

WELCOME TO
BOERNE
EST. 1849

2015
COMPREHENSIVE
ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED SEPTEMBER 30, 2015
CITY OF BOERNE, TEXAS



The Finance department of the City of Boerne has been honored by the Government Finance Officers Association of the United States and Canada for the past 28 consecutive years with a Certificate of Achievement for Excellence in Financial Reporting that represents the highest standards in government accounting and financial reporting.



Texas Comptroller
Leadership Circle

The Comptroller of Public Accounts launched the Texas Comptroller Leadership Circle program in December 2009 to recognize local governments across Texas that are striving to meet a high standard for financial transparency online. The City of Boerne has received the highest award for the past 5 years.

City of Boerne, Texas

Comprehensive Annual Financial Report
Fiscal Year Ended
September 30, 2015

Prepared by the Finance Department

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**City of Boerne, Texas
Comprehensive Annual Financial Report
September 30, 2015**

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INTRODUCTORY SECTION

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

March 14, 2016

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, 2015.

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 Padgett, Stratemann & Co., L.L.P., 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, 2015, 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, 2015 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Boerne, Texas, incorporated in 1909, is located in the south central part of the state just west of the San Antonio metroplex, the Nation's seventh largest city and recognized internationally as the top tourist destination in Texas. The City acts as the service center for the surrounding community, providing retail, recreation, and food service to a population of 38,800 people. Similarly, the City serves as the County Seat for Kendall County. The City of Boerne currently occupies a land area of 11.15 square miles with a population of 13,619. 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	Library
Cemetery	Municipal court
Code Enforcement	Parks and Recreation
Convention/Community Center	Planning and community Development
Dispatch/communications	Police protection
Emergency Operations	Street construction and maintenance
Fire protection	Visitor Information Center

In addition, the City provides electric, water, wastewater, 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, the close of the City of Boerne's fiscal year. The appropriated budget is prepared by fund, function, and department. The City Manager and Budget Officer may make transfers of appropriations within a department. Transfers

of appropriations between departments, however, require the approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the required supplementary information section of this report. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the other supplementary information section of this report.

Local economy

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

The City's population has seen a healthy growth rate of almost 41% over the last ten years compared to the US growth rate of 7.0% for that same period. Of the total City population 57% are between the ages of 18 and 65 and an additional 18% are over the age of 65. The median household income for the area surrounding Boerne, Kendall County, of \$80,500 fared well above the State median of \$62,830. The unemployment for the Boerne and Kendall County area at September 30, 2015 was 3.2%. During this fiscal year, the region stood about 1.5% under the State unemployment rate and 1.9 % under the U.S. rate at September 30, 2015. 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 159% in amount, while property tax rates have increased by three cents over the rate in effect ten years ago.

Long-term financial planning

The City of Boerne had unassigned fund balance in the general fund of \$7,651,822 or 55.1% of total general fund revenues. Total fund balance for all governmental funds of \$11,949,039 equaled 52.9% of total governmental revenues and other financing sources. Of that total, 20.7% or \$2,479,264 is either restricted or non-spendable and constrained only to be used for specific purposes such as debt service, perpetual care of the Cemetery, tourism promotion and for General Obligation bond construction projects. The remaining balance that is not restricted 79.3% or \$9,469,775, is more than the unrestricted balance that was budgeted to be available at the end of the fiscal year of \$8,130,525 by 16.5 %.

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 significant, consistent growth. Additional plant and system capacity needs coupled with system redundancy, the Electric, Water, Wastewater, and Natural Gas Utilities have recently completed significant upgrades or additions to existing facilities.

The Electric Utility is now serving 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.

Construction was completed on a new Wastewater Treatment and Recycling Center in April of 2013. The new 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 (4,000 homes in various stages of development) is occurring. The Water system 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. 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 system peaks, usually associated with irrigation, exceed our current ability to meet high demand usage. 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.

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 will be gas utility customers and accelerated growth of that utility is anticipated. 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 once again in the 2020-2025 time frame.

There are several major roadway projects underway or planned for the upcoming year:

IH10 Frontage Road Extension (underway) - Texas Department of Transportation (TxDOT) has agreed to fund this project with the city and it was bid in the fall of 2014. Completion is projected by the end of 2016. The projected total expenditure by the City is estimated at between \$700,000-900,000 with TxDOT accounting for \$3,100,000. The City funded this project in FY 2014.

Scenic Loop Overpass at IH10 (underway) – This project will add turn lanes and expand the underpass to four lanes at a total cost of \$11M. The funding will come from the City of Boerne (\$550,000), Kendall County (\$550,000), and TxDOT at \$9.9M. The project is expected to be completed in 2018.

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, 2014. This was the twenty-eighth 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 generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



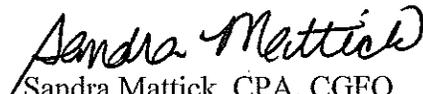
Ronald C. Bowman
City Manager



Jeff Thompson
Deputy City Manager



Linda S. Zartler
Assistant City Manager



Sandra Mattick, CPA, CGFO
Finance Director



Government Finance Officers Association

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

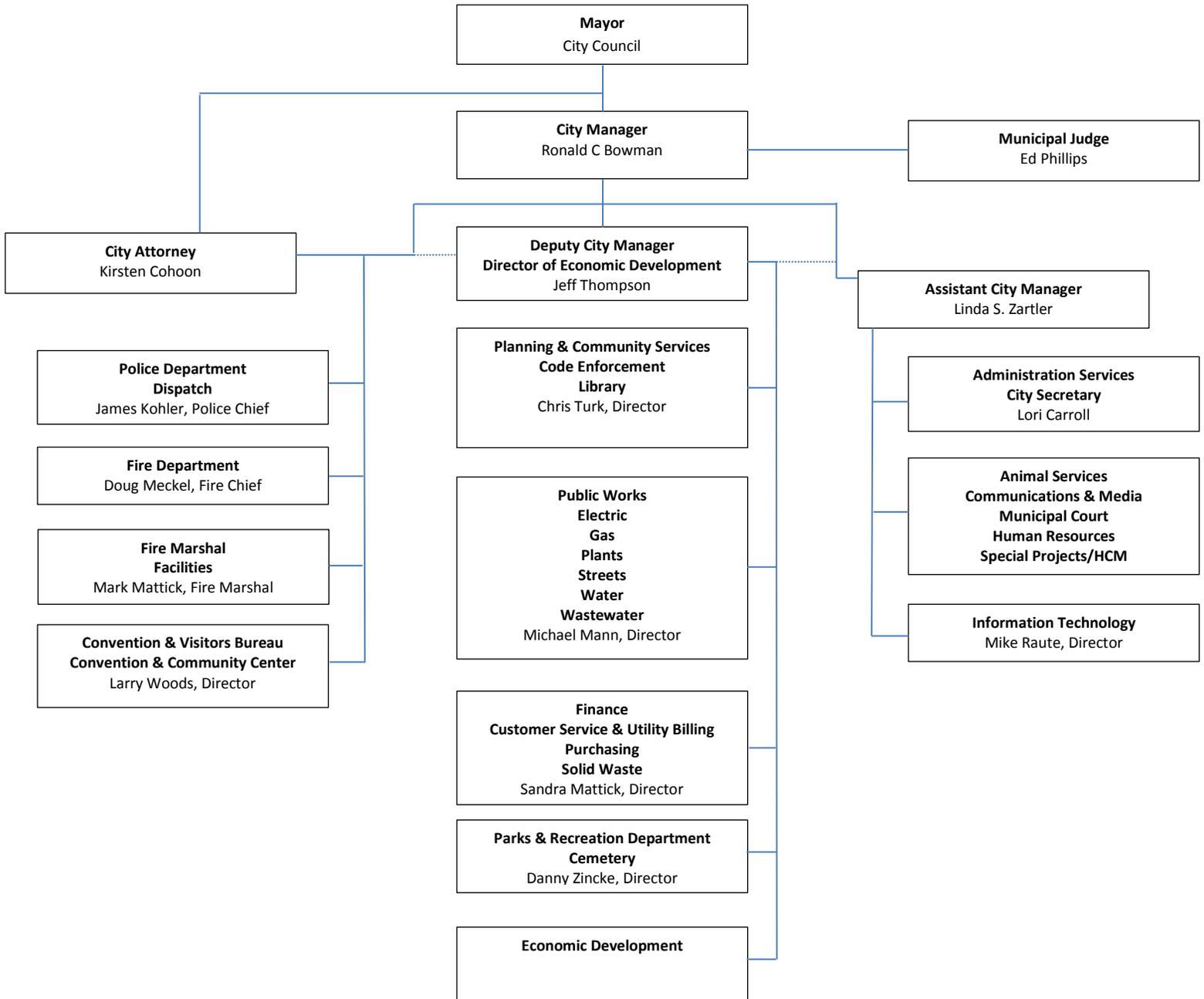
Presented to

**City of Boerne
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO



**City of Boerne, Texas
List of Principal Officials
September 30, 2015**

<u>Title</u>	<u>Name</u>
Mayor	Michael D. Schultz
Mayor Pro Tem – District 4	Ron Cisneros
City Council Members	
District 1	Jeff Haberstroh
District 2	Nina Woolard
District 3	Charlie Boyd
District 5	Christina Bergmann
City Manager	Ronald C. Bowman
Deputy City Manager	Jeff Thompson
Assistant City Manager	Linda S. Zartler
Chief of Police	Jim Kohler
City Attorney	Kirsten Cohoon
City Secretary	Lori Carroll
Convention and Visitors Bureau Director	Larry Woods
Finance Director	Sandra Mattick, CPA, CGFO
Assistant Finance Director	Angie Rios, CPA
Fire Chief	Doug Meckel
Fire Marshal/Emergency Operations Manager	Mark Mattick
Information Technology Director	Mike Raute
Library Director	Kelly Skovbjerg
Parks and Recreation Director	Danny Zincke
Planning & Community Development Director	Chris Turk
Public Relations Coordinator	Pam Bransford
Public Works Director	Michael Mann, PE

FINANCIAL SECTION

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Padgett Stratemann

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, 2015, 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. 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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.

AUSTIN

811 BARTON SPRINGS ROAD, SUITE 550
AUSTIN, TEXAS 78704
512 476 0717

HOUSTON

1980 POST OAK BOULEVARD, SUITE 1100
HOUSTON, TEXAS 77056
713 335 8630 17

SAN ANTONIO

100 N.E. LOOP 410, SUITE 1100
SAN ANTONIO, TEXAS 78216
210 828 6281

TOLL FREE: 800 879 4966
WEB: PADGETT-CPA.COM

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 as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note I to the financial statements, effective October 1, 2014, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. As described in Note VI to the financial statements, the City restated beginning net position for the adoption of GASB Statement No. 68. Our opinions are not modified with respect to these matters.

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 and Actual – General Fund; Schedule of Changes in the Net Pension Liability and TMRS Related Ratios; Schedule of Contributions and Notes to the Schedule of Contributions; and Other Post Employment Benefit Plan Schedule of Funding Progress, 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 GASB, 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 Other Supplementary Information and other information such as the introductory and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Padgett, Stratemann + Co., L.L.P.

San Antonio, Texas

March 9, 2016

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, 2015. 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 \$76,960,299 (*net position*). Of this amount, \$17,146,801 (*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 \$5,146,792 which can be attributed to 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 \$11,949,039.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,651,822, or 50.4% of total general fund expenditures.
- The City's general obligation debt decreased by \$995,000 during the current fiscal year. The decrease is due to a refunding of debt and principal retirements.

Overview of the Financial Statements

This discussion and analysis are 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 eight individual governmental funds: General Fund, Hotel-Motel/Convention/Visitors Bureau Fund, Park Fund, Library Fund, Economic Development Fund, Debt Service Fund, Capital Projects Fund, and the Cemetery Fund, a permanent fund. The City adopts an annual appropriated budget for all governmental funds. A budgetary comparison schedule has been provided as supplementary information to demonstrate compliance with the budget.

Proprietary funds. The City maintains five proprietary funds. These five funds are maintained as *Enterprise 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.

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.

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 accompanying notes, this report also presents certain *required supplementary information*. This supplementary information contains reports concerning the City's General Fund operations compared to budget, changes in the net pension liability, a schedule of pension contributions and notes to the contributions, and progress in funding its other postemployment benefits to retirees. The City continues to apply the requirements of GASB - Statement No. 44, *Economic Condition Reporting: The Statistical Section* – an amendment to NCGA Statement No. 1, and has updated the Statistical Section of this CAFR accordingly. The requirements of GASB – Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* have also been incorporated into this report and further details may be found in the *notes to the financial reports* and in the *required supplementary information*. GASB – Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions* have been implemented and further details may also be found in the *notes to the financial statements*. GASB – Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB – Statement No. 65, *Items Previously Reported as Assets and Liabilities*, has been implemented in this report and further details may be found in the notes to the financial reports. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* was implemented in the current year. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and No. 27*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria in this statement, and further details may also be found in the notes to the financial reports. GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)*, was also implemented in the current year. This statement addresses the issue regarding application of the transition provisions for GASB Statement No.

68. More detail regarding this statement can be found in the notes to the financial reports.

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 2015, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$76,960,299.

A very large portion of the City's net position (65.2%) reflects its net investment in capital assets, \$50,154,634 (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	
	2015	2014 (A)	2015	2014 (A)	2015	2014 (A)
Current and other assets	\$13,939,578	\$12,901,279	\$ 32,221,653	\$ 29,094,188	\$ 46,161,231	\$ 41,995,467
Capital assets	46,557,984	45,228,032	68,695,258	70,150,962	115,253,242	115,378,994
Total assets	60,497,562	58,129,311	100,916,911	99,245,150	161,414,473	157,374,461
Deferred outflows of resources	2,261,326	151,451	965,292	374,938	3,226,618	526,389
Long-term liabilities	34,723,241	25,965,461	45,741,074	43,116,943	80,464,315	69,082,404
Other liabilities	3,316,193	2,062,759	3,900,284	3,609,572	7,216,477	5,672,331
Total liabilities	38,039,434	28,028,220	49,641,358	46,726,515	87,680,792	74,754,735
Net Position:						
Net investment in capital assets	21,692,143	19,046,817	28,462,491	29,206,459	50,154,634	48,253,276
Restricted-debt service	838,134	821,729	3,570,002	3,165,146	4,408,136	3,986,875
Restricted – tourism	318,925	302,745	-	-	318,925	302,745
Restricted – public safety	215,226	181,694	-	-	215,226	181,694
Restricted – capital improvements	-	-	3,948,899	-	3,948,899	-
Nonexpendable – Prepays	-	1,550,000	-	-	-	1,550,000
Nonexpendable-cemetery fund	767,678	741,419	-	-	767,678	-
Unrestricted	887,348	7,608,138	16,259,453	20,521,968	17,146,801	28,130,106
Total net position	\$24,719,454	\$30,252,542	\$ 52,240,845	\$ 52,893,573	\$ 76,960,299	\$ 83,146,115

(A) The City was required to adopt GASB Statement No. 68 effective October 1, 2015. As permitted by GASB Statement No. 68, the prior fiscal year was not restated.

An additional portion of the City of Boerne's net position, \$9,658,864; represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$17,146,801; 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. The same situation held true for the prior fiscal year.

There was a 42.8% increase, \$2,896,131, in total restricted net position reported: a decrease of \$1,457,624 in governmental activities and an increase of \$4,353,755 in the City's business-type activities. The major components of these above noted changes are explained in more detail on pages 24 - 27.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014 (A)	2015	2014 (A)	2015	2014 (A)
Revenues:						
Program revenues:						
Charges for services	\$ 5,573,111	\$ 5,491,240	\$28,621,202	\$26,291,735	\$34,194,313	\$31,782,975
Operating Grants and Contributions	677,415	599,513	57,365	28,959	734,780	628,472
Capital contributions	2,096,374	5,781,669	4,653,095	5,780,513	6,749,469	11,562,182
General revenues:						
Property taxes	6,279,784	5,883,300	-	-	6,279,784	5,883,300
Sales taxes	5,841,658	5,460,798	-	-	5,841,658	5,460,798
Other taxes	553,729	498,886	-	-	553,729	498,886
Other	467,945	273,934	116,525	52,210	584,470	326,144
Total revenues	21,490,016	23,989,340	33,448,187	32,153,417	54,938,203	56,142,757
Expenses:						
General government	4,621,744	3,007,864	-	-	4,621,744	3,007,864
Public safety	9,300,269	8,835,090	-	-	9,300,269	8,835,090
Highways/streets	2,452,071	2,357,844	-	-	2,452,071	2,357,844
Economic development	915,793	761,734	-	-	915,793	761,734
Culture and recreation	3,470,167	5,091,619	-	-	3,470,167	5,091,619
Interest on long-term debt	805,586	1,104,084	-	-	805,586	1,104,084
Electric	-	-	14,422,455	14,159,182	14,422,455	14,159,182
Water	-	-	4,680,585	4,418,399	4,680,585	4,418,399
Wastewater	-	-	6,496,625	6,178,373	6,496,625	6,178,373
Gas	-	-	1,925,674	1,992,137	1,925,674	1,992,137
Garbage	-	-	700,442	598,292	700,442	598,292
Total expenses	21,565,630	21,158,235	28,225,781	27,346,383	49,791,411	48,504,618
Increase (Decrease) in net position before transfers	(75,614)	2,831,105	5,222,406	4,807,034	5,146,792	7,638,139
Transfers	2,610,209	552,876	(2,610,209)	(552,876)	-	-
Increase (Decrease) in net position	2,534,595	3,383,981	2,612,197	4,254,158	5,146,792	7,638,139
Beginning net position (restated)	22,184,859	26,868,561	49,628,648	48,639,415	71,813,507	75,507,976
Ending net position	\$24,719,454	\$30,252,542	\$52,240,845	\$52,893,573	\$76,960,299	\$83,146,115

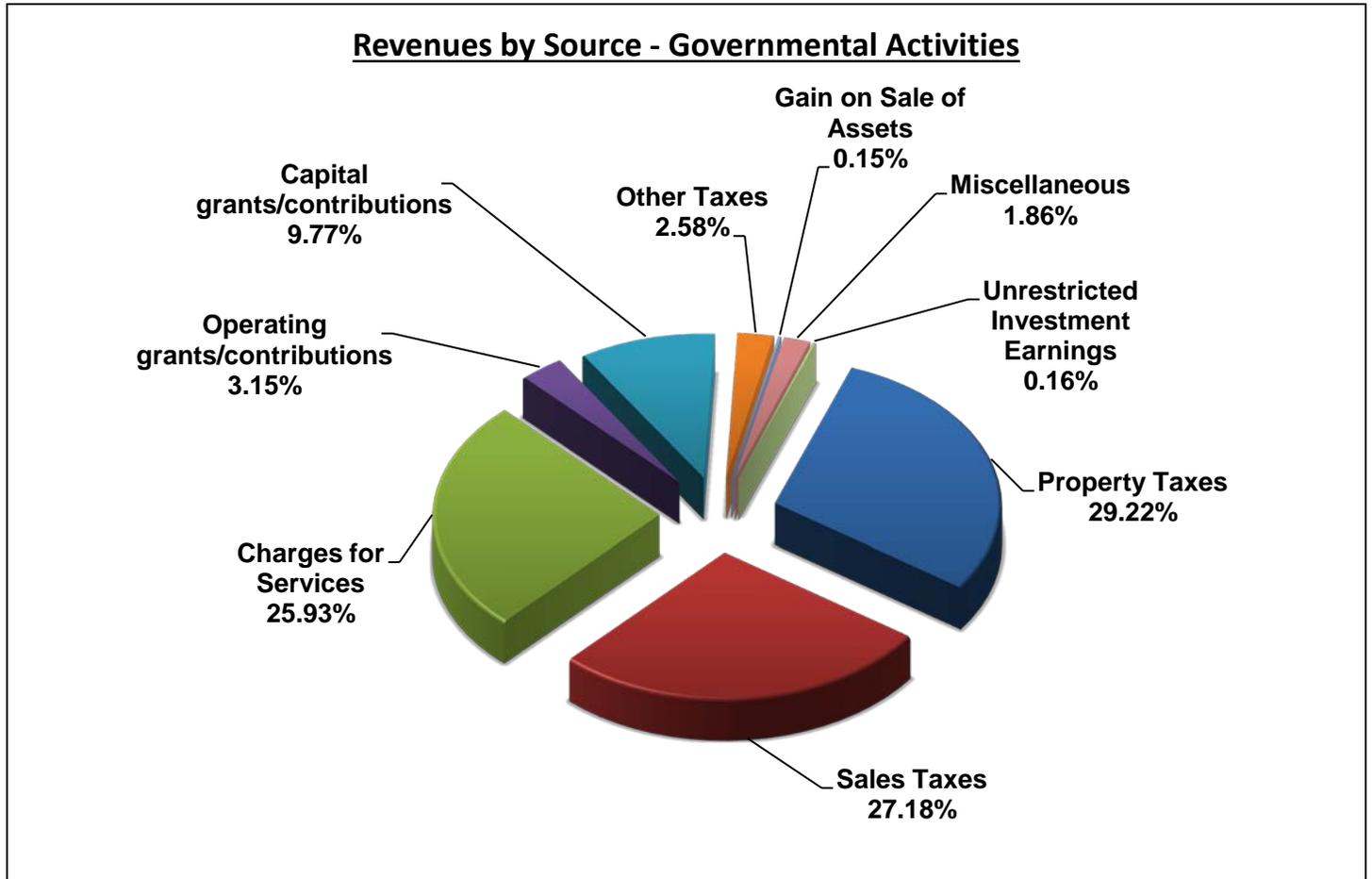
(A) The City was required to adopt GASB Statement No. 68 effective October 1, 2015. As permitted by GASB Statement No. 68, the prior fiscal year was not restated.

