
Information technology	775,354	-	-	-	-	775,354
Fire department	2,084,996	-	-	-	-	2,084,996
Park Fund	-	-	-	1,856,255	-	1,856,255
Library Fund	-	-	-	-	1,296,395	1,296,395
Hotel/Motel Fund	-	-	-	-	561,333	561,333
Cemetery Fund	-	-	-	-	69,768	69,768
Economic Development Fund	-	-	-	-	149,948	149,948
Capital outlay	786,556	-	3,183,801	2,025,405	51,068	6,046,830
Debt service:						
Principal	-	2,050,000	-	-	-	2,050,000
Interest	-	1,188,086	-	-	-	1,188,086
Fiscal agent fees	-	1,674	-	-	-	1,674
Total expenditures	14,790,441	3,239,760	3,183,801	3,881,660	2,128,512	27,224,174
Excess/(Deficiency) of revenues over (under) expenditures	1,571,280	(1,363,188)	(2,799,290)	(150,137)	107,927	(2,633,408)

(Continued)

CITY OF BOERNE, TEXAS

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2018

	General Fund	Debt Service Fund	2017 Tax Notes Capital Projects Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):						
Transfers in	57,000	1,351,072	-	553,664	2,052,412	4,014,148
Transfers out	(1,750,608)	-	-	-	(1,053,988)	(2,804,596)
Sale of Capital Assets	608,351	-	-	227	-	608,578
Total other financing sources	(1,085,257)	1,351,072	-	553,891	998,424	1,818,130
Net change in fund balances	486,023	(12,116)	(2,799,290)	403,754	1,106,351	(815,278)
Fund balances - beginning	10,779,931	791,089	21,139,832	1,326,589	2,987,803	37,025,244
Fund balances - ending	$ 11,265,954	$ 778,973	$ 18,340,542	$ 1,730,343	$ 4,094,154	$ 36,209,966

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

CITY OF BOERNE, TEXAS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2018

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

Net change in fund balances-total governmental funds	$	(815,278)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciable expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. There was $248,871 in capital outlay expense which did not meet capitalization threshold.		2,068,917
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, donations) is to increase net position.		5,513,184
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of the governmental funds. Neither transaction has an effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		2,129,529
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		(4,480)
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.		(498,286)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) is reported with the governmental activities.		76,574
Change in net position of governmental activities	$	8,470,160

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

CITY OF BOERNE, TEXAS

Statement of Net Position
Proprietary Funds
September 30, 2018

	Business-type Activities-Enterprise Funds						Governmental Activities
	Electric	Water	Wastewater	Gas	Solid Waste	Total	Internal Service Fund
ASSETS							
Current assets:							
Cash and cash equivalents	$ 7,589,746	$ 3,620,932	$ 4,474,156	$ 144,763	$ 449,702	$ 16,279,299	$ 237,108
Investments	3,765,996	2,959,644	-	-	-	6,725,640	-
Accounts receivable	2,223,568	787,999	588,214	242,375	72,420	3,914,576	5,325
Inventories	865,163	166,835	11,538	103,206	-	1,146,742	-
Prepaids	342	-	-	-	-	342	-
Restricted cash and cash equivalents:							
Customer deposits	634,885	531,066	-	145,479	-	1,311,430	-
Revenue bond interest and sinking accounts	1,942	27,252	73	5,273	-	34,540	-
Total current assets	15,081,642	8,093,728	5,073,981	641,096	522,122	29,412,569	242,433
Non-current assets:							
Restricted cash and cash equivalents:							
Revenue bond reserve accounts	153,408	248,975	1,777,095	153,408	-	2,332,886	-
Bond construction	-	-	1,995,897	-	-	1,995,897	-
Capital improvements	-	1,749,516	2,590,964	-	-	4,340,480	-
Restricted investments:							
Revenue bond covenant accounts	-	-	986,620	-	-	986,620	-
Capital improvements	-	3,809,635	-	-	-	3,809,635	-
Capital assets:							
Land	75,517	792,133	1,787,655	44,269	-	2,699,574	-
Buildings/Plant	773,342	1,852,199	37,980,419	141,725	-	40,747,685	-
Infrastructure	13,548,750	33,983,167	28,519,737	9,995,275	-	86,046,929	-
Machinery and equipment	2,168,859	1,286,853	1,139,646	582,032	-	5,177,390	-
Construction in progress	-	300,894	101,421	334,046	-	736,361	-
Less accumulated depreciation	(9,371,322)	(17,859,782)	(22,707,757)	(3,908,153)	-	(53,847,014)	-
Total capital assets (net)	7,195,146	20,355,464	46,821,121	7,189,194	-	81,560,925	-
Total non-current assets	7,348,554	26,163,590	54,171,697	7,342,602	-	95,026,443	-
Total assets	22,430,196	34,257,318	59,245,678	7,983,698	522,122	124,439,012	242,433
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	24,845	32,034	1,254,637	67,124	-	1,378,640	-
Deferred outflows related to pension	423,619	264,899	249,008	136,614	-	1,074,140	93,869
Deferred outflows related to OPEB	37,754	23,941	22,135	12,093		95,923	8,477
Total deferred outflows of resources	486,218	320,874	1,525,780	215,831	-	2,548,703	102,346
LIABILITIES							
Current liabilities payable from non-restricted assets:							
Accounts payable	747,899	188,243	72,146	61,314	70,328	1,139,930	7,296
Other payables	55,244	-	-	2,478	8,318	66,040	4,852
Compensated absences	7,117	3,166	2,764	2,139	-	15,186	-
Total current liabilities payable from non-restricted assets	810,260	191,409	74,910	65,931	78,646	1,221,156	12,148
Current liabilities payable from restricted assets:							
Customer deposits	634,885	531,066	-	145,479	-	1,311,430	-
Revenue bonds payable	60,691	395,478	1,050,443	160,211	-	1,666,823	-
Accrued interest payable	2,237	7,076	110,718	5,898	-	125,929	-
Total current liabilities payable from restricted assets	697,813	933,620	1,161,161	311,588	-	3,104,182	-
Total current liabilities	1,508,073	1,125,029	1,236,071	377,519	78,646	4,325,338	12,148
Non-current liabilities:							
Compensated absences	135,228	60,160	52,524	40,618	-	288,530	-
Revenue bonds payable	466,752	-	36,498,692	1,265,017	-	38,230,461	-
Net pension liability	1,763,239	1,058,021	971,628	537,163	-	4,330,051	24,191
Total OPEB liabilities	392,475	248,732	229,854	125,525	-	996,586	88,100
Total non-current liabilities	2,757,694	1,366,913	37,752,698	1,968,323	-	43,845,628	112,291
Total liabilities	4,265,767	2,491,942	38,988,769	2,345,842	78,646	48,170,966	124,439
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pension	152,952	105,147	96,281	50,609	-	404,989	61,643
NET POSITION							
Net investment in capital assets	6,692,548	19,992,020	12,493,986	5,831,090	-	45,009,644	-
Restricted net position							
Restricted for debt service	155,350	276,227	2,763,788	158,681	-	3,354,046	-
Restricted for capital improvements - impact fees	-	5,578,343	2,590,964	-	-	8,169,307	-
Unrestricted	11,649,797	6,134,513	3,837,670	(186,693)	443,476	21,878,763	158,697
Total Net Position	$ 18,497,695	$ 31,981,103	$ 21,686,408	$ 5,803,078	$ 443,476	$ 78,411,760	$ 158,697

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

CITY OF BOERNE, TEXAS

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2018

	Business-type Activities-Enterprise Funds						Governmental Activities
	Electric	Water	Wastewater	Gas	Solid Waste	Total	Internal Service Fund
Operating revenues:							
Charges for sales and services	$ 16,883,463	$ 5,365,845	$ 4,637,622	$ 2,052,490	$ 880,276	$ 29,819,696	$ 927,782
Connection fees	4,274	354	18,573	283,876	-	307,077	-
Primary extensions	102,200	124,872	-	710	-	227,782	-
Penalties	131,157	52,120	48,416	18,679	8,352	258,724	-
Other	177,303	328,053	47	45,059	-	550,462	-
Total operating revenues	17,298,397	5,871,244	4,704,658	2,400,814	888,628	31,163,741	927,782
Operating expenses:							
Cost of fuel and water reservation	8,036,824	1,431,442	-	699,235	-	10,167,501	-
Personnel	2,528,500	1,670,548	1,510,236	837,094	-	6,546,378	642,096
Franchise fees	1,463,939	285,322	227,203	95,388	759,622	2,831,474	-
Administration	1,079,408	825,467	1,040,657	318,672	35,688	3,299,892	209,112
Depreciation	627,221	1,558,868	3,102,486	457,497	-	5,746,072	-
Other	20,671	10,955	17,187	10,260	-	59,073	-
Total operating expenses	13,756,563	5,782,602	5,897,769	2,418,146	795,310	28,650,390	851,208
Operating income (loss)	3,541,834	88,642	(1,193,111)	(17,332)	93,318	2,513,351	76,574
Non-operating revenues (expenses):							
Investment earnings	155,924	190,174	151,458	7,959	4,627	510,142	-
Grant income	-	-	5,000	-	-	5,000	-
Interest expense	(24,908)	(86,332)	(848,523)	(69,329)	-	(1,029,092)	-
Grant expense	-	-	-	-	(8,505)	(8,505)	-
Bond costs	-	-	(694,737)	-	-	(694,737)	-
Gain on sale of capital assets	-	-	-	-	-	-	-
Total non-operating revenues (expenses)	131,016	103,842	(1,386,802)	(61,370)	(3,878)	(1,217,192)	-
Income (loss) before capital contributions and transfers	3,672,850	192,484	(2,579,913)	(78,702)	89,440	1,296,159	76,574
Capital contributions	41,211	3,207,919	4,940,748	511,992	-	8,701,870	-
Transfers in	-	-	150,000	1,108,988	-	1,258,988	-
Transfers out	(1,949,527)	(465,863)	(10,575)	(10,575)	(32,000)	(2,468,540)	-
Change in net position	1,764,534	2,934,540	2,500,260	1,531,703	57,440	8,788,477	76,574
Net position - beginning (as restated)	16,733,161	29,046,563	19,186,148	4,271,375	386,036	69,623,283	82,123
Net position - ending	$ 18,497,695	$ 31,981,103	$ 21,686,408	$ 5,803,078	$ 443,476	$ 78,411,760	$ 158,697

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

CITY OF BOERNE, TEXAS

Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2018

	Business-type Activities-Enterprise Funds						Governmental Activities
	Electric	Water	Wastewater	Gas	Solid Waste	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	$ 17,297,057	$ 5,829,290	$ 4,658,742	$ 2,382,107	$ 873,053	$ 31,040,249	$ 927,019
Payments to suppliers	(11,196,492)	(2,540,437)	(1,278,192)	(1,136,365)	(789,670)	(16,941,156)	(213,044)
Payments to employees	(2,465,660)	(1,607,457)	(1,475,596)	(813,801)	-	(6,362,514)	(592,670)
Net cash provided by operating activities	3,634,905	1,681,396	1,904,954	431,941	83,383	7,736,579	121,305
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in	-	-	150,000	80,000	-	230,000	-
Transfers out	(1,949,527)	(465,863)	(10,575)	(10,575)	(32,000)	(2,468,540)	-
Grant reimbursement		-	-	-	-	-	-
Grant expense	-	-	-	-	(8,505)	(8,505)	-
Net cash provided by (used in) noncapital financing activities	(1,949,527)	(465,863)	139,425	69,425	(40,505)	(2,247,045)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from refunding and capital debt	-	-	1,505,000	-	-	1,505,000	
Bond issue costs paid	-	-	(520,908)	-	-	(520,908)	-
Capital grant reimbursement	-	-	5,000	-	-	5,000	-
Acquisition of capital assets	(415,006)	(1,000,988)	(525,243)	(481,758)	-	(2,422,995)	-
Capital Recovery Contributions	-	1,543,013	1,617,616	-	-	3,160,629	-
Proceeds from sale of assets	-	-	-	-	-	-	-
Revenue bonds and certificates-principal	(53,095)	(330,600)	(2,372,639)	(148,666)	-	(2,905,000)	-
Revenue bonds and certificates-interest	(24,445)	(86,281)	(965,045)	(68,448)	-	(1,144,219)	-
Net cash used in capital and related financing activities	(492,546)	125,144	(1,256,219)	(698,872)	-	(2,322,493)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Net sale (purchase) of investments	569,897	(3,826,151)	3,620	-	-	(3,252,634)	-
Interest earned	155,924	190,174	151,458	7,959	4,627	510,142	-
Net cash provided by (used in) investing activities	725,821	(3,635,977)	155,078	7,959	4,627	(2,742,492)	-
Net increase in cash and cash equivalents	1,918,653	(2,295,300)	943,238	(189,547)	47,505	424,549	121,305
Balances - beginning of year	6,461,328	8,473,041	9,894,947	638,470	402,197	25,869,983	115,803
Balances - end of year	$ 8,379,981	$ 6,177,741	$ 10,838,185	$ 448,923	$ 449,702	$ 26,294,532	$ 237,108
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	$ 3,541,834	$ 88,642	$ (1,193,111)	$ (17,332)	$ 93,318	$ 2,513,351	76,574
Adjustments to reconcile operating income (loss) to net cash provided by operating activities							
Depreciation expense	627,221	1,558,868	3,102,486	457,497	-	5,746,072	-
Changes in assets, liabilities and deferred outflows:							
Accounts payable	(507,844)	(27,968)	7,509	7,158	5,640	(515,505)	(3,932)
Receivables	15,909	(28,704)	(45,917)	(46,523)	(15,575)	(120,810)	(763)
Inventory	(105,002)	27,469	(654)	7,848	-	(70,339)	-
Prepaids	(53)	-	-	-	-	(53)	-
Deferred outflows	211,810	111,758	113,484	61,519	-	498,571	36,489
Net pension liability	(203,573)	(122,247)	(112,190)	(62,077)	-	(500,087)	(2,774)
Net OPEB liability	69,992	44,357	40,991	22,385	-	177,725	15,711
Compensated absences	(15,389)	29,221	(7,644)	1,466	-	7,654	-
Net cash provided by operating activities	$ 3,634,905	$ 1,681,396	$ 1,904,954	$ 431,941	$ 83,383	$ 7,736,579	$ 121,305
Noncash, investing, capital, and financing activities:							
Contribution of capital assets by Developers	$ 41,211	$ 1,664,906	$ 3,323,132	$ 511,992	$ -	$ 5,541,241	-

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

CITY OF BOERNE, TEXAS

Statement of Net Position
Fiduciary Fund
September 30, 2018

	Agency Fund
ASSETS	
Cash and cash equivalents	$ 1,198
Total assets	$ 1,198
LIABILITIES	
Accounts payable	$ 1,198
Total liabilities	$ 1,198

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

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I. Summary of significant accounting policies

A. Reporting entity

The City of Boerne is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Based on our review at September 30, 2018 there are no component units or other entities that meet the criteria for inclusion in the basic financial statements.

