

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



**PRELIMINARY OFFICIAL STATEMENT**

**Rating:**  
**Moody's: "Aa1"**  
**(see "OTHER INFORMATION - Rating" herein)**

**Dated September 2, 2025**

**NEW ISSUE - Book-Entry-Only**

In the opinion of Bond Counsel (identified below), assuming continuing compliance by the Issuer (defined below) after the date of initial delivery of the Bonds (defined below) with certain covenants contained in the Ordinance (defined below) and subject to the matters described under "TAX MATTERS" herein, interest on the Bonds under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code, as amended to the date of initial delivery of the Bonds and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. (See "TAX MATTERS" herein.)

THE BONDS WILL BE DESIGNATED  
AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

**\$4,000,000\***  
**CITY OF BOERNE, TEXAS**  
**(Kendall County)**  
**GENERAL OBLIGATION BONDS, SERIES 2025**

**Dated Date: September 1, 2025**

**Due: March 1, as shown on page 2**

**Interest accrues from Date of Delivery (defined herein)**

**PAYMENT TERMS.** . . Interest on the \$4,000,000\* City of Boerne, Texas, General Obligation Bonds, Series 2025 (the "Bonds") will accrue from the Date of Delivery, and will be payable March 1 and September 1 of each year commencing March 1, 2026, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (identified below) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (see "THE BONDS - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE.** . . The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapters 1251 and 1331, as amended, Texas Government Code, Chapter 331, as amended, Texas Local Government Code, an election held in the City of Boerne, Texas (the "City") on November 8, 2022, the City's home rule charter, and an ordinance (the "Bond Ordinance") expected to be adopted by the City Council of the City on September 9, 2025 (see "THE BONDS - Authority for Issuance of the Bonds").

**PURPOSE.** . . Proceeds from the sale of the Bonds will be used for the purpose of (i) acquiring, constructing, equipping, renovating, and landscaping park, recreation, and open space improvements and additions including public facilities located in and integral to such parks, acquiring necessary lands and rights-of-way, and (ii) professional services rendered in relation to such projects and the financing thereof.

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**CUSIP PREFIX: 097041**  
**MATURITY SCHEDULE & 9 DIGIT CUSIP**  
**See Schedule on Page 2**

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**LEGALITY.** . . The Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Austin, Texas, Bond Counsel (see Appendix C, "Form of Bond Counsel's Opinion"). Norton Rose Fulbright US LLP, Austin, Texas will also act as disclosure counsel to the City.

**DELIVERY.** . . It is expected that the Bonds will be available for delivery through the services of DTC on September 25, 2025 (the "Date of Delivery").

**BIDS DUE TUESDAY, SEPTEMBER 9, 2025 AT 9:30 AM, CENTRAL TIME**

\* Preliminary, subject to change.

**MATURITY SCHEDULE\***

**CUSIP Prefix: 097041 <sup>(1)</sup>**

<u>Amount</u>	<u>Maturity 1-Mar</u>	<u>Initial Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix<sup>(1)</sup></u>
\$1,840,000	2026			
80,000	2027			
80,000	2028			
85,000	2029			
85,000	2030			
90,000	2031			
95,000	2032			
95,000	2033			
100,000	2034			
105,000	2035			
110,000	2036			
115,000	2037			
120,000	2038			
125,000	2039			
130,000	2040			
135,000	2041			
140,000	2042			
150,000	2043			
155,000	2044			
165,000	2045			

**(Interest to accrue from the date of delivery.)**

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data set forth herein is provided by CUSIP Global Services managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP services. Neither the City, the Municipal Advisor nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

**OPTIONAL REDEMPTION . . .** The City reserves the right, at its option, to redeem Bonds having stated maturities on or after March 1, 2036, in whole or in part, in principal amounts of \$5,000, or any integral multiple thereof, on March 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS – Optional Redemption of the Bonds”).

**MANDATORY SINKING FUND REDEMPTION . . .** In the event any of the Bonds are structured as "term" Bonds at the option of the Initial Purchaser, such term Bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Bond Ordinance, which provisions will be included in the final Official Statement.

\* Preliminary, subject to change.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule") and in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the City that has been deemed "final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

No dealer, broker, salesman or other person has been authorized by the City or the Initial Purchaser to give any information, or to make any representations other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Initial Purchaser. This Preliminary Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Municipal Advisor. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE THE CITY, THE INITIAL PURCHASER, OR THE MUNICIPAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS PRELIMINARY OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY, AS SUCH INFORMATION HAS BEEN PROVIDED BY THE DEPOSITORY TRUST COMPANY.

THIS PRELIMINARY OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

The agreements of the City and others related to the Bonds are contained solely in the contracts described herein. Neither this Preliminary Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE PRELIMINARY OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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The cover page hereof, this page, the maturity schedule and the appendices included herein and any addenda, supplement or amendment hereto, are part of the Preliminary Official Statement.

## PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Preliminary Official Statement. The offering of the Bonds (defined herein) to potential investors is made only by means of this entire Preliminary Official Statement. No person is authorized to detach this summary from this Preliminary Official Statement or to otherwise use it without the entire Preliminary Official Statement.

**THE CITY**..... The City of Boerne, Texas (the “City”) is a political subdivision and municipal corporation of the State of Texas (the “State”), located in Kendall County, Texas. The City covers approximately 11.92 square miles and is the county seat of Kendall County. (see “INTRODUCTION - Description of the City”).

**THE BONDS**..... The City’s \$4,000,000\* General Obligation Bonds, Series 2025 (the “Bonds”) are being issued as serial bonds maturing March 1 in each of the years 2026 through 2045, inclusive, unless the initial purchaser of the Bonds (the “Initial Purchaser”) designates two or more consecutive maturities as one or more Term Bonds (see “THE BONDS - Description of the Bonds”).