Governmental activities. Governmental activities increased the City of Boerne's restated net position by \$2,534,595. Key elements of this increase are as follows:

- General revenues increased by 8.5% or \$1,026,198 from the previous year. All revenue in this category saw an increase over prior year due to continued growth in the City.
- Capital contribution revenues decreased by 63.7% or \$3,685,295 from the previous year due to fewer developer completed streets and a large

capital contribution of completed streets from developers in the prior year.

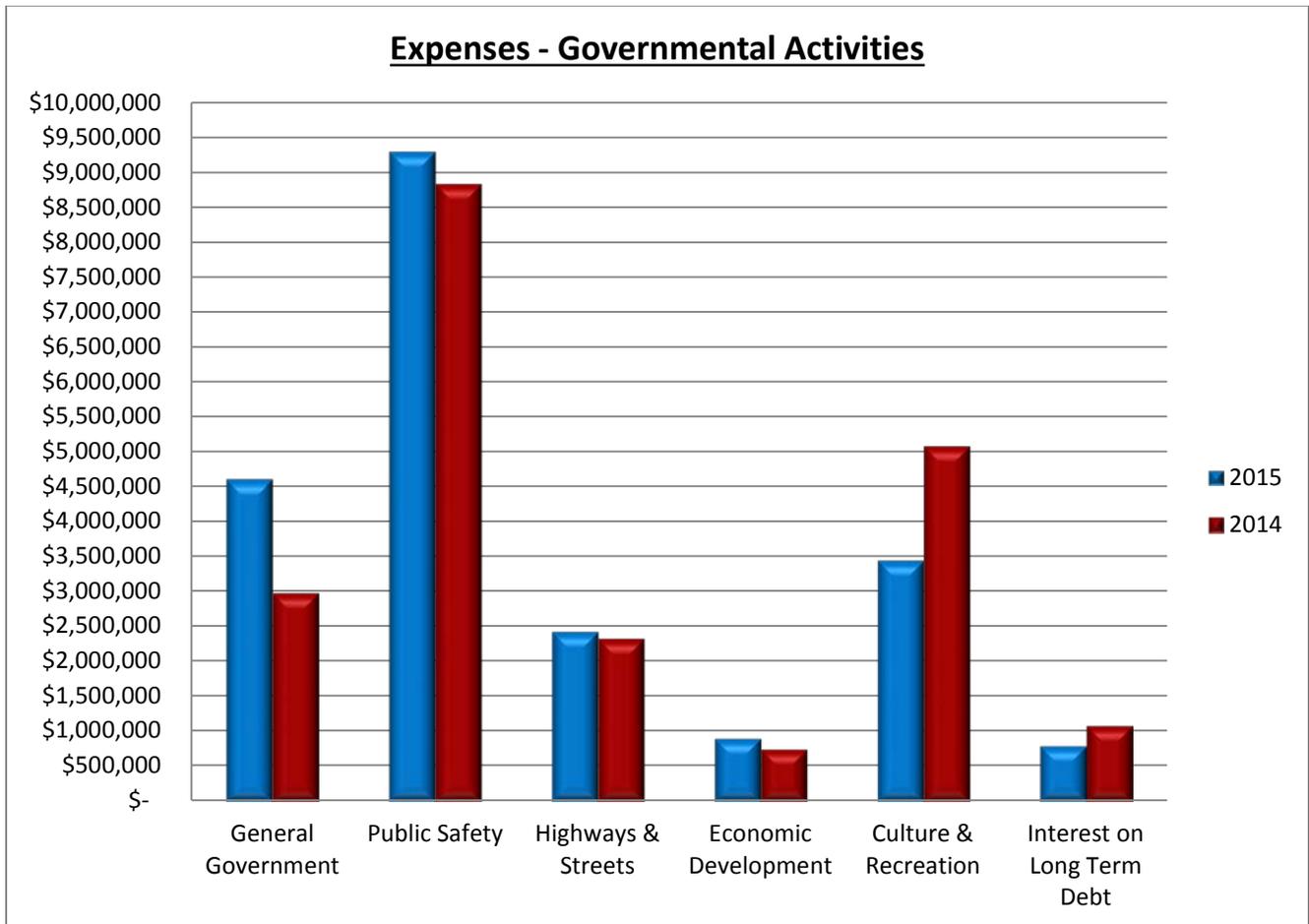
- Transfers increased by 372% or \$2,057,333 from the previous year. Transfers from the proprietary funds increased to help with the cost of road projects and the maintenance shop expansion.



A slight increase in total expenses of 1.9% contributed to the decrease in net position before transfers for the year. Some of the reasons for the increase in expenses are:

- General governmental expenses increased by \$1,613,880 or 53.7% from the previous year due to the addition of personnel and payments to TxDot of \$1,340,000 for road improvement projects.
- Public safety expenses increased by \$465,179 or 5.3%. This is due to an increase in operational costs for all departments and personnel costs as both the police and fire department added additional personnel during the year.

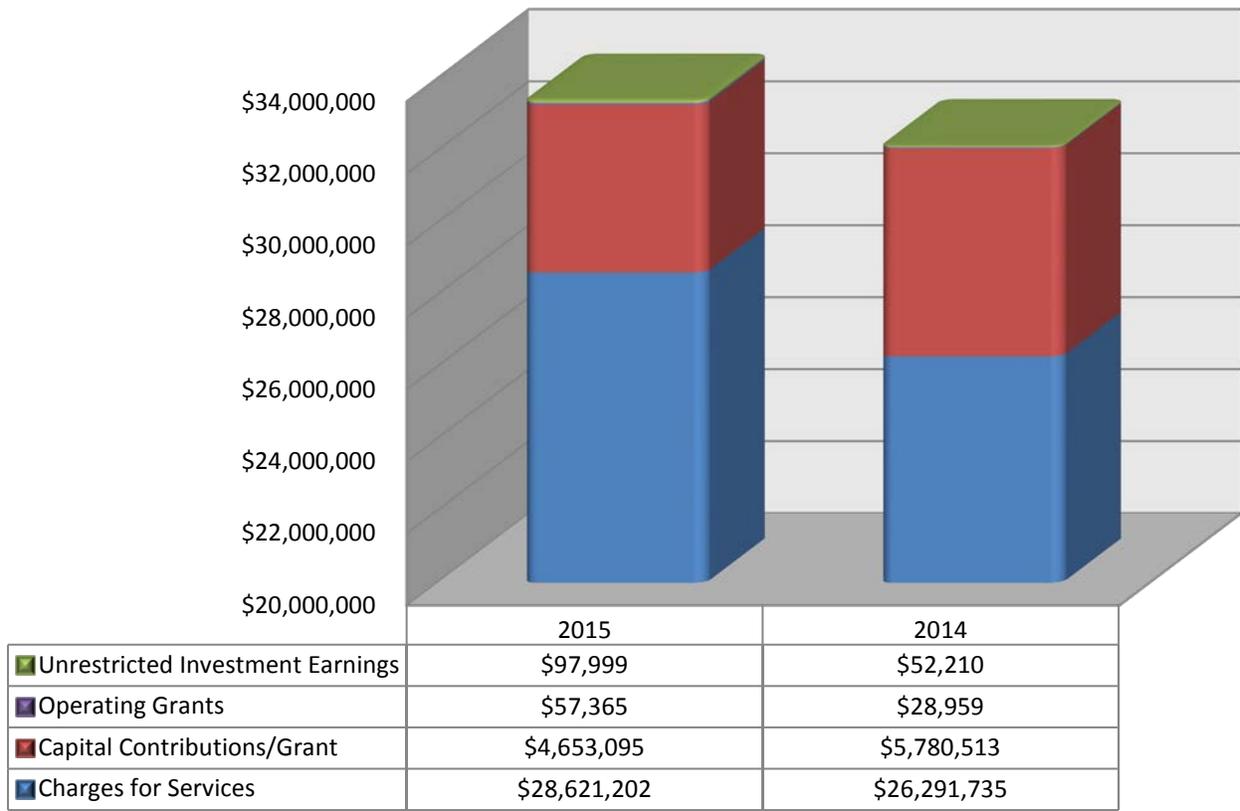
- Culture and recreation expenses decreased by \$1,621,452 or 31.8%. This decrease can be attributed to a decrease in depreciation expense due to several large items becoming fully depreciated.



Business-type activities. Business-type activities increased the City of Boerne’s restated net position by \$2,612,197. Key elements of this increase are as follows:

- Charges for services increased by 8.9% or \$2,329,467 from the previous year. The majority of this increase is attributable to an increase in rates in the Electric fund.
- Investment earnings increased by 87.7% or \$45,789. This increase is due to the City investing more dollars in higher yield investments.
- Capital contributions decreased by 19.5% of \$1,127,418. This is due to a decrease in developer contributions of completed infrastructure to the City.

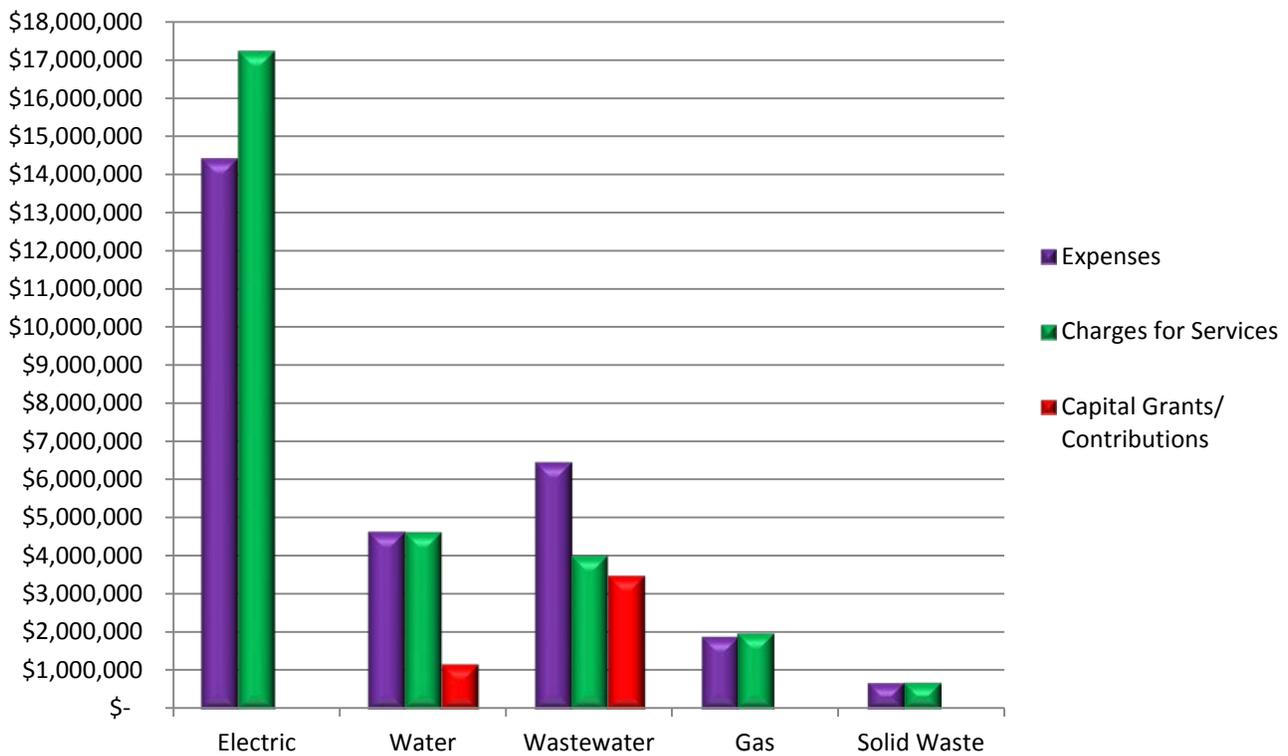
Revenues by Source - Business-type Activities



An increase in total expenses of 3.2% and transfers of 372% reduced some of the gains seen in revenues but still allowed for an increase in net position. Some of the reasons for the increase in expenses are:

- Electric expenses increased by \$263,273 from the previous year due to an increase in the cost of power purchased.
- Wastewater expenses increased by \$318,252 from the previous year. This is due to an increase in operational costs and additional chemicals required after the flooding that occurred during the year.
- Transfers increased by \$2,057,333 from the previous year. This increase is due to transfers to the General Fund to assist with road projects and the maintenance shop expansion.

Expenses and Program Revenues - Business-type Activities



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 \$11,949,039, a decrease of \$10,390 in comparison with the prior year as a result of a large increase in capital outlay due to several road projects. Approximately 64% of this total amount, \$7,651,822, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. Of the remaining fund balance, \$1,707,008 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 \$772,256 is nonspendable in that the funds are required to be maintained intact as in the case of the permanent Cemetery fund. The other \$1,817,953 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, and for Economic Development projects within the City.

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 \$7,651,822. 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 50.4 % of total general fund expenditures. The fund balance in the City's general fund increased by \$503,069 (6.8%) during the current fiscal year. This increase in fund balance can be mainly attributed to:

- An increase of \$2,389,250 in transfers in over the prior year.
- An increase in total revenues was completely offset by a large increase in capital outlay.

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 \$8,552,116, Water \$4,405,842, Wastewater \$2,875,786, Gas \$126,448, and Solid Waste \$299,261. The total increase in net position for these funds of \$2,612,197; was an increase of \$119,449, \$1,096,565, \$877,485, \$499,715, and \$18,983 to Electric, Water, Wastewater, Gas, and Solid Waste respectively.

All utilities except Wastewater had positive net income before capital contributions and transfers. Wastewater was at (\$2,384,713) due in part to a 8.0% increase in operating expenses with the majority of that increase coming from an increase in personnel costs of 15.2% due to the addition of new personnel. Electric, Water, Gas and Solid Waste utilities were at \$2,869,236; \$49,258; \$73,047; and \$18,983 respectively. The positive net income in Electric can be attributed to a 13.8% increase in the charges for sales and service revenue due to an increase in our electric rates. The positive net income in Water is due to an increase (265%) in investment revenues and the increase in revenue staying ahead of the increase in expenses. The positive net income in Gas can be attributed to slightly lower cost of fuel purchased from the prior year. The positive net income in Solid Waste is due to a growth in sales for the year (8.3%) keeping revenues ahead of the growth in expenses.

The combined utilities (not including Solid Waste) have a revenue bond coverage ratio of 2.62 times coverage which is an increase from the previous year's 1.98 times coverage. This increase in coverage ratio can be attributed to an increase in revenue available over the prior year. 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 \$2,600,440 (increase in appropriations) and can be summarized in part as follows:

- 1) Additional funds of \$300,000 were needed to transfer to the Park fund for the Old #9 trail rehab project.
- 2) The street department budget was increased by \$565,000 in order to do an upgrade to School Street.
- 3) The administration department budget was increased by \$100,000 for a land easement purchase.
- 4) Additional funds of \$1,340,000 were needed to record the payments to TxDOT for the IH-10 frontage road project and the Cascade Caverns road project.
- 5) The Emergency Operations department budget was increased by \$135,581 for expenditures related to a Texas Homeland Security grant.
- 6) The Planning & Zoning department budget was increased by \$71,500 for additional personnel costs related to the addition of a new employee and an increase in the health inspector contract.

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:

- Sales tax revenue was more than the final budget by \$198,982 due to continued growth in the City during the fiscal year;
- Franchise fees exceeded the final budget by \$263,556 due to higher than anticipated street rental fees and telephone fees;
- Fines revenue was below the final budget by \$104,038 due to a decrease in citations issued;
- Miscellaneous revenues were \$169,793 more than budget due to an agreement with Kendall West Utilities for an easement purchase;
- Street department expenditures were \$272,740 under budget due to personnel vacancies and reduced road construction costs;
- Capital outlay expenditures were under budget by \$254,315 due to the expansion of the mechanic shop being incomplete at year end.

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, 2015, amounts to \$115,253,242 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, and construction in progress. The total decrease in the City's investment in net capital assets for the current fiscal year was \$125,752 (a 2.9% increase for governmental activities and a 2.1% decrease for business-type activities).

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

- School Street rehab project - \$550,607;
- Infrastructure contributed by developers to streets - \$1,522,007;

- City Park road extension - \$49,779;
- Veteran's Park renovations - \$437,090;
- Purchase of new vehicles in General Government - \$250,514;
- Improvements to the Electric Utility distribution system - \$173,342;
- Improvements to the Reuse Water distribution system - \$851,628;
- Infrastructure contributed by developers for water system – \$486,640;
- Infrastructure contributed by developers for wastewater system – \$675,165;
- Improvements to the Gas Utility distribution system - \$464,973

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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2015	2014	2015	2014	2015	2014
Land	\$ 9,672,383	\$ 9,572,195	\$ 2,686,158	\$ 2,686,158	\$ 12,358,541	\$ 12,258,353
Buildings and Plant	14,483,833	15,513,489	31,178,169	33,118,005	45,662,002	48,631,494
Improvements Other Than Buildings	19,292,702	17,551,606	33,458,302	32,890,324	52,751,004	50,441,930
Machinery & Equipment	2,083,254	2,181,030	1,091,597	1,046,067	3,174,851	3,227,097
Construction In Progress	1,025,812	409,712	281,032	410,408	1,306,844	820,120
Total	\$ 46,557,984	\$ 45,228,032	\$ 68,695,258	\$ 70,150,962	\$ 115,253,242	\$ 115,378,994

For a more detailed presentation on capital assets, please refer to the Notes to Financial Statements on pages 66-68.

Long-term Debt.