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

Total value for real and personal property on the tax roll was approximately $2,091,000,000 as of October 1, 2017, as certified by the Kendall County Appraisal District.

The City's assessed tax rate approved by the City Council for 2018 is $0.4720 per $100 of taxable value of all taxable property within the City.

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

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

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

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

The City reports the following major governmental funds:

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

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

The *park fund* accounts for all financial resources that are restricted, committed, or assigned to expenditure for community events and programs along with parks maintenance and operations.

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

The City also reports the following fiduciary fund type:

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

The City reports the following permanent fund type:

The *cemetery trust fund* is used to account for resources legally held in trust to provide for upkeep of the cemetery. This fund is restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs – that is, for the

benefit of the City or its citizens. This fund meets the criteria of a permanent trust fund and thus has been reported as governmental activity in the Statement of Net Position.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

1. Deposits and investments

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

Cities in Texas are authorized to make investments as follows:

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

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

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

2. Receivables and payables

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectability of a receivable is confirmed.

Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

3. Inventories and prepaid items

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

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

4. Restricted assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable bond covenants. Customer deposit accounts are used to report deposits paid by customers on utility accounts that could be refunded to the customer. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond covenant" account has a current and a non-current portion. The current portion is used to segregate resources accumulated for debt service payments over the next twelve months. The noncurrent portion is used to report resources set aside to make up potential future deficiencies in the current portion. Capital contribution accounts are used to account for impact fees paid that will be used for either debt service on bonds or future capital projects.

Certain resources in the governmental activities are classified as restricted. The cemetery has an endowment fund that is restricted in use for care of the cemetery. There are three capital project funds that are used to report the unspent proceeds of a General Obligation Bond and two Tax Notes that are restricted for use in certain construction projects.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are

recorded at acquisition value at the date of donation. Infrastructure that was acquired prior to the implementation of GASB-Statement No. 34 is included and reported in the government-wide financial statements in this report. The City used backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year) for the purpose of estimating historical cost for the initial reporting of these assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

6. Deferred outflows/inflows of resources

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

average of the expected remaining service lives of all employees who are provided with OPEB through the OPEB Plan (active and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Pensions

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

8. Compensated absences

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

9. Long-term obligations

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

10. Fund balance

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

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

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

11. Current year GASB Statement Implementations

In fiscal year 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. GASB 75 establishes accounting and financial reporting standards for governments ("employers") providing other postemployment benefits (OPEB). Under GASB 75, the employer must report the Total OPEB Liability (TOL), the OPEB expense and the related deferred inflows and outflows of resources associated with providing OPEB benefits to their employees (and retirees) in their basic financial statements. In addition, extensive note disclosures and related Required Supplementary Information are also required.

Per the requirements of Statement 75, the City recorded a beginning deferred outflow of resources for contributions made between the start of the measurement period for OPEB and the City's prior fiscal year-end, as well as a liability for the beginning balance of the TOL. This resulted in an adjustment to beginning net position of the governmental activities and the business activities in the Government-Wide Financial Statements and the Statement of Revenues, Expenses and Changes in the Fund Net Position.

Governmental Funds and Governmental Activities:

	Governmental Activities
October 1, 2017 net position as previosuly reported:	$ 32,634,526
Adjustments for GASB 75	(1,880,544)
October 1, 2017 as restated:	$ 30,753,982

Business type activities:

	Electric	Water	Wastewater	Gas	Solid Waste	Total	Internal Service
October 1, 2017 net position as previosuly reported:	$ 17,051,920	$ 29,248,578	$ 19,372,831	$ 4,707,038	$ 386,036	$ 70,766,403	$ 153,676
Prior period adjustment	-	-	-	(333,714)	-	(333,714)	-
Adjustments for GASB 75	(318,759)	(202,015)	(186,683)	(101,949)	-	(809,406)	(71,553)
October 1, 2017 as restated:	$ 16,733,161	$ 29,046,563	$ 19,186,148	$ 4,271,375	$ 386,036	$ 69,623,283	$ 82,123

II. Reconciliation of government-wide and fund financial statements

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

Total fund balances of the City's governmental funds, $36,209,966, differs from net position of governmental activities, $39,224,142, reported in the Statement of Net Position. The difference primarily results from the long-term economic focus in the Statement of Net Position versus the current financial resources focus in the Governmental Funds Balance Sheets.

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

Cost of capital assets	$ 102,270,774
Accumulated depreciation	(44,299,888)
	$ 57,970,886

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

Bonds payable	$ (41,635,000)
Bond premium	(1,526,661)
Compensated absences	(947,570)
Postemployment liability	(2,875,509)
Net pension liability	(10,661,103)
	$ (57,645,843)

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

Deferred loss on refunding of debt	$ 673,006
Deferred outflows of resources related to pensions	1,601,504
Deferred outflows of resources related to OPEB	214,523
	$ 2,489,033

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

$ 158,697

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

Unavailable property tax revenues	$ 136,955

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

$ (95,552)

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

The net change in fund balances for governmental funds, ($815,278), differs from the change in net position for governmental activities, $8,470,160, reported in the Statement of Activities. The differences arise primarily from the long-term economic focus in the Statement of Activities versus the current financial resources focus in the governmental funds.

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

Capital expenditures	$	6,046,830
Expenditures under capitalization threshold		(248,872)
Depreciation expense		(3,729,041)
	$	2,068,917

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

($ 109,095)

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

$ 5,622,279

Net effect of miscellaneous transactions involving capital assets.

$5,513,184

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

Principal repayment of long-term debt	$	2,050,000
Amortization of loss on refunding		(73,128)
Amortization of bond premium		152,657
	$	2,129,529

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

Change in deferred inflows – property tax	$	(4,480)

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

Change in compensated absences	$	(131,153)
Change in interest expense		9,282
Change in pension expense		(172,598)
Change in OPEB obligation		(203,817)
	$	(498,286)

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

$ 76,574

III. Stewardship, compliance, and accountability

A. Budgetary information

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

	Original Budget	Budget Increase	Amended Budget
General Fund	$ 16,649,549	$ 1,250,593	$ 17,900,142
Park	2,639,213	1,400,000	4,039,213
Library	1,215,848	159,134	1,374,982
Economic Development	782,187	484,000	1,266,187
Capital Projects	-	1,350,254	1,350,254
Utility Funds:			
Electric	16,996,590	1,555,000	18,551,590
Water	7,261,854	90,000	7,351,854
Total	$ 45,545,241	$ 6,288,981	$ 51,834,222

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. There were no outstanding encumbrances at September 30, 2018.

IV. Detailed notes on all funds

A. Deposits and investments

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act ("the Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of

participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

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

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

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

At year end, the City's carrying amount of deposits was $6,029,721 and the bank balance was $6,083,452. Of the bank balance, $250,000 was covered by federal depositor insurance, and the balance over $250,000 was covered by collateral held by the City's agent in the City's name. As of September 30, 2018, the City had the following cash, cash equivalents and investments:

	Carrying Amount	Investments Weighted Average Maturity (WAM) days
Cash on hand	$ 2,716	N/A
Cash in bank	6,029,721	N/A
TexPool	23,246,994	18
Texas Term	201,455	0
Texas Class	23,099,882	24
TexStar	1,987,314	1
Total cash & cash equivalents	54,568,082	
U.S. Agencies	4,926,148	442
Certificates of Deposit	7,937,500	403
Municipal Bonds	1,216,249	337
Commercial Paper	3,615,038	173
Treasury Notes	1,492,891	37
Total Investments	19,187,826	
Total	$ 73,755,908	

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

Credit risk. Deposits with the investment pools are recorded at amortized cost or fair value per share of the pool's underlying investments, as applicable. The investment pools have as one of their objectives the maintenance of a stable net asset value of $1.00. The City's investment policy requires that the net asset value of the pools also be $1.00 and be rated no lower than "AAA" or "AAA-m" or no lower than investment grade with a weighted average maturity no greater than 90 days. As of September 30, 2018, the ratings of the various investment pools were:

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

Similarly, the City's investment policy requires that obligations of states, agencies, counties, cities and other political subdivisions be rated not less than "A" or its equivalent. The current ratings of the U. S. Agencies included in the investment portfolio of the City at September 30, 2018 were:

U.S. Agency	Rating	Rating Agency	Percentage
FFCB	AA+	Standard & Poor's	6%
FHLMC	AA+	Standard & Poor's	6%
FNMA	AA+	Standard & Poor's	6%
FFCB	AA+	Standard & Poor's	6%
FFCB	AA+	Standard & Poor's	6%

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

Custodial credit risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments are not exposed to custodial credit risk as of September 30, 2018 as they are held by financial institutions in the name of the City.

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

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

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

The carrying amount of investments and fair value hierarchy at September 30, 2018 is shown below:

	September 30, 2018	Level 1	Level 2	Level 3
Investments by fair value level:				
Certificates of Deposit	$ 5,784,500	$ -	$ 5,784,500	$ -
Commercial Paper	3,615,038	-	3,615,038	-
Debt Securities				
Federal Farm Credit Banks Funding Corporation	987,220		987,220	
Federal Home Loan Mortgage Corporation	984,734		984,734	
Federal National Mortgage Association	991,898	-	991,898	-
Federal Farm Credit Banks Funding Corporation	985,860	-	985,860	-
Federal Farm Credit Banks Funding Corporation	976,436	-	976,436	-
Total Debt Securitites	4,926,148	-	4,926,148	-
Municipal Bonds				
Oakland CA Taxable Pension	233,828	-	233,828	-
Belmont Fresh Water Supply	258,815	-	258,815	-
Mishawaka Economic Development	381,076	-	381,076	-
Mississippi Development Bank	342,530	-	342,530	-
Total Municipal Bonds	1,216,249	-	1,216,249	-
Total investments by fair value level:	15,541,935	$ -	$ 15,541,935	$ -
Investments measured at amortized cost:				
Certificates of Deposit	2,153,000			
External Investment Pools				
TexPool	23,246,994			
TexasTerm	201,455			
Total External Investment Pools	23,448,449			
Total investments measured at amortized cost	25,601,449			
Investments measured at net asset value ("NAV"):				
External Investment Pools				
Tex STAR	1,987,314			
Texas Class	23,099,882			
Total External Investment Pools	25,087,196			
Total investments measured at NAV	25,087,196			
Total	$ 66,230,580			

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

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

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments measured at NAV:				
Tex STAR	$ 1,987,314	N/A	Daily	N/A
Texas Class	23,099,882	N/A	Daily	N/A
Total External Investment Pools	25,087,196			
Total investments measured at NAV	$ 25,087,196			

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

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

B. Receivables

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

Receivables:	General	Debt Service	2017 Tax Notes Capital Projects Fund	Park Fund	Nonmajor Funds	Total
Property taxes	$ 67,908	$ 11,793	$ -	$ 41,878	$ 20,711	$ 142,290
Sales taxes	1,120,731	-	-	-	-	1,120,731
Access line fees	44,777	-	-	-	-	44,777
Franchise fees	64,001	-	-	-	-	64,001
Miscellaneous	74,631	667	11,826	192,244	50,951	330,319
Gross receivables	1,372,048	12,460	11,826	234,122	71,662	1,702,118
Less uncollectible	(10,186)	(1,769)	-	(6,282)	(3,107)	(21,344)
Net Total Receivables	$1,361,862	$ 10,691	$ 11,826	$ 227,840	$ 68,555	$ 1,680,774

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

							Governmental Activities
Receivables:	Electric	Water	Wastewater	Gas	Solid Waste	Total	Internal Service Fund
Interest	$ 5,937	$ 38,017	$ 848	$ -	$ -	$ 44,802	$ -
Accounts	2,217,631	749,982	587,366	242,375	72,420	3,869,774	5,325
Total Receivables	$ 2,223,568	$ 787,999	$ 588,214	$ 242,375	$ 72,420	$ 3,914,576	$ 5,325

C. Capital Assets

Capital asset activity for Governmental Activities for the year ended September 30, 2018, was as follows:

Governmental activities:	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets, not being depreciated:					
Land	$ 9,833,819	$ 545,038	$ -	$ -	$ 10,378,857
Construction in progress	1,350,168	2,199,172	(758,411)	-	2,790,929
Total Capital assets, not being depreciated	11,183,987	2,744,210	(758,411)	-	13,169,786
Capital assets, being depreciated:					
Buildings and plant	24,395,190	15,826	-	(296,390)	24,114,626
Improvements other than buildings	11,469,066	2,480,477	-	-	13,949,543
Infrastructure	34,795,722	5,851,592	758,411	-	41,405,725
Machinery and equipment	9,361,986	328,132	22,585	(81,609)	9,631,094
Total Capital assets being depreciated	80,021,964	8,676,027	780,996	(377,999)	89,100,988
Less accumulated depreciation for:					
Buildings and plant	(10,743,421)	(1,111,049)	-	187,295	(11,667,175)
Improvements other than buildings	(7,654,699)	(390,709)	-	-	(8,045,408)
Infrastructure	(14,777,037)	(1,633,577)	-	-	(16,410,614)
Machinery and equipment	(7,642,009)	(593,706)	(22,585)	81,609	(8,176,691)
Total accumulated depreciation	(40,817,166)	(3,729,041)	(22,585)	268,904	(44,299,888)
Total Capital assets being depreciated, net	39,204,798	4,946,986	758,411	(109,095)	44,801,100
Governmental activities Capital assets, net	$ 50,388,785	$ 7,691,196	$ -	$ (109,095)	$ 57,970,886

Capital asset activity for Business-type Activities for the year ended September 30, 2018, was as follows:

Business-type activities:	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets, not being depreciated:					
Land	$ 2,705,658	$ 23,916	$ -	$ (30,000)	$ 2,699,574
Construction in progress	520,722	1,438,812	(1,223,173)	-	736,361
Total Capital assets, not being depreciated	3,226,380	1,462,728	(1,223,173)	(30,000)	3,435,935
Capital assets, being depreciated:					
Buildings and plant	40,695,902	51,783	-	-	40,747,685
Infrastructure	77,972,388	6,851,369	1,223,173	-	86,046,930
Machinery and equipment	4,876,345	323,631	(22,585)	-	5,177,391
Total Capital assets being depreciated	123,544,635	7,226,783	1,200,588	-	131,972,006
Less accumulated depreciation for:					
Buildings and plant	(13,071,958)	(1,859,322)	-	-	(14,931,280)
Infrastructure	(31,295,767)	(3,664,147)	-	-	(34,959,914)
Machinery and equipment	(3,755,804)	(222,603)	22,585	-	(3,955,822)
Total accumulated depreciation	(48,123,529)	(5,746,072)	22,585	-	(53,847,016)
Total Capital assets being depreciated, net	75,421,106	1,480,711	1,223,173	-	78,124,990
Business-type activities Capital assets, net	$ 78,647,486	$ 2,943,439	$ -	$ (30,000)	$ 81,560,925

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

Governmental activities:	
General government	$ 211,330
Public safety	931,951
Highways and streets	1,784,126
Culture and recreation	801,634
Total depr. expense – governmental activities	$ 3,729,041
Business-type activities:	
Electric utility	$ 627,221
Water utility	1,558,868
Wastewater utility	3,102,486
Natural Gas utility	457,497
Total depr. expense – business-type activities	$ 5,746,072

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

E. Construction commitments

The City has active construction projects as of September 30, 2018. The projects include:

2009 G.O. Construction projects
2012 Tax Note Construction projects
2017 Tax Note Construction projects

These projects are part of governmental activities. The 2009 projects include construction of the Public Safety Center, expansion of the Fire Station, Parks land and Trails Improvements and construction of a new Library. The 2012 projects include upgrade of the Public Safety radio system, sidewalk construction, and the purchase of a new fire truck. The 2017 projects include the construction of a new City Hall and the construction of new roads. At year-end, the City's commitments to these projects are as follows:

Projects	09 G.O. Bond Projects	
	Spent-to-date	Remaining
Public Safety Center	$ 289,831	$ 95,292
Fire Station	2,312,861	-
Park Land/Improvements	560,474	-
Park Trails	2,623,953	-
New Library	6,583,718	43,869
Sidewalks	618,174	1,396
	$ 12,989,011	$ 140,557

The 2009 G. O. Construction projects are being financed by proceeds from the General Obligation Bonds issued in October of 2009.