### PAYMENT OF INTEREST

**ON THE BONDS**..... Interest on the Bonds accrues from the date of delivery (anticipated to be September 25, 2025), and is payable March 1 and September 1 of each year, commencing March 1, 2026, until maturity or prior redemption (see “THE BONDS - Description of the Bonds” and “THE BONDS - Optional Redemption of the Bonds”).

### AUTHORITY FOR ISSUANCE

**OF THE BONDS**..... The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas (the “State”), including particularly Chapters 1251 and 1331, as amended, Texas Government Code, Chapter 331, as amended, Texas Local Government Code, an election held in the City of Boerne, Texas (the “City”) on November 8, 2022, the City’s home rule charter, and an ordinance (the “Bond Ordinance”) expected to be adopted by the City Council of the City on September 9, 2025 (see “THE BONDS – Authority for Issuance of the Bonds”).

### SECURITY FOR THE

**BONDS**..... The Bonds constitute direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Bond Ordinance (see “THE BONDS – Security and Source of Payment of the Bonds”).

### OPTIONAL REDEMPTION FOR

**THE BONDS**..... The City reserves the right, at its option, to redeem Bonds having stated maturities on or after March 1, 2036, in whole or in part, in principal amounts of \$5,000, or any integral multiple thereof, on March 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS – Optional Redemption of the Bonds”).

**TAX STATUS**..... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption “TAX MATTERS”.

### QUALIFIED TAX-EXEMPT

**OBLIGATIONS**..... The City will designate the Bonds as “Qualified Tax-Exempt Obligations” for financial institutions (see “TAX MATTERS”).

### USE OF PROCEEDS FOR THE

**BONDS**..... Proceeds from the sale of the Bonds will be used for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, equipping, renovating, and landscaping park, recreation, and open space improvements and additions including public facilities located in and integral to such parks, acquiring necessary lands and rights-of-way, and (ii) professional services rendered in relation to such projects and the financing thereof.

### RATING FOR THE

**BONDS**..... The Bonds are rated “Aa1” by Moody’s Investor Service, Inc. (“Moody’s”), without regard to credit enhancement (see “OTHER INFORMATION – Rating”).

\* Preliminary, subject to change.

**BOOK-ENTRY-ONLY**

**SYSTEM**..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

**PAYMENT RECORD** ..... The City has never defaulted in payment of its general obligation tax debt.

**SELECTED FINANCIAL INFORMATION**

Fiscal Year Ended 9/30	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Taxable Assessed Valuation Per Capita	Total G.O. Debt Outstanding at End of Year <sup>(3)</sup>	Ratio of G.O. Debt to Taxable Assessed Valuation	Total G.O. Debt Per Capita
2022	21,062	\$ 2,373,115,708	\$ 112,673	\$ 61,715,000	2.60%	\$ 2,930
2023	22,075	3,010,426,472	136,373	75,935,000	2.52%	3,440
2024	22,327	3,549,548,096	158,980	70,810,000	1.99%	3,171
2025	22,327	3,667,777,383	164,275	69,830,000 <sup>(4)</sup>	1.90% <sup>(4)</sup>	3,128
2026	22,327	3,912,632,175	175,242	63,935,000 <sup>(4)</sup>	1.63% <sup>(4)</sup>	2,864

(1) Source: City Staff and City's Annual Comprehensive Financial Reports.

(2) As reported by the Kendall County Appraisal District to the State Property Tax Board; subject to change during ensuring year.

(3) Includes self-supporting debt.

(4) Projected. Includes the Bonds. Preliminary; subject to change.

For additional information regarding the City, please contact:

Kristy Stark  
City of Boerne  
447 N. Main Street  
Boerne, TX 78006  
(830) 249-9511  
kstark@boerne-tx.gov

Sarah Buckelew  
City of Boerne  
447 N. Main Street  
Boerne, TX 78006  
(830) 249-9511  
sbuckelew@boerne-tx.gov

James S. Sabonis  
Hilltop Securities Inc.  
717 N. Harwood Street, Suite 3400  
Dallas, Texas 75201  
(214) 953 4000  
jim.sabonis@hilltopsecurities.com

Andre Ayala  
Hilltop Securities Inc.  
717 N. Harwood Street, Suite 3400  
Dallas, Texas 75201  
(214) 953 4000  
andre.ayala@hilltopsecurities.com

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**CITY OFFICIALS, STAFF AND CONSULTANTS**

**ELECTED OFFICIALS**

<u>Name</u>	<u>Position</u>	<u>On Council Since</u>	<u>Term Expires May</u>
Frank Ritchie	Mayor	2023	2027
Ty Wolosin	Mayor Pro Tem Council District 1	2018	2026
Joe Bateman	Council District 2	2025	2028
Quinten Scott	Council District 3	2019	2026*
Bret Bunker	Council District 4	2023	2027
Joseph Macaluso	Council District 5	2019	2027

\*City Council accepted the resignation of District 3 Councilman Quinten Scott at the July 22, 2025, meeting. Scott will continue to serve until the vacancy is filled, as allowed by the City Charter.

**SELECTED ADMINISTRATIVE STAFF**

<u>Name</u>	<u>Position</u>	<u>Years with the City</u>	<u>Years in Government</u>
Ben Thatcher	City Manager	5	23
Kristy Stark	Assistant City Manager	4	15
Danny Zincke	Assistant City Manager	14	24
Sarah Buckelew	Director of Finance	4	9
Lori Carroll	City Secretary	23	23
Mick McKamie	City Attorney	3	46

**CONSULTANTS AND ADVISORS**

Auditors .....	ABIP, PC San Antonio, Texas
Bond Counsel .....	Norton Rose Fulbright US LLP Austin, Texas
Disclosure Counsel.....	Norton Rose Fulbright US LLP Austin, Texas
Municipal Advisor .....	Hilltop Securities Inc. Dallas, Texas

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**PRELIMINARY OFFICIAL STATEMENT**  
**RELATING TO**  
**\$4,000,000\***  
**CITY OF BOERNE, TEXAS**  
**GENERAL OBLIGATION BONDS, SERIES 2025**

**INTRODUCTION**

This Preliminary Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the \$4,000,000\* City of Boerne, Texas, General Obligation Bonds, Series 2025 (the "Bonds") being offered herein. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance (the "Bond Ordinance") expected to be adopted on the date of sale of the Bonds which will authorize the issuance of the Bonds, except as otherwise indicated herein.