At the end of the current fiscal year, the City of Boerne had total debt outstanding of \$67,880,000. Of this amount, \$25,185,000 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., utility revenue bonds).

City of Boerne's Outstanding Debt

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2015	2014	2015	2014	2015	2014
General Obligation	\$ 25,185,000	\$26,180,000	\$ -	\$ -	\$25,185,000	\$26,180,000
Revenue Bonds	\$ -	\$ -	\$42,695,000	\$43,895,000	\$42,695,000	\$43,895,000
Total	\$ 25,185,000	\$26,180,000	\$42,695,000	\$43,895,000	\$67,880,000	\$70,075,000

The City's total debt decreased by \$2,195,000 during the current fiscal year. The net decrease was the result of principal payments on the debt

The City of Boerne currently has a rating from Moody's of "Aa3" on both its General Obligation bonded debt and also on its Utility System Revenue debt. At the same time, Fitch affirmed the City's rating on General Obligation debt at "AA-" with the rating outlook as "positive". The current Fitch rating on the City's Utility System Revenue debt is "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 \$133,944,913, which is significantly in excess of the City of Boerne's outstanding \$25,185,000 General Obligation debt. Additional detailed information on debt for the City may be found in the Notes to Financial Statements on pages 70-73.

Economic Factors and Next Year's Budgets

- Sales Tax revenues are stable and have been escalating over the last several years.
- 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 6% growth rate in ad valorem tax revenues which is consistent with the previous year.
- New development and new home construction is projected to continue at the same pace as the past fiscal year. Over 1,000 new home sites have become ready to build on in the last two fiscal years and another 4,000 are in some stage of development.
- A slight increase is expected for investment interest rates during this fiscal year.
- The City included significant funding in the fiscal year 2015 budget specifically for projects aimed at spurring economic development. Several Chapter 380 Economic Development Agreements were completed in FY 2015. 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 2016 and beyond.
- 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 the fourth consecutive year, approximately \$500,000 was set aside and utilized in this manner, including the amount established for the 2016 fiscal year.

These factors were considered in preparing the City of Boerne's budget for the 2016 fiscal year:

- General Government Budget was balanced with no Ad Valorem Tax increase but a projected increase in Sales Tax.
- Permits and fees revenues were forecast with a slight increase over the past fiscal year budget.
- Several one-time projects will be completed during the year and will be financed by General Government revenues and excess fund balance:
 - a. Traffic Signal Priority System for the Fire Department - \$176,000;
 - b. City Park concession stand renovation - \$50,000;
 - c. Optimist Park renovations - \$300,000;
- A rate increase of 3.0% was included in the 2016 budget for the Gas fund. The rate increase was needed to off-set increasing operational costs. Electric, Water, and Wastewater are experiencing sufficient customer growth to offset increasing operational costs.

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, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash, cash equivalents and investments	\$ 10,090,233	\$ 17,349,427	\$ 27,439,660
Receivables (net of allowance)	1,208,021	3,534,256	4,742,277
Internal balances	565,000	(565,000)	-
Inventories	-	965,369	965,369
Prepays	4,578	810	5,388
Restricted assets:			
Cash, cash equivalents and investments	1,448,649	10,936,791	12,385,440
Permanently restricted assets:			
Cash and cash equivalents	623,097	-	623,097
Capital assets not being depreciated:			
Land	9,672,383	2,686,158	12,358,541
Construction in progress	1,025,812	281,032	1,306,844
Capital assets net of accumulated depreciation:			
Buildings and plant	14,483,833	31,178,169	45,662,002
Improvements other than buildings	19,292,702	33,458,302	52,751,004
Machinery and equipment	2,083,254	1,091,597	3,174,851
Total Capital assets	46,557,984	68,695,258	115,253,242
Total Assets	60,497,562	100,916,911	161,414,473
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	755,208	355,779	1,110,987
Deferred outflows related to pension	1,506,118	609,513	2,115,631
Total deferred outflows of resources	2,261,326	965,292	3,226,618
LIABILITIES			
Accounts payable and accrued expenses	1,509,882	2,626,919	4,136,801
Non-current liabilities:			
Due within one year	1,806,311	1,273,365	3,079,676
Due beyond one year	34,723,241	45,741,074	80,464,315
Total Liabilities	38,039,434	49,641,358	87,680,792
NET POSITION			
Net investment in capital assets	21,692,143	28,462,491	50,154,634
Restricted for:			
Debt service	838,134	3,570,002	4,408,136
Tourism	318,925	-	318,925
Law enforcement	215,226	-	215,226
Capital improvements	-	3,948,899	3,948,899
Nonexpendable:			
Cemetery Fund - perpetual care	767,678	-	767,678
Unrestricted	887,348	16,259,453	17,146,801
Total net position	\$ 24,719,454	\$ 52,240,845	\$ 76,960,299

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

City of Boerne, Texas
Statement of Activities
Year Ended September 30, 2015

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and contributions	Capital Grants and contributions
Primary government:				
Governmental activities:				
General government	\$ 4,621,744	\$ 660,461	\$ 461,655	\$ 4,000
Public safety	9,300,269	2,366,888	-	168,021
Highways and streets	2,452,071	1,975,617	-	1,522,007
Economic development & assistance	915,793	-	-	-
Culture and recreation	3,470,167	570,145	215,760	402,346
Interest on long-term debt	805,586	-	-	-
Total governmental activities	21,565,630	5,573,111	677,415	2,096,374
Business-type activities				
Electric	14,422,455	17,248,469	-	5,326
Water	4,680,585	4,645,301	38,844	1,175,047
Wastewater	6,496,625	4,030,775	-	3,467,396
Gas	1,925,674	1,995,865	-	5,326
Solid Waste	700,442	700,792	18,521	-
Total business-type activities	28,225,781	28,621,202	57,365	4,653,095
Total Primary Government	\$ 49,791,411	\$ 34,194,313	\$ 734,780	\$ 6,749,469

General revenues:

Taxes:

Property taxes

Sales taxes

Other taxes

Investment earnings

Miscellaneous

Gain on Sale of Assets

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning (restated)

Net position - ending

(Continued)

**City of Boerne, Texas
Statement of Activities
Year Ended September 30, 2015**

Net (Expenses) Revenues and Changes in Net Position			
Governmental	Business	Total	
\$ (3,495,628)	\$ -	\$ (3,495,628)	
(6,765,360)	-	(6,765,360)	
1,045,553	-	1,045,553	
(915,793)	-	(915,793)	
(2,281,916)	-	(2,281,916)	
(805,586)	-	(805,586)	
(13,218,730)	-	(13,218,730)	
-	2,831,340	2,831,340	
-	1,178,607	1,178,607	
-	1,001,546	1,001,546	
-	75,517	75,517	
-	18,871	18,871	
-	5,105,881	5,105,881	
\$ (13,218,730)	\$ 5,105,881	\$ (8,112,849)	
\$ 6,279,784	\$ -	\$ 6,279,784	
5,841,658	-	5,841,658	
553,729	-	553,729	
34,758	97,999	132,757	
399,398	-	399,398	
33,789	18,526	52,315	
2,610,209	(2,610,209)	-	
15,753,325	(2,493,684)	13,259,641	
2,534,595	2,612,197	5,146,792	
22,184,859	49,628,648	71,813,507	
\$ 24,719,454	\$ 52,240,845	\$ 76,960,299	

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, 2015

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash, cash equivalents, and investments	\$ 8,028,353	\$ 826,830	\$ 2,683,699	\$ 11,538,882
Receivables	1,075,291	35,586	97,144	1,208,021
Due from other funds	565,000	-	-	565,000
Prepays	4,578	-	-	4,578
Restricted - permanent fund				
Cash and cash equivalents	-	-	623,097	623,097
Total assets	<u>\$ 9,673,222</u>	<u>\$ 862,416</u>	<u>\$ 3,403,940</u>	<u>\$ 13,939,578</u>
LIABILITIES				
Accounts payable	\$ 1,164,258	\$ -	\$ 106,616	\$ 1,270,874
Other payables	121,043	-	36,073	157,116
Unearned revenue	8,279	-	-	8,279
Total liabilities	<u>1,293,580</u>	<u>-</u>	<u>142,689</u>	<u>1,436,269</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 21,890	\$ 24,282	\$ 21,972	\$ 68,144
Unavailable revenue - sales taxes	486,126	-	-	486,126
Total deferred inflows of resources	<u>508,016</u>	<u>24,282</u>	<u>21,972</u>	<u>554,270</u>
FUND BALANCES:				
Nonspendable:				
Cemetery fund	-	-	767,678	767,678
Prepays	4,578	-	-	4,578
Restricted:				
Law enforcement seized funds	83,579	-	-	83,579
Court technology	47,480	-	-	47,480
Court security	84,167	-	-	84,167
Debt service	-	838,134	-	838,134
Hotel/Motel-tourism promotion	-	-	318,925	318,925
Capital projects funds:				
Public Safety Center	-	-	93,135	93,135
Sidewalks	-	-	181,309	181,309
Library	-	-	42,843	42,843
Public Safety	-	-	17,436	17,436
Assigned:				
Parks & recreation	-	-	941,694	941,694
Library	-	-	365,324	365,324
Economic Development	-	-	510,935	510,935
Unassigned	7,651,822	-	-	7,651,822
Total fund balances	<u>7,871,626</u>	<u>838,134</u>	<u>3,239,279</u>	<u>11,949,039</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,673,222</u>	<u>\$ 862,416</u>	<u>\$ 3,403,940</u>	

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported in the funds. 46,557,984

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds. (36,529,552)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 2,815,596

Accrued interest on debt is not reported in the funds. (73,613)

Net position of governmental activities \$ 24,719,454

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 Balance
Governmental Funds
Year Ended September 30, 2015

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 2,131,566	2,147,084	1,984,591	\$ 6,263,241
Sales tax	5,876,279	-	-	5,876,279
Hotel-Motel Tax	-	-	553,729	553,729
Library, parks & swimming revenues	-	-	669,848	669,848
Franchise fees	2,568,986	-	-	2,568,986
Licenses and permits	698,757	-	-	698,757
Fines	238,562	-	-	238,562
Rents	66,376	-	-	66,376
Grants	148,740	-	1,137	149,877
Contributions & donations	1,788,223	-	616,969	2,405,192
Miscellaneous	340,793	-	81,886	422,679
Investment earnings	33,191	628	4,953	38,772
Total revenues	13,891,473	2,147,712	3,913,113	19,952,298
Expenditures:				
Current:				
Administration	1,750,992	-	-	1,750,992
Streets	1,286,420	-	-	1,286,420
Law enforcement	3,753,513	-	-	3,753,513
Municipal court	269,971	-	-	269,971
Animal control	189,973	-	-	189,973
Facilities and emergency operations	701,610	-	-	701,610
Planning/Code enforcement	770,567	-	-	770,567
Convention/community center	283,688	-	-	283,688
Communications	876,988	-	-	876,988
Information technology	596,041	-	-	596,041
Fire department	1,403,735	-	-	1,403,735
Park Fund	-	-	1,762,384	1,762,384
Library Fund	-	-	946,743	946,743
Hotel/Motel Fund	-	-	511,760	511,760
Cemetery Fund	-	-	68,889	68,889
Economic Development Fund	-	-	392,793	392,793
Capital outlay	3,302,992	-	1,413,646	4,716,638
Debt service:				
Principal	-	1,270,000	-	1,270,000
Interest	-	822,884	-	822,884
Bond issuance costs	-	213,022	-	213,022
Fiscal agent fees	-	1,881	-	1,881
Total expenditures	15,186,490	2,307,787	5,096,215	22,590,492
Excess/(Deficiency) of revenues over (under) expenditures	(1,295,017)	(160,075)	(1,183,102)	(2,638,194)

(Continued)

City of Boerne, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2015

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):				
Transfers in	2,467,126	214,231	1,007,221	3,688,578
Transfers out	(721,452)	-	(356,917)	(1,078,369)
Sale of Capital Assets	52,412	-	2,934	55,346
General Obligation bonds refunded	-	9,560,000	-	9,560,000
Payment to escrow agent for refunded bonds	-	(9,953,312)	-	(9,953,312)
Premium on Refunded debt	-	355,561	-	355,561
Total other financing sources (uses)	<u>1,798,086</u>	<u>176,480</u>	<u>653,238</u>	<u>2,627,804</u>
Net change in fund balances	503,069	16,405	(529,864)	(10,390)
Fund balances - beginning	7,368,557	821,729	3,769,143	11,959,429
Fund balances - ending	<u>\$ 7,871,626</u>	<u>\$ 838,134</u>	<u>\$ 3,239,279</u>	<u>\$ 11,949,039</u>

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, 2015

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

Net change in fund balances-total governmental funds	\$	(10,390)
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 \$1,699,121 in capital outlay expense which did not meet capitalization threshold.		(176,534)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins) is to increase net position.		1,506,486
The issuance of long-term debt (no current year issues) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of the governmental funds. Neither transaction has an effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,301,625
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		(18,078)
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.		(68,514)
Change in net position of governmental activities	<u>\$</u>	<u>2,534,595</u>

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

City of Boerne, Texas
Statement of Net Position
Proprietary Funds
September 30, 2015

	Business-type Activities-Enterprise Funds					Total
	Electric	Water	Wastewater	Gas	Solid Waste	
ASSETS						
Current assets:						
Cash, cash equivalents and investments	\$ 8,638,022	\$ 4,637,238	\$ 3,353,221	\$ 353,720	\$ 310,099	\$ 17,292,300
Accounts receivable	2,217,987	645,767	472,191	146,922	51,389	3,534,256
Inventories	712,039	130,108	11,151	112,071	-	965,369
Prepays	810	-	-	-	-	810
Restricted cash and cash equivalents:						
Customer deposits	500,601	472,355	-	80,094	-	1,053,050
Revenue bond covenant accounts	15,266	173,028	448,627	14,882	-	651,803
Total current assets	12,084,725	6,058,496	4,285,190	707,689	361,488	23,497,588
Non-current assets:						
Restricted cash, cash equivalents and investments:						
Revenue bond covenant accounts	149,596	241,362	2,377,645	149,596	-	2,918,199
Bond construction	-	-	2,421,967	-	-	2,421,967
Capital contributions	-	2,909,196	1,039,703	-	-	3,948,899
Capital assets:						
Land	84,601	772,633	1,784,655	44,269	-	2,686,158
Buildings/Plant	773,342	1,790,302	37,723,045	141,725	-	40,428,414
System improvements	11,595,477	22,682,641	18,155,450	6,127,017	-	58,560,585
Machinery and equipment	2,047,924	1,144,479	798,259	531,095	12,333	4,534,090
Construction in progress	-	9,500	271,532	-	-	281,032
Less accumulated depreciation	(7,757,392)	(13,508,706)	(13,823,046)	(2,693,544)	(12,333)	(37,795,021)
Total capital assets (net)	6,743,952	12,890,849	44,909,895	4,150,562	-	68,695,258
Total non-current assets	6,893,548	16,041,407	50,749,210	4,300,158	-	77,984,323
Total assets	18,978,273	22,099,903	55,034,400	5,007,847	361,488	101,481,911
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	-	8,401	347,378	-	-	355,779
Deferred outflows related to pension	246,894	150,633	136,881	75,105	-	609,513
Total deferred outflows of resources	246,894	159,034	484,259	75,105	-	965,292
LIABILITIES						
Current liabilities payable from non-restricted assets:						
Accounts payable	880,355	150,307	132,377	48,205	54,166	1,265,410
Other payables	106,760	10,287	9,091	11,076	8,061	145,275
Compensated absences	7,225	1,869	2,717	987	-	12,798
Due to other funds	565,000	-	-	-	-	565,000
Total current liabilities payable from non-restricted assets	1,559,340	162,463	144,185	60,268	62,227	1,988,483
Current liabilities payable from restricted assets:						
Customer deposits	500,601	472,355	-	80,094	-	1,053,050
Revenue bonds payable	45,000	303,401	787,166	125,000	-	1,260,567
Accrued interest payable	2,356	5,313	149,134	6,381	-	163,184
Total current liabilities payable from restricted assets	547,957	781,069	936,300	211,475	-	2,476,801
Total current liabilities	2,107,297	943,532	1,080,485	271,743	62,227	4,465,284
Non-current liabilities:						
Compensated absences	137,279	35,511	51,617	18,753	-	243,160
Revenue bonds payable	605,000	1,036,219	38,358,981	1,635,000	-	41,635,200
Net pension liability	1,564,661	954,617	867,468	475,968	-	3,862,714
Total non-current liabilities	2,306,940	2,026,347	39,278,066	2,129,721	-	45,741,074
Total liabilities	4,414,237	2,969,879	40,358,551	2,401,464	62,227	50,206,358
NET POSITION						
Net investment in capital assets	6,093,952	11,559,630	8,418,347	2,390,562	-	28,462,491
Restricted net position						
Restricted for debt service	164,862	414,390	2,826,272	164,478	-	3,570,002
Restricted for capital improvements - impact fees	-	2,909,196	1,039,703	-	-	3,948,899
Unrestricted	8,552,116	4,405,842	2,875,786	126,448	299,261	16,259,453
Total Net Position	\$ 14,810,930	\$ 19,289,058	\$ 15,160,108	\$ 2,681,488	\$ 299,261	\$ 52,240,845

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

City of Boerne, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended September 30, 2015

Business-type Activities-Enterprise Funds

	Electric	Water	Wastewater	Gas	Solid Waste	Total
Operating revenues:						
Charges for sales and services	\$ 16,581,472	\$ 4,370,148	\$ 3,962,014	\$ 1,837,310	\$ 693,931	\$ 27,444,875
Connection fees	4,473	-	15,121	115,228	-	134,822
Primary extensions	283,395	64,476	-	12,562	-	360,433
Penalties	131,981	49,396	49,444	17,511	6,861	255,193
Other	247,148	161,281	4,196	13,254	-	425,879
Total operating revenues	17,248,469	4,645,301	4,030,775	1,995,865	700,792	28,621,202
Operating expenses:						
Cost of fuel and water reservation	9,441,609	1,293,381	-	619,748	-	11,354,738
Personnel	1,968,918	1,218,156	1,105,027	608,097	-	4,900,198
Franchise fees	1,473,664	209,020	200,029	92,816	630,218	2,605,747
Administration	892,084	646,310	678,884	226,404	34,779	2,478,461
Depreciation	530,618	1,196,407	2,673,147	286,890	-	4,687,062
Other	85,493	13,714	25,820	10,374	-	135,401
Total operating expenses	14,392,386	4,576,988	4,682,907	1,844,329	664,997	26,161,607
Operating income (loss)	2,856,083	68,313	(652,132)	151,536	35,795	2,459,595
Non-operating revenues (expenses):						
Investment earnings	39,316	33,807	24,522	242	112	97,999
Grant reimbursement	-	38,844	56,500	-	18,521	113,865
Interest expense	(30,069)	(68,981)	(1,800,530)	(81,345)	-	(1,980,925)
Grant expense	-	(34,616)	-	-	(35,445)	(70,061)
Bond costs	-	-	(13,188)	-	-	(13,188)
Gain on sale of capital assets	3,906	11,891	115	2,614	-	18,526
Total non-operating revenues (expenses)	13,153	(19,055)	(1,732,581)	(78,489)	(16,812)	(1,833,784)
Income (loss) before capital contributions and transfers	2,869,236	49,258	(2,384,713)	73,047	18,983	625,811
Capital contributions	5,326	1,175,047	3,410,896	5,326	-	4,596,595
Transfers in	-	438,123	300,000	431,917	-	1,170,040
Transfers out	(2,755,113)	(565,863)	(448,698)	(10,575)	-	(3,780,249)
Change in net position	119,449	1,096,565	877,485	499,715	18,983	2,612,197
Net position - beginning (as restated)	14,691,481	18,192,493	14,282,623	2,181,773	280,278	49,628,648
Net position - ending	\$ 14,810,930	\$ 19,289,058	\$ 15,160,108	\$ 2,681,488	\$ 299,261	\$ 52,240,845