Projects	2012 Tax Note Projects	
	Spent-to-date	Remaining
Public Safety Radios	$ 652,407	$ -
Fire Truck	544,538	-
Street Sweeper	178,942	-
Sidewalks	-	152,738
	$ 1,358,287	$ 152,738

The 2012 Tax Note Construction projects are being financed by proceeds from the Tax Notes issued in December 2012.

Projects	2017 Tax Note Projects	
	Spent-to-date	Remaining
City Hall	$ 2,543,805	$ 17,603,528
Herff Road extension	1,536,174	737,014
	$ 4,079,979	$ 18,340,542

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

F. Interfund transfers

The composition of interfund transfers as of September 30, 2018, is as follows:

	Transfers In						
Transfers out:	General Fund	Debt-Service Fund	Park Fund	Non-major Governmental Funds	Wastewater Fund	Gas Fund	Totals
General Fund	$ -	$ 298,196	$ -	$ 1,452,412	$ -	$ -	$ 1,750,608
Non-major	25,000	-	-	-	-	1,028,988	1,053,988
Electric Enterprise Fund	-	1,015,863	553,664	300,000	-	80,000	1,949,527
Water Enterprise Fund	-	15,863	-	300,000	150,000	-	465,863
Wastewater Enterprise Fund	-	10,575	-	-	-	-	10,575
Gas Enterprise Fund	-	10,575	-	-	-	-	10,575
Solid Waste Fund	32,000	-	-	-	-	-	32,000
Totals	$ 57,000	$ 1,351,072	$ 553,664	$ 2,052,412	$ 150,000	$ 1,108,988	$ 5,273,136

Transfers are used to: 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due; 2) move unrestricted fund revenue to finance various programs that the City must account for in

other funds in accordance with budgetary authorizations. In the year ended September 30, 2018, the City made the following one-time transfers:

- $298,196 from the General fund to Debt-Service for principal and interest due on debt obligations;
- $102,412 from the General fund to Economic Development fund for payments on 380 development agreements;
- $1,350,000 from the General fund to create the new Capital Projects fund;
- $25,000 from the Economic Development fund to the General fund for the Public Art Project;
- $1,028,988 from the Economic Development fund to the Gas fund to transfer expenditures made through 380 agreements for gas lines that will be assets of the Gas fund;
- $1,015,863 from the Electric fund to the Debt Service fund for General Obligation debt service;
- $37,013 from the Water, Wastewater and Gas funds to the Debt Service fund for General Obligation debt service;
- $553,664 from the Electric fund to the Park fund to assist with TAPS grant expenditures;
- $600,000 from the Electric and Water funds to the Economic Development fund to assist with economic development projects within the City;
- $150,000 from the Water to the Wastewater fund to assist with debt service;
- $80,000 from the Electric to the Gas fund to assist with operations;
- $32,000 from the Solid Waste fund the General fund to assist with the purchase of a brush loader.

G. Long-term Debt

Long-term debt activity for the year ended September 30, 2018, was as follows:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Debt	$ 41,635,000	$ 43,685,000	$ 36,095,000	$ 11,030,000	$ 77,730,000	$ 54,715,000
Utility Revenue Debt	-	-	285,000	28,255,000	285,000	28,255,000
Total	$ 41,635,000	$ 43,685,000	$ 36,380,000	$ 39,285,000	$ 78,015,000	$ 82,970,000

General Obligation Debt

The City issues general obligation bonds, certificates and tax notes to provide the funds for acquisition and construction of major capital facilities and projects. The City's General Obligation, Certificates of Obligation, and Tax Notes are pledged by ad valorem taxes levied upon all taxable property located within the City, within the limitations prescribed by law. General obligation debt currently outstanding is as follows:

	Original Amount	Interest Rate %	Balances Oct. 1, 2017	Issued During Year	Retired During Year	Balances Sept. 30, 2018
General Obligation Debt:						
2011 GO Refunding Bonds	6,345,000	2.00 -4.00	$ 3,745,000	$ -	$ 505,000	$ 3,240,000
2012 Tax Notes	1,540,000	0.45 - 1.10	545,000	-	270,000	275,000
2014 GO Refunding Bonds	9,560,000	0.50 - 3.20	9,410,000	-	440,000	8,970,000
2016 GO Refunding Bonds	8,510,000	2.00 -5.00	8,150,000	-	260,000	7,890,000
2017 Tax Notes	21,835,000	2.00 - 3.00	21,835,000	-	575,000	21,260,000
Total of bonded debt			$ 43,685,000	$ -	$ 2,050,000	$ 41,635,000

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

	General Obligation Bonds		
Year Ending September 30,	Principal	Interest	Total
2019	$ 2,090,000	$ 1,107,082	$ 3,197,082
2020	2,000,000	1,058,394	3,058,394
2021	2,055,000	1,003,494	3,058,494
2022	2,120,000	940,644	3,060,644
2023	10,465,000	787,494	11,252,494
2024-2028	16,730,000	1,843,520	18,573,520
2029-2033	6,175,000	529,385	6,704,385
	$ 41,635,000	$ 7,270,013	$ 48,905,013
Average annual requirements			$ 3,260,334

Revenue and General Obligation Bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The City has pledged future electric, water, wastewater and gas customer revenue net of specified operating expenses, to repay $285,000 in Utility System Revenue and Refunding bonds issued in 2010 and $36,095,000 in General Obligation Refunding bonds issued in 2016 and 2017.

On December 13, 2017, the City issued $26,185,000 in General Obligation Refunding Bonds, Series 2017 with interest rates of 3.50% to 5.00%. The bonds were issued to refund $27,690,000 in Utility System Revenue Bonds, Series 2010. This refunding reduced the total debt service payments for all debt over the next twenty-four years by $4,419,600. The intent of this refunding was to affect a net present value savings of $3,003,767 on the refunded issue. Since these general obligation bonds are being used to refund certain revenue bonds and management of the City intends to pay the from the respective enterprise funds, the general obligation bonds have been recorded in the respective enterprise fund accordingly.

Proceeds from these bonds in 2016 provided refunding of the 2006 and 2009 Utility System Revenue bonds to affect interest savings, and in 2017 provided refunding of the 2010 Utility System Revenue bond to affect interest savings. These bonds are payable solely from Electric, Water, Wastewater and Gas customer net revenues and are payable through 2040. The total principal and interest remaining to be paid on the bonds is $54,140,313.

	Original Amount	Interest Rate %	Balances October 1, 2017	Additions During Year	Retired During Year	Balances Sept. 30, 2018
2010 Utility System Revenue Bonds	30,000,000	2.00-5.00	$ 28,255,000	$ -	$ 27,970,000	$ 285,000
Total of Utility Revenue Bonds			28,255,000	-	27,970,000	285,000
General Obligation Bonds:						
2016 General Obligation Refunding Bonds	11,435,000	2.00-5.00	11,030,000	-	1,120,000	9,910,000
2017 General Obligation Refunding Bonds	26,185,000	3.50-5.00	-	26,185,000		26,185,000
Total of GO debt			11,030,000	26,185,000	1,120,000	36,095,000
Total of bonded debt			$ 39,285,000	$ 26,185,000	$ 29,090,000	$ 36,380,000

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

Utility Revenue and General Obligation Bonds			
Year Ending September 30,	Principal	Interest	Total
2019	$ 1,435,000	$ 1,471,325	$ 2,906,325
2020	1,435,000	1,427,925	2,862,925
2021	1,490,000	1,381,975	2,871,975
2022	1,535,000	1,334,475	2,869,475
2023	1,590,000	1,276,125	2,866,125
2024 – 2028	7,770,000	5,312,500	13,082,500
2029 – 2033	7,585,000	3,631,275	11,216,275
2034 – 2038	9,300,000	1,753,513	11,053,513
2039 – 2040	4,240,000	171,200	4,411,200
	$ 36,380,000	$ 17,760,313	$ 54,140,313
Average annual requirements			$ 2,460,923

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Governmental activities:					
Bonds payable:					
General Obligation bonds	$ 21,305,000	$ -	$ (1,205,000)	$ 20,100,000	$ 1,135,000
Tax notes	22,380,000	-	(845,000)	21,535,000	250,000
Bond Premium	1,679,317	-	(152,656)	1,526,661	152,656
Total bonds payable	45,364,317	-	(2,202,656)	43,161,661	1,537,656
OPEB liabilities	648,178	2,315,431	-	2,963,609	-
Compensated absences	816,417	132,990	(1,837)	947,570	455,253
Pension liability	11,919,211	-	(1,233,917)	10,685,294	-
Governmental activity long-term liabilities	$ 58,748,123	$ 2,448,421	$ (3,438,410)	$ 57,758,134	$ 1,992,909
Business-type activities:					
Bonds payable:					
Revenue bonds	$ 28,255,000	$ -	$ (27,970,000)	$ 285,000	$ 285,000
General Obligation bonds	11,030,000	26,185,000	(1,120,000)	36,095,000	1,150,000
Revenue Bond premium	1,032,821	2,660,909	(176,446)	3,517,284	231,823
Total bonds payable	40,317,821	28,845,909	(29,266,446)	39,897,284	1,666,823
Compensated absences	296,061	31,104	(23,449)	303,716	15,186
Pension liability	4,830,138	-	(500,087)	4,330,051	-
OPEB liabilities	-	996,586	-	996,586	-
Business-type long-term liabilities	$ 45,444,020	$ 29,873,599	$ (29,789,982)	$ 45,527,637	$ 1,682,009

H. Restricted assets

Restricted Asset Balances			
Governmental Activities		Business-type activities	
Capital projects funds	$19,087,313	Customer deposits	$ 1,311,430
Permanent Cemetery fund	744,523	Bond covenant accounts	3,354,046
Total restricted assets	$19,831,836	Capital contributions	8,150,115
		Bond construction	1,995,897
			$ 14,811,488

V. Other information

A. Risk Management

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

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

B. Contingent liabilities

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

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

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

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

C. Other post-employment benefits (OPEB) plan

Retiree Health Care Plan

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

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

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

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

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

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

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

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

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

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

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

The City's contributions to the retiree health plan for the year ended September 30, 2018 were $21,876 and were equal to the required contributions.

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

Active members	240
Inactive, nonretired members	-
Retirees and Beneficiaries	7
Total	247

OPEB liability - The City's total OPEB liability of $3,449,786 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Discount rate	3.31%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS). For the OPEB valuation, the standard TMRS retirement rates were adjusted to reflect the impact of the City's retiree medical plan design.
Mortality	For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	Non-Medicare: Initial rate of 7.20% declining to an ultimate rate of 4.75% after 12 years; Non-Medicare: Ultimate trend rate includes a 0.50% adjustment for the excise tax; Medicare: Initial rate of 6.40% declining to an ultimate rate of 4.25% after 14 years
Participation Rates	100% for retirees age 65 or older with 20 or more years of service at retirement; 100% for retirees between the ages of 50 and 64 with 30 or more years of service at retirement; 85% for retirees between the ages of 50 and 64 with 25 to 29 years of service at retirement; 75% for retirees between the ages of 50 and 64 with 20 to 24 years of service at retirement; 20% for retirees under age 50 or with less than 20 years of service at retirement

Changes in the Total OPEB Liability:

Balance at December 31, 2016	$	2,940,944
Changes for the year:		
Service cost		208,936
Interest on the total OPEB liability		115,131
Changes of benefit terms		-
Difference between expected and actual experience		-
Change of assumptions		231,989
Benefit payments		(47,214)
Net changes		508,842
Balance at December 31, 2017	$	3,449,786

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	1% Decrease (2.31%)	Current Discount Rate (3.31%)	1% Increase (4.31%)
OPEB liability	$ 3,986,567	$ 3,449,786	$ 3,006,887

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

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
OPEB liability	$ 2,905,245	$ 3,449,786	$ 4,147,460

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

For the year ended September 30, 2018, the city recognized OPEB expense of $347,242.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ -	$ -
Changes of assumptions	208,814	-
Net difference in projected and actual earnings on pension plan investments		
Contributions made subsequent to the measurement date	54,993	-
Total	$ 263,807	$ -

The City reported $54,993 as deferred outflows of resources related to the OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ended September 30, 2019. Other amounts reported as

deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan Year December 31,	Amortization Expense
2018	$ 23,175
2019	23,175
2020	23,175
2021	23,175
2022	23,175
Thereafter	92,939
Total	$ 208,814

Supplemental Death Benefits Fund (SDBF)

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

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

Contributions - The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The contribution rate for the City was 0.16% and 0.16% for calendar years 2017 and 2018 respectively. The City's contributions to TMRS for the year ended September 30, 2018 were $23,621 and were equal to the required contributions.