There follows in this Preliminary Official Statement descriptions of the Bonds and certain information regarding the City of Boerne, Texas (the "City") and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Municipal Advisor, Hilltop Securities, Inc. ("HilltopSecurities"), Dallas, Texas.

**DESCRIPTION OF THE CITY.** . . The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1909. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Council members elected for staggered three year terms. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety, highway maintenance, recreational activities, cultural events, electric, water, wastewater, reclaimed water, stormwater control, natural gas, solid waste and recycling collection services. The 2020 Census population for the City was 17,850, while the estimated 2025 population is 22,327. The City covers approximately 11.92 square miles.

**PLAN OF FINANCING**

**PURPOSE.** . . Proceeds from the sale of the Bonds will be used for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, equipping, renovating, and landscaping park, recreation, and open space improvements and additions including public facilities located in and integral to such parks, acquiring necessary lands and rights-of-way, and (ii) professional services rendered in relation to such projects and the financing thereof.

**SOURCES AND USES OF BOND PROCEEDS.** . . Proceeds from the sale of the Bonds are expected to be expended as follows:

**SOURCES OF PROCEEDS:**

Par Amount	
Net Premium Bid	
<b>TOTAL SOURCES:</b>	\$ -

**USES OF PROCEEDS:**

Deposit to Project Fund	
Cost of Issuance	
Underwriter's Discount	
<b>TOTAL USES:</b>	\$ -

\* Preliminary, subject to change.

## THE BONDS

**DESCRIPTION OF THE BONDS.** . . The Bonds are dated September 1, 2025 (the "Dated Date") and mature on March 1 in each of the years and in the amounts shown on page 2 hereof. Interest will accrue from the date of delivery of the Bonds (anticipated to be September 25, 2025), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on March 1 and September 1 of each year commencing March 1, 2026, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (defined herein) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

**AUTHORITY FOR ISSUANCE OF THE BONDS** . . . The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapters 1251 and 1331, as amended, Texas Government Code, Chapter 331, as amended, Texas Local Government Code, an election held in the City of Boerne, Texas (the "City") on November 8, 2022, the City's home rule charter, and the Bond Ordinance.

**SECURITY AND SOURCE OF PAYMENT OF THE BONDS.** . . The Bonds constitute direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Bond Ordinance

**TAX RATE LIMITATION.** . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax, within the limits prescribed by law, sufficient to provide for the payment of principal of and interest on all ad valorem tax debt. Article XI, Section 5, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of \$2.50 per \$100 taxable assessed valuation for all City purposes. Administratively, the Attorney General of the State will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance and based on a 90% collection rate.

**OPTIONAL REDEMPTION OF THE BONDS** . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on or after March 1, 2036, in whole or in part, in principal amounts of \$5,000, or any integral multiple thereof, on March 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of such Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

**NOTICE OF REDEMPTION.** . . Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any integral multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same stated maturity and interest rate for the unredeemed portion of the principal. In the event of redemption of less than all of the Bonds of a particular stated maturity, the Paying Agent/Registrar is required to select the Bonds of such stated maturity to be redeemed by such random method as it deems fair and appropriate and which may provide for the selection for redemption of portions (equal to any authorized denomination) of the Bonds of a denomination larger than \$5,000.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption relating to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemptions of portions of the Bonds by the City will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds within a maturity to be redeemed will not be governed by the Bond Ordinance and will not

be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption (see "BOOK-ENTRY ONLY SYSTEM" herein).

**DEFEASANCE . . .** The Bond Ordinance provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities which shall mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money, together with monies deposited therewith, if any, to make such payment. In the event of a defeasance of the Bonds, the City shall deliver a bond from its municipal advisor, the Paying Agent/Registrar, an independent certified public accountant, or another qualified third party concerning the sufficiency of the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Bonds. The Bond Ordinance provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas. City officials may restrict the use of such Government Securities as deemed appropriate. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

There is no assurance that current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or for any other Government Securities will be maintained at any particular rating category.

Upon making such deposit as described above, such Bonds shall no longer be deemed outstanding obligations secured by the Bond Ordinance but will be payable only from the funds and Government Securities deposited in escrow, if any, and will not be considered debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt or for any other purpose.

After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the City to initiate proceedings to call for redemption, at an earlier date, those Bonds which have been defeased to maturity or take any other action amending the terms of such Bonds are extinguished; provided, however, that the right to call the Bonds which have been defeased to maturity for redemption at an earlier date is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

**BOOK-ENTRY-ONLY SYSTEM. . .** This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Preliminary Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Preliminary Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One

fully-registered bond will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through direct Participants, which will receive a credit for such purchases on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct or Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. **Beneficial Owners will not receive bonds representing their ownership interests in the Bonds, except in the event that use of the book-entry system described herein is discontinued.**

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices relating to the Bonds shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date (hereinafter defined). The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will

be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

So long as Cede & Co. is the registered owner of the Bonds, the City will have no obligation or responsibility to the Direct Participants or Indirect Participants, or the persons for which they act as nominees, with respect to the payment to or providing of notice to such Direct Participants, Indirect Participants or the persons for which they act as nominees.