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, 2015

	Business-type Activities-Enterprise Funds					Totals
	Electric	Water	Wastewater	Gas	Solid Waste	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 17,129,135	\$ 4,425,653	\$ 4,008,989	\$ 1,999,548	\$ 691,695	\$ 28,255,020
Payments to suppliers	(11,147,642)	(2,159,963)	(814,277)	(964,098)	(655,874)	(15,741,854)
Payments to employees	(1,964,245)	(1,214,610)	(1,104,373)	(605,553)	-	(4,888,781)
Net cash provided by operating activities	4,017,248	1,051,080	2,090,339	429,897	35,821	7,624,385
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	438,123	300,000	431,917	-	1,170,040
Transfers out	(2,755,113)	(565,863)	(448,698)	(10,575)	-	(3,780,249)
Grant reimbursement (expense)	-	4,228	56,500	-	(16,924)	43,804
Net cash provided by (used in) noncapital financing activities	(2,755,113)	(123,512)	(92,198)	421,342	(16,924)	(2,566,405)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(423,585)	(892,684)	(188,160)	(554,472)	-	(2,058,901)
Capital Contributions	-	-	1,850,000	-	-	1,850,000
Capital Recovery Contributions	-	688,407	885,731	-	-	1,574,138
Proceeds from sale of assets	3,906	11,891	115	2,614	-	18,526
Revenue bonds and certificates-principal	(45,000)	(285,000)	(750,000)	(120,000)	-	(1,200,000)
Revenue bonds and certificates-interest	(30,232)	(70,875)	(1,805,117)	(81,779)	-	(1,988,003)
Net cash provided by/(used) for capital and related financing activities	(494,911)	(548,261)	(7,431)	(753,637)	-	(1,804,240)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest earned	39,316	33,807	24,522	242	112	97,999
Net cash provided by investing activities	39,316	33,807	24,522	242	112	97,999
Net increase (decrease) in cash and cash equivalents	806,540	413,114	2,015,232	97,844	19,009	3,351,739
Balances - beginning of year	8,496,945	8,020,065	7,625,931	500,448	291,090	24,934,479
Balances - end of year	\$ 9,303,485	\$ 8,433,179	\$ 9,641,163	\$ 598,292	\$ 310,099	\$ 28,286,218
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 2,856,083	\$ 68,313	\$ (652,132)	\$ 151,536	\$ 35,795	\$ 2,459,595
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	530,618	1,196,407	2,673,147	286,890	-	4,687,062
Changes in assets, liabilities and deferred outflows:						
Accounts payable	744,408	(69,774)	91,734	31,546	9,123	807,037
Receivables	(145,339)	(117,428)	(21,785)	(11,683)	(9,097)	(305,332)
Inventory	26,710	(29,985)	(1,278)	(30,936)	-	(35,489)
Prepays	95	-	-	-	-	95
Deferred outflows	(63,163)	(38,536)	(35,018)	(19,214)	-	(155,931)
Net pension liability	58,414	35,639	32,385	17,770	-	144,208
Compensated absences	9,422	6,444	3,286	3,988	-	23,140
Net cash provided by operating activities	\$ 4,017,248	\$ 1,051,080	\$ 2,090,339	\$ 429,897	\$ 35,821	\$ 7,624,385
Noncash, investing, capital, and financing activities:						
Contribution of capital assets by Developers	\$ 5,326	\$ 486,640	\$ 675,165	\$ 5,326	\$ -	\$ 1,172,457

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

City of Boerne, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2015

	Agency Fund
ASSETS	
Cash and cash equivalents	<u>\$ 853</u>
Total assets	<u><u>\$ 853</u></u>
LIABILITIES	
Accounts payable	<u>\$ 853</u>
Total liabilities	<u><u>\$ 853</u></u>

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

City of Boerne, Texas
Notes to Financial Statements
September 30, 2015

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 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 of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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 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.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and qualifying expenditures have been incurred. Agency funds, however, are unlike all other types of funds, reporting only assets and liabilities. So Agency funds cannot be said to have a measurement focus.

City of Boerne, Texas
Notes to Financial Statements
September 30, 2015

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

The City reports the following major governmental funds:

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

The *debt service fund* accounts for all financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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: This fund does not meet the criteria for a major fund, but management has elected to present as a major fund for the benefit of the financial statement users.

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

City of Boerne, Texas
Notes to Financial Statements
September 30, 2015

period of time for payment and subsequent return of bonds posted in conjunction with legal cases pending in our municipal court system.

Additionally 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Direct expenses are still reflected in the various functional categories, whereas indirect expenses are not shown in the functional categories.

Amounts reported as program revenues include charges for service which represent charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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. The utilities also recognize capital recovery fees which are intended to recover the cost of connecting new customers to the system. 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.

City of Boerne, Texas
Notes to Financial Statements
September 30, 2015

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.

2. *Receivables and payables*

All outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". There is an internal balance of \$565,000 that existed at year end. All trade and property tax receivables are shown net of an allowance for uncollectibles. In accordance with the City's policy, the property tax receivable allowance is equal to fifteen percent of outstanding property taxes at September 30, 2015. Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy is billed October 1. The billings are considered past due on the following February 1st, at which time the applicable property is subject to lien, and penalties and interest are assessed.

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

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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. Taxes collected for debt interest and sinking are restricted in use for debt payments. Hotel/motel taxes collected are restricted in use to tourism and running the visitor center. There are two capital project funds that are used to report the proceeds of a General Obligation bond and Tax Note 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 estimated fair market 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
Buildings/Building Improvements	20
Public domain & system infrastructure	20-25
Vehicles	5-10
Office/computer/miscellaneous equipment	3-5

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6. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for 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 (expense/expenditure) until then. The City has two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. The second is contributions made to the pension plan in the 2015 fiscal year.

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 two sources: property taxes and sales taxes. These amounts are 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 are reported in governmental funds only if they have matured.

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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 in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

10. Fund balance

The City has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 two nonspendable fund balances for the permanent Cemetery fund and the prepaids.
- 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, 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 three 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; and the special revenue Economic Development fund with the specific purpose to bring economic development to the City.
- 4) “*Unassigned*” fund balances are those within the General Fund and represent fund balance that has not been restricted, committed, or

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assigned. The General fund is the only fund that the City reports with 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 2015, the City implemented the following GASB Statements:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* will improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and No. 27*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement. The implementation of this Statement resulted in a prior period adjustment to net position. See Footnote VI for more details.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)*, addresses the issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends Statement 68 to require that, at transition, a governmental entity beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine *all* such amounts. This implementation of this Statement did not have an effect on previously reported net position.

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12. Future GASB Statement Implementations

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement is effective for financial statements for periods beginning after June 15, 2015. The City will implement this Statement in fiscal year 2016.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, addresses accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016 for those entities not within the scope of Statement No. 68. The requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions, as well as those whose pension plans are within the scope of Statement No. 67 or Statement No. 68, are effective for fiscal years beginning after June 15, 2015. As the City is within the scope of Statement No. 68, the City will implement this Statement in fiscal year 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, addresses the need to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also

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includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The City will implement this Statement in fiscal year 2017.

GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, has as its primary objective to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. The City will implement this Statement in fiscal year 2018.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, identifies, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. The City will implement this Statement in fiscal year 2016.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. Various disclosures are required, and they should be organized by major tax abatement program, and may disclose information for individual tax abatement agreements within those programs. Requirements of this Statement are

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effective for financial statements for periods beginning after December 15, 2015. The City will implement this Statement in fiscal year 2017.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The implementation of Statement No. 78 will have no impact on the City as its pension plans cover only City employees.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. In the period this Statement is first applied, changes made to comply with this Statement should be applied on a prospective basis. The City will analyze Statement No. 79 to see if this Statement impacts the City. If it does the City will implement in fiscal year 2016 and 2017.

The City has not fully determined the effects that implementation of these statements will have on the City's financial statements.

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.

The governmental balance sheet includes reconciliation between *fund balance - total governmental fund* and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “accrued interest on debt is not recorded.” The details of this \$73,613 difference are as follows:

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<u>Debt Issue</u>	<u>C. of O.</u>	<u>G.O.</u>	<u>Tax Notes</u>	<u>Total</u>
Interest due 3/1/16	<u>-</u>	<u>72,805</u>	<u>808</u>	<u>\$73,613</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>				<u>\$73,613</u>

Also, the reconciliation states that “Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, not reported in the funds”. The details of this \$46,557,984 difference are as follows:

Total Capital assets	\$ 81,311,409
Accumulated depreciation	<u>(34,753,425)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 46,557,984</u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$36,529,552 difference are as follows:

Bonds payable	\$ 25,185,000
Bond premium	770,772
Compensated absences	719,049
OPEB obligation	309,899
Net pension liability	<u>9,544,832</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 36,529,552</u>

Another element of that reconciliation explains, “Other long-term assets are not available to pay for current period expenditures and, therefore, are not deferred in the funds.”

The details of this \$2,815,596 difference are as follows:

Unavailable sales tax revenues	\$ 486,126
Unavailable property tax revenues	68,144
Deferred loss on refunding	755,208
Deferred outflows - Pensions	<u>1,506,118</u>
Net adjustment to increase <i>fund balance-total governmental funds</i> to arrive at <i>net position-government activities</i>	<u>\$ 2,815,596</u>

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B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net *changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government - wide statement of activities.

One element of that reconciliation explains that “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 depreciation expense.” The details of this \$176,534 are as follows:

Capital outlays	\$ 4,716,638
Expense under capitalization threshold	(1,699,121)
Depreciation expense	<u>(3,194,051)</u>
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (176,534)</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins) is to decrease net position.” The details of this \$1,506,486 difference are as follows:

In the statement of activities, only the <i>gain</i> 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	(15,521)
Donations of capital assets and capital contributions increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources	<u>1,522,007</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,506,486</u>

Another element of that reconciliation states that “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.” The details of this \$1,301,625 difference are as follows:

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Issuance of General Obligation Refunding debt	\$ (9,560,000)
Principal repayment on long-term debt	10,555,000
Amortization of loss on refunding	603,757
Amortization of bond premium	<u>(297,132)</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,301,625</u>

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.” The details of this \$18,078 difference are as follows:

Change in deferred outflows - sales tax	\$ 16,543
Change in deferred outflows - property tax	<u>(34,621)</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (18,078)</u>

Another element of that reconciliation states that “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.” The details of this \$68,514 difference are as follows:

Change in compensated absences	\$ (68,697)
Change in interest expense	17,298
Change in net OPEB obligation	(46,084)
Change in pension expense	<u>28,969</u>
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (68,514)</u>

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 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,

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or increase in the budget, require 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	\$14,267,534	\$ 2,600,440	\$16,867,974
Hotel/Motel	517,116	25,500	542,616
Park	2,050,722	398,700	2,449,422
Utility Funds:			
Electric	16,571,005	1,935,000	18,506,005
Wastewater	6,539,003	154,000	6,693,003
Solid Waste	658,153	43,520	701,673
Total	\$40,603,533	\$ 5,157,160	\$45,760,693

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, 2015.

IV. Detailed notes on all funds

A. Deposits and investments

Investments are carried at amortized cost, which approximates fair value, if they have a remaining maturity at the time of purchase of one year or less. All other investments are carried at fair value.

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.

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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.

The City's investments in Pools are reported at an amount determined at amortized cost which approximates fair value per share of the pool's underlying portfolio. At year end, the City's carrying amount of deposits was \$3,085,270 and the bank balance was \$3,661,258. 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, 2015, the City had the following cash, cash equivalents and investments:

	Carrying/Fair Value	Investments Weighted Average Maturity (WAM) days
Cash on hand	\$ 2,461	N/A
Cash in bank	3,085,270	N/A
TexPool	22,382,580	58
Texas Term	68,211	0
Texas Class	3,006,788	6
TexStar	2,385,689	5
U.S. Agencies	4,007,663	1,019
Certificates of Deposit	5,260,240	655
Municipal Bonds	250,148	29
Total	\$ 40,449,050	

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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, which approximates fair value. 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, 2015, the ratings of the various investment pools were:

<u>Pool</u>	<u>Rating</u>	<u>Rating Agency</u>
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, 2015 were:

<u>U.S. Agency</u>	<u>Rating</u>	<u>Rating Agency</u>
FNMA	AA+	Standard & Poor's
FHLMC	AA+	Standard & Poor's
FHLB	AA+	Standard & Poor's

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:

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Receivables:	General	Debt Service	Nonmajor Funds	Total
Property taxes	\$ 35,872	\$ 41,554	\$ 36,006	\$ 113,432
Sales taxes	895,369	-	-	895,369
Access line fees	39,474	-	-	39,474
Franchise fees	52,534	-	-	52,534
Miscellaneous	57,423	-	66,539	123,962
Gross receivables	1,080,672	41,554	102,545	1,224,771
Less uncollectibles	(5,381)	(5,968)	(5,401)	(16,750)
Net Total Receivables	<u>\$1,075,291</u>	<u>\$ 35,586</u>	<u>\$ 97,144</u>	<u>\$1,208,021</u>

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

Receivables:	Electric	Water	Wastewater	Gas	Solid Waste	Total
Interest	\$ 9,595	\$ 3,273	\$ 6,309	\$ -	\$ -	\$ 19,177
Accounts	2,208,392	642,494	465,882	146,922	51,389	3,515,079
Total Receivables	<u>\$2,217,987</u>	<u>\$645,767</u>	<u>\$ 472,191</u>	<u>\$146,922</u>	<u>\$51,389</u>	<u>\$3,534,256</u>

C. Capital Assets

Capital asset activity for Governmental Activities for the year ended September 30, 2015, was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 9,572,195	\$ 100,188	\$ -	\$ 9,672,383
Construction in progress	409,712	1,006,312	(390,212)	1,025,812
Total Capital assets, not being depreciated	<u>9,981,907</u>	<u>1,106,500</u>	<u>(390,212)</u>	<u>10,698,195</u>
Capital assets, being depreciated:				
Buildings and plant	22,955,558	49,032	-	23,004,590
Improvements other than buildings	35,688,230	3,186,452	-	38,874,682
Machinery and equipment	8,530,621	599,557	(396,236)	8,733,942
Total Capital assets, being depreciated	<u>67,174,409</u>	<u>3,835,041</u>	<u>(396,236)</u>	<u>70,613,214</u>
Less accumulated depreciation for:				
Buildings and plant	(7,442,069)	(1,078,688)	-	(8,520,757)
Improvements other than buildings	(18,136,624)	(1,445,356)	-	(19,581,980)
Machinery and equipment	(6,349,591)	(675,776)	374,679	(6,650,688)
Total accumulated depreciation	<u>(31,928,284)</u>	<u>(3,199,820)</u>	<u>374,679</u>	<u>(34,753,425)</u>
Total Capital assets, being depreciated, net	<u>35,246,125</u>	<u>635,221</u>	<u>(21,557)</u>	<u>35,859,789</u>
Governmental activities Capital assets, net	<u>\$45,228,032</u>	<u>\$ 1,741,721</u>	<u>\$ (411,769)</u>	<u>\$46,557,984</u>

City of Boerne, Texas
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Capital asset activity for Business-type Activities for the year ended September 30, 2015, was as follows:

Business-Type Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,686,158	-	-	\$ 2,686,158
Construction in progress	410,408	1,093,593	(1,222,969)	281,032
Total Capital assets not being depreciated	<u>3,096,566</u>	<u>1,093,593</u>	<u>(1,222,969)</u>	<u>2,967,190</u>
Capital assets being depreciated:				
Buildings and plant	40,418,087	10,327	-	40,428,414
Improvements other than buildings	55,476,375	3,084,210	-	58,560,585
Machinery and equipment	4,303,917	266,198	(36,025)	4,534,090
Total Capital assets being depreciated	<u>100,198,379</u>	<u>3,360,735</u>	<u>(36,025)</u>	<u>103,523,089</u>
Less accumulated depreciation for:				
Buildings and plant	(7,300,082)	(1,950,163)	-	(9,250,245)
Improvements other than buildings	(22,586,051)	(2,516,232)	-	(25,102,283)
Machinery and equipment	(3,257,850)	(220,668)	36,025	(3,442,493)
Total accumulated depreciation	<u>(33,143,983)</u>	<u>(4,687,063)</u>	<u>36,025</u>	<u>(37,795,021)</u>
Total Capital assets being depreciated, net	<u>67,054,396</u>	<u>(1,326,328)</u>	<u>-</u>	<u>65,728,068</u>
Business-type activities Capital assets, net	<u>\$70,150,962</u>	<u>\$(232,735)</u>	<u>\$(1,222,969)</u>	<u>\$68,695,258</u>

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

<u>Governmental activities:</u>	
General government	\$ 284,879
Public safety	1,012,660
Highways and streets	1,162,555
Economic development	7,043
Culture and recreation	<u>726,914</u>
Total depreciation expense – governmental activities	3,194,051
Transfers of assets with accumulated depreciation	<u>5,769</u>
Total increase in accumulated depreciation	<u>\$ 3,199,820</u>
 <u>Business-type activities:</u>	
Electric utility	\$ 530,618
Water utility	1,196,407
Wastewater utility	2,673,147
Natural Gas utility	<u>286,891</u>
Total depreciation expense – business-type activities	<u>\$ 4,687,063</u>

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

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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 fund 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, 2015. The projects include:

- 2009 G.O. Construction projects
- 2012 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. At year-end, the City's commitments to these projects are as follows:

<u>Projects</u>	<u>09 G.O. Bond Projects</u>	
	<u>Spent-to-date</u>	<u>Remaining</u>
Public Safety Center	\$ 289,831	\$ 93,135
Fire Station	2,312,860	-
Park Land/Improve	560,474	-
Park Trails	2,623,953	-
New Library	6,583,718	42,844
Sidewalks	587,204	31,633
	<u>\$ 12,958,040</u>	<u>\$ 167,612</u>

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

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<u>Projects</u>	<u>2012 Tax Note Projects</u>	
	<u>Spent-to-date</u>	<u>Remaining</u>
Public Safety Radios	\$ 634,807	\$ 17,436
Fire Truck	544,538	-
Street Sweeper	178,942	-
Sidewalks	-	149,675
	<u>\$ 1,358,287</u>	<u>\$ 167,111</u>

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

F. Interfund transfers

The composition of interfund transfers as of September 30, 2015, is as follows:

<u>Transfers out:</u>	<u>General Fund</u>	<u>Debt-Service Fund</u>	<u>Non-major Governmental Funds</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Gas Fund</u>	<u>Totals</u>
General Fund	\$ -	\$ 214,231	\$ 507,221	-	\$ -	\$ -	\$ 721,452
Non-major Governmental Funds	25,000	-	-	-	-	331,917	356,917
Electric Enterprise Fund	2,405,113	-	250,000	-	-	100,000	2,755,113
Water Enterprise Fund	15,863	-	250,000	-	300,000	-	565,863
Wastewater Enterprise Fund	10,575	-	-	438,123	-	-	448,698
Gas Enterprise Fund	10,575	-	-	-	-	-	10,575
Totals	<u>\$ 2,467,126</u>	<u>\$ 214,231</u>	<u>\$ 1,007,221</u>	<u>\$ 438,123</u>	<u>\$ 300,000</u>	<u>\$ 431,917</u>	<u>\$ 4,858,618</u>

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 general fund revenue to finance various programs that City of Boerne must account for in other funds in accordance with budgetary authorizations. In the year ended September 30, 2015, The City made the following one-time transfers:

- \$214,231 from the General fund to Debt-Service for principal and interest due on debt obligations;
- \$350,000 from the General fund to Park fund to assist with park operations and to assist with the Old #9 trail improvements;
- \$110,371 from the General fund to Library fund to assist with construction of the amphitheater;
- \$46,850 from the General fund to the Economic Development fund to reimburse per 380 agreements;
- \$25,000 from the Hotel/Motel/CVB fund to the General fund for the Public Art Project;

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- \$331,917 from the Economic Development fund to the Gas fund for the extension of the gas main to new subdivisions;
- \$52,876 from the Electric, Water, Wastewater and Gas funds to the General fund for General Obligation debt service;
- \$1,905,000 from the Electric fund to the General fund to assist with road construction and shop expansion projects;
- \$500,000 from the Electric and Water funds to the Economic Development fund to assist with economic development projects within the City;
- \$300,000 from the Water to the Wastewater fund to assist with debt service;
- \$100,000 from the Electric to the Gas fund to assist with operations.