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

Active employees	250
Inactive employees or beneficiaries currently receiving benefits	62
Inactive employees entitled to but not yet receiving benefits	23
Total	335

OPEB liability - The City's total OPEB liability of $510,408 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Discount rate *	3.31%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability:

Balance at December 31, 2016	$	428,603
Changes for the year:		
Service cost		25,673
Interest on the total OPEB liability		16,632
Changes of benefit terms		-
Difference between expected and actual experience		-
Change of assumptions		42,353
Benefit payments		(2,853)
Net changes		81,805
Balance at December 31, 2017	$	510,408

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	1% Decrease (2.31%)	Current Discount Rate (3.31%)	1% Increase (4.31%)
Net OPEB liability	$ 619,583	$ 510,408	$ 425,852

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

For the year ended September 30, 2018, the city recognized OPEB expense of $47,915.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ -	$ -
Changes of assumptions	36,743	-
Net difference in projected and actual earnings on pension plan investments		
Contributions made subsequent to the measurement date	18,372	-
Total	$ 55,115	$ -

The City reported $18,372 as deferred outflows of resources related to the OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan Year December 31,	Amortization Expense
2018	$ 5,610
2019	5,610
2020	5,610
2021	5,610
2022	5,610
Thereafter	8,693
Total	$ 36,743

D. Employee retirement systems and pension plans

Texas Municipal Retirement System (TMRS)

Plan Description - The City of Boerne participates as one of the 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

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

Benefits depend upon the sum of the employee's contributions to the TMRS plan, with interest, and the City-financed monetary credits with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. Prior service credit, granted by the City, is a monetary credit equal to the accumulated value of the percentage of prior service credit adopted times an employee's deposits that would have been made, based on the average salary prior to participation, for the number of months the employee has been employed, accruing 3% annual interest, and including the

matching ratio adopted by the City (2 to 1). Monetary credits for service since the TMRS plan began are a percentage of the employee's accumulated contributions. In addition, the City may grant, as often as annually or annually on a repeating basis, another type of monetary credit referred to as an updated service credit. This monetary credit is determined by hypothetically re-computing the employee's account balance by assuming that the current City deposit rate (7%) has always been in effect. The computation also assumes that the employee's salary has always been the employee's average salary, using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical amount is increased by 3% each year and increased by the City's match currently in effect (100.0% match). The resulting sum is then compared to the employee's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted.

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

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

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	250
Inactive employees or beneficiaries currently receiving benefits	82
Inactive employees entitled to but not yet receiving benefits	79
Total	411

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

Employees for the City of Boerne covered under TMRS were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rate for the City was 18.84% in calendar year 2017 and 19.00% in calendar year 2018; both rates were adopted by City Council during the annual budget process. The City's contributions to TMRS for fiscal year 2018 were $3,809,026, with $1,033,411 contributed by City employees, and $2,775,615 contributed by the City. These amounts were equal to required contributions.

Net Pension Liability - The City's Net Pension Liability (NPL) was measured as of December 31, 2017 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The TPL in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

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

reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

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

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	$ 24,749,051	$ 15,015,345	$ 7,070,174

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

Pension Expense - For the year ended September 30, 2018, based on the actuarial valuation of December 31, 2017, the City recognized pension expense of $3,113,905.

Schedule of Pension Expense	
Total Service Cost	$ 2,642,850
Interest on the Total Pension Liability	3,906,133
Current Period Benefit Changes	-
Employee Contributions (Reduction of Expense)	(998,378)
Projected Earnings on Plan Investments (Reduction of Expense)	(2,741,150)
Administrative Expense	29,169
Other Changes in Fiduciary Net Position	1,478
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	155,035
Recognition of Current Year Outflow (Inflow) of Resources-Assets	(578,557)
Amortization of Prior Year Outflows (Inflows) of Resources-Liabilities	154,946
Amortization of Prior Year Outflows (Inflows) of Resources-Assets	542,379
Total Pension Expense	$ 3,113,905

Schedule of Changes in Net Pension Liability and Related Ratios – The measurement date of the NPL, as well as the date of the actuarial valuation on which the TPL is based, is December 31, 2017. The table below presents the components used to calculate the NPL for the current reporting period.

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	$ 2,642,850
Interest (on the TPL)	3,906,133
Difference between expected and actual experience	982,925
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(1,623,523)
Net change in TPL	$ 5,908,385
Total pension liability - beginning	57,358,974
Total pension liability - ending	$ 63,267,359
Plan Fiduciary Net Position	
Contributions - employer	$ 2,664,248
Contributions - employee	998,378
Net investment income	5,633,932
Benefit payments, including refunds of employee contributions	(1,623,523)
Administrative Expense	(29,169)
Other	(1,478)
Net change in plan fiduciary net position	$ 7,642,389
Plan fiduciary net position - beginning	40,609,625
Plan fiduciary net position - ending	$ 48,252,014
Net Pension Liability	$ 15,015,345

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At September 30, 2018, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 1,427,061	$ -
Changes of assumptions	20,777	-
Net difference in projected and actual earnings on pension plan investments	-	1,308,258
Contributions made subsequent to the measurement date	2,163,301	-
Total	$ 3,611,139	$ 1,308,258

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $1,427,061 will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources, by year, will be recognized in pension expense as follows:

Plan Year December 31	Net Deferred Outflows (Inflows) of Resources
2018	$ 273,803
2019	195,863
2020	(282,891)
2021	(300,481)
2022	200,395
Thereafter	52,891
Total	$ 139,580

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

E. Tax Abatements and Economic Incentives

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

The City has two categories of economic development agreements:

- Tax Abatements – Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were $29,171 in fiscal year 2018.

- General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property taxes or sales tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2018, the City rebated $102,412 in taxes.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOERNE, TEXAS

Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Year Ended September 30, 2018

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance
Revenues:				
Ad valorem taxes (including interest and penalties)	$ 2,550,694	$ 2,550,694	$ 2,576,942	$ 26,248
Sales tax	6,965,880	6,965,880	7,021,498	55,618
Franchise fees	2,525,940	2,700,940	2,764,266	63,326
Licenses and permits	861,200	1,061,200	1,139,600	78,400
Fines	356,600	356,600	286,082	(70,518)
Grants	50,000	73,572	30,407	(43,165)
Contributions & donations	2,128,013	2,133,013	2,192,834	59,821
Miscellaneous	259,000	259,000	219,216	(39,784)
Interest earned	80,000	80,000	130,876	50,876
Total revenues	15,777,327	16,180,899	16,361,721	180,822
Expenditures:				
Current:				
Administration	2,594,168	2,594,168	2,305,107	289,061
Streets	1,692,962	1,673,462	1,506,474	166,988
Law enforcement	5,018,090	5,020,803	4,734,298	286,505
Municipal court	346,309	345,309	304,736	40,573
Animal control	288,766	292,066	286,174	5,892
Code enforcement	427,817	427,817	415,520	12,297
Planning	560,289	559,389	517,045	42,344
Communications	1,199,096	1,196,596	1,074,181	122,415
Information Technology	814,202	816,702	775,354	41,348
Fire department	2,256,686	2,256,686	2,084,996	171,690
Capital outlay	988,332	904,312	786,556	117,756
Total expenditures	16,186,717	16,087,310	14,790,441	1,296,869
Excess(Deficiency) of revenues over(under) expenditures	(409,390)	93,589	1,571,280	1,477,691
Other financing sources (uses):				
Transfers from other funds	57,000	57,000	57,000	-
Transfers to other funds	(462,832)	(1,812,832)	(1,750,608)	62,224
Sale of capital assets	10,000	610,000	608,351	(1,649)
Total other financing sources (uses)	(395,832)	(1,145,832)	(1,085,257)	60,575
Excess(Deficiency) of revenues and other sources (uses), over(under) expenditures	(805,222)	(1,052,243)	486,023	1,538,266
Fund balance at October 1, 2017	10,779,931	10,779,931	10,779,931	-
Fund balance at September 30, 2018	$ 9,974,709	$ 9,727,688	$ 11,265,954	$ 1,538,266

Note 1 - Basis of Budgeting:

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

CITY OF BOERNE, TEXAS

Required Supplementary Information
Park Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Year Ended September 30, 2018

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance
Revenues:				
Ad valorem taxes	$ 1,443,974	$ 1,443,974	$ 1,482,183	$ 38,209
Licenses and Fees	323,000	323,000	456,036	133,036
Facility Rentals	122,000	122,000	113,842	(8,158)
Other	164,200	164,200	170,016	5,816
Grants	-	1,400,000	1,467,317	67,317
Contributions & donations	2,500	2,500	9,487	6,987
Interest earned	20,000	20,000	32,642	12,642
Total revenues	2,075,674	3,475,674	3,731,523	255,849
Expenditures:				
Current:				
Culture & Recreation	1,916,841	1,913,841	1,856,255	57,586
Capital Outlay:				
Culture & Recreation	722,372	2,125,372	2,025,405	99,967
Total expenditures	2,639,213	4,039,213	3,881,660	157,553
Excess(Deficiency) of revenues over(under) expenditures	(563,539)	(563,539)	(150,137)	413,402
Other financing sources (uses):				
Transfers from other funds	522,872	522,872	553,664	30,792
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	227	227
Total other financing sources (uses)	522,872	522,872	553,891	31,019
Excess(Deficiency) of revenues and other sources (uses), over(under) expenditures	(40,667)	(40,667)	403,754	444,421
Fund balance at October 1, 2017	1,326,589	1,326,589	1,326,589	-
Fund balance at September 30, 2018	$ 1,285,922	$ 1,285,922	$ 1,730,343	$ 444,421

Note 1 - Basis of Budgeting:

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

CITY OF BOERNE, TEXAS

Required Supplementary Information
Schedule of Changes in the Net Pension Liability and TMRS Related Ratios
Fiscal Year Ending September 30, 2018

	Plan Year Ended December 31, 2017	Plan Year Ended December 31, 2016	Plan Year Ended December 31, 2015	Plan Year Ended December 31, 2014
Total Pension Liability				
Service Cost	$ 2,642,850	$ 2,493,905	$ 2,224,334	$ 1,919,644
Interest	3,906,133	3,539,542	3,351,716	3,064,431
Differences Between Expected and Actual Experience	982,925	761,562	30,940	157,833
Changes of assumptions	-	-	39,494	-
Benefit Payments, including refunds of employee contributions	(1,623,523)	(1,253,485)	(1,197,037)	(1,183,335)
Net Change in Total Pension Liability	$ 5,908,385	$ 5,541,524	$ 4,449,447	$ 3,958,573
Total Pension Liability - Beginning	57,358,974	51,817,450	47,368,003	43,409,430
Total Pension Liability - Ending (a)	$ 63,267,359	$ 57,358,974	$ 51,817,450	$ 47,368,003
Plan Fiduciary Net Position				
Contributions - Employer	$ 2,664,248	$ 2,511,382	$ 2,344,680	$ 2,120,885
Contributions - Employee	998,378	941,096	878,191	794,715
Net Investment Income	5,633,932	2,435,208	50,123	1,745,475
Benefit Payments, including Refunds of Employee Contributions	(1,623,523)	(1,253,485)	(1,197,037)	(1,183,335)
Administrative Expense	(29,169)	(27,480)	(30,522)	(18,218)
Other	(1,478)	(1,481)	(1,508)	(1,498)
Net Change in Plan Fiduciary Net Position	$ 7,642,388	$ 4,605,240	$ 2,043,928	$ 3,458,024
Plan Fiduciary Net Position - Beginning	40,609,625	36,004,385	33,960,457	30,502,433
Plan Fiduciary Net Position - Ending (b)*	$ 48,252,013	$ 40,609,625	$ 36,004,385	$ 33,960,457
City's Net Pension Liability - Ending (a) - (b)	$ 15,015,346	$ 16,749,349	$ 15,813,065	$ 13,407,546
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.27%	70.80%	69.48%	71.69%
Covered Payroll	$ 14,262,545	$ 13,444,231	$ 12,545,593	$ 11,353,077
City's Net Pension Liability as a Percentage of Covered Payroll	105.28%	124.58%	126.04%	118.10%

***FNP may be off a dollar due to rounding**

Notes to Schedule: N/A

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

CITY OF BOERNE, TEXAS

Required Supplementary Information
Schedule of Contributions and Notes to Schedule of Contributions - Net Pension Liability
Fiscal Year Ending September 30, 2018

	Schedule of Contributions for Fiscal year ended September 30,				
	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$ 2,775,615	$ 2,671,035	$ 2,567,437	$ 2,234,020	$ 2,143,585
Contributions in relation to the actuarially determined contribution	$ 2,856,190	$ 2,671,035	$ 2,567,437	$ 2,234,020	$ 2,143,585
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 14,763,224	$ 14,177,471	$ 13,627,933	$ 11,857,858	$ 11,399,302
Contributions as a percentage of covered payroll	19.35%	18.84%	18.84%	18.84%	18.80%

Notes to Schedule of Contributions

Valuation Date	
Notes	Actuarially determined contributions are determined as of December 31 and become effective in January 13 months later
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	10 Year smoothed market; 15.0% soft corridor
Actuarial Assumption:	
Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.0% and female rates multiplied by 103.0% and protected on a fully generational basis with scale BB
Other Information:	
Notes	There were no benefit changes during the year.

CITY OF BOERNE, TEXAS

Required Supplementary Information
Schedule of Changes in the OPEB Liability and TMRS Related Ratios - SDBF
Fiscal Year Ending September 30, 2018

		Plan Year Ended December 31, 2017
Total OPEB Liability		
Service Cost	$	25,673
Interest		16,632
Differences Between Expected and Actual Experience		-
Changes of assumptions		42,353
Benefit Payments *		(2,853)
Net Change in Total OPEB Liability	$	81,805
Total OPEB Liability - Beginning		428,603
Total OPEB Liability - Ending	$	510,408
Covered Payroll	$	14,262,545
City's OPEB Liability as a Percentage of Covered Payroll		3.58%

Notes to Schedule: N/A

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

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

CITY OF BOERNE, TEXAS

Required Supplementary Information
Schedule of Contributions and Notes to Schedule of Contributions - SDBF
Fiscal Year Ending September 30, 2018

Schedule of Contributions

	September 30, 2018
Actuarially Determined Contribution	$ 23,621
Contributions in relation to the actuarially determined contribution	$ 23,621
Contributions deficiency (excess)	$ -
Covered payroll	$ 14,763,224
Contributions as a percentage of covered payroll	0.16%

Notes to Schedule of Contributions

Actuarial Assumption:

Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Discount Rate*	3.31%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administative expenses are paid through the Pension Trust and accounted for under reporting requiremnts under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and females rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and females rates multiplied by 103% with a 3 year set-forward for both male and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Other Information:

Notes	There were no benefit changes during the year.

CITY OF BOERNE, TEXAS

Required Supplementary Information
Schedule of Changes in the OPEB Liability - Retiree Health Insurance
Fiscal Year Ending September 30, 2018

		Plan Year December 31, 2017
Total OPEB Liability		
Service Cost	$	208,936
Interest		115,131
Differences Between Expected and Actual Experience		-
Changes of assumptions		231,989
Benefit Payments		(47,214)
Net Change in Total OPEB Liability	$	508,842
Total OPEB Liability - Beginning		2,940,944
Total OPEB Liability - Ending	$	3,449,786
Covered Payroll	$	14,212,220
City's OPEB Liability as a Percentage of Covered Payroll		24.27%

Changes of assumptions reflect a change in the discount rate from 3.81% as of December 31, 2016 to 3.31% as of December 31, 2017.