*Use of Certain Terms in Other Sections of this Preliminary Official Statement.* In reading this Preliminary Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Preliminary Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Municipal Advisor or the Initial Purchaser (as defined herein).

**PAYING AGENT/REGISTRAR.** . . The initial Paying Agent/Registrar for the Bonds is Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"). In the Bond Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of such Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of the Bonds will be payable to the registered owner at maturity or prior redemption upon presentation and surrender at the principal office of the Paying Agent/Registrar. Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (see "THE BONDS – Record Date for Interest Payment" herein), and such interest shall be paid (i) by check sent by United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday or day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. So long as Cede & Co. is the registered owner of the Bonds, payments of principal and interest on the Bonds will be made as described in "THE BONDS - Book-Entry-Only System" herein.

**TRANSFER, EXCHANGE AND REGISTRATION.** . . In the event the Book-Entry-Only System should be discontinued, printed Bonds will be delivered to the registered owners of the Bonds and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed bonds to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in denominations of \$5,000 or integral multiples thereof for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

**RECORD DATE FOR INTEREST PAYMENT.** . . The record date (the "Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the month next preceding each interest payment date for the Bonds.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (the "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

**MUTILATED, DESTROYED, LOST AND STOLEN BONDS.** . . If any Bond is mutilated, destroyed, stolen or lost, a new Bond in the same principal amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon surrender and cancellation of such mutilated Bond. In the case of any Bond issued in lieu of and substitution for any Bond which has been destroyed, stolen or lost, such new Bond will be delivered only (a) upon filing with the Paying Agent/Registrar evidence satisfactory to the Paying Agent/Registrar to the effect that such Bond has been destroyed, stolen or lost and authenticity of ownership thereof, and (b) upon furnishing the Paying Agent/Registrar with indemnity satisfactory to hold the City and the Paying Agent/Registrar harmless. The person requesting the authentication and delivery of a new Bond must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

**BONDHOLDERS' REMEDIES.** . . The Bond Ordinance does not establish specific events of default with respect to the Bonds. If the City defaults in the payment of principal, interest or redemption price, as applicable, on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Ordinance, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Bond Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Bond Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Bond Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Bonds upon any failure of the City to perform in accordance with the terms of the Bond Ordinance, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson") that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. The Texas Supreme Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. If sovereign immunity is determined by a court to exist, then, the Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Bonds may not be able to bring such a suit against the City for breach of the Bonds or the covenants in the Bond Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the United States Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Bonds of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bond Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

**AMENDMENTS** . . . The City may amend the Bond Ordinance without the consent of or notice to any registered owner in any manner not detrimental to the interest of the registered owners, including the curing of any ambiguity, inconsistency, formal defect, or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding and affected thereby, amend, add to, or rescind any of the provisions of the Bond Ordinance; except that, without the consent of the registered owners of all of the Bonds then outstanding, no such amendment, addition, or rescission

may (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of the payment of the principal of, premium, if any, or interest on the Bonds; (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of the Bonds required to be held by the registered owners for consent to any such amendment, addition, or rescission.

## AD VALOREM TAX INFORMATION

*The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title 1 of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.*

**2025 REGULAR AND SPECIAL LEGISLATIVE SESSIONS . . .** The regular session of the 89th Texas Legislature convened on January 14, 2025, and adjourned on June 2, 2025. The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor of Texas (the "Governor") may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days and for which the Governor sets the agenda. The Governor has called a special legislative session that began Monday, July 21, 2025. The Governor identified eighteen (18) agenda items that are being considered in the first special session. Among the items being considered is "legislation reducing the property tax burden on Texans and legislation imposing spending limits on entities authorized to impose property taxes." The City is unable to predict the substance of such legislation or the effect, if any, it will have on the City's finances or operations.

The City is still in the process of reviewing legislation passed during the 89th Regular Session. At this time, the City cannot make any representations as to the full impact of such legislation. Further, the City can make no representations or predictions regarding any proposed legislation on the agenda for the first called special session or any additional legislation that may be considered during any special session or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

**VALUATION OF TAXABLE PROPERTY . . .** The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Kendall County Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5,000,000 (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026 (unless extended by the Legislature), the maximum property value may be increased or decreased by the product of the preceding State fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. For the 2025 tax year, the maximum property value was increased to \$5,160,000.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION – City and Taxpayer Remedies").

**STATE MANDATED HOMESTEAD EXEMPTIONS . . .** State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

**LOCAL OPTION HOMESTEAD EXEMPTIONS . . .** The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. Cities, counties and school districts that adopted an optional homestead exemption described in (1), above, for the 2022 tax year are prohibited from repealing or reducing the exemption through December 31, 2027. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentation of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

**LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . .** The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

**PERSONAL PROPERTY . . .** Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Subject to voter approval at a Statewide election to be held on November 4, 2025, legislation passed by the State legislature and signed by the Governor during the 89th Regular Session (as defined herein) would provide a person with an exemption from taxation by a taxing unit of \$125,000 of the appraised value of tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit (or, if the person leases such property, regardless of where the property is located in the taxing unit).

**FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . .** Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days (“Goods-in-Transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer’s motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

**OTHER EXEMPT PROPERTY . . .** Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from taxation.

**TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . .** The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor of Texas (the “Governor”) to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the

amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. The Texas Legislature amended Section 11.35, Tax Code to clarify that “damage” for purposes of such statute is limited to “physical damage.”

**TAX INCREMENT REINVESTMENT ZONES . . .** A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “tax increment.” During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

**TAX ABATEMENT AGREEMENTS . . .** Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

For a discussion of how the various exemptions described above are applied by the City, see “AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code” herein.

**CHAPTER 380 AGREEMENTS . . .** The City is authorized, pursuant to Chapter 380, Texas Local Government Code, as amended (“Chapter 380”), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds such as ad valorem taxes or sales taxes for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City. The City has entered into twenty Chapter 380 Agreements, fourteen of which are still active. For fiscal year 2024, the City rebated \$408,201 in taxes and other economic incentives.