G. Long-term Debt

Long-term debt activity for the year ended September 30, 2015, was as follows:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Debt	\$25,185,000	\$26,180,000	\$ -	\$ -	\$25,185,000	\$26,180,000
Utility Revenue Debt	-	-	42,695,000	43,895,000	42,695,000	43,895,000
Total	\$25,185,000	\$26,180,000	\$42,695,000	\$43,895,000	\$67,880,000	\$70,075,000

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.

On November 7, 2014, the City issued \$9,560,000 in General Obligation Refunding Bonds, Series 2014 with interest rates of 2% to 4%. The bonds were issued to refund \$9,285,000 in General Obligation Bonds, Series 2007, which had interest rates of 4.25% to 5.25%. This refunding reduced the total debt service payments over the next seventeen years by \$1,604,474. The intent of this refunding was to affect a net present value savings of \$1,248,447 on the refunded issue.

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General obligation debt currently outstanding is as follows:

	Original Amount	Interest Rate %	Balances October 1, 2014	Issued During Year	Retired During Year	Balances Sept. 30, 2015
<u>General Obligation Debt:</u>						
2007 Go Bonds	11,470,000	4.00- 5.25	10,305,000	-	9,615,000	690,000
2009 GO Bonds	10,000,000	3.00 -5.00	9,395,000	-	230,000	9,165,000
2011 GO Refunding Bonds	6,345,000	2.00 -4.00	5,180,000	-	465,000	4,715,000
2012 Tax Notes	1,540,000	0.45 - 1.10	1,300,000	-	245,000	1,055,000
2014 GO Refunding Bonds	9,560,000	0.50 - 3.20	-	9,560,000	-	9,560,000
Total of bonded debt			<u>\$26,180,000</u>	<u>\$9,560,000</u>	<u>\$10,555,000</u>	<u>\$25,185,000</u>

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

Year Ending September 30,	General Obligation Bonds		Total
	Principal	Interest	
2016	1,385,000	864,359	2,249,359
2017	1,430,000	825,376	2,255,376
2018	1,475,000	787,475	2,262,475
2019	1,515,000	750,913	2,265,913
2020	1,270,000	713,988	1,983,988
2021-2025	7,060,000	2,890,913	9,950,913
2026-2030	7,490,000	1,543,647	9,033,647
2031-2033	3,560,000	233,297	3,793,297
	<u>\$25,185,000</u>	<u>\$ 8,609,968</u>	<u>\$ 33,794,968</u>
Average annual requirements			\$1,877,498

Revenue 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 \$42,695,000 in Utility System Revenue and Refunding bonds issued in 2006, 2009, and 2010.

Proceeds from these bonds have provided financing for the various improvements to the Electric, Wastewater and Gas distribution systems in 2006; refunding of Wastewater and Water utility bonds to affect interest savings and defease the 1997, 1998 & 1999 Water and Wastewater Utility system Revenue bonds in 2009; various improvements in 2009 to the Wastewater system in preparation for the construction of a new Wastewater treatment plant, and the 2010 Wastewater issuance to finance the construction of the new plant and recycling center that was completed in fiscal year 2013. These bonds are

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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 \$69,998,139

	Original	Interest	Balances	Additions	Retired	Balances
	Amount	Rate	October 1,	During	During	Sept. 30,
<u>Utility Revenue Bonds:</u>		%	2014	Year	Year	2015
2006 Utility system Rev Bnds	\$7,500,000	4.35	\$6,305,000	-	\$205,000	\$6,100,000
2009 Utility System Refund Bnds	4,850,000	2.00-5.00	2,655,000	-	545,000	2,110,000
2009 Utility System Revenue Bnds	6,660,000	2.00-5.00	5,875,000	-	185,000	5,690,000
2010 Utility System Revenue Bnds	30,000,000	2.00-5.00	29,060,000	-	265,000	28,795,000
Total of bonded debt			\$43,895,000	-	\$1,200,000	\$42,695,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending September 30,	Utility Revenue Bonds		
	Principal	Interest	Total
2016	\$ 1,250,000	\$ 1,934,888	\$ 3,184,888
2017	1,305,000	1,881,278	3,186,278
2018	1,365,000	1,822,678	3,187,678
2019	1,425,000	1,759,900	3,184,900
2020	1,485,000	1,700,870	3,185,870
2021 – 2025	8,420,000	7,510,391	15,930,391
2026 – 2030	7,805,000	5,638,146	13,443,146
2031 – 2035	8,955,000	3,703,263	12,658,263
2036 – 2040	10,685,000	1,351,725	12,036,725
	\$ 42,695,000	\$ 27,303,139	\$ 69,998,139
Average annual requirements			\$ 2,799,925

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Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Governmental activities:					
Bonds payable:					
General Obligation bonds	\$24,880,000	\$9,560,000	(\$10,310,000)	\$24,130,000	\$1,135,000
Tax notes	1,300,000	-	(245,000)	1,055,000	250,000
Bond Premium	473,640	355,561	(58,429)	770,772	58,429
Total bonds payable	26,653,640	9,915,561	(10,613,429)	25,955,772	1,443,429
OPEB obligation	263,815	62,752	(16,668)	309,899	-
Compensated absences	650,352	75,160	(6,463)	719,049	362,882
Net pension liability	9,188,491	3,674,560	(3,318,219)	9,544,832	-
Governmental activity long-term liabilities	\$36,756,298	\$10,409,814	(\$10,636,560)	\$36,529,552	\$1,806,311
Business-type activities:					
Bonds payable:					
Revenue bonds	\$43,895,000	\$ -	(\$1,200,000)	\$42,695,000	\$1,250,000
Revenue Bond premium	211,333	-	(10,566)	200,767	10,567
Total bonds payable	44,106,333	-	(1,210,566)	42,895,767	1,260,567
Compensated absences	232,818	23,140	-	255,958	12,798
Net pension liability	3,718,506	1,487,064	(1,342,856)	3,862,714	-
Business-type long-term liabilities	\$48,057,657	\$167,348	(\$1,210,566)	\$47,014,439	\$1,273,365

H. Restricted assets

Restricted Asset Balances			
<u>Governmental Activities</u>		<u>Business-type activities</u>	
Capital projects fund	\$ 351,748	Customer deposits	\$ 1,053,050
Permanent Cemetery fund	623,097	Bond covenant accounts	3,570,002
Debt service fund	826,830	Capital contributions	3,948,899
Hotel/Motel fund	270,071	Bond construction	2,364,840
Total restricted assets	<u>\$ 2,071,746</u>		<u>\$ 10,936,791</u>

City of Boerne, Texas
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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.

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C. Other postemployment benefits

Plan Description

The City's governing body approved a defined benefits health plan for retirees effective October 1, 2008. Under this single-employer plan, early retirees under the age of 65 not entitled to Medicare who retired on or after October 1, 2008, may receive premium contributions based on the following:

Retirees may choose either of two available plans:

- (1) The same medical plan that is currently offered to active employees; or
- (2) The Retiree Continuum Care Plan for early retirees which is a reduced benefit medical plan.

There is no separate, audited benefit plan report available for this defined benefit plan.

The City also participates in a cost-sharing multiple-employer defined benefit plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected by ordinance to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue to participate in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (Calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit", or OPEB.

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 City's contributions to the TMRS SDBF for the years ended 2015, 2014, and 2013 were \$17,030, \$15,866, and \$16,798, respectively, which equaled the required contributions each year.

Funding policy for Retiree Health Plan

The City's governing body sets the City's contribution. The premium will be offered to an early retiree for no more than ten years as follows:

Health Plan for Retirees:

	<u>Premium contributions</u>
20 years of service -	City will contribute \$378/month of premium;
25 years of service -	City will contribute \$469.27/month of premium;
30 years of service -	City will contribute \$567.76/month of premium.

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Annual OPEB Cost and NET OPEB Obligation

The City's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years. The annual OPEB cost for the fiscal year ending September 30, 2015 is as follows:

Annual required contribution	\$ 61,879
Interest on net OPEB obligation	11,872
Adjustment to annual required contribution	<u>(10,999)</u>
Annual OPEB cost	62,752
Contributions made	<u>(16,668)</u>
Increase on net OPEB obligation	\$46,084
Net OPEB obligation at beginning of year	<u>263,815</u>
Net OPEB obligation at end of year	<u><u>\$309,899</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2015 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
September 30, 2013	\$22,763	\$7,704	33.8%	\$208,217
September 30, 2014	\$60,766	\$5,168	8.5%	\$263,815
September 30, 2015	\$61,879	\$16,668	26.9%	\$309,899

Funding Status

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2013 is as follows:

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	Ratio of UAAL to Annual Covered Payroll (b-a)/d
12/31/2013	-	\$521,650	\$521,650	0.0%	10,902,299	4.78%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$521,650 at December 31, 2013. As of the most recent valuation, the ratio of the unfunded accrued liability to annual covered payroll is 4.78%.

Actuarial methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Inflation rate	3.00% per annum
Investment rate of return	4.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee
Payroll Amortization period	30-year, open amortization
Payroll Growth	3.00% per annum
Healthcare Subsidy trend rate	3.00%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information

City of Boerne, Texas
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that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

D. Employee retirement systems and pension plans

Texas Municipal Retirement System (TMRS)

In June 2012, GASB made major changes to its pension accounting standards with the issuance of GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, was issued in November 2013. These pronouncements apply to the individual employers (TMRS cities) in the TMRS plan and are effective for fiscal years beginning after June 2014.

Plan Description - The City participates as one of the 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by 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 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.tmr.com.

Benefits Provided – TMRS provides retirement, disability, and death benefits to all eligible employees, excluding volunteer firefighters. Members are eligible to retire upon attaining the normal retirement age of 60 and above with 5 or more years of service, or with 20 years of service regardless of age. A member is vested after 5 years, but must leave accumulated contributions in the TMRS plan. If a member withdraws the contributions with interest, the member would not be entitled to the City-financed monetary credits, even if vested.

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

City of Boerne, Texas
Notes to Financial Statements
September 30, 2015

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 has not met these requirements, so the ad hoc adjustments are not considered automatic for the City.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

<u>Membership as of the Valuation Date</u>	<u>12/31/2014</u>
Number of :	
Active Members	219
Retirees and beneficiaries	67
Inactive members	54
Total	<u>340</u>

Contributions - Under the state law governing TMRS, the employer's contribution rates are annually determined by the actuary using the Entry Age Normal (EAN) actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate,

City of Boerne, Texas
Notes to Financial Statements
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both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate is the contribution rate which, if applied to an employee's compensation throughout their period of anticipated covered service with the City, would be sufficient to meet all benefits payable on the their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortized the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases. The City's contribution rate cannot exceed a statutory maximum rate, which is based on a combination of the employee contribution rate and the City matching percentage.

City employees 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 years 2014 and 2015; both rates were adopted by City Council during the annual budget process. The City's contributions to TMRS for fiscal year 2015 were \$3,064,068, with \$830,048 contributed by City employees, and \$2,234,020 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, 2014 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The components of the Net Pension Liability, measured at September 30, 2014 were as follows:

Total Pension Liability	\$	47,368,003
Plan Fiduciary Net Position		33,960,457
Net Pension Liability	\$	13,407,546
 Plan fiduciary net position as a percentage of the total pension		71.7%

Actuarial Assumptions - The TPL in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0%
Overall payroll growth	3.0%
Investment rate of return	7.0%

Salary increases were based on a service-related table. The investment rate of return is net of pension plan investment expense, and includes inflation. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109.0% and female rates multiplied by 103.0%. 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 Disabled Retiree Mortality Table is used, with slight adjustments.

City of Boerne, Texas
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Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). This single discount rate of 7.0% was used to measure the TPL as of December 31, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 7.0%. Based on the stated assumptions and projections of cash flows, the City's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the TPL for the City. The projection of cash flows used to determine the single discount rate for the City assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the City will finance the unfunded actuarial accrued liability over the years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	<u>100.0%</u>	

City of Boerne, Texas
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The discount rate used to measure the Total Pension Liability was 7.0%. 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 7.0%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.0% lower (6.0%) or 1.0% higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 20,928,313	\$ 13,407,546	\$ 7,286,923

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.

Schedule of Changes in Net Pension Liability and Related Ratios – 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	\$ 1,919,644
Interest (on the TPL)	3,064,431
Difference between expected and actual experience	157,833
Benefit payments, including refunds of employee contributions	(1,183,335)
Net change in TPL	\$ 3,958,573
Total pension liability - beginning	43,409,430
Total pension liability - ending	\$ 47,368,003
 Plan Fiduciary Net Position	
Contributions - employer	\$ 2,120,885
Contributions - employee	794,715
Net investment income	1,745,475
Benefit payments, including refunds of employee contributions	(1,183,335)
Administrative Expense	(18,218)
Other	(1,498)
Net change in plan fiduciary net position	\$ 3,458,024
Plan fiduciary net position - beginning	30,502,433
Plan fiduciary net position - ending	\$ 33,960,457
Net Pension Liability	\$ 13,407,546

City of Boerne, Texas
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September 30, 2015

The measurement date of the NPL, as well as the date of the actuarial valuation on which the TPL is based, is December 31, 2014. With fiscal year 2015 being the first year in which GASB 68 is implemented, there are no changes or inputs since the prior measurement date that can be disclosed.

Pension Expense - For the year ended September 30, 2015, based on the actuarial valuation of December 31, 2014, the City recognized pension expense of \$2,176,297.

Schedule of Pension Expense	
Total Service Cost	\$ 1,919,644
Interest on the Total Pension Liability	3,064,431
Current Period Benefit Changes	-
Employee Contributions (Reduction of Expense)	(794,715)
Projected Earnings on Plan Investments (Reduction of Expense)	(2,135,170)
Administrative Expense	18,218
Other Changes in Fiduciary Net Position	1,498
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	24,452
Recognition of Current Year Outflow (Inflow) of Resources-Assets	77,939
Amortization of Prior Year Outflows (Inflows) of Resources-Liabilities	-
Amortization of Prior Year Outflows (Inflows) of Resources-Assets	-
Total Pension Expense	<u>\$ 2,176,297</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, 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	\$ 133,381	\$ -
Changes of assumptions	-	-
Net difference in projected and actual earnings on pension plan investments	311,756	
Contributions made subsequent to the measurement date	1,670,494	
Total	<u>\$ 2,115,631</u>	<u>\$ -</u>

\$1,670,494 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources, by year, will be recognized in pension expense as follows:

City of Boerne, Texas
Notes to Financial Statements
September 30, 2015

	Net Deferred Outflows (Inflows) of Resources
2015	\$ 102,391
2016	102,391
2017	102,391
2018	102,391
2019	24,452
Thereafter	11,121
Total	<u>\$ 445,137</u>

E. Commitments

As of September 30, 2015, two irrevocable standby letters of credit for approximately \$400,000 and \$750,000, respectively, have been issued as security for performance under two state grant agreements. These letters of credit expire on July 15, 2017 and January 20, 2018, respectively.

On November 6, 1998, the City entered into a contract with the Texas Department of Agriculture for the Texas Capital Program. Under this contract, the City agreed to expend the program funds for real estate and infrastructure improvements in the form of land acquisition, sewer line improvements, and building construction to support Texas Composite, Inc. (now doing business as Albany Engineered Composites, Inc.) and Stanbio Laboratory, Inc. This award allows for the creation of jobs primarily for low – to – moderate income persons in accordance with the general provisions of the contract. Upon completion of the building structure, Albany Engineered Composites, Inc. and Stanbio Laboratory, Inc. entered into lease agreements with the City in order to satisfy the terms and conditions of this contract.

In accordance with the contract, the City is to collect the lease payments from Albany Engineered Composites, Inc. and Stanbio Laboratory, Inc. and submit payment to the Texas Department of Rural Affairs. A second award was made dated August 21, 2006 giving additional program funds for building construction at Stanbio Laboratory, Inc.

The terms of the lease agreement with Albany Engineered Composites, Inc., dated April 1, 2001 include a commitment in the amount of \$416,740, payable over a 20-year period in equal monthly installments of \$1,736.41. The agreement includes a 0% interest rate as long as payments are current. For the year ended September 30, 2015, the City collected \$20,837 in lease payments, all of which have been remitted to the Texas Department of Rural Affairs. The remaining commitment at September 30, 2015 is \$114,604.

The terms of the first lease agreement with Stanbio Laboratory, Inc., dated August 1, 2001, include a commitment in the amount of \$508,885, payable over a 20-year period in

City of Boerne, Texas
Notes to Financial Statements
September 30, 2015

equal monthly installments of \$2,120. The agreement includes a 0% interest rate as long as payments are current. For the year ended September 30, 2015, the City collected \$25,444 in lease payments, all of which have been remitted to the Texas Department of Rural Affairs. The remaining commitment at September 30, 2015 is \$148,427.

The terms of the second lease agreement with Stanbio Laboratory, Inc., dated August 21, 2006 include a commitment in the amount of \$700,000, payable over a 20-year period in equal monthly installments of \$2,916.67. The agreement includes a 0% interest rate as long as payments are current. For the year ended September 30, 2015, the City collected \$35,000 in lease payments, all of which have been remitted. The remaining commitment at September 30, 2015 is \$434,583.

VI. Restatement

Prior Period Corrections

The City implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)* in the fiscal year ending September 30, 2015. With the adoption of GASB 68, the City is reporting the difference between the Net Pension Obligation calculation and the Net Pension Liability calculation as a reduction to the prior year net position.