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

OTHER SUPPLEMENTARY INFORMATION

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Nonmajor Governmental Funds
Special Revenue Funds

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

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

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

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

Permanent Funds

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

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

CITY OF BOERNE, TEXAS

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018

	SPECIAL REVENUE			
	HOTEL-MOTEL/CVB FUND	LIBRARY FUND	ECONOMIC DEVL FUND	TOTAL
ASSETS				
Cash and cash equivalents	$ 419,284	$ 422,259	$ 451,782	$ 1,293,325
Receivables	50,847	17,604	-	68,451
Prepaid items	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-
Total assets	$ 470,131	$ 439,863	$ 451,782	$ 1,361,776
LIABILITIES				
Accounts payable	$ 7,028	$ 3,371	$ -	$ 10,399
Other payables	-	4,950	-	4,950
Deferred revenue	-	15,996	-	15,996
Total liabilities	$ 7,028	$ 24,317	$ -	$ 31,345
FUND BALANCES				
Nonspendable:				
Permanent-Cemetery	$ -	$ -	$ -	$ -
Restricted:				
Hotel/Motel -Tourism	463,103	-	-	463,103
Capital Projects:				
Public Safety Center	-	-	-	-
Sidewalks	-	-	-	-
Library	-	-	-	-
Assigned:				-
Capital Projects:				
CVB Building	-	-	-	-
Sidewalks	-	-	-	-
Library	-	415,546	-	415,546
Economic Development	-	-	451,782	451,782
Cemetery	-	-	-	-
Total fund balances	$ 463,103	$ 415,546	$ 451,782	$ 1,330,431
Total liabilities and fund balances	$ 470,131	$ 439,863	$ 451,782	$ 1,361,776

CAPITAL PROJECTS			PERMANENT FUND	
2009 G.O.	2012 TAX NOTE	CAPITAL PROJECTS	CEMETERY FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
$ -	$ -	$ 1,350,254	$ 377,385	$ 3,020,964
-	-	-	104	68,555
-	-	-	-	-
171,527	152,738	-	744,523	1,068,788
$ 171,527	$ 152,738	$ 1,350,254	$ 1,122,012	$ 4,158,307
$ 30,970	$ -	$ -	$ 1,838	$ 43,207
-	-	-	-	4,950
-	-	-	-	15,996
$ 30,970	$ -	$ -	$ 1,838	$ 64,153
$ -	$ -	$ -	$ 744,523	$ 744,523
-	-	-	-	463,103
95,292	-	-	-	95,292
1,396	152,738	-	-	154,134
43,869	-	-	-	43,869
-	-	1,063,000	-	1,063,000
-	-	287,254	-	287,254
-	-	-	-	415,546
-	-	-	-	451,782
-	-	-	375,651	375,651
$ 140,557	$ 152,738	$ 1,350,254	$ 1,120,174	$ 4,094,154
$ 171,527	$ 152,738	$ 1,350,254	$ 1,122,012	$ 4,158,307

CITY OF BOERNE, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	SPECIAL REVENUE			
	HOTEL-MOTEL/CVB	LIBRARY	ECONOMIC DEVELOPMENT	TOTAL
REVENUES				
Ad valorem taxes	$ -	$ 886,003	$ -	$ 886,003
Hotel-Motel taxes	635,895	-	-	635,895
Special revenues	-	42,515	-	42,515
Grants	-	4,252	-	4,252
Contributions	-	362,723	-	362,723
Other	1,318	5,470	-	6,788
Interest	4,753	13,483	17,542	35,778
Total revenues	641,966	1,314,446	17,542	1,973,954
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Culture and recreation	-	1,296,395	-	1,296,395
Economic development	561,333	-	149,948	711,281
Capital outlay:				
Highways and streets	-	-	-	-
Culture and recreation	-	16,970	-	16,970
Economic development	3,128	-	-	3,128
Total expenditures	564,461	1,313,365	149,948	2,027,774
Excess (Deficiency) of revenues over/ (under) expenditures	77,505	1,081	(132,406)	(53,820)
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General fund	-	-	102,412	102,412
Electric fund	-	-	300,000	300,000
Water fund	-	-	300,000	300,000
Transfers out:				
General fund	-	-	(25,000)	(25,000)
Gas fund	-	-	(1,028,988)	(1,028,988)
Total other financing sources and (uses)	-	-	(351,576)	(351,576)
Net change in fund balances	77,505	1,081	(483,982)	(405,396)
Fund balances - beginning	385,598	414,465	935,764	1,735,827
Fund balances - ending	$ 463,103	$ 415,546	$ 451,782	$ 1,330,431

CAPITAL PROJECTS			PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
2009 G.O.	2012 TAX NOTE	CAPITAL PROJECTS	CEMETERY	
$ -	$ -	$ -	$ -	$ 886,003
-	-	-	-	635,895
-	-	-	207,250	249,765
-	-	-	-	4,252
-	-	-	-	362,723
-	-	-	38,257	45,045
2,400	1,978	254	12,346	52,756
2,400	1,978	254	257,853	2,236,439
-	-	-	69,768	69,768
-	-	-	-	1,296,395
-	-	-	-	711,281
30,970	-	-	-	30,970
-	-	-	-	16,970
-	-	-	-	3,128
30,970	-	-	69,768	2,128,512
(28,570)	1,978	254	188,085	107,927
-	-	1,350,000	-	1,452,412
-	-	-	-	300,000
-	-	-	-	300,000
-	-	-	-	(25,000)
-	-	-	-	(1,028,988)
-	-	1,350,000	-	998,424
(28,570)	1,978	1,350,254	188,085	1,106,351
169,127	150,760	-	932,089	2,987,803
$ 140,557	$ 152,738	$ 1,350,254	$ 1,120,174	$ 4,094,154

CITY OF BOERNE, TEXAS

Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year Ended September 30, 2018

	ORIGINAL & FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUES			
Ad valorem taxes	$ 1,806,914	$ 1,861,119	$ 54,205
Interest	3,500	15,453	11,953
Total revenues	1,810,414	1,876,572	66,158
EXPENDITURES			
Debt service:			
Principal	2,050,000	2,050,000	-
Interest	1,188,086	1,188,086	-
Paying agent fees	3,500	1,674	1,826
Total expenditures	3,241,586	3,239,760	1,826
Excess/(Deficiency) of revenues over/(under) expenditures	(1,431,172)	(1,363,188)	67,984
OTHER FINANCING SOURCES			
Transfers in	1,351,072	1,351,072	-
Total other financing sources	1,351,072	1,351,072	-
Net change in fund balances	(80,100)	(12,116)	67,984
Fund balances - beginning	791,089	791,089	-
Fund balances - ending	$ 710,989	$ 778,973	$ 67,984

CITY OF BOERNE, TEXAS

Hotel-Motel/Convention/Visitors Bureau - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year Ended September 30, 2018

	ORIGINAL & FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUES			
Hotel-motel taxes	$ 610,000	$ 633,007	$ 23,007
Penalties	1,000	2,888	1,888
Miscellaneous Revenues	500	1,318	818
Interest on investments	1,000	4,753	3,753
Total revenues	612,500	641,966	29,466
EXPENDITURES			
Current:			
Economic development	607,000	561,333	43,017
Capital outlay:			
Economic development	500	3,128	22
Total expenditures	607,500	564,461	43,039
Excess/(Deficiency) of revenues over/ (under) expenditures	5,000	77,505	72,505
OTHER FINANCING (USES)			
Transfers out	(5,000)	-	5,000
Total other financing (uses)	(5,000)	-	5,000
Net change in fund balances	-	77,505	77,505
Fund balances - beginning	385,598	385,598	-
Fund balances - ending	$ 385,598	$ 463,103	$ 77,505

CITY OF BOERNE, TEXAS

Library Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2018

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUES				
Ad valorem taxes	$ 861,818	$ 885,318	$ 886,003	$ 685
Special revenues	41,000	43,900	42,515	(1,385)
Grants	-	4,250	4,252	2
Contributions	318,973	431,957	362,723	(69,234)
Other	3,500	6,500	5,470	(1,030)
Interest on investments	800	13,300	13,483	183
Total revenues	1,226,091	1,385,225	1,314,446	(70,779)
EXPENDITURES				
Current:				
Culture and recreation	1,144,848	1,296,493	1,296,395	98
Capital outlay:				
Culture and recreation	71,000	78,489	16,970	61,519
Total expenditures	1,215,848	1,374,982	1,313,365	61,617
Excess/(Deficiency) of revenues over (under) expenditures	10,243	10,243	1,081	(9,162)
OTHER FINANCING SOURCES				
Sale of Assets	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net change in fund balances	10,243	10,243	1,081	(9,162)
Fund balances - beginning	414,465	414,465	414,465	-
Fund balances - ending	$ 424,708	$ 424,708	$ 415,546	$ (9,162)

CITY OF BOERNE, TEXAS

Economic Development - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2018

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUES				
Interest on investments	$ 1,000	$ 1,000	$ 17,542	$ 16,542
Total revenues	1,000	1,000	17,542	16,542
EXPENDITURES				
Current:				
Economic development	757,187	1,241,187	149,948	1,091,239
Capital outlay:				
Economic development	-	-	-	-
Total expenditures	757,187	1,241,187	149,948	1,091,239
Excess/(Deficiency) of revenues over/ (under) expenditures	(756,187)	(1,240,187)	(132,406)	1,107,781
OTHER FINANCING (USES)				
Transfers in	764,636	764,636	702,412	(62,224)
Transfers out	(25,000)	(25,000)	(1,053,988)	(1,028,988)
Total other financing (uses)	739,636	739,636	(351,576)	(1,091,212)
Net change in fund balances	(16,551)	(500,551)	(483,982)	16,569
Fund balances - beginning	935,764	935,764	935,764	-
Fund balances - ending	$ 919,213	$ 435,213	$ 451,782	$ 16,569

CITY OF BOERNE, TEXAS

2009 General Obligation Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
From Inception and for the Year Ended September 30, 2018

	Prior Years	Current Year	Total to Date
REVENUES			
G.O. Bond proceeds - General Fund	$ 3,051,400	-	$ 3,051,400
G.O. Bond proceeds - Parks Fund	2,276,200	-	2,276,200
G.O. Bond proceeds - Library Fund	4,612,400	-	4,612,400
Contributions/Donations - Library	1,557,701	-	1,557,701
Interest on investments	27,789	2,400	30,189
Total revenues	11,525,490	2,400	11,527,890
EXPENDITURES			
Bond Issuance Costs	282,266	-	282,266
Engineering - General Fund	127,178	-	127,178
Engineering - Parks Fund	200,738	-	200,738
Engineering - Library Fund	106,940	-	106,940
Engineering - Sidewalks	87,617	30,970	118,587
Capital outlay:			
General Government - Public Safety	2,887,596	-	2,887,596
General Government - Culture & Recreation	9,265,706	-	9,265,706
Total expenditures	12,958,041	30,970	12,989,011
Excess/(Deficiency) of revenues over/ (under) expenditures	(1,432,551)	(28,570)	(1,461,121)
OTHER FINANCING SOURCES (USES)			
Transfers in	$ 1,259,412	$ -	$ 1,259,412
Transfers out	(3,023)	-	(3,023)
Premium on General Obligation bonds issued	345,289	-	345,289
Total other financing sources (uses)	1,601,678	-	1,601,678
Net change in fund balances	$ 169,127	(28,570)	$ 140,557
Fund balances - beginning		169,127	
Fund balances - ending		$ 140,557	

CITY OF BOERNE, TEXAS

2012 Tax Notes Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
From Inception and for the Year Ended September 30, 2018

	Prior Years	Current Year	Total to Date
REVENUES			
Tax Notes proceeds	$ 1,540,000	$ -	$ 1,540,000
Interest on investments	1,987	1,978	3,965
Total revenues	1,541,987	1,978	1,543,965
EXPENDITURES			
Bond Issuance costs	15,340	-	15,340
Capital outlay:			
Highways and Streets	178,942	-	178,942
Public Safety	667,433	-	667,433
Total expenditures	861,715	-	861,715
Excess of revenues over expenditures	680,272	1,978	682,250
OTHER FINANCING SOURCES (USES)			
Transfers out	(529,512)	-	(529,512)
Net change in fund balances	$ 150,760	1,978	$ 152,738
Fund balances - beginning		150,760	
Fund balances - ending		$ 152,738	

CITY OF BOERNE, TEXAS

Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
From Inception and for the Year Ended September 30, 2018

	Prior Years	Current Year	Total to Date
REVENUES			
Interest on investments	$ -	$ 254	$ 254
Total revenues	-	254	254
EXPENDITURES			
Capital outlay:			
General government	-	-	-
Economic development	-	-	-
Highways and Streets	-	-	-
Public Safety	-	-	-
Culture and recreation	-	-	-
Total expenditures	-	-	-
Excess of revenues over expenditures	-	254	254
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,350,000	1,350,000
Transfers out	-	-	-
Total other financing sources (uses)	-	1,350,000	1,350,000
Net change in fund balances	$ -	1,350,254	$ 1,350,254
Fund balances - beginning		-	
Fund balances - ending		$ 1,350,254	

CITY OF BOERNE, TEXAS

Cemetery Permanent Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year Ended September 30, 2018

	ORIGINAL & FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUES:			
Special revenues			
Lot sales	$ 100,000	$ 200,250	$ 100,250
Urn Garden sales	8,000	7,000	(1,000)
Other - Endowment revenue	20,200	38,257	18,057
Endowment interest	500	7,581	7,081
Interest	500	4,765	4,265
Total revenues	129,200	257,853	128,653
EXPENDITURES:			
Current:			
Public Safety	90,202	69,768	20,434
Capital outlay:			
Public Safety	500	-	500
Total expenditures	90,702	69,768	20,934
Excess/(Deficiency) of revenues over/ (under) expenditures	38,498	188,085	149,587
OTHER FINANCING (USES)			
Transfers out	-	-	-
Total other financing (uses)	-	-	-
Net change in fund balances	38,498	188,085	149,587
Fund balances - beginning	932,089	932,089	-
Fund balances - ending	$ 970,587	$ 1,120,174	$ 149,587

CITY OF BOERNE, TEXAS

Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended September 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Cash and cash equivalents	$ 853	$ 8,173	$ (7,828)	$ 1,198
Total Assets	$ 853	$ 8,173	$ (7,828)	$ 1,198
Liabilities:				
Accounts payable	$ 853	$ 4,730	$ (4,385)	$ 1,198
Total Liabilities	$ 853	$ 4,730	$ (4,385)	$ 1,198

STATISTICAL SECTION

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

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Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 121-128

Revenue Capacity
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the Electric Utility Sales revenue. 129-133