**CITY AND TAXPAYER REMEDIES . . .** Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount,” as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$61,349,201 for the 2025 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “AD VALOREM PROPERTY TAXATION – Public Hearing and Maintenance and Operations Tax Rate Limitations”). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

**LEVY AND COLLECTION OF TAXES . . .** The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

**CITY’S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . .** Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City’s tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property

takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

#### **PUBLIC HEARING AND MAINTENANCE AND OPERATION TAX RATE LIMITATIONS . . .**

The following terms as used in this section have the meanings provided below:

“adjusted” means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

“foregone revenue amount” means the greater of zero or the amount expressed in dollars calculated according to the following formula: the voter-approval tax rate less the actual tax rate, then multiplied by the taxing unit's current total value in the applicable preceding tax year.

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

“special taxing unit” means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

“unused increment rate” means the greater of (i) zero; or (ii) the sum of the foregone revenue amount for each of the tax years 2022 through 2024 divided by the current total value.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate”.

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its “voter-approval tax rate” and “no-new-revenue tax rate” (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year. Furthermore, beginning for tax year 2026, if the Texas Attorney General determines that a city did not have its audited annual financial statements on file with its city secretary before the 180th day after the city's fiscal year end, the city may not adopt an ad valorem tax rate that exceeds the city's no-new-revenue tax rate.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its “de minimis rate”, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city’s adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city’s voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate their “voter-approval tax rate” using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city’s total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

**The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City’s ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City’s tax-supported debt obligations, including the Bonds.**

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

**CITY APPLICATION OF PROPERTY TAX CODE . . .** The City offers a freeze for persons 65 years of age or older and the disabled.

See Table 1 for a listing of the amounts of the exemptions described above.

The City does not grant an additional exemption of up to 20% for residence homesteads.

The City taxes business personal property.

The Kendall County Tax Collector collects property taxes for the City.

The City does not permit discounts or split payments, except in the case of persons over 65 or disabled who are permitted to pay taxes on homesteads in four installments. The first installment is due on February 1 of each year and the final installment is due on August 1.

The City is exempt from Article VIII, Section 1-j property (“freeport property”) exemption.

The City currently does not have any active abatement agreements.

The City currently does not have any tax increment reinvestment zones.

The City currently does not have any public improvement districts with an assessment levy.

The City has entered into 20 Chapter 380 agreements regarding developments in the City. Of those, fourteen are still active. For the fiscal year 2024, the City rebated \$408,201 in taxes and other economic incentives (see “AD VALOREM TAX INFORMATION – CHAPTER 380 AGREEMENTS” on page 15).

**TABLE 1 - ASSESSED VALUATION AND EXEMPTION**

2025/26 Market Valuation Established by Kendall County Appraisal District		\$ 5,038,192,773
Less Exemptions/Reductions at 100% Market Value:		
Disabled Veterans	154,997,691	
Homestead Cap Adjustment	101,537,117	
Circuit Breaker Cap	36,043,131	
Freeport	14,676,241	
Totally Exempt	776,003,176	
Productivity Loss	33,874,035	
Other	<u>8,429,207</u>	<u>\$ 1,125,560,598</u>
2025/26 Taxable Assessed Valuation		\$ 3,912,632,175
General Obligation Debt Payable from Ad Valorem Taxes as of 8/1/2025	\$ 65,830,000	
The Bonds <sup>(1)</sup>	<u>4,000,000</u>	
Total Adjusted General Obligation Debt Payable from Ad Valorem Taxes <sup>(1)</sup>		\$ 69,830,000
Less: Self-Supporting Debt <sup>(2)</sup>		
Water & Sewer Supported Debt	<u>\$ 24,850,000</u>	
Total Self-Supporting Debt <sup>(1)</sup>		<u>\$ 24,850,000</u>
Net General Purpose Funded Debt Payable from Ad Valorem Taxes <sup>(1)</sup>		\$ 44,980,000
Interest and Sinking Fund as of 8/1/2025		\$ 459,975
Ratio of Net General Obligation Tax Debt to Taxable Assessed Valuation		1.15%

2025 Estimated Population - 22,327  
Per Capita Taxable Assessed Valuation - \$175,242  
Per Capita Net General Purpose Funded Debt - \$2,015

(1) Preliminary; subject to change.

(2) It is the City's current policy to pay such self-supporting debt from the respective revenue sources, and this policy is subject to change in the future; however, the City has no current plans to change its policy. In the event the City changes its policy, or if such revenues are not sufficient to pay debt service on such obligations, the City will be required to levy an ad valorem tax to pay such debt service (see Table 10, herein, for more detailed information regarding the City's self-supported debt).

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**TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY**