City of Boerne, Texas
Notes to Financial Statements
September 30, 2015

Governmental Funds and Governmental Activities:							
	Governmental Activities						
October 1, 2014 net position as previously reported:	\$						30,252,542
Adjustments for GASB 68		<u>(8,067,683)</u>					
October 1, 2014 as restated:	\$						<u>22,184,859</u>
 Business type activities:							
		Electric	Water	Wastewater	Gas	Solid Waste	Total
October 1, 2014 net position as previously reported:	\$	16,013,996	\$ 18,999,375	\$ 15,015,843	\$ 2,584,081	\$ 280,278	\$ 52,893,573
Adjustments for GASB 68		<u>(1,322,515)</u>	<u>(806,882)</u>	<u>(733,220)</u>	<u>(402,308)</u>	<u>-</u>	(3,264,925)
October 1, 2014 as restated:	\$	<u>14,691,481</u>	<u>\$ 18,192,493</u>	<u>\$ 14,282,623</u>	<u>\$ 2,181,773</u>	<u>\$ 280,278</u>	<u>\$ 49,628,648</u>

REQUIRED SUPPLEMENTARY
INFORMATION

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City of Boerne, Texas
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances-Budget and Actual
Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes (including interest and penalties)	\$ 2,075,734	\$ 2,110,734	\$ 2,131,566	\$ 20,832
Sales tax	5,477,297	5,677,297	5,876,279	198,982
Franchise fees	2,305,430	2,305,430	2,568,986	263,556
Licenses and permits	545,000	617,000	698,757	81,757
Fines	342,600	342,600	238,562	(104,038)
Rents	73,500	73,500	66,376	(7,124)
Grants	50,000	190,483	148,740	(41,743)
Contributions & donations	1,787,815	1,787,815	1,788,223	408
Miscellaneous	71,000	171,000	340,793	169,793
Interest earned	15,000	15,000	33,191	18,191
Total revenues	12,743,376	13,290,859	13,891,473	600,614
Expenditures:				
Current:				
Administration	1,823,538	1,823,538	1,750,992	72,546
Streets	1,559,160	1,559,160	1,286,420	272,740
Law enforcement	3,873,425	3,851,055	3,753,513	97,542
Municipal court	277,891	278,891	269,971	8,920
Animal control	194,140	192,340	189,973	2,367
Facilities and Emergency Operations	738,542	739,568	701,610	37,958
Planning/ Code enforcement	694,417	770,747	770,567	180
Convention/community center	295,814	295,814	283,688	12,126
Communications	966,123	966,123	876,988	89,135
Information Technology	623,257	623,257	596,041	27,216
Fire department	1,373,588	1,405,188	1,403,735	1,453
Capital outlay	1,342,653	3,557,307	3,302,992	254,315
Total expenditures	13,762,548	16,062,988	15,186,490	876,498
Excess(Deficiency) of revenues over(under) expenditures	(1,019,172)	(2,772,129)	(1,295,017)	1,477,112
Other financing sources (uses):				
Transfers from other funds	582,786	2,487,786	2,467,126	(20,660)
Transfers to other funds	(504,986)	(804,986)	(721,452)	83,534
Sale of capital assets	10,000	10,000	52,412	42,412
Total other financing sources (uses)	87,800	1,692,800	1,798,086	62,874
Excess(Deficiency) of revenues and other sources (uses), over(under) expenditures	(931,372)	(1,079,329)	503,069	1,539,986
Fund balance at October 1, 2014	7,368,557	7,368,557	7,368,557	-
Fund balance at September 30, 2015	\$ 6,437,185	\$ 6,289,228	\$ 7,871,626	\$ 1,539,986

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, 2015

	September 30, 2015
Total Pension Liability	
Service Cost	\$ 1,919,644
Interest	\$ 3,064,431
Differences Between Expected and Actual Experience	\$ 157,833
Benefit Payments, including refunds of employee contributions	\$ (1,183,335)
Net Change in Total Pension Liability	\$ 3,958,573
Total Pension Liability - Beginning	\$ 43,409,430
Total Pension Liability - Ending (a)	\$ 47,368,003
Plan Fiduciary Net Position	
Contributions - Employer	\$ 2,120,885
Contributions - Employee	\$ 794,715
Net Investment Income	\$ 1,745,475
Benefit Payments, including Refunds of Employee Contributions	\$ (1,183,335)
Administrative Expense	\$ (18,218)
Other	\$ (1,498)
Net Change in Plan Fiduciary Net Position	\$ 3,458,024
Plan Fiduciary Net Position - Beginning	\$ 30,502,433
Plan Fiduciary Net Position - Ending (b)	\$ 33,960,457
City's Net Pension Liability - Ending (a) - (b)	\$ 13,407,546
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.69%
Covered Employee Payroll	\$ 11,353,077
City's Net Pension Liability as a Percentage of Covered Employee Payroll	118.10%

Notes to Schedule: N/A

¹ 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 required.

City of Boerne, Texas
Required Supplementary Information

Schedule of Contributions and Notes to Schedule of Contributions
Fiscal Year Ending September 30, 2015

Schedule of Contributions		
	2015	2014
Actuarially Determined Contribution	\$ 2,234,020	\$ 2,143,585
Contributions in relation to the actuarially determined contribution	\$ 2,234,020	\$ 2,143,585
Contributions deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 11,857,858	\$ 11,399,302
Contributions as a percentage of covered employee payroll	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 29 years

Asset Valuation Method 10 Year smoothed market; 15.0% soft corridor

Actuarial Assumption:

Inflation 3.00%
 Salary Increases 7.00%
 Retirement Age Experience-based table rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to experience study of the period 2005 - 2009
 Mortality RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.0% and female rates multiplied by 103.0% and projected 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

Other Postemployment Benefits Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	Ratio of UAAL to Annual Covered Payroll (b-a)/d
10/1/2008	\$ -	\$ 500,795	\$ 500,795	0.0%	\$ 8,463,230	5.92%
12/31/2011	-	195,611	195,611	0.0%	10,220,178	1.91%
12/31/2013	-	521,650	521,650	0.0%	10,902,299	4.78%

Note: A valuation dated December 31, 2013 was completed which calculated the ARC and associated liabilities for the fiscal year beginning October 1, 2013. The ARC and associated liabilities are higher in the updated report primarily due to the participation assumption for future retirees. This assumption has been revised based on updated data.

OTHER SUPPLEMENTARY
INFORMATION

Nonmajor Governmental Funds Special Revenue Funds

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

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

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

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

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, 2015

	SPECIAL REVENUE				CAPITAL PROJECTS		PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	HOTEL-MOTEL/CVB FUND	PARK FUND	LIBRARY FUND	ECONOMIC DEVL FUND	TOTAL	2009 G.O.		
ASSETS								
Cash and cash equivalents	\$ 270,071	\$ 1,000,568	\$ 381,750	\$ 539,888	\$ 2,192,277	\$ 167,612	\$ 184,136	\$ 2,683,699
Receivables	58,798	20,724	9,881	-	89,403	-	-	97,144
Restricted - permanent fund	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	-
Total assets	<u>\$ 328,869</u>	<u>\$ 1,021,292</u>	<u>\$ 391,631</u>	<u>\$ 539,888</u>	<u>\$ 2,281,680</u>	<u>\$ 167,612</u>	<u>\$ 184,136</u>	<u>\$ 623,097</u>
								<u>\$ 3,403,940</u>
LIABILITIES								
Accounts payable	\$ 7,701	\$ 37,695	\$ 12,803	\$ 28,953	\$ 87,152	\$ -	\$ 17,025	\$ 2,439
Other payables	2,243	27,025	6,410	-	35,678	-	-	395
Deferred revenue	-	14,878	7,094	-	21,972	-	-	-
Total liabilities	<u>\$ 9,944</u>	<u>\$ 79,598</u>	<u>\$ 26,307</u>	<u>\$ 28,953</u>	<u>\$ 144,802</u>	<u>\$ -</u>	<u>\$ 17,025</u>	<u>\$ 2,834</u>
								<u>\$ 164,661</u>
FUND BALANCES								
Nonspendable:								
Permanent-Cemetery	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 767,678
Restricted:								
Hotel/Motel - Tourism promotion	318,925	-	-	-	318,925	-	-	318,925
Capital Projects:								
Public Safety Center	-	-	-	-	-	93,135	-	93,135
Sidewalks	-	-	-	-	-	31,634	149,675	181,309
Library	-	-	-	-	-	42,843	-	42,843
Public Safety	-	-	-	-	-	-	17,436	17,436
Assigned:								
Parks & recreation	-	941,694	-	-	941,694	-	-	941,694
Library	-	-	365,324	-	365,324	-	-	365,324
Economic Development	-	-	-	510,935	510,935	-	-	510,935
Total fund balances	<u>\$ 318,925</u>	<u>\$ 941,694</u>	<u>\$ 365,324</u>	<u>\$ 510,935</u>	<u>\$ 2,136,878</u>	<u>\$ 167,612</u>	<u>\$ 167,111</u>	<u>\$ 3,239,279</u>
Total liabilities and fund balances	<u>\$ 328,869</u>	<u>\$ 1,021,292</u>	<u>\$ 391,631</u>	<u>\$ 539,888</u>	<u>\$ 2,281,680</u>	<u>\$ 167,612</u>	<u>\$ 184,136</u>	<u>\$ 3,403,940</u>

City of Boerne, Texas
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2015

	HOTEL- MOTEL/CVB	SPECIAL REVENUE			ECONOMIC DEVELOPMENT	TOTAL	CAPITAL PROJECTS		PERMANENT FUND CEMETERY	TOTAL NONMAJOR GOVERNMENTAL FUNDS
		PARK	LIBRARY	LIBRARY			2009 G.O.	2012 TAX NOTE		
REVENUES										
Ad valorem taxes	\$ -	\$ 1,307,867	\$ 676,724	\$ -	\$ 1,984,591	\$ -	\$ -	\$ -	\$ -	1,984,591
Hotel-Motel taxes	553,729	-	-	-	553,729	-	-	-	-	553,729
Special revenues	-	524,305	45,793	-	570,098	-	-	99,750	-	669,848
Grants	-	-	1,137	-	1,137	-	-	-	-	1,137
Contributions	-	5,291	611,678	-	616,969	-	-	-	-	616,969
Other	1,115	58,599	208	-	59,922	-	-	21,964	-	81,886
Interest	94	786	301	-	1,567	-	-	3,139	-	4,953
Total revenues	554,938	1,896,848	1,335,841	386	3,788,013	182	65	124,853	-	3,913,113

EXPENDITURES

Current:										
Public Safety	-	-	-	-	-	-	-	68,889	-	68,889
Culture and recreation	-	1,762,384	946,743	-	2,709,127	-	-	-	-	2,709,127
Economic development	511,760	-	-	392,793	904,553	-	-	-	-	904,553
Capital outlay:										
Public Safety	-	-	-	-	-	-	17,025	29,705	-	46,730
Culture and recreation	-	685,842	602,528	-	1,288,370	76,548	-	-	-	1,364,918
Economic development	1,998	-	-	-	1,998	-	-	-	-	1,998
Total expenditures	513,758	2,448,226	1,549,271	392,793	4,904,048	76,548	17,025	98,594	-	5,096,215
Excess (Deficiency) of revenues over/ (under) expenditures	41,180	(551,378)	(213,430)	(392,407)	(1,116,035)	(76,366)	(16,960)	26,259	-	(1,183,102)

OTHER FINANCING SOURCES (USES)

Transfers in:										
General fund	-	350,000	110,371	46,850	507,221	-	-	-	-	507,221
Electric fund	-	-	-	250,000	250,000	-	-	-	-	250,000
Water fund	-	-	-	250,000	250,000	-	-	-	-	250,000
Transfers out:										
General fund	(25,000)	-	-	-	(25,000)	-	-	-	-	(25,000)
Gas fund	-	-	-	(331,917)	(331,917)	-	-	-	-	(331,917)
Sale of Assets	-	2,907	27	-	2,934	-	-	-	-	2,934
Total other financing sources and (uses)	(25,000)	352,907	110,398	214,933	653,238	-	-	-	-	653,238
Net change in fund balances	16,180	(198,471)	(103,032)	(177,474)	(462,797)	(76,366)	(16,960)	26,259	-	(529,864)
Fund balances - beginning	302,745	1,140,165	468,356	688,409	2,599,675	243,978	184,071	741,419	-	3,769,143
Fund balances - ending	\$ 318,925	\$ 941,694	\$ 365,324	\$ 510,935	\$ 2,136,878	\$ 167,612	\$ 167,111	\$ 767,678	\$ -	\$ 3,239,279

City of Boerne, Texas
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2015

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES			
Ad valorem taxes	\$ 2,080,082	\$ 2,147,084	\$ 67,002
Interest	500	628	128
Total revenues	<u>2,080,582</u>	<u>2,147,712</u>	<u>67,130</u>
EXPENDITURES			
Debt service:			
Principal	1,270,000	1,270,000	-
Interest	1,073,995	822,884	251,111
Paying agent fees	2,000	1,881	119
Bond issuance costs	-	213,022	(213,022)
Total expenditures	<u>2,345,995</u>	<u>2,307,787</u>	<u>38,208</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>(265,413)</u>	<u>(160,075)</u>	<u>105,338</u>
OTHER FINANCING SOURCES			
Transfers in	214,231	214,231	-
Refunding bonds issued	-	9,560,000	9,560,000
Payments to escrow agent	-	(9,953,312)	(9,953,312)
Premium on Refunding debt	-	355,561	355,561
Total other financing sources	<u>214,231</u>	<u>176,480</u>	<u>(37,751)</u>
Net change in fund balances	(51,182)	16,405	67,587
Fund balances - beginning	821,729	821,729	-
Fund balances - ending	<u>\$ 770,547</u>	<u>\$ 838,134</u>	<u>\$ 67,587</u>

City of Boerne, Texas
Hotel-Motel/Convention/Visitors Bureau - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2015

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES			
Hotel-motel taxes	\$ 500,500	\$ 552,648	\$ 52,148
Penalties	2,000	1,081	(919)
Miscellaneous Revenues	500	1,115	615
Interest on investments	200	94	(106)
Total revenues	<u>503,200</u>	<u>554,938</u>	<u>51,738</u>
EXPENDITURES			
Current:			
Economic development	515,616	511,760	3,856
Capital outlay:			
Economic development	2,000	1,998	2
Total expenditures	<u>517,616</u>	<u>513,758</u>	<u>3,858</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>(14,416)</u>	<u>41,180</u>	<u>55,596</u>
OTHER FINANCING (USES)			
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total other financing (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balances	(39,416)	16,180	55,596
Fund balances - beginning	302,745	302,745	-
Fund balances - ending	<u>\$ 263,329</u>	<u>\$ 318,925</u>	<u>\$ 55,596</u>

City of Boerne, Texas
Park Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2015

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES			
Ad valorem taxes	\$ 1,304,357	\$ 1,307,867	\$ 3,510
Special revenues	538,100	524,305	(13,795)
Contributions	12,500	5,291	(7,209)
Other	79,000	58,599	(20,401)
Interest	1,500	786	(714)
Total revenues	<u>1,935,457</u>	<u>1,896,848</u>	<u>(38,609)</u>
EXPENDITURES			
Current:			
Culture and recreation	1,763,422	1,762,384	1,038
Capital outlay:			
Culture and recreation	686,000	685,842	158
Total expenditures	<u>2,449,422</u>	<u>2,448,226</u>	<u>1,196</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(513,965)</u>	<u>(551,378)</u>	<u>(37,413)</u>
OTHER FINANCING SOURCES			
Transfers in	425,000	350,000	(75,000)
Sale of Capital Assets	-	2,907	2,907
Total Other Financing Sources	<u>425,000</u>	<u>352,907</u>	<u>(72,093)</u>
Net change in fund balances	(88,965)	(198,471)	(109,506)
Fund balances - beginning	1,140,165	1,140,165	-
Fund balances - ending	<u>\$ 1,051,200</u>	<u>\$ 941,694</u>	<u>\$ (109,506)</u>

City of Boerne, Texas
Library Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2015

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES			
Ad valorem taxes	\$ 656,942	\$ 676,724	\$ 19,782
Special revenues	39,000	45,793	6,793
Grants	-	1,137	1,137
Contributions	711,872	611,678	(100,194)
Other	4,500	208	(4,292)
Interest on investments	800	301	(499)
Total revenues	<u>1,413,114</u>	<u>1,335,841</u>	<u>(77,273)</u>
EXPENDITURES			
Current:			
Culture and recreation	956,790	946,743	10,047
Capital outlay:			
Culture and recreation	631,000	602,528	28,472
Total expenditures	<u>1,587,790</u>	<u>1,549,271</u>	<u>38,519</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(174,676)</u>	<u>(213,430)</u>	<u>(38,754)</u>
OTHER FINANCING SOURCES			
Transfers in	150,000	110,371	(39,629)
Transfers out	-	-	-
Sale of Assets	-	27	27
Total Other Financing Sources	<u>150,000</u>	<u>110,398</u>	<u>(39,602)</u>
Net change in fund balances	(24,676)	(103,032)	78,356
Fund balances - beginning	468,356	468,356	-
Fund balances - ending	<u>\$ 443,680</u>	<u>\$ 365,324</u>	<u>\$ 78,356</u>

City of Boerne, Texas
Economic Development - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2015

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES			
Interest on investments	\$ 150	\$ 386	\$ 236
Total revenues	<u>150</u>	<u>386</u>	<u>236</u>
EXPENDITURES			
Current:			
Economic development	515,215	392,793	122,422
Capital outlay:			
Economic development	85,765	-	85,765
Total expenditures	<u>600,980</u>	<u>392,793</u>	<u>208,187</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>(600,830)</u>	<u>(392,407)</u>	<u>208,423</u>
OTHER FINANCING (USES)			
Transfers in	590,755	546,850	(43,905)
Transfers out	<u>(331,917)</u>	<u>(331,917)</u>	<u>-</u>
Total other financing (uses)	<u>258,838</u>	<u>214,933</u>	<u>(43,905.00)</u>
Net change in fund balances	(341,992)	(177,474)	164,518
Fund balances - beginning	688,409	688,409	-
Fund balances - ending	<u>\$ 346,417</u>	<u>\$ 510,935</u>	<u>\$ 164,518</u>

City of Boerne, Texas
2009 General Obligation Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
From Inception and for the Year Ended September 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
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	26,092	182	26,274
Total revenues	<u>11,523,793</u>	<u>182</u>	<u>11,523,975</u>
EXPENDITURES			
Bond Issuance Costs	282,266	-	282,266
Engineering - General Fund	127,178	-	127,178
Engineering - Parks Fund	199,778	960	200,738
Engineering - Library Fund	106,940	-	106,940
Engineering - Sidewalks	87,617	-	87,617
Capital outlay:			
General Government - Public Safety	2,887,596	-	2,887,596
General Government - Culture & Recreation	9,190,118	75,588	9,265,706
Total expenditures	<u>12,881,493</u>	<u>76,548</u>	<u>12,958,041</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>(1,357,700)</u>	<u>(76,366)</u>	<u>(1,434,066)</u>
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)	<u>1,601,678</u>	<u>-</u>	<u>1,601,678</u>
Net change in fund balances	<u>\$ 243,978</u>	<u>(76,366)</u>	<u>\$ 167,612</u>
Fund balances - beginning		<u>243,978</u>	
Fund balances - ending		<u>\$ 167,612</u>	

City of Boerne, Texas
2012 Tax Notes Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
From Inception and for the Year Ended September 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
REVENUES			
Tax Notes proceeds	\$ 1,540,000	\$ -	\$ 1,540,000
Interest on investments	673	65	738
Total revenues	<u>1,540,673</u>	<u>65</u>	<u>1,540,738</u>
EXPENDITURES			
Bond Issuance costs	15,340	-	15,340
Capital outlay:			
Highways and Streets	178,942	-	178,942
Public Safety	<u>632,808</u>	<u>17,025</u>	<u>649,833</u>
Total expenditures	<u>827,090</u>	<u>17,025</u>	<u>844,115</u>
Excess of revenues over expenditures	713,583	(16,960)	696,623
Other Financing uses:			
Transfers out	<u>(529,512)</u>	<u>-</u>	<u>(529,512)</u>
Net change in fund balances	<u>\$ 184,071</u>	<u>(16,960)</u>	<u>\$ 167,111</u>
Fund balances - beginning		<u>184,071</u>	
Fund balances - ending		<u>\$ 167,111</u>	

City of Boerne, Texas
Cemetery Permanent Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2015