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 134-138

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 139-140

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 141-143

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

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CITY OF BOERNE, TEXAS

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

	2009	2010	2011	2012	2013 *	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	$ 15,846,052	$ 18,000,161	$ 19,450,251	$ 19,571,756	$ 18,157,123	$ 19,046,817	$ 21,692,143	$ 22,983,923	$ 27,421,550	$ 34,104,242
Restricted	1,181,650	1,566,068	1,645,612	1,829,410	1,972,707	3,597,587	2,139,963	1,955,074	2,153,641	2,267,544
Unrestricted	6,991,345	8,173,245	5,338,306	6,341,545	6,738,731	7,608,138	887,348	1,929,643	3,059,335	2,852,356
Total governmental activities net position	$ 24,019,047	$ 27,739,474	$ 26,434,169	$ 27,742,711	$ 26,868,561	$ 30,252,542	$ 24,719,454	$ 26,868,640	$ 32,634,526	$ 39,224,142
Business-type activities										
Net investment in capital assets	$ 29,968,615	$ 29,313,411	$ 27,450,008	$ 19,244,222	$ 26,963,246	$ 29,206,459	$ 28,462,491	$ 34,595,282	$ 40,775,084	$ 45,009,644
Restricted	1,407,517	1,764,788	2,388,744	2,778,849	3,118,441	3,165,146	7,518,901	8,492,021	9,900,336	11,523,353
Unrestricted	9,650,484	12,765,404	15,299,718	26,491,187	18,557,728	20,521,968	16,259,453	17,665,505	20,090,983	21,878,763
Total business-type activities net position	$ 41,026,616	$ 43,843,603	$ 45,138,470	$ 48,514,258	$ 48,639,415	$ 52,893,573	$ 52,240,845	$ 60,752,808	$ 70,766,403	$ 78,411,760
Primary government										
Net investment in capital assets	$ 45,814,667	$ 47,313,572	$ 46,900,259	$ 38,815,978	$ 45,120,369	$ 48,253,276	$ 50,154,634	$ 57,579,205	$ 68,196,634	$ 79,113,886
Restricted	2,589,167	3,330,856	4,034,356	4,608,259	5,091,148	6,762,733	9,658,864	10,447,095	12,053,977	13,790,897
Unrestricted	16,641,829	20,938,649	20,638,024	32,832,732	25,296,459	28,130,106	17,146,801	19,595,148	23,150,318	24,731,119
Total primary government net position	$ 65,045,663	$ 71,583,077	$ 71,572,639	$ 76,256,969	$ 75,507,976	$ 83,146,115	$ 76,960,299	$ 87,621,448	$ 103,400,929	$ 117,635,902

CITY OF BOERNE, TEXAS

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	$ 1,971,855	$ 2,530,904	$ 2,453,996	$ 2,604,602	$ 2,510,530	$ 3,007,864	$ 4,621,744	$ 4,139,228	$ 4,066,160	$ 3,819,815
Public safety	5,798,082	6,308,002	7,310,411	7,323,674	7,869,498	8,835,090	9,300,269	10,252,055	10,460,090	10,324,538
Highways & streets	1,927,992	2,006,388	2,216,205	2,158,471	2,266,961	2,357,844	2,452,071	2,794,067	2,595,872	3,329,625
Economic Development and assistance	375,069	406,730	396,847	409,890	436,306	761,734	915,793	1,025,169	751,422	732,029
Culture & recreation	2,396,489	2,421,140	3,170,061	3,000,519	4,340,210	5,091,619	3,470,167	3,939,720	3,872,533	4,062,629
Interest on long term debt	900,390	1,320,546	1,293,803	1,121,400	1,131,656	1,104,084	805,586	699,457	748,770	1,178,804
Total government activities expenses	$ 13,369,877	$ 14,993,710	$ 16,841,323	$ 16,618,556	$ 18,555,161	$ 21,158,235	$ 21,565,630	$ 22,849,696	$ 22,494,847	$ 23,447,440
Business-type activities:										
Electric	$ 12,502,141	$ 12,369,579	$ 12,861,039	$ 12,593,722	$ 12,262,199	$ 14,159,182	$ 14,422,455	13,762,430	14,748,981	13,781,471
Water	3,664,574	4,077,894	4,569,970	4,624,902	4,572,830	4,418,399	4,680,585	4,962,987	5,231,602	5,868,934
Wastewater	2,261,011	2,708,628	3,775,324	4,262,799	5,182,105	6,178,373	6,496,625	6,763,885	7,001,087	7,441,029
Gas	1,720,871	2,155,397	1,679,275	1,632,058	1,659,027	1,992,137	1,925,674	1,934,105	2,131,493	2,487,475
Solid Waste	486,104	498,007	536,432	568,090	586,371	598,292	700,442	698,642	765,914	803,815
Total business-type activities expenses	20,634,701	21,809,505	23,422,040	23,681,571	24,262,532	27,346,383	28,225,781	28,122,049	29,879,077	30,382,724
Total primary government expenses	$ 34,004,578	$ 36,803,215	$ 40,263,363	$ 40,300,127	$ 42,817,693	$ 48,504,618	$ 49,791,411	$ 50,971,745	$ 52,373,924	$ 53,830,164
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 140,788	$ 133,675	$ 109,590	$ 74,803	$ 61,020	$ 62,147	$ 67,004	$ 21,505	$ 45,468	$ 375,423
Public safety	1,736,155	1,809,486	1,782,195	1,901,382	2,137,987	2,589,549	2,366,888	2,906,752	3,220,636	3,187,726
Highways & streets	-	1,400	549	143	-	-	88	450	3,726	49,524
Culture & recreation	483,361	463,942	527,594	489,884	498,018	542,087	570,145	679,724	739,810	781,583
Total charges for services	2,360,304	2,408,503	2,419,928	2,466,212	2,697,025	3,193,783	3,004,125	3,608,431	4,009,640	4,394,256
Operating grants and contributions	460,728	461,943	523,219	587,686	579,134	599,513	677,415	828,004	948,921	1,028,192
Capital grants and contributions	196,322	3,978,553	347,907	252,050	534,403	5,781,669	2,096,374	1,854,325	5,792,264	7,144,323
Total governmental activities program revenues	$ 3,017,354	$ 6,848,999	$ 3,291,054	$ 3,305,948	$ 3,810,562	$ 9,574,965	$ 5,777,914	$ 6,290,760	$ 10,750,825	$ 12,566,771
Business-type activities:										
Charges for services:										
Electric	$ 14,105,684	$ 13,542,999	$ 13,721,849	$ 14,331,712	$ 13,571,874	$ 15,214,937	17,248,469	15,752,733	$ 16,278,423	$ 17,298,397
Water	3,336,403	3,287,331	4,198,571	4,067,670	4,271,406	4,447,030	4,645,301	5,109,931	5,453,144	5,871,244
Wastewater	2,651,909	3,230,305	3,439,563	3,767,118	3,748,289	3,906,546	4,030,775	4,223,193	4,434,700	4,704,658
Gas	1,528,691	1,866,484	1,634,740	1,523,688	1,513,893	2,075,464	1,995,865	1,834,219	1,974,451	2,400,814
Solid Waste	513,080	526,885	549,714	583,393	624,917	647,758	700,792	780,116	826,175	888,628
Total charges for services	22,135,767	22,454,004	23,544,437	24,273,581	23,730,379	26,291,735	28,621,202	27,700,192	28,966,893	31,163,741
Operating grants and contributions	-	62,611	95,550	212,916	23,537	28,959	57,365	25,952	35,829	5,000
Capital grants and contributions.	1,394,783	2,093,451	1,157,061	2,659,318	1,380,320	5,780,513	4,653,095	10,390,016	11,612,611	8,701,870
Total business-type activities program revenues	23,530,550	24,610,066	24,797,048	27,145,815	25,134,236	32,101,207	33,331,662	38,116,160	40,615,333	39,870,611
Total primary government program revenues	$ 26,547,904	$ 31,459,065	$ 28,088,102	$ 30,451,763	$ 28,944,798	$ 41,676,172	$ 39,109,576	$ 44,406,920	$ 51,366,158	$ 52,437,382
Net (expense)/revenue										
Governmental activities	$ (10,352,523)	$ (8,144,711)	$ (13,550,269)	$ (13,312,608)	$ (14,744,599)	$ (11,583,270)	$ (15,787,716)	$ (14,104,415)	$ (11,744,022)	$ (10,880,669)
Business-type activities	2,895,849	2,800,561	1,375,008	3,464,244	871,704	4,754,824	5,105,881	9,994,111	10,736,256	9,487,887
Total primary government net expense	$ (7,456,674)	$ (5,344,150)	$ (12,175,261)	$ (9,848,364)	$ (13,872,895)	$ (6,828,446)	$ (10,681,835)	$ (4,110,304)	$ (1,007,766)	$ (1,392,782)

CITY OF BOERNE, TEXAS

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 4,546,162	$ 4,904,034	$ 4,834,525	$ 5,065,159	$ 5,546,182	$ 5,883,300	$ 6,279,784	$ 6,716,220	$ 6,408,676	$ 6,801,767
Sales taxes	4,368,109	4,474,155	4,832,704	4,739,388	5,313,433	5,460,798	5,841,658	6,657,261	6,628,822	7,021,498
Other taxes	356,673	377,530	379,218	420,617	468,556	498,886	553,729	546,239	597,974	635,895
Franchise fees	1,804,527	1,827,711	1,929,954	1,966,300	2,087,618	2,297,457	2,568,986	2,454,521	2,539,941	2,764,266
Investment earnings	93,482	24,553	11,443	6,112	17,378	29,965	34,758	83,538	86,679	130,876
Miscellaneous				306,170	146,263		399,398	593,071	295,240	287,492
Gains on sale of assets	124,427	204,279	104,244	1,966,143	11,773	243,969	33,789	35,704		499,483
Transfers	52,876	52,876	152,876	151,261	450,816	552,876	2,610,209	1,621,568	963,719	1,209,552
Total governmental activities	$ 11,346,256	$ 11,865,138	$ 12,244,964	$ 14,621,150	$ 14,042,019	$ 14,967,251	$ 18,322,311	$ 18,708,122	$ 17,521,051	$ 19,350,829
Business-type activities:										
Investment earnings	$ 182,742	$ 69,302	$ 72,735	$ 51,865	$ 45,063	$ 52,210	$ 97,999	$ 139,417	$ 228,733	$ 510,142
Miscellaneous	-	-	-			-			12,325	
Gains on sale of assets				10,940	22,097		18,526	3		
Transfers	(52,876)	(52,876)	(152,876)	(151,261)	(450,816)	(552,876)	(2,610,209)	(1,621,568)	(963,719)	(1,209,552)
Total business-type activities	129,866	16,426	(80,141)	(88,456)	(383,656)	(500,666)	(2,493,684)	(1,482,148)	(722,661)	(699,410)
Total primary government	$ 11,476,122	$ 11,881,564	$ 12,164,823	$ 14,532,694	$ 13,658,363	$ 14,466,585	$ 15,828,627	$ 17,225,974	$ 16,798,390	$ 18,651,419
Change in Net Position										
Governmental activities	$ 993,733	$ 3,720,427	$ (1,305,305)	$ 1,308,542	$ (702,580)	$ 3,383,981	$ 2,534,595	$ 2,149,186	$ 5,765,886	$ 8,470,160
Business-type activities	3,025,715	2,816,987	1,294,867	3,375,788	488,048	4,254,158	2,612,197	8,511,963	10,013,595	8,788,477
Total primary government	$ 4,019,448	$ 6,537,414	$ (10,438)	$ 4,684,330	$ (214,532)	$ 7,638,139	$ 5,146,792	$ 10,661,149	$ 15,779,481	$ 17,258,637

CITY OF BOERNE, TEXAS

General Government Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Ad Valorem Tax	Sales Tax	Franchise Tax	Total
2009	4,546,162	4,368,109	1,804,527	10,718,798
2010	4,825,698	4,135,773	1,827,711	10,789,182
2011	4,768,108	4,447,723	1,929,954	11,145,785
2012	5,040,616	4,765,341	1,966,300	11,772,257
2013	5,548,012	5,243,148	2,087,618	12,878,778
2014	5,869,666	5,420,528	2,297,457	13,587,651
2015	6,263,241	5,876,279	2,415,090	14,554,610
2016	6,654,315	7,143,387	2,454,521	16,252,223
2017	6,397,290	6,628,822	2,539,941	15,566,053
2018	6,806,247	7,021,498	2,764,266	16,592,011

CITY OF BOERNE, TEXAS

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Restricted	-	-	-	$ 154,143	$ 233,957	$ 181,694	$ 215,226	$ 232,981	$ 276,162	$ 280,945
Nonspendable	-	-	-	-	-	1,550,000	4,578	-	-	1,874
Unassigned	5,762,758	5,416,495	4,742,104	5,937,743	6,863,709	5,636,863	7,651,822	9,509,466	10,503,769	10,983,135
Total general fund	$ 5,762,758	$ 5,416,495	$ 4,742,104	$ 6,091,886	$ 7,097,666	$ 7,368,557	$ 7,871,626	$ 9,742,447	$ 10,779,931	$ 11,265,954
All other governmental funds										
Restricted	$ 6,958,652	$ 10,334,535	$ 3,894,842	$ 1,873,798	$ 1,851,532	$ 1,552,523	$ 1,491,782	$ 1,374,357	$ 22,636,406	$ 19,875,913
Assigned	783,360	1,106,521	1,305,767	1,345,188	1,917,829	2,296,930	1,817,953	1,937,815	2,908,115	4,323,576
Nonspendable	504,380	545,176	608,629	634,857	675,859	741,419	767,678	665,999	700,792	744,523
Total all other governmental funds	$ 8,246,392	$ 11,986,232	$ 5,809,238	$ 3,853,843	$ 4,445,220	$ 4,590,872	$ 4,077,413	$ 3,978,171	$ 26,245,313	$ 24,944,012