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2026		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 2,904,572,314	57.65%	\$ 2,808,173,331	57.34%	\$ 2,719,429,877	55.89%
Real, Residential, Multi-Family	129,912,174	2.58%	123,302,498	2.52%	138,465,715	2.85%
Real, Vacant Lots/Tracts	134,866,754	2.68%	115,193,233	2.35%	108,965,381	2.24%
Real, Acreage (Land Only)	34,082,235	0.68%	34,794,680	0.71%	46,791,369	0.96%
Real, Farm and Ranch Improvements	10,057,239	0.20%	14,356,210	0.29%	11,138,161	0.23%
Real, Commercial	764,666,281	15.18%	706,826,607	14.43%	728,731,482	14.98%
Real, Industrial	16,607,390	0.33%	16,537,330	0.34%	13,913,370	0.29%
Real and Tangible Personal, Utilities	11,352,140	0.23%	10,938,390	0.22%	9,986,150	0.21%
Tangible Personal, Commercial	113,125,250	2.25%	108,534,430	2.22%	111,287,290	2.29%
Tangible Personal, Industrial	65,797,840	1.31%	59,449,530	1.21%	49,712,170	1.02%
Tangible Personal, Mobile Homes	196,680	0.00%	198,360	0.00%	193,180	0.00%
Residential Inventory	8,721,356	0.17%	20,834,896	0.43%	56,554,528	1.16%
Special Inventory	66,044,270	1.31%	66,266,950	1.35%	72,606,670	1.49%
Totally Exempt Property	778,190,850	15.45%	811,659,150	16.57%	797,748,900	16.40%
Total Appraised Value Before Exemptions	\$ 5,038,192,773	100.00%	\$ 4,897,065,595	100.00%	\$ 4,865,524,243	100.00%
Less: Total Exemptions/Reductions	1,125,560,598		1,229,288,212		1,315,976,147	
Taxable Assessed Value	<u>\$ 3,912,632,175</u>		<u>\$ 3,667,777,383</u>		<u>\$ 3,549,548,096</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 2,208,528,799	55.38%	\$ 1,660,673,620	56.29%
Real, Residential, Multi-Family	138,784,172	3.48%	101,141,811	3.43%
Real, Vacant Lots/Tracts	90,905,045	2.28%	57,081,550	1.93%
Real, Acreage (Land Only)	42,029,950	1.05%	26,692,180	0.90%
Real, Farm and Ranch Improvements	7,333,760	0.18%	6,431,910	0.22%
Real, Commercial	598,894,848	15.02%	423,130,630	14.34%
Real, Industrial	13,283,710	0.33%	10,330,440	0.35%
Real and Tangible Personal, Utilities	9,237,760	0.23%	9,717,360	0.33%
Tangible Personal, Commercial	104,278,630	2.62%	106,258,000	3.60%
Tangible Personal, Industrial	52,366,110	1.31%	38,877,540	1.32%
Tangible Personal, Mobile Homes	193,180	0.00%	174,960	0.01%
Real, Inventory	31,455,960	0.79%	28,194,240	0.96%
Special Inventory	59,486,520	1.49%	43,319,580	1.47%
Totally Exempt Property	630,898,680	15.82%	438,188,470	14.85%
Total Appraised Value Before Exemptions	\$ 3,987,677,124	100.00%	\$ 2,950,212,291	100.00%
Less: Total Exemptions/Reductions	977,250,652		577,096,583	
Taxable Assessed Value	<u>\$ 3,010,426,472</u>		<u>\$ 2,373,115,708</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Kendall County Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

**TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY**

Fiscal Year Ended 9/30	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Taxable Assessed Valuation Per Capita	Total G.O. Debt Outstanding at End of Year <sup>(3)</sup>	Ratio of G.O. Debt to Taxable Assessed Valuation	Total G.O. Debt Per Capita
2022	21,062	\$ 2,373,115,708	\$ 112,673	\$ 61,715,000	2.60%	\$ 2,930
2023	22,075	3,010,426,472	136,373	75,935,000	2.52%	3,440
2024	22,327	3,549,548,096	158,980	70,810,000	1.99%	3,171
2025	22,327	3,667,777,383	164,275	69,830,000 <sup>(4)</sup>	1.90% <sup>(4)</sup>	3,128
2026	22,327	3,912,632,175	175,242	63,935,000 <sup>(4)</sup>	1.63% <sup>(4)</sup>	2,864

(1) Source: City Staff and City's Annual Comprehensive Financial Reports.

(2) As reported by the Kendall County Appraisal District to the State Property Tax Board, subject to change during the ensuing year.

(3) Includes self-supporting debt.

(4) Projected. Includes a portion of the Bonds. Preliminary; subject to change.

**TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy <sup>(1)</sup>	% Current Collections <sup>(1)</sup>	% Total Collections <sup>(1)</sup>
2021	\$ 0.4720	\$ 0.3908	\$ 0.0812	\$ 9,997,543	99.44%	99.90%
2022	0.4720	0.3936	0.0784	10,840,333	99.62%	100.00%
2023	0.4510	0.3906	0.0604	13,175,006	98.75%	99.18%
2024	0.4766	0.3582	0.1184	15,896,667	99.24%	99.40%
2025	0.4716	0.3532	0.1184	16,112,571 <sup>(2)</sup>	98.50% <sup>(3)</sup>	98.50% <sup>(3)</sup>

(1) Source: City's Annual Comprehensive Financial Reports.

(2) Source: City Staff.

(3) Collections through July 2025.

**TABLE 5 - TEN LARGEST TAXPAYERS**

Name of Taxpayer	Nature of Property	2025/2026 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Albany Engineered Composites	Industrial Manufacturing	\$ 25,407,685	0.65%
VBM Acquisition LLC	Automobile Dealership	24,256,080	0.62%
Boerne Hotel LTD	Hotel/Motel	23,451,880	0.60%
Zylstra Holdings at Boerne LLC	Apartments	19,026,980	0.49%
LC Boerne Investco LLC	Apartments	16,739,840	0.43%
Jet Specialty Inc	Manufacturing	14,504,590	0.37%
FOB1, LLC	Automobile Dealership	12,699,940	0.32%
H.E.B. Grocery Co.	Grocery Store	12,350,000	0.32%
VBM Boerne Land LLC	Automobile Dealership	11,550,000	0.30%
Wal-Mart Stores Texas LP	Retail Store	11,200,000	0.29%
		<u>\$ 171,186,995</u>	<u>4.38%</u>

**GENERAL OBLIGATION DEBT LIMITATION.** . . No general obligation debt limitation is imposed on the City under current State law (see "THE BONDS - Tax Rate Limitation").