	<u>FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u>
REVENUES:			
Special revenues			
Lot sales	\$ 58,000	\$ 90,000	\$ 32,000
Urn Garden sales	5,000	9,750	4,750
Other - Endowment revenue	20,200	21,964	1,764
Endowment interest	500	161	(339)
Interest	500	2,978	2,478
Total revenues	<u>84,200</u>	<u>124,853</u>	<u>40,653</u>
EXPENDITURES:			
Personnel	50,555	50,949	(394)
Supplies	3,130	3,129	1
General	5,140	4,836	304
Maintenance	1,850	1,753	97
Contractual	8,135	8,222	(87)
Capital outlay	29,855	29,705	150
Total expenditures	<u>98,665</u>	<u>98,594</u>	<u>71</u>
Net change in fund balance	(14,465)	26,259	40,724
Fund balances - beginning	741,419	741,419	-
Fund balances - ending	<u>\$ 726,954</u>	<u>\$ 767,678</u>	<u>\$ 40,724</u>

City of Boerne, Texas
Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
Year Ended September 30, 2015

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Assets:				
Cash and cash equivalents	\$ 2,163	\$ 3,895	\$ (5,205)	\$ 853
Total Assets	<u>\$ 2,163</u>	<u>\$ 3,895</u>	<u>\$ (5,205)</u>	<u>\$ 853</u>
Liabilities:				
Accounts payable	\$ 2,163	\$ 5,127	\$ (6,437)	\$ 853
Total Liabilities	<u>\$ 2,163</u>	<u>\$ 5,127</u>	<u>\$ (6,437)</u>	<u>\$ 853</u>

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STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	109
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.	117
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.	122
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.	127
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.	129

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)

	2006	2007	2008	2009	2010	2011	2012	2013 *	2014	2015
Governmental activities										
Net investment in capital assets	\$ 12,146,641	\$ 13,869,142	\$ 16,273,769	\$ 15,846,052	\$ 18,000,161	\$ 19,450,251	\$ 19,571,756	\$ 18,157,123	\$ 19,046,817	\$ 21,692,143
Restricted	854,883	1,055,492	1,141,717	1,181,650	1,566,068	1,645,612	1,829,410	1,972,707	3,597,587	2,139,963
Unrestricted	4,258,455	5,232,395	5,609,828	6,991,345	8,173,245	5,338,306	6,341,545	6,738,731	7,608,138	887,348
Total governmental activities net position	\$ 17,259,979	\$ 20,157,029	\$ 23,025,314	\$ 24,019,047	\$ 27,739,474	\$ 26,434,169	\$ 27,742,711	\$ 26,868,561	\$ 30,252,542	\$ 24,719,454
Business-type activities										
Net investment in capital assets	\$ 20,565,320	\$ 24,431,090	\$ 28,765,087	\$ 29,968,615	\$ 29,313,411	\$ 27,450,008	\$ 19,244,222	\$ 26,963,246	\$ 29,206,459	\$ 28,462,491
Restricted	1,206,047	1,404,804	1,516,531	1,407,517	1,764,788	2,388,744	2,778,849	3,118,441	3,165,146	7,518,901
Unrestricted	6,411,229	6,702,365	7,719,283	9,650,484	12,765,404	15,299,718	26,491,187	18,557,728	20,521,968	16,259,453
Total business-type activities net position	\$ 28,182,596	\$ 32,538,259	\$ 38,000,901	\$ 41,026,616	\$ 43,843,603	\$ 45,138,470	\$ 48,514,258	\$ 48,639,415	\$ 52,893,573	\$ 52,240,845
Primary government										
Net investment in capital assets	\$ 32,711,961	\$ 38,300,232	\$ 45,038,856	\$ 45,814,667	\$ 47,313,572	\$ 46,900,259	\$ 38,815,978	\$ 45,120,369	\$ 48,253,276	\$ 50,154,634
Restricted	2,060,930	2,460,296	2,658,248	2,589,167	3,330,856	4,034,356	4,608,259	5,091,148	6,762,733	9,658,864
Unrestricted	10,669,684	11,934,760	13,329,111	16,641,829	20,938,649	20,638,024	32,832,732	25,296,459	28,130,106	17,146,801
Total primary government net position	\$ 45,442,575	\$ 52,695,288	\$ 61,026,215	\$ 65,045,663	\$ 71,583,077	\$ 71,572,639	\$ 76,256,969	\$ 75,507,976	\$ 83,146,115	\$ 76,960,299

* Restated for the implementation of GASB 65

City of Boerne, Texas
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 1,746,401	\$ 2,678,132	\$ 2,131,444	\$ 1,971,855	\$ 2,530,904	\$ 2,453,996	\$ 2,604,602	\$ 2,510,530	\$ 3,007,864	\$ 4,643,742
Public safety	3,835,578	4,503,790	4,892,745	5,798,082	6,308,002	7,310,411	7,323,674	7,869,498	8,835,090	9,300,269
Highways & streets	1,638,797	1,602,576	2,001,546	1,927,992	2,006,388	2,216,205	2,158,471	2,266,961	2,357,844	2,452,071
Economic Development	270,647	251,445	279,057	375,069	406,730	396,847	409,890	436,306	761,734	915,793
Culture & recreation	1,711,859	1,850,645	2,168,831	2,396,489	2,421,140	3,170,061	3,000,519	4,340,210	5,091,619	3,470,167
Interest on long term debt	252,638	231,234	987,906	900,390	1,320,546	1,293,803	1,121,400	1,131,656	1,104,084	805,586
Total government activities expenses	\$ 9,455,920	\$ 11,117,822	\$ 12,461,529	\$ 13,369,877	\$ 14,993,710	\$ 16,841,323	\$ 16,618,556	\$ 18,555,161	\$ 21,158,235	\$ 21,587,628
Business-type activities:										
Electric	\$ 10,904,849	\$ 10,240,412	\$ 12,598,026	\$ 12,502,141	\$ 12,369,579	\$ 12,861,039	\$ 12,593,722	\$ 12,262,199	\$ 14,159,182	\$ 14,422,455
Water	2,088,213	2,397,117	3,183,931	3,664,574	4,077,894	4,569,970	4,624,902	4,572,830	4,418,399	4,680,585
Wastewater	1,463,584	1,709,502	2,101,301	2,261,011	2,708,628	3,775,324	4,262,799	5,182,105	6,178,373	6,496,625
Gas	1,372,846	1,640,516	1,796,011	1,720,871	2,155,397	1,679,275	1,632,058	1,659,027	1,992,137	1,925,674
Garbage	362,108	381,482	444,013	486,104	498,007	536,432	568,090	586,371	598,292	700,442
Total business-type activities expenses	\$ 16,191,600	\$ 16,369,029	\$ 20,123,282	\$ 20,634,701	\$ 21,809,505	\$ 23,422,040	\$ 23,681,571	\$ 24,262,532	\$ 27,346,383	\$ 28,225,781
Total primary government expenses	\$ 25,647,520	\$ 27,486,851	\$ 32,584,811	\$ 34,004,578	\$ 36,803,215	\$ 40,263,363	\$ 40,300,127	\$ 42,817,693	\$ 48,504,618	\$ 49,813,409
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 665,473	\$ 1,187,301	\$ 765,420	\$ 520,576	\$ 526,149	\$ 533,006	\$ 537,833	\$ 554,101	\$ 591,838	\$ 660,461
Public safety	1,606,713	1,828,392	1,959,546	1,736,155	1,809,486	1,782,195	1,901,382	2,137,987	2,589,549	2,366,888
Highways & streets	984,758	1,113,795	1,208,548	1,424,739	1,436,637	1,507,087	1,503,413	1,594,537	1,767,766	1,975,617
Culture & recreation	477,922	629,094	487,010	483,361	463,942	527,594	489,884	498,018	542,087	570,145
Total charges for services	3,734,866	4,758,582	4,420,524	4,164,831	4,236,214	4,349,882	4,432,512	4,784,643	5,491,240	5,573,111
Operating grants and contributions	-	-	164,904	460,728	461,943	523,219	587,686	579,134	599,513	677,415
Capital grants and contributions	1,034,447	1,272,209	1,959,145	196,322	3,978,553	347,907	252,050	534,403	5,781,669	2,096,374
Total governmental activities program revenues	\$ 4,769,313	\$ 6,030,791	\$ 6,544,573	\$ 4,821,881	\$ 8,676,710	\$ 5,221,008	\$ 5,272,248	\$ 5,898,180	\$ 11,872,422	\$ 8,346,900
Business-type activities:										
Charges for services:										
Electric	\$ 11,131,645	\$ 10,785,574	\$ 13,334,922	\$ 14,105,684	\$ 13,542,999	\$ 13,721,849	\$ 14,331,712	\$ 13,571,874	\$ 15,214,937	\$ 17,248,469
Water	2,641,718	2,368,181	2,990,178	3,336,403	3,287,331	4,198,571	4,067,670	4,271,406	4,447,030	4,645,301
Wastewater	1,473,423	1,568,758	2,074,367	2,651,909	3,230,305	3,439,563	3,767,118	3,748,289	4,030,775	4,030,775
Gas	1,418,348	1,465,137	1,680,600	1,528,691	1,866,484	1,634,740	1,523,688	1,513,893	2,075,464	1,995,865
Garbage	398,221	434,375	475,735	513,080	526,885	549,714	583,393	624,917	647,758	700,792
Total charges for services	17,063,355	16,622,025	20,555,802	22,135,767	22,454,004	23,544,437	24,273,581	23,730,379	26,291,735	28,621,202
Operating grants and contributions	-	-	4,612	-	62,611	95,550	212,916	23,537	28,959	57,365
Capital grants and contributions	2,340,939	3,216,124	4,508,717	1,394,783	2,093,451	1,157,061	2,659,318	1,380,320	5,780,513	4,653,095
Total business-type activities program revenues	\$ 19,404,294	\$ 19,838,149	\$ 25,069,131	\$ 23,530,550	\$ 24,610,066	\$ 24,797,048	\$ 27,145,815	\$ 25,134,236	\$ 32,101,207	\$ 33,331,662
Total primary government program revenues	\$ 24,173,607	\$ 25,868,940	\$ 31,613,704	\$ 28,352,431	\$ 33,286,776	\$ 30,018,056	\$ 32,418,063	\$ 31,032,416	\$ 43,973,629	\$ 41,678,562
Net (expense)/revenue	\$ (4,686,607)	\$ (5,087,031)	\$ (5,916,956)	\$ (8,547,996)	\$ (6,317,000)	\$ (11,620,315)	\$ (11,346,308)	\$ (12,656,981)	\$ (9,285,813)	\$ (13,240,728)
Governmental activities	3,212,694	3,469,120	4,945,849	2,895,849	2,800,561	1,375,008	3,464,244	871,704	4,754,824	5,105,881
Business-type activities	\$ (1,473,913)	\$ (1,617,911)	\$ (971,107)	\$ (5,652,147)	\$ (3,516,439)	\$ (10,245,307)	\$ (7,882,064)	\$ (11,785,277)	\$ (4,530,989)	\$ (8,134,847)

City of Boerne, Texas
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,616,369	\$ 3,021,235	\$ 3,718,880	\$ 4,546,162	\$ 4,904,034	\$ 4,834,525	\$ 5,065,159	\$ 5,546,182	\$ 5,883,300	\$ 6,279,784
Sales taxes	3,600,998	3,831,390	4,194,543	4,368,109	4,474,155	4,832,704	4,739,388	5,313,433	5,460,798	5,841,658
Other taxes	273,511	319,351	346,290	356,673	377,530	379,218	420,617	468,556	498,886	553,729
Unrestricted Grants and contributions	244,885	255,452	-	-	-	-	-	-	-	-
Unrestricted investment earnings	257,392	358,582	225,597	93,482	24,553	11,443	6,112	17,378	29,965	34,758
Miscellaneous	70,860	148,071	247,055	124,427	204,279	104,244	2,272,313	158,036	243,969	433,187
Transfers	100,000	50,000	52,876	52,876	52,876	152,876	151,261	450,816	552,876	2,610,209
Total governmental activities	\$ 7,164,015	\$ 7,984,081	\$ 8,785,241	\$ 9,541,729	\$ 10,037,427	\$ 10,315,010	\$ 12,654,850	\$ 11,954,401	\$ 12,669,794	\$ 15,753,325
Business-type activities:										
Unrestricted Grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted investment earnings	450,750	936,543	569,669	182,742	69,302	72,735	51,865	45,063	52,210	97,999
Miscellaneous	(100,000)	(50,000)	(52,876)	(52,876)	(52,876)	(152,876)	(151,261)	(450,816)	(552,876)	(2,610,209)
Transfers	350,750	886,543	516,793	129,866	16,426	(80,141)	(88,456)	(383,656)	(500,666)	(2,493,684)
Total business-type activities	\$ 7,514,765	\$ 8,870,624	\$ 9,302,034	\$ 9,671,595	\$ 10,053,853	\$ 10,234,869	\$ 12,566,394	\$ 11,570,745	\$ 12,169,128	\$ 13,259,641
Total primary government	\$ 2,477,408	\$ 2,897,050	\$ 2,868,285	\$ 993,733	\$ 3,720,427	\$ (1,305,305)	\$ 1,308,542	\$ (702,580)	\$ 3,383,981	\$ 2,512,597
Governmental activities	3,563,444	4,355,663	5,462,642	3,025,715	2,816,987	1,294,867	3,375,788	488,048	4,254,158	2,612,197
Business-type activities	\$ 6,040,852	\$ 7,252,713	\$ 8,330,927	\$ 4,019,448	\$ 6,537,414	\$ (10,438)	\$ 4,684,330	\$ (214,532)	\$ 7,638,139	\$ 5,124,794

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes

Property taxes

Sales taxes

Other taxes

Unrestricted Grants and contributions

Unrestricted investment earnings

Miscellaneous

Transfers

Total governmental activities

Business-type activities:

Unrestricted Grants and contributions

Unrestricted investment earnings

Miscellaneous

Transfers

Total business-type activities

Total primary government

Change in Net Position

Governmental activities

Business-type activities

Total primary government

City of Boerne, Texas
General Government Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Ad Valorem Tax	Sales Tax	Franchise Tax	Total
2006	2,616,369	3,600,998	1,263,181	7,480,548
2007	3,021,235	3,831,390	1,430,770	8,283,395
2008	3,718,880	4,194,543	1,562,623	9,476,046
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

City of Boerne, Texas
Fund Balances of Government Funds
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund	-	-	-	-	-	-	\$ 154,143	\$ 233,957	\$ 181,694	\$ 215,226
Restricted	-	-	-	-	-	-	-	-	1,550,000	4,578
Nonspendable	3,943,717	4,976,203	5,548,186	5,762,758	5,416,495	4,742,104	5,937,743	6,863,709	5,636,863	7,651,822
Unassigned	\$ 3,943,717	\$ 4,976,203	\$ 5,548,186	\$ 5,762,758	\$ 5,416,495	\$ 4,742,104	\$ 6,091,886	\$ 7,097,666	\$ 7,368,557	\$ 7,871,626
Total general fund										
All other government funds										
Restricted	\$ 448,893	\$ 11,709,231	\$ 11,631,396	\$ 6,958,652	\$ 10,334,535	\$ 3,894,842	\$ 1,873,798	\$ 1,851,532	\$ 1,552,523	\$ 1,491,782
Assigned	383,412	408,809	468,657	783,360	1,106,521	1,305,767	1,345,188	1,917,829	2,296,930	1,817,953
Nonspendable	536,518	530,817	561,294	504,380	545,176	608,629	634,857	675,859	741,419	767,678
Total all other government funds	\$ 1,368,823	\$ 12,648,857	\$ 12,661,347	\$ 8,246,392	\$ 11,986,232	\$ 5,809,238	\$ 3,853,843	\$ 4,445,220	\$ 4,590,872	\$ 4,077,413

1) The changes in fund balances are explained in more detail in Management's Discussion and Analysis.

City of Boerne, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Ad valorem taxes	\$ 2,616,369	\$ 3,021,235	\$ 3,718,880	\$ 4,446,346	\$ 4,825,698	\$ 4,768,108	\$ 5,040,616	\$ 5,548,012	\$ 5,869,666	\$ 6,263,241
Sales tax	3,600,998	3,831,390	4,194,543	4,053,884	4,135,773	4,447,723	4,765,341	5,243,148	5,420,528	5,876,279
Hotel-Motel tax	273,511	319,351	346,290	356,673	377,530	379,218	420,617	468,556	498,886	553,729
Library, parks & swimming revenues	272,090	295,434	375,370	435,973	447,425	520,690	545,724	575,268	635,317	669,848
Franchise fees	1,263,181	1,430,770	1,562,623	1,804,527	1,827,711	1,929,954	1,966,300	2,087,618	2,297,457	2,568,986
Licenses & permits	610,397	577,948	471,065	276,536	333,791	404,746	451,526	526,713	934,541	698,757
Fines	304,178	338,196	352,402	315,780	374,193	334,505	287,541	347,142	316,436	238,562
Rents	152,868	119,330	124,651	132,811	130,542	107,419	72,854	61,020	62,147	66,376
Grants	324,051	1,058,694	63,476	119,107	350,981	53,364	9,093	105,094	32,647	149,877
Contributions & donations	1,031,958	1,165,166	1,394,326	1,535,676	2,806,287	1,879,470	1,685,023	1,807,408	1,937,632	2,405,192
Miscellaneous	62,519	124,448	230,159	115,670	185,382	104,244	306,170	146,263	276,474	422,679
Interest earned	278,420	387,078	626,984	237,738	56,981	24,054	12,341	17,378	29,964	38,772
Total revenues	\$ 10,790,540	\$ 12,669,040	\$ 13,460,769	\$ 13,830,721	\$ 15,852,294	\$ 14,953,495	\$ 15,563,146	\$ 16,933,620	\$ 18,311,695	\$ 19,952,298
Expenditures:										
General government	\$ 1,484,043	\$ 2,434,201	\$ 1,935,132	\$ 1,706,485	\$ 1,843,755	\$ 1,884,531	\$ 2,155,208	\$ 2,154,800	\$ 2,619,570	\$ 2,630,721
Public safety	3,410,325	3,962,619	4,330,994	5,206,189	5,786,130	6,116,646	6,472,489	6,845,431	7,624,418	8,035,246
Highways & streets	976,597	926,341	1,142,966	1,140,925	1,171,132	1,286,214	1,236,591	1,408,011	1,427,229	1,286,420
Economic development	260,997	250,219	279,057	375,069	394,149	393,428	405,257	422,791	757,666	904,553
Culture & recreation	1,306,018	1,406,399	1,615,509	1,892,255	1,924,468	2,029,605	2,252,021	2,375,379	2,547,634	2,709,127
Capital outlay	1,656,390	6,610,963	1,836,295	5,979,088	9,494,253	8,256,048	3,874,870	2,024,439	1,128,183	4,716,638
Debt service										
Principal	770,000	805,000	800,000	885,000	650,000	715,000	950,000	965,000	1,235,000	1,270,000
Interest and fees	260,535	166,327	1,006,115	907,726	1,551,892	1,293,047	1,163,324	1,149,912	1,108,328	1,037,787
Total expenditures	\$ 10,124,905	\$ 16,562,069	\$ 12,946,068	\$ 18,092,737	\$ 22,815,779	\$ 21,974,519	\$ 18,509,760	\$ 17,345,763	\$ 18,448,028	\$ 22,590,492
Excess of revenues over(under) expenditures	\$ 665,635	\$ (3,893,029)	\$ 514,701	\$ (4,262,016)	\$ (6,963,485)	\$ (7,021,024)	\$ (2,946,614)	\$ (412,143)	\$ (136,333)	\$ (2,638,194)
Other financing sources (uses):										
Issuance of Bonds/Notes	\$ -	\$ 16,131,926	\$ -	\$ -	\$ 10,285,289	\$ -	\$ 40,714	\$ 1,540,000	\$ -	\$ (37,751)
Transfers from other funds	470,100	298,265	701,385	374,231	329,138	1,485,164	501,767	1,353,597	885,694	3,688,578
Transfers to other funds	(370,100)	(248,265)	(648,509)	(321,355)	(276,262)	(1,332,288)	(348,891)	(902,781)	(332,818)	(1,078,369)
Sale of capital assets	8,341	23,623	16,896	8,757	18,897	16,763	2,147,411	18,484	-	55,346
Total other financing sources (uses)	\$ 100,000	\$ 16,181,926	\$ 52,876	\$ 52,876	\$ 10,338,165	\$ 169,639	\$ 2,341,001	\$ 2,009,300	\$ 552,876	\$ 2,627,804
Net change in fund balances	\$ 765,635	\$ 12,288,897	\$ 567,577	\$ (4,209,140)	\$ 3,374,680	\$ (6,851,385)	\$ (605,613)	\$ 1,597,157	\$ 416,543	\$ (10,390)
Debt service as a percentage of non-capital expenditures	11.90%	9.54%	16.26%	14.75%	19.73%	14.64%	14.33%	13.60%	13.37%	11.79%

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
2006	778,012	3,600,998	1,263,181	5,642,191
2007	900,009	3,831,390	1,430,770	6,162,169
2008	845,019	4,194,543	1,562,623	6,602,185
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

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
2006	4,245,213	6,480,440	10,725,653	165,619	100,799	5,766	133,808	11,131,645
2007	3,809,328	6,294,991	10,104,319	399,006	104,331	2,143	175,775	10,785,574
2008	4,868,280	7,802,033	12,670,313	292,411	118,088	8,867	245,243	13,334,922
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

City of Boerne, Texas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended September 30	Real Property		Personal Property Assessed Value	Less:		Taxable Assessed Value	Direct Tax Rate (1)	Actual Taxable Value	Percentage of Assessed to Actual Value (2)
	Residential Assessed Value	Commercial Assessed Value		Tax Exempt Real Property	Tax Exempt Real Property				
2006	424,384,354	241,839,121	65,319,221	141,724,523	589,818,173	0.4422	589,818,173	100.00	
2007	493,632,512	269,087,685	65,082,640	151,736,960	676,065,877	0.4422	676,065,877	100.00	
2008	639,451,065	310,416,827	65,865,630	196,736,874	818,996,648	0.4422	818,996,648	100.00	
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	

The above information was obtained from the Kendall Appraisal District.