CITY OF BOERNE, TEXAS

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Ad valorem taxes	$ 4,446,346	$ 4,825,698	$ 4,768,108	$ 5,040,616	$ 5,548,012	$ 5,869,666	$ 6,263,241	$ 6,654,315	$ 6,397,290	$ 6,806,247
Sales tax	4,053,884	4,135,773	4,447,723	4,765,341	5,243,148	5,420,528	5,876,279	7,143,387	6,628,822	7,021,498
Hotel-Motel tax	356,673	377,530	379,218	420,617	468,556	498,886	553,729	546,239	597,974	635,895
Library, parks & swimming revenues	435,973	447,425	520,690	545,724	575,268	635,317	669,848	824,119	866,220	942,108
Franchise fees	1,804,527	1,827,711	1,929,954	1,966,300	2,087,618	2,297,457	2,568,986	2,454,521	2,539,941	2,764,266
Licenses & permits	276,536	333,791	404,746	451,526	526,713	934,541	698,757	940,051	1,071,546	1,139,600
Fines	315,780	374,193	334,505	287,541	347,142	316,436	238,562	367,768	346,143	286,082
Rents	132,811	130,542	107,419	72,854	61,020	62,147	66,376	15,331	-	-
Grants	119,107	350,981	53,364	9,093	105,094	32,647	149,877	158,083	26,665	1,501,976
Contributions & donations	1,535,676	2,806,287	1,879,470	1,685,023	1,807,408	1,937,632	2,405,192	2,314,010	2,582,588	2,565,044
Miscellaneous	115,670	185,382	104,244	306,170	146,263	276,474	422,679	614,534	353,837	311,812
Interest earned	237,738	56,981	24,054	12,341	17,378	29,964	38,772	101,706	163,263	616,238
Total revenues	$ 13,830,721	$ 15,852,294	$ 14,953,495	$ 15,563,146	$ 16,933,620	$ 18,311,695	$ 19,952,298	$ 22,134,064	$ 21,574,289	$ 24,590,766
Expenditures:										
General government	$ 1,706,485	$ 1,843,755	$ 1,884,531	$ 2,155,208	$ 2,154,800	$ 2,619,570	$ 2,630,721	$ 2,935,432	$ 3,354,343	$ 3,597,506
Public safety	5,206,189	5,786,130	6,116,646	6,472,489	6,845,431	7,624,418	8,035,246	8,824,004	8,487,808	8,969,673
Highways & streets	1,140,925	1,171,132	1,286,214	1,236,591	1,408,011	1,427,229	1,286,420	1,471,268	1,524,170	1,506,474
Economic development and assistance	375,069	394,149	393,428	405,257	422,791	757,666	904,553	1,003,922	738,176	711,281
Culture & recreation	1,892,255	1,924,468	2,029,605	2,252,021	2,375,379	2,547,634	2,709,127	3,069,393	2,872,098	3,152,650
Capital outlay	5,979,088	9,494,253	8,256,048	3,874,870	2,024,439	1,128,183	4,716,638	2,472,434	2,129,027	6,046,830
Debt service										
Principal	885,000	650,000	715,000	950,000	965,000	1,235,000	1,270,000	1,385,000	1,435,000	2,050,000
Interest and fees	907,726	1,551,892	1,293,047	1,163,324	1,134,572	1,108,328	824,765	712,727	707,684	1,189,760
Bond issuance costs	-	-	-	-	15,340	-	213,022	119,965	296,557	-
Total expenditures	$ 18,092,737	$ 22,815,779	$ 21,974,519	$ 18,509,760	$ 17,330,423	$ 18,448,028	$ 22,590,492	$ 21,994,145	$ 21,544,863	$ 27,224,174
Excess of revenues over(under) expenditures	$ (4,262,016)	$ (6,963,485)	$ (7,021,024)	$ (2,946,614)	$ (396,803)	$ (136,333)	$ (2,638,194)	$ 139,919	$ 29,426	$ (2,633,408)
Other financing sources (uses):										
Issuance and refunding of Bonds/Notes - net	$ -	$ 10,285,289	$ -	$ 40,714	$ 1,540,000	$ -	$ (37,751)	$ (34,825)	$ 22,298,943	$ -
Transfers from other funds	374,231	329,138	1,485,164	501,767	1,353,597	885,694	3,688,578	2,106,052	2,119,801	4,014,148
Transfers to other funds	(321,355)	(276,262)	(1,332,288)	(348,891)	(902,781)	(332,818)	(1,078,369)	(484,484)	(484,484)	(2,804,596)
Sale of capital assets	8,757	18,897	16,763	2,147,411	18,484	-	55,346	44,917	12,538	608,578
Total other financing sources (uses)	$ 52,876	$ 10,338,165	$ 169,639	$ 2,341,001	$ 2,009,300	$ 552,876	$ 2,627,804	$ 1,631,660	$ 23,946,798	$ 1,818,130
Net change in fund balances	$ (4,209,140)	$ 3,374,680	$ (6,851,385)	$ (605,613)	$ 1,612,497	$ 416,543	$ (10,390)	$ 1,771,579	$ 23,976,224	$ (815,278)
Debt service as a percentage of non-capital expenditures	14.80%	16.53%	14.64%	14.44%	13.72%	13.53%	11.72%	10.75%	11.04%	15.30%

CITY OF BOERNE, TEXAS

General Fund Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Ad Valorem Taxes	City Sales Tax	Franchise Tax	Total
2009	1,155,771	4,053,884	1,804,527	7,014,182
2010	1,197,187	4,135,773	1,827,711	7,160,671
2011	1,268,845	4,447,723	1,929,954	7,646,522
2012	1,488,223	4,765,341	1,966,300	8,219,864
2013	1,891,238	5,243,148	2,087,618	9,222,004
2014	1,911,144	5,420,528	2,297,457	9,629,129
2015	2,131,566	5,876,279	2,415,090	10,422,935
2016	2,388,394	7,143,387	2,454,521	11,986,302
2017	2,228,832	6,628,822	2,539,941	11,397,595
2018	2,576,942	7,021,498	2,764,266	12,362,706

Note: The above figures are for the General Fund.

CITY OF BOERNE, TEXAS

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

Fiscal Year	Residential Sales	Commercial Sales	Total Electric Sales	Primary Extensions	Penalties	Connection fees	Other	Total Revenues
2009	5,398,123	8,144,584	13,542,707	176,569	129,076	1,439	255,893	14,105,684
2010	5,079,463	7,779,938	12,859,401	327,665	125,792	2,102	520,497	13,835,457
2011	5,247,193	8,036,841	13,284,034	89,869	118,134	1,303	255,529	13,748,869
2012	5,260,906	8,535,408	13,796,314	136,890	122,186	1,976	296,426	14,353,792
2013	4,977,063	8,063,997	13,041,060	119,890	120,164	3,041	370,521	13,654,676
2014	5,893,977	8,681,280	14,575,257	252,053	124,342	2,105	675,928	15,629,685
2015	6,854,313	9,727,159	16,581,472	283,395	131,981	4,473	247,148	17,248,469
2016	6,022,691	9,034,036	15,056,727	155,683	119,304	3,055	417,964	15,752,733
2017	5,937,475	9,687,459	15,624,934	97,988	119,653	3,264	432,584	16,278,423
2018	6,864,816	10,018,647	16,883,463	102,200	131,157	4,274	177,303	17,298,397

CITY OF BOERNE, TEXAS

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

Fiscal Year Ended September 30	Real Property Residential Assessed Value	Real Property Commerical Assessed Value	Personal Property Assessed Value	Less: Tax Exempt Real Property	Taxable Assessed Value	Direct Tax Rate (1)	Actual Taxable Value	Percentage of Assessed to Actual Value (2)
2009	772,507,102	363,532,754	85,509,980	229,124,788	992,425,048	0.4422	992,425,048	100.00
2010	849,104,764	418,215,780	95,938,380	280,198,433	1,083,060,491	0.4422	1,083,060,491	100.00
2011	823,207,597	425,211,568	90,414,470	260,206,640	1,078,626,995	0.4422	1,078,626,995	100.00
2012	933,608,580	459,605,741	97,593,970	393,317,887	1,097,490,404	0.4520	1,097,490,404	100.00
2013	811,357,700	662,935,880	109,964,730	384,246,493	1,200,011,817	0.4720	1,200,011,817	100.00
2014	845,949,030	680,011,960	125,695,330	384,442,497	1,267,213,823	0.4720	1,267,213,823	100.00
2015	927,624,720	669,799,647	131,782,310	389,757,552	1,339,449,125	0.4720	1,339,449,125	100.00
2016	1,008,473,244	680,098,025	142,610,030	402,133,600	1,429,047,699	0.4720	1,429,047,699	100.00
2017	1,114,421,409	708,258,890	145,637,910	415,623,163	1,552,695,046	0.4720	1,552,695,046	100.00
2018	1,193,509,146	747,899,553	149,771,290	418,997,863	1,672,182,126	0.4720	1,672,182,126	100.00

The above information was obtained from the Kendall Appraisal District.

Notes: (1) Tax rates are per $100 of assessed value.
(2) Excludes tax-exempt property.

CITY OF BOERNE, TEXAS

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

	City of Boerne			Overlapping Rates						
				School District			County			Total
Fiscal Year	Operating Rate	Debt Service Rate	Total City Rate	Operating Rate	Debt Service Rate	Total School Rate	Operating Rate	Debt Service Rate	Total County Rate	Direct & Overlapping Rates
2009	0.2587	0.1835	0.4422	1.0400	0.2900	1.3300	0.3420	0.0280	0.3700	2.1422
2010	0.2518	0.1904	0.4422	1.0400	0.2900	1.3300	0.3432	0.0268	0.3700	2.1422
2011	0.2451	0.1971	0.4422	1.0400	0.2740	1.3140	0.3434	0.0266	0.3700	2.1262
2012	0.2647	0.1873	0.4520	1.0400	0.2740	1.3140	0.3434	0.0266	0.3700	2.1360
2013	0.2925	0.1795	0.4720	1.0400	0.2540	1.2940	0.3687	0.0263	0.3950	2.1610
2014	0.3092	0.1628	0.4720	1.0400	0.2540	1.2940	0.3486	0.0454	0.3940	2.1600
2015	0.2947	0.1773	0.4720	1.0400	0.2540	1.2940	0.3508	0.0432	0.3940	2.1600
2016	0.3092	0.1628	0.4720	1.0400	0.2540	1.2940	0.3460	0.0407	0.3867	2.1527
2017	0.3261	0.1459	0.4720	1.0400	0.2760	1.3160	0.3465	0.0662	0.4127	2.2007
2018	0.3426	0.1294	0.4720	1.0400	0.3140	1.3540	0.3490	0.0637	0.4127	2.2387

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

CITY OF BOERNE, TEXAS

Principal Property Taxpayers
Current Year and Nine Years Ago

	2018				2009		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxpayer**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
H.E.B. Grocery Co.	$ 17,161,020	1	1.03%	Wal-Mart Real Estate Business, TR	$ 16,872,490	1	1.70%
VBM Acquisition LLC	15,819,090	2	0.95%	Heller Property, LP	11,866,970	2	1.20%
Wal-Mart Real Estate Business, TR	15,373,260	3	0.92%	Albany Engineered Composites	10,708,560	3	1.08%
Mercedes Benz of Boerne	14,995,560	4	0.90%	H.E.B. Grocery Co.	10,659,770	4	1.07%
Nissan of Boerne	11,575,220	5	0.69%	The Home Depot	8,809,180	5	0.89%
Home Depot	10,163,250	6	0.61%	Cambridge-Boerne Partners, LP	8,410,680	6	0.85%
Carrington Place I & II, LP	9,393,440	7	0.56%	Carrington Place I LP	8,263,570	7	0.83%
Albany Engineered Composites	9,381,439	8	0.56%	VBM Acquisition, LLC	7,483,810	8	0.75%
Starplex	7,931,550	9	0.47%	Presenzia Investment Properties, LLC	7,163,020	9	0.72%
Ranch at Cibolo Creek Apt	6,927,550	10	0.41%	The Vistas of Boerne, LTD	6,788,170	10	0.68%
	$ 118,721,379		7.1%		$ 97,026,220		9.78%

Source: Kendall Appraisal District

CITY OF BOERNE, TEXAS

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended September 30	Tax Roll Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
			Current Taxes Collected	Percent of Levy		Total Tax Collections	Percentage of Levy
2009	2008	$ 4,431,905	$ 4,346,628	98.1%	$ 84,323	$ 4,430,951	100.0%
2010	2009	4,753,703	4,662,552	98.1%	87,291	4,749,843	99.9%
2011	2010	4,756,326	4,705,125	98.9%	45,691	4,750,816	99.9%
2012	2011	4,975,957	4,915,337	98.8%	62,958	4,978,295	100.0%
2013	2012	5,510,736	5,429,178	98.5%	83,814	5,512,992	100.0%
2014	2013	5,839,322	5,759,708	98.6%	80,149	5,839,857	100.0%
2015	2014	6,181,080	6,131,966	99.2%	47,868	6,179,834	100.0%
2016	2015	6,622,585	6,549,283	98.9%	59,757	6,609,040	99.8%
2017	2016	7,224,676	7,132,942	98.7%	23,845	7,156,787	99.1%
2018	2017	7,697,939	7,655,276	99.4%	-	7,655,276	99.4%

Source: Kendall Appraisal District

CITY OF BOERNE, TEXAS

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

	2018				2009		
Utility Customer	**Electric Sales Revenue**	**Rank**	**Percentage of Total Electric Sales Revenues**	**Utility Customer**	**Electric Sales Revenue**	**Rank**	**Percentage of Total Electric Sales Revenues**
Boerne Independent School District	$ 1,166,305	1	6.87%	Boerne Independent School District	$ 1,250,483	1	9.32%
City of Boerne	898,613	2	5.29%	Wal-Mart	705,716	2	5.26%
Morningside Ministries	707,515	3	4.16%	H.E. Butt Store	527,872	3	3.93%
Wal-Mart	642,993	4	3.79%	City of Boerne	515,403	4	3.84%
H.E. Butt Supermarket	547,884	5	3.23%	Morningside Ministries	321,117	5	2.39%
The Home Depot	266,494	6	1.57%	The Home Depot	293,627	6	2.19%
Healthcare Reit Inc	238,118	7	1.40%	Cambridge Partner	200,272	7	1.49%
Kendall County Auditor	233,934	8	1.38%	Methodist Boerne Medical Ctr	124,999	8	0.93%
Woodland Notes, LLC	214,656	9	1.26%	Texas Health Enterprises	118,308	9	0.88%
Meadowlands, INC	160,117	10	0.94%	Alamo Fiesta RV Resort	114,332	10	0.85%
	$ 5,076,629		29.88%		$ 4,172,129		31.08%

Source: City of Boerne Utilities

CITY OF BOERNE, TEXAS

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities			Business-Type Activities				
Fiscal Year	General Obligation Bonds (2)	Tax Notes (2)	Certificates of Obligation (2)	Revenue Bonds	General Obligation Bonds (2)	Total Primary Government	Percentage of Household Income (1)	Per Capita (1)
2009	$ 14,110,000	$ 5,095,000	-	$ 18,730,000	-	$ 37,935,000	7.1%	$ 3,709.30
2010	24,175,289	4,665,000	-	18,243,601	-	47,083,890	8.0%	4,496.60
2011	23,726,477	4,385,000	-	47,363,033	-	75,474,510	12.1%	7,064.26
2012	27,430,427	-	-	46,375,882	-	73,806,309	11.1%	6,644.43
2013	26,384,846	1,540,000	-	45,266,900	-	73,191,746	9.0%	5,825.51
2014	25,353,640	1,300,000	-	44,106,333	-	70,759,973	7.5%	5,344.81
2015	24,900,772	1,055,000	-	42,895,767	-	68,851,539	6.3%	5,055.55
2016	23,781,752	805,000	-	29,210,000	12,528,576	66,325,328	5.4%	4,608.49
2017	22,984,317	22,380,000		28,255,000	12,062,822	85,682,139	7.1%	5,724.35
2018	21,626,661	21,535,000		285,000	39,612,284	83,058,945	6.5%	5,166.64

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

(1) Income statistics are only available for census years, between census years estimates are used. See Schedule of Demographic and Economic Statistics on page 139 for population data.

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

CITY OF BOERNE, TEXAS

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Gross Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita(2)
2009	$ 19,205,000	$ 394,333	$ 18,810,667	1.90%	$ 1,839.31
2010	28,840,289	703,138	28,137,151	2.60%	2,687.15
2011	28,111,477	727,129	27,384,348	2.54%	2,563.12
2012	27,430,427	770,881	26,659,546	2.43%	2,400.03
2013	27,924,846	772,228	27,152,618	2.19%	2,161.14
2014	26,653,640	821,729	25,831,911	2.04%	1,951.20
2015	25,955,772	838,134	25,117,638	1.88%	1,844.31
2016	24,586,752	698,449	23,888,303	1.67%	1,659.83
2017	45,364,317	791,089	44,573,228	2.87%	2,977.90
2018	43,161,661	778,973	42,382,688	2.53%	2,636.40

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 129 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 139.