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

(2) Excludes tax-exempt property.

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

Fiscal Year	City of Boerne						Overlapping Rates						Total Direct & Overlapping Rates
	City of Boerne			School District			County			County			
	Operating Rate	Debt Service Rate	Total City Rate	Operating Rate	Debt Service Rate	Total School Rate	Operating Rate	Debt Service Rate	Total County Rate	Operating Rate	Debt Service Rate	Total County Rate	
2006	0.2850	0.1572	0.4422	1.4550	0.2850	1.7400	0.3401	0.0299	0.3700	0.3401	0.0299	0.3700	2.5622
2007	0.3007	0.1415	0.4422	1.3300	0.2900	1.6200	0.3443	0.0257	0.3700	0.3443	0.0257	0.3700	2.4322
2008	0.2541	0.1881	0.4422	1.0400	0.2900	1.3300	0.3393	0.0307	0.3700	0.3393	0.0307	0.3700	2.1422
2009	0.2587	0.1835	0.4422	1.0400	0.2900	1.3300	0.3420	0.0280	0.3700	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	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	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	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	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	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	0.3508	0.0432	0.3940	2.1600

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

**City of Boerne, Texas
Principal Property Taxpayers
Current Year and Nine Years Ago**

<u>Taxpayer</u>	2015			2006		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
H.E.B. Grocery Co.	\$ 18,290,920	1	1.4%	\$ 6,735,732	3	1.26%
Wal-Mart Real Estate Business, TR	16,663,570	2	1.3%	15,816,870	1	2.96%
Heller Property LP	14,621,220	3	1.2%	3,065,660	10	0.57%
VBM Acquisition LLC	11,831,720	4	0.9%	-		
Jet Specialty Inc	10,985,240	5	0.9%	-		
Carrington Place I & 11, LP	9,903,170	6	0.8%	5,129,880	5	0.96%
Home Depot	9,595,310	7	0.8%	9,171,900	2	1.72%
Miller Balous	8,309,980	8	0.7%	-		
Cambridge-Boerne Partners, LP	8,198,610	9	0.6%	-		
Starplex	8,058,070	10	0.6%			
Jennings Anderson Ford Sales LTD	-		-	4,804,140	6	0.90%
Duran Paul Simon II	-		-	6,233,793	4	1.17%
The Vistas of Boerne, LTD	-		-	3,980,600	8	0.75%
Cusick Consulting LTD	-		-	3,292,620	9	0.62%
WAD Associates, LTD	-		-	4,401,440	7	0.82%
	<u>\$ 116,457,810</u>		<u>9.2%</u>	<u>\$ 62,632,635</u>		<u>11.73%</u>

Source: Kendall Appraisal District

City of Boerne, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended September 30	Tax Roll Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
			Current Taxes Collected	Percent of Levy		Total Tax Collections	Percentage of Levy
2006	2005	2,591,044	2,560,685	98.8%	28,642	2,589,327	99.9%
2007	2006	2,985,270	2,933,757	98.3%	49,466	2,983,223	99.9%
2008	2007	3,708,084	3,668,742	98.9%	37,036	3,705,778	99.9%
2009	2008	4,431,905	4,346,628	98.1%	82,942	4,429,570	99.9%
2010	2009	4,753,703	4,662,552	98.1%	86,575	4,749,127	99.9%
2011	2010	4,756,326	4,705,125	98.9%	44,962	4,750,087	99.9%
2012	2011	4,975,957	4,915,337	98.8%	53,547	4,968,884	99.9%
2013	2012	5,510,736	5,429,178	98.5%	69,708	5,498,885	99.8%
2014	2013	5,839,322	5,759,708	98.6%	56,819	5,816,527	99.6%
2015	2014	6,181,080	6,131,966	99.2%	0	6,131,966	99.2%

City of Boerne, Texas
Principal Electric Utility Customers by Sales
Current Year and Nine Years Ago

<u>Utility Customer</u>	2015			2006		
	Electric Sales		Percentage of	Electric Sales		Percentage of
	Revenue	Rank	Total Electric Sales Revenues	Revenue	Rank	Total Electric Sales Revenues
Boerne Independent School District	\$ 1,152,723	1	24.5%	\$ 557,647	1	5.2%
City of Boerne	831,865	2	17.7%			
Wal-Mart	662,606	3	14.1%	519,498	2	4.8%
Morningside Ministries	565,614	4	12.0%	308,052	4	2.9%
H.E. Butt Supermarket	538,469	5	11.4%	405,642	3	3.8%
The Home Depot	263,903	6	5.6%	257,002	5	2.4%
Healthcare Reit Inc	208,099	7	4.4%			
Kendall County Auditor	192,102	8	4.1%	97,031	9	0.9%
Alamo Fiesta RV Resort	171,612	9	3.6%	115,619	7	1.1%
St. Peters Catholic Church	117,451	10	2.5%			
First Baptist Church	-	-	-	112,950	8	1.1%
Benefit Planners	-	-	-	161,375	6	1.5%
Kendall Inn Hotel Partners	-	-	-	91,554	10	0.9%
	<u>\$ 4,704,445</u>		<u>28.4%</u>	<u>\$ 2,626,369</u>		<u>24.5%</u>

Source: City of Boerne Utilities

City of Boerne, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Household Income (1)	Per Capita (1)
	General Obligation Bonds (2)	Tax Notes (2)	Certificates of Obligation (2)	Revenue Bonds	Certificate of Obligation			
2006	3,410,000	1,405,000	710,000	13,800,000	-	19,325,000	4.1%	2,110.87
2007	14,535,000	5,795,000	560,000	13,370,000	-	34,260,000	6.9%	3,585.18
2008	14,210,000	5,480,000	400,000	12,870,000	-	32,960,000	6.4%	3,337.38
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	24,130,000	1,055,000	-	42,695,000	-	68,935,000	6.3%	5,061.68

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 127 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)
2006	5,525,000	106,206	5,418,794	0.92%	591.89
2007	20,890,000	249,975	20,640,025	3.05%	2,159.90
2008	20,090,000	253,889	19,836,111	2.42%	2,008.52
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	25,185,000	838,134	24,346,866	1.82%	1,787.71

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 117 for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 127.

City of Boerne, Texas
Direct and Overlapping Governmental Activities Debt
September 30, 2015

	<u>Net Debt</u>	<u>Percentage Applicable to City (1)</u>	<u>City's Share of Debt</u>
Kendall County	(1) \$ 12,965,000	30.96%	\$ 40,145
Boerne Ind. School District	(1) 181,547,910	25.75%	467,473
Total overlapping debt			<u>507,618</u>
City of Boerne	(1) 25,185,000	100.00%	<u>25,185,000</u>
Total direct and overlapping debt			<u><u>\$ 25,692,618</u></u>

(1) As of September 30, 2015

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$58,981,817	\$67,606,588	\$81,899,665	\$99,242,505	\$108,306,049	\$107,862,700	\$109,749,040	\$123,893,228	\$126,721,382	\$133,944,913
Total net debt applicable to limit	5,418,794	20,640,025	19,836,111	18,810,667	27,791,862	27,052,871	26,069,119	26,642,772	25,358,270	24,346,866
Legal debt margin	\$53,563,023	\$46,966,563	\$62,063,554	\$80,431,838	\$80,514,187	\$80,809,829	\$83,679,921	\$97,250,456	\$101,363,112	\$109,598,047
Total net debt applicable to the limit as a percentage of debt limit	9.19%	30.53%	24.22%	18.95%	25.66%	25.08%	23.75%	21.50%	20.01%	18.18%

Legal Debt Margin Calculation for Fiscal Year 2015

Total assessed value	\$ 1,339,449,125
Debt limit (10% of total assessed value)	133,944,913
Debt applicable to limit:	
General bonded debt	25,185,000
Less: Amount set aside for repayment of general bonded debt	838,134
Total net debt applicable to limit	<u>24,346,866</u>
Legal debt margin	<u>\$ 109,598,047</u>

City of Boerne, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years

Utility	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Electric:										
Revenues	\$ 11,252,689	\$ 10,970,496	\$ 13,443,285	\$ 14,134,635	\$ 13,558,392	\$ 13,741,179	\$ 14,346,832	\$ 13,592,854	\$ 15,252,637	\$ 17,287,785
Less: Operating Expenses	(10,560,701)	(9,856,284)	(12,321,471)	(12,136,454)	(11,964,106)	(12,450,289)	(12,132,292)	(11,698,252)	(13,546,962)	(13,794,036)
Net Available Revenue	\$ 691,988	\$ 1,114,212	\$ 1,121,814	\$ 1,998,181	\$ 1,594,286	\$ 1,290,890	\$ 2,214,540	\$ 1,894,602	\$ 1,705,675	\$ 3,493,749
Water:										
Revenues	\$ 2,768,690	\$ 2,576,020	\$ 3,135,571	\$ 3,394,259	\$ 3,367,539	\$ 4,207,917	\$ 4,075,525	\$ 4,283,577	\$ 4,456,288	\$ 4,679,108
Less: Operating Expenses	(1,652,473)	(1,976,087)	(2,445,934)	(2,862,068)	(2,760,467)	(2,947,661)	(2,846,182)	(2,925,133)	(3,167,299)	(3,347,857)
Net Available Revenue	\$ 1,116,217	\$ 599,933	\$ 689,637	\$ 532,191	\$ 607,072	\$ 1,260,256	\$ 1,229,343	\$ 1,358,444	\$ 1,288,989	\$ 1,331,251
Wastewater:										
Revenues	\$ 1,618,654	\$ 1,944,945	\$ 2,303,613	\$ 2,734,151	\$ 3,264,502	\$ 3,482,521	\$ 3,795,316	\$ 3,759,661	\$ 3,911,613	\$ 4,055,297
Less: Operating Expenses	(982,731)	(1,084,586)	(1,222,499)	(1,403,009)	(1,432,880)	(1,498,255)	(1,525,010)	(1,572,710)	(1,753,726)	(1,999,875)
Net Available Revenue	\$ 635,923	\$ 860,359	\$ 1,081,114	\$ 1,331,142	\$ 1,831,622	\$ 1,984,266	\$ 2,270,306	\$ 2,186,951	\$ 2,157,887	\$ 2,055,422
Natural Gas:										
Revenues	\$ 1,468,690	\$ 1,622,887	\$ 1,761,178	\$ 1,541,175	\$ 1,868,336	\$ 1,715,100	\$ 1,524,222	\$ 1,514,274	\$ 2,075,574	\$ 1,996,107
Less: Operating Expenses	(1,307,860)	(1,347,104)	(1,541,040)	(1,490,342)	(1,816,636)	(1,467,841)	(1,321,356)	(1,330,473)	(1,647,996)	(1,550,053)
Net Available Revenue	\$ 160,830	\$ 275,783	\$ 220,138	\$ 50,833	\$ 51,700	\$ 247,259	\$ 202,866	\$ 183,801	\$ 427,578	\$ 446,054
Total Utility Systems Revenues	\$ 17,108,723	\$ 17,114,348	\$ 20,643,647	\$ 21,804,220	\$ 22,058,769	\$ 23,146,717	\$ 23,741,895	\$ 23,150,366	\$ 25,696,112	\$ 28,018,297
Less: Total Utility Systems Operating Expenses	(14,503,765)	(14,264,061)	(17,530,944)	(17,891,873)	(17,974,089)	(18,364,046)	(17,824,840)	(17,526,568)	(20,115,983)	(20,691,820)
Total Utility Systems Net Revenue Available	\$ 2,604,958	\$ 2,850,287	\$ 3,112,703	\$ 3,912,347	\$ 4,084,680	\$ 4,782,671	\$ 5,917,055	\$ 5,623,798	\$ 5,580,129	\$ 7,326,477
Annual Debt Service	\$ 972,491	\$ 1,019,949	\$ 1,015,979	\$ 1,132,435	\$ 1,112,931	\$ 2,850,118	\$ 2,841,379	\$ 2,828,657	\$ 2,814,852	\$ 2,799,925
Coverage	€ 2.68	2.79	3.06	3.45	3.67	1.68	2.08	1.99	1.98	2.62

*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)
2006	9,155	51,879	2.62	6,030	3.7
2007	9,556	51,879	2.62	6,188	3.8
2008	9,876	51,879	2.62	6,250	3.4
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

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**

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Principal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Principal Employment</u>
Boerne Independent School District	997	1	33.61%	876	1	33.23%
H E Butt Grocery Store	347	2	11.70%	250	4	9.48%
Mission Pharmacal	249	3	8.40%	285	3	10.81%
Albany Engineered Composites	238	4	8.02%			
Kendall County	237	5	7.99%	180	6	6.83%
City of Boerne	233	6	7.86%	176	7	6.68%
WalMart Stores	225	7	7.59%	325	2	12.33%
Toyota of Boerne	191	8	6.44%			
Mercedes Benz of Boerne	127	9	4.28%			
The Home Depot	122	10	4.11%	127	8	4.82%
Benefit Planners				200	5	7.59%
Jennings Anderson Ford				115	9	4.36%
Town & Country Manor Nursing Home				102	10	3.87%

Source: City of Boerne Study

City of Boerne, Texas
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

<u>Function:</u>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	22	25	27	27	18	20	20	21	22	20
Public Safety:										
Police	30	32	33	35	35	34	35	34	36	35
Animal Control	3	3	3	3	3	3	3	3	3	3
Municipal Court	3	3	3	3	3	3	3	3	3	3
Emergency & Risk	3	5	5	5	5	6	7	8	8	8
Code Enforcement	4	4	4	4	8	7	7	7	9	10
Communications	12	12	12	12	12	12	12	13	13	13
Fire	4	5	7	7	13	11	12	12	13	14
Highways & Streets	16	16	18	18	18	18	18	18	18	15
Culture & Recreation	31	33	36	38	39	39	40	37	37	38
Cemetery	1	1	1	1	1	1	1	1	1	1
Electric	17	21	21	21	21	20	20	20	21	20
Water	14	13	16	18	14	13	13	15	15	15
Sewer	11	10	11	13	14	13	13	13	13	16
Gas	5	3	3	3	8	6	6	6	6	6
Total	176	186	200	208	212	206	210	211	218	217

Source: City of Boerne

City of Boerne, Texas
Operating Indicators by Function
Last Ten Fiscal Years

<u>Function:</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police										
Physical Arrests	458	417	531	459	309	333	362	373	490	479
Parking Violations	102	95	84	32	38	27	32	11	70	20
Traffic Violations	3,214	3,374	4,014	3,110	2,427	2,498	1,943	2,583	1,986	1,326
Fire										
Number of calls (In City)	210	251	249	228	295	372	348	271	317	444
Inspections	786	473	1234	1191	1804	1586	1457	2102	1277	1870
Code Enforcement										
Permits issued	2542	2249	1900	1019	1247	1664	1699	1909	2002	2135
Highways & streets										
Streets resurfaced(miles)	1.93	1.00	2.00	2.00	5.9	2.9	3	4	2.72	1
Other street repairs (hours)	16,533	16,827	17,835	17,095	10,072	16,006	16,558	16,839	17,412	285
Culture & recreation										
Athletic field revenues	\$ 43,195	\$54,389	\$ 49,581	\$ 31,141	\$ 33,811	\$ 28,333	\$ 25,910	\$ 22,647	\$ 27,881	\$ 44,923
Community Center events	667	696	743	624	574	442	432	371	297	303
Electric										
New connections	81	138	272	49	71	80	102	75	88	128
Average daily consumptions (kilowatt hours)	305,127	309,762	323,077	326,890	342,077	354,182	347,317	339,886	362,390	366,009
Water										
New connections	271	321	267	103	127	112	168	167	172	254
Average daily consumptions (thousands of gallons)	129,017	102,792	137,850	140,354	125,796	168,722	161,389	163,363	156,933	158,559
Wastewater										
New connections	277	280	284	100	113	90	145	148	138	131
Average daily treatment (thousands of gallons)	79,754	86,332	90,382	100,205	99,069	107,293	107,217	101,182	113,884	115,372
Natural Gas										
New connections	0	23	123	59	58	58	54	68	78	138
Average daily consumptions (thousands of cubic feet)	277	323	320	319	455	402	397	386	483	475

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:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	13	12	14	14	15	15	15	15	16
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	6	6	8	8	8	8	8	8	9	9
Highways & streets										
Streets (miles)	46.02	46.02	49.25	49.25	52.7	52.7	52.7	55.4	59	60
Streetlights	440	500	550	550	559	613	613	613	658	666
Culture & recreation										
Parks	10	11	11	12	12	12	12	12	12	12
Parks acreage	302.6	311.6	361.6	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	1	1
Electric										
Number of distribution stations	1	2	2	2	2	2	2	2	2	2
Capacity sold (mega-watt hours)	111.4	113.0	117.9	119.3	124.9	129.3	126.8	124.1	132.3	133.6
Water										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Capacity produced (thousands of gallons)	560,478	487,316	631,614	600,138	553,636	752,281	676,762	691,667	676,100	678,456
Wastewater										
Treatment plants	1	1	1	1	1	1	1	2	2	2
Capacity treated (thousands of gallons)	291,102	497,579	329,892	314,498	479,507	340,377	361,646	364,256	374,001	529,526
Natural Gas										
Gas mains (miles)	43	44.6	50.43	54.65	55.23	55.23	54.35	56.65	57	58
Capacity sold (thousands of cubic feet)	101,144	117,883	116,779	116,383	165,970	146,786	145,038	140,711	176,464	173,413

Sources: Various City of Boerne departments.

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

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