CITY OF BOERNE, TEXAS
Direct and Overlapping Governmental Activities Debt
September 30, 2018

		Net Debt	Percentage Applicable to City (1)	City's Share of Debt
Kendall County	(1)	$ 30,015,000	32.78%	$ 98,389
Boerne Ind. School District	(1)	327,109,650	26.80%	876,654
Total overlapping debt				975,043
City of Boerne	(1)	43,161,661	100.00%	43,161,661
Total direct and overlapping debt				$ 44,136,704

(1) As of September 30, 2018

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

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

CITY OF BOERNE, TEXAS

Legal Debt Margin Information
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	$99,242,505	$108,306,049	$107,862,700	$ 109,749,040	$ 123,893,228	$ 126,721,382	$ 133,944,913	$ 142,904,770	$ 155,269,505	$ 167,218,213
Total net debt applicable to limit	18,810,667	27,791,862	27,052,871	26,069,119	26,642,772	25,358,270	25,117,638	23,888,303	44,573,228	42,382,688
Legal debt margin	$80,431,838	$80,514,187	$80,809,829	$83,679,921	$97,250,456	$101,363,112	$108,827,275	$119,016,467	$110,696,277	$124,835,525
Total net debt applicable to the limit as a percentage of debt limit	18.95%	25.66%	25.08%	23.75%	21.50%	20.01%	18.75%	16.72%	28.71%	25.35%

Legal Debt Margin Calculation for Fiscal Year 2018

Total assessed value	$ 1,672,182,126
Debt limit (10% of total assessed value)	167,218,213
Debt applicable to limit:	
General bonded debt	43,161,661
Less: Amount set aside for repayment of general bonded debt	778,973
Total net debt applicable to limit	42,382,688
Legal debt margin	$ 124,835,525

Note:

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

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

CITY OF BOERNE, TEXAS

Pledged Revenue Coverage
Last Ten Fiscal Years

Utility	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Electric:										
Revenues	$ 14,134,635	$ 13,558,392	$ 13,741,179	$ 14,346,832	$ 13,592,854	$ 15,252,637	$ 17,287,785	15,819,084	16,359,468	17,142,473
Less: Operating Expenses	(12,136,454)	(11,964,106)	(12,450,289)	(12,132,292)	(11,698,252)	(13,546,962)	(13,794,036)	(13,178,897)	(14,148,327)	(13,129,342)
Net Available Revenue	$ 1,998,181	$ 1,594,286	$ 1,290,890	$ 2,214,540	$ 1,894,602	$ 1,705,675	$ 3,493,749	$ 2,640,187	$ 2,211,141	$ 4,013,131
Water:										
Revenues	$ 3,394,259	$ 3,367,539	$ 4,207,917	$ 4,075,525	$ 4,283,577	$ 4,456,288	$ 4,679,108	5,146,172	5,531,374	5,681,070
Less: Operating Expenses	(2,862,068)	(2,760,467)	(2,947,661)	(2,846,182)	(2,925,133)	(3,167,299)	(3,347,857)	(3,520,010)	(3,660,798)	(4,223,734)
Net Available Revenue	$ 532,191	$ 607,072	$ 1,260,256	$ 1,229,343	$ 1,358,444	$ 1,288,989	$ 1,331,251	$ 1,626,162	$ 1,870,576	$ 1,457,336
Wastewater:										
Revenues	$ 2,734,151	$ 3,264,502	$ 3,482,521	$ 3,795,316	$ 3,759,661	$ 3,911,613	$ 4,055,297	4,258,053	4,499,452	4,553,200
Less: Operating Expenses	(1,403,009)	(1,432,880)	(1,498,255)	(1,525,010)	(1,572,710)	(1,753,726)	(1,999,875)	(2,301,112)	(2,565,220)	(2,795,283)
Net Available Revenue	$ 1,331,142	$ 1,831,622	$ 1,984,266	$ 2,270,306	$ 2,186,951	$ 2,157,887	$ 2,055,422	$ 1,956,941	$ 1,934,232	$ 1,757,917
Natural Gas:										
Revenues	$ 1,541,175	$ 1,868,336	$ 1,715,100	$ 1,524,222	$ 1,514,274	$ 2,075,574	$ 1,996,107	1,835,627	1,977,390	2,392,855
Less: Operating Expenses	(1,490,342)	(1,816,636)	(1,467,841)	(1,321,356)	(1,330,473)	(1,647,996)	(1,550,053)	(1,809,543)	(1,658,937)	(1,960,649)
Net Available Revenue	$ 50,833	$ 51,700	$ 247,259	$ 202,866	$ 183,801	$ 427,578	$ 446,054	$ 26,084	$ 318,453	$ 432,206
Total Utility Systems Revenues	$ 21,804,220	$ 22,058,769	$ 23,146,717	$ 23,741,895	$ 23,150,366	$ 25,696,112	$ 28,018,297	$ 27,058,936	$ 28,367,684	$ 29,769,598
Less: Total Utility Systems Operating Expenses	(17,891,873)	(17,974,089)	$ (18,364,046)	$ (17,824,840)	$ (17,526,568)	$ (20,115,983)	$ (20,691,820)	$ (20,809,562)	$ (22,033,282)	$ (22,109,008)
Total Utility Systems Net Revenue Available	$ 3,912,347	$ 4,084,680	$ 4,782,671	$ 5,917,055	$ 5,623,798	$ 5,580,129	$ 7,326,477	$ 6,249,374	$ 6,334,402	$ 7,660,590
Annual Debt Service	$ 1,132,435	$ 1,112,931	$ 2,850,118	$ 2,841,379	$ 2,828,657	$ 2,814,852	$ 2,799,925	$2,695,789	$2,679,527	$2,460,923
Coverage	3.45	3.67	1.68	2.08	1.99	1.98	2.62	2.32	2.36	3.11

*Note: Excludes depreciation and amortization

CITY OF BOERNE, TEXAS

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population(1)	Median Household Income(2)	Persons Per Household(1)	School Enrollment (3)	Unemployment Rate(4)
2009	10,227	51,879	2.62	6,300	6.0
2010*	10,471	56,350	2.47	6,637	5.7
2011	10,684	58,175	2.23	6,754	6.6
2012	11,108	60,060	2.23	7,095	5.3
2013	12,564	66,655	2.47	7,206	6.0
2014	13,239	71,052	2.47	7,450	5.2
2015	13,619	80,500	2.47	7,898	3.2
2016	14,392	84,582	2.47	8,303	3.4
2017	14,968	81,110	2.47	8,688	3.0
2018	16,076	78,933	2.47	8,664	3.0

Note:

(1) City Administration on non-census years

(2) Only available for census years - other years are estimates

(3) Boerne Independent School District

(4) Texas Workforce Commission

* Revised to 2010 Census data

CITY OF BOERNE, TEXAS

Principal Employers
Current Year and Nine Years Ago

	2018				2009		
Employer	**Employees**	**Rank**	**Percentage of Total Principal Employment**	**Employer**	**Employees**	**Rank**	**Percentage of Total Principal Employment**
Boerne Independent School District	1,062	1	34.08%	Boerne Independent School District	950	1	35.46%
H E Butt Grocery Store	382	2	12.26%	WalMart Stores	340	2	12.69%
Kendall County	278	3	8.92%	Mission Pharmacal	254	3	9.48%
City of Boerne	267	4	8.57%	H E Butt Grocery Store	246	4	9.18%
Albany Engineered Composites	243	5	7.80%	Kendall County	213	5	7.95%
Mission Pharmacal	241	6	7.73%	City of Boerne	208	6	7.76%
WalMart Stores	209	7	6.71%	Albany Engineered Composites	171	7	6.38%
Toyota of Boerne	183	8	5.87%	The Home Depot	101	8	3.77%
The Home Depot	134	9	4.30%	Town & Country Manor Nursing Home	101	9	3.77%
Mercedes Benz of Boerne	117	10	3.75%	Mercedes Benz of Boerne	95	10	3.55%

Source: City of Boerne Study

CITY OF BOERNE, TEXAS

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function:										
General Government	27	18	20	20	21	22	20	21	29	33
Public Safety:										
Police	35	35	34	35	34	36	35	41	41	45
Animal Control	3	3	3	3	3	3	3	3	4	4
Municipal Court	3	3	3	3	3	3	3	3	3	3
Emergency & Risk	5	5	6	7	8	8	8	7	2	2
Code Enforcement	4	8	7	7	7	9	10	11	4	4
Communications	12	12	12	12	13	13	13	12	14	14
Fire	7	13	11	12	12	13	14	16	16	17
Highways & Streets	18	18	18	18	18	18	15	18	19	20
Culture & Recreation	38	39	39	40	37	37	38	38	39	40
Cemetery	1	1	1	1	1	1	1	1	1	1
Electric	21	21	20	20	20	21	20	23	25	23
Water	18	14	13	13	15	15	15	16	16	16
Sewer	13	14	13	13	13	13	16	15	14	18
Gas	3	8	6	6	6	6	6	7	7	9
Total	208	212	206	210	211	218	217	232	234	249

Source: City of Boerne

CITY OF BOERNE, TEXAS

Operating Indicators by Function
Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical Arrests	459	309	333	362	373	490	479	578	664	641
Parking Violations	32	38	27	32	11	70	20	104	48	82
Traffic Violations	3,110	2427	2,498	1,943	2,583	1,986	1,326	2,481	1,650	1,774
Fire										
Number of calls (In City)	228	295	372	348	271	317	444	472	549	600
Inspections	1191	1804	1586	1457	2102	1277	1870	2302	2501	1674
Code Enforcement										
Permits issued	1019	1247	1664	1699	1909	2002	2135	2305	2731	3168
Highways & streets										
Streets resurfaced(miles)	2.00	5.90	2.90	3.00	4.00	2.72	1	2.9	3.4	3.8
Other street repairs (hours)	17,095	10,072	16,006	16,558	16,839	17,412	285	1,466	5,108	9,293
Culture & recreation										
Athletic field revenues	$ 31,141	$ 33,811	$ 28,333	$ 25,910	$ 22,647	$27,881	$ 44,923	$ 42,669	$ 44,794	$ 181,609
Community Center events	624	574	442	432	371	297	303	142	-	-
Electric										
New connections	49	71	80	102	75	88	128	75	93	104
Average daily consumptions (kilowatt hours)	326,890	342,077	354,182	347,317	339,886	362,390	366,009	360,960	364,209	386,241
Water										
New connections	103	127	112	168	167	172	254	248	305	266
Average daily consumptions (thousands of gallons)	140,354	125,796	168,722	161,389	163,363	156,933	158,559	177,771	189,877	208,156
Wastewater										
New connections	100	113	90	145	148	138	131	246	163	332
Average daily treatment (thousands of gallons)	100,205	99,069	107,293	107,217	101,182	113,884	115,372	119,015	123,687	132,382
Reclaimed water										
New connections								88	89	106
Average daily treatment (thousands of gallons)								17,970	92,847	126,638
Natural Gas										
New connections	59	58	58	54	68	78	138	128	221	288
Average daily consumptions (thousands of cubic feet)	319	455	402	397	386	483	475	424	412	519

Sources: Various City of Boerne departments
Notes: Indicators are not available for the general government function.
(1) Reporting parameters changed for 2008 to include re-inspections; plan reviews; and public education.

CITY OF BOERNE, TEXAS

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	15	15	15	15	16	18	18	21
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	8	8	8	8	8	9	9	9	9	12
Highways & streets										
Streets (miles)	49.25	52.7	52.7	52.7	55.4	59	60	63	68	70.8
Streetlights	550	559	613	613	613	658	666	686	580	564
Culture & recreation										
Parks	12	12	12	12	12	12	12	12	12	12
Parks acreage	401.6	401.6	401.6	401.6	401.6	401.6	401.6	401.6	401.6	401.6
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	8	8	8	8	8	8	8	8	8	8
Convention/Community centers	1	1	1	1	1	1	1	1	0	0
Electric										
Number of distribution stations	2	2	2	2	2	2	2	2	2	2
Capacity sold (mega-watt hours)	119.3	124.9	129.3	126.8	124.1	132.3	133.6	131.8	132.9	140.9
Water										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Capacity produced (thousands of gallons)	600,138	553,636	752,281	676,762	691,667	676,100	678,456	743,454	842,680	911,936
Wastewater										
Treatment plants	1	1	1	1	2	2	2	2	2	2
Capacity treated (thousands of gallons)	314,498	479,507	340,377	361,646	364,256	374,001	529,526	558,906	451,458	458,771
Capacity produced (thousands of gallons) - Reclaimed Water								14,234	72,144	83,232
Natural Gas										
Gas mains (miles)	54.65	55.23	55.23	54.35	56.65	57	58	61.21	71.72	72.64
Capacity sold (thousands of cubic feet)	116,383	165,970	146,786	145,038	140,711	176,464	173,413	154,594	150,474	189,398

Sources: Various City of Boerne departments.
Notes: No capital asset indicators are available for the general government function.

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COMPLIANCE SECTION

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

Members of the City Council
City of Boerne, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boerne, Texas (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 26, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

ABIP, PC

San Antonio, Texas
March 26, 2019

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

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

Report on Compliance for the Major Federal Program

We have audited City of Boerne's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2018. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

ABIP, PC

San Antonio, Texas
March 26, 2019

CITY OF BOERNE, TEXAS

Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2018

SECTION I --- SUMMARY OF AUDITORS' RESULTS

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

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

Identification of Major Programs		
	CFDA Numbers(s)	**Name of Federal Program or Cluster**
	20.205	Highway Planning and Construction Grant

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	Yes	X No

CITY OF BOERNE, TEXAS

Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2018

SECTION II --- FINANCIAL STATEMENT FINDINGS

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

SECTION III --- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CITY OF BOERNE, TEXAS

Summary Schedule of Prior Audit Findings
For The Year Ended September 30, 2018

There were no prior audit findings reported.

CITY OF BOERNE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

FEDERAL GRANTOR, PASS-THROUGH GRANTOR, PROGRAM or CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES	PASS-THROUGH EXPENDITURES
U. S. DEPARTMENT OF TRANSPORTATION				
Passed Through Texas Department of Transportation				
Highway Planning and Construction Grants - Trail Extension	20.205	CSJ 0915-11-033	$ 1,467,317	$ -
Total Passed Through Texas Department of Transportation			$ 1,467,317	$ -
U.S. DEPARTMENT OF JUSTICE				
Direct Programs				
Bulletproof Vest Partnership Grant	16.607	2017BUBX17089711	$ 3,488	$ -
Total U.S. Department of Justice			$ 3,488	$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,470,804	

1. Basis of Presentation/Summary of Significant Accounting Policies

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

2. Relationship to Federal Financial Reports

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

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

   The following is a reconciliation between federal expenditures, as recorded in the body of the financial statements, to the Schedule of Expenditures of Federal Awards for the year ended September 30, 2018:

FUND	AMOUNT
General	$3,488
Park	$1,467,317

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

5. There were no awards passed through to subrecipients.

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