**TABLE 6 - TAX ADEQUACY<sup>(1)</sup>**

Net Principal and Interest Requirements (2025).....	\$	3,793,119
\$0.0990 Tax Rate at 98% Collection Produces	\$	3,796,036
Net Average Principal and Interest Requirements (2025-2045).....	\$	2,969,155 <sup>(2)</sup>
\$0.0775 Tax Rate at 98% Collection Produces	\$	2,971,644
Net Maximum Annual Principal and Interest Requirements (2026).....	\$	5,689,938 <sup>(2)</sup>
\$0.1484 Tax Rate at 98% Collection Produces	\$	5,690,219

(1) Calculations are net of self-supporting debt service (see “Table 8 – Pro-Forma General Obligation Debt Service Requirements”).

(2) Includes the Bonds. Preliminary; subject to change.

**TABLE 7 - ESTIMATED OVERLAPPING DEBT**

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2024/2025 Taxable Assessed Valuation	2024/2025 Tax Rate <sup>(1)</sup>	Total G.O. Debt as of 8/1/2025 <sup>(1)</sup>	Estimated % Applicable <sup>(1)</sup>	Overlapping G.O. Tax Debt as of 8/1/2025 <sup>(1)</sup>
City of Boerne	\$ 3,667,777,383	\$0.4716	\$ 69,830,000 <sup>(2)</sup>	100.00%	\$ 69,830,000 <sup>(2)</sup>
Kendall County	11,453,114,820	0.3827 <sup>(4)</sup>	30,700,000	27.71%	8,506,970
Boerne ISD	12,995,626,636	0.9909	384,264,896	35.10%	134,876,978
Total Direct and Overlapping G.O. Tax Debt					\$ 213,213,948
Ratio of Direct and Overlapping G.O. Tax Debt to Taxable Assessed Valuation					5.81%
Per Capita Direct and Overlapping G.O. Tax Debt					\$ 9,550
Total Overlapping Tax Rate					\$ 1.8452

(1) Source: Municipal Advisory Council of Texas. Based on tax year 2024 taxable assessed valuations.

(2) Includes self-supporting debt. Includes the Bonds. Preliminary; subject to change.

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**DEBT INFORMATION**

**TABLE 8 - PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending 30-Sep	Outstanding Debt Service			The Bonds <sup>(1)</sup>			Less:	Net	% of
	Principal	Interest	Total D/S	Principal	Interest	Total D/S	Supporting	Obligation	Principal
							Debt Service	Debt Service	Retired
2025	\$ 3,930,000	\$ 2,706,094	\$ 6,636,094	\$ -	\$ -	\$ -	\$ 2,842,975	\$ 3,793,119	
2026	4,055,000	2,530,097	6,585,097	1,840,000	102,216	1,942,216	2,837,375	5,689,938	
2027	3,570,000	2,377,157	5,947,157	80,000	88,031	168,031	2,221,150	3,894,038	
2028	3,820,000	2,225,675	6,045,675	80,000	85,599	165,599	2,215,875	3,995,399	
2029	4,005,000	2,062,750	6,067,750	85,000	83,070	168,070	2,217,700	4,018,120	29.10%
2030	4,220,000	1,886,925	6,106,925	85,000	80,409	165,409	2,219,975	4,052,359	
2031	4,445,000	1,699,100	6,144,100	90,000	77,559	167,559	2,213,975	4,097,684	
2032	4,710,000	1,497,700	6,207,700	95,000	74,417	169,417	2,219,450	4,157,667	
2033	4,240,000	1,306,850	5,546,850	95,000	71,087	166,087	1,907,475	3,805,462	
2034	3,115,000	1,150,700	4,265,700	100,000	67,546	167,546	1,908,225	2,525,021	57.84%
2035	3,630,000	1,008,825	4,638,825	105,000	63,659	168,659	2,197,125	2,610,359	
2036	3,875,000	867,013	4,742,013	110,000	59,400	169,400	2,204,063	2,707,350	
2037	4,110,000	730,100	4,840,100	115,000	54,769	169,769	2,203,000	2,806,869	
2038	4,365,000	584,600	4,949,600	120,000	49,786	169,786	2,204,500	2,914,886	
2039	4,640,000	424,050	5,064,050	125,000	44,462	169,462	2,208,000	3,025,512	86.57%
2040	4,890,000	253,350	5,143,350	130,000	38,793	168,793	2,203,200	3,108,943	
2041	1,960,000	126,400	2,086,400	135,000	32,756	167,756	-	2,254,156	
2042	2,180,000	43,600	2,223,600	140,000	26,334	166,334	-	2,389,934	
2043	-	-	-	150,000	19,393	169,393	-	169,393	
2044	-	-	-	155,000	11,965	166,965	-	166,965	99.78%
2045	-	-	-	165,000	4,084	169,084	-	169,084	100.00%
	<u>\$ 69,760,000</u>	<u>\$ 23,480,986</u>	<u>\$ 93,240,986</u>	<u>\$ 4,000,000</u>	<u>\$ 1,135,333</u>	<u>\$ 5,135,333</u>	<u>\$ 36,024,063</u>	<u>\$ 62,352,256</u>	

(1) Preliminary; subject to change. Interest has been calculated at a market interest rate for purposes of illustration only.

**TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION**

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2025 <sup>(1)</sup>		\$ 3,776,919
Interest and Sinking Fund, Fiscal Year Ending 9/30/2024	\$1,279,513	
2024/25 Budgeted Interest and Sinking Fund Tax Collection	3,611,922	
2024/25 Budgeted Delinquent Taxes, Penalty and Interest	3,500	
2024/25 Budgeted Interest Earnings	<u>75,000</u>	<u>\$ 4,969,935</u>
Estimated Balance, Fiscal Year Ending 9/30/2025		\$ 1,193,016

(1) Net of self-supporting debt service. Includes a portion of the Bonds. Preliminary; subject to change.

**TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT**

Net Revenue from Water and Wastewater Systems, Fiscal Year Ended 9/30/2024	\$ 6,810,809
Less: Revenue Bond Debt Service for Fiscal Year Ended 9/30/2025	-
Balance Available for Other Purposes	6,810,809
Less: General Obligation Revenue Debt Service for Fiscal Year Ended 9/30/2025	<u>3,776,919</u>
Total Excess Cash after Debt Service Payment	<u>\$ 3,033,890</u>
Percentage of System General Obligation Bonds Self-Supporting	100%

**TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT**

Authorized Purpose	Date Authorized	Amount Authorized	Heretofore Issued	Amount Being Issued*	Unissued Balance
Mobility Projects	11/8/2022	\$ 23,000,000	\$ 9,000,000	\$ -	\$ 14,000,000
Parks & Recreation	11/8/2022	13,000,000	9,000,000	4,000,000	-
		<u>\$ 36,000,000</u>	<u>\$ 18,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 14,000,000</u>

\*Includes the Bonds and certain premium allocated to the voted authorization.

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**TABLE 12 - OTHER OBLIGATIONS**

Lease Purchase Agreements

The City has entered into multiple lease purchase agreements (direct borrowing) to purchase equipment for the police department, parks department, streets department, and stormwater utility. As these agreements transfer ownership of the underlying assets to the City at the end of the lease, they are reported as a financed purchases under GASB 87. The commitments for each lease are expected to be funded by the City’s general fund, park fund, and stormwater fund. The historical purchase price of the assets under the lease purchase agreements is approximately \$1.04 million and entirely classified as machinery and equipment.

The annual requirements to amortize lease purchase agreements outstanding at September 30, 2024, are as follows:

Lease Purchase Agreement - Governmental Activities			
Year Ending September 30,	Principal	Interest	Total
2025	\$ 310,238	\$ 20,680	\$ 330,918
2026	86,685	7,277	93,962
2027	40,921	2,251	43,172
Total	<u>\$ 437,844</u>	<u>\$ 30,208</u>	<u>\$ 468,052</u>

Lease Purchase Agreement - Business-Type Activities			
Year Ending September 30,	Principal	Interest	Total
2025	\$ 209,690	\$ 141,425	\$ 351,115
2026	220,783	130,332	351,115
2027	232,463	118,653	351,116
2028	244,760	106,356	351,116
2029	257,708	93,408	351,116
2030 - 2034	1,508,037	247,541	1,755,578
Total	<u>\$ 2,673,441</u>	<u>\$ 837,715</u>	<u>\$ 3,511,156</u>

Lease Liabilities

As of September 30, 2024, the City had 76 active leases. The leases have payments that range from \$1 to \$45,531 and interest rates that range from 0.0404% to 7.2838%. As of September 30, 2024, the total value of the lease liability is \$2,737,147. The combined value of the right-to-use assets as of September 30, 2024 of \$4,225,080 with accumulated amortization of \$1,317,668 is included with lease class activities table found below. The leases had \$0 of variable payments and \$0 of other payments, not included in the lease liability, within the fiscal year.

Future minimum payments on the lease agreements are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 811,574	\$ 57,705	\$ 869,279
2026	686,267	37,525	723,792
2027	570,107	18,153	588,260
2028	192,334	3,701	196,035
2029	70	5	75
Total	<u>\$2,260,352</u>	<u>\$117,089</u>	<u>\$2,377,441</u>

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 171,063	\$ 11,845	\$ 182,908
2026	153,043	7,376	160,419
2027	107,396	3,209	110,605
2028	45,294	539	45,833
Total	<u>\$ 476,796</u>	<u>\$ 22,969</u>	<u>\$ 499,765</u>

Subscription-Based Information Technology Arrangements (SBITA)

As of September 30, 2024, the City had 16 active subscriptions. The subscriptions have payments that range from \$170 to \$111,093 and interest rates that range from 2.3120% to 3.3050%. As of September 30, 2024, the total combined value of the subscription liability is \$386,306. The combined value of the right to use assets as of September 30, 2024 of \$979,591 with an accumulated amortization of \$480,795 is included within the Subscription Class activities table found below. The subscriptions had \$0 of variable payments and \$0 of other payments, not included in the subscription liability, within the fiscal year.

Future minimum payments on the SBITA are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 142,598	\$ 10,025	\$ 152,623
2026	114,718	5,996	120,714
2027	42,018	2,982	45,000
2028	42,989	2,011	45,000
2029	43,983	1,017	45,000
Total	<u>\$ 386,306</u>	<u>\$ 22,031</u>	<u>\$ 408,337</u>

**ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT.** . . The City does not anticipate the issuance of additional general obligation debt within the next twelve months.

**PENSION FUND.** . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. As of the December 31, 2023, actuarial valuation, the plan's total pension liability exceeded the City's fiduciary net position, leaving the City with a net pension liability of \$24,484,080. As of the December 31, 2023, actuarial valuation, the City had a net pension liability of \$21,857,743. For more detailed information concerning the retirement plan and the City's net pension asset as of the December 31, 2023, actuarial valuation date, including the City's schedule of employee and employer contributions and actuarial methods and assumptions, see "APPENDIX B - Excerpts from the City's Annual Comprehensive Financial Report - Note 9."

**OTHER POST-EMPLOYMENT BENEFITS** . . . The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefit Fund ("SDBF"). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. As of the December 31, 2023, actuarial valuation, the City's OPEB liability was \$714,562. For more detailed information regarding the City's OPEB obligations, including actuarial methods and assumptions, see "APPENDIX B – Excerpts from the City's Annual Comprehensive Financial Report - Note 10".

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## FINANCIAL INFORMATION

**TABLE 13 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

	Fiscal Years Ended September 30,				
	2024	2023	2022	2021	2020
<b>Revenues:</b>					
Taxes & Franchise Fees	\$ 23,410,478	\$ 22,330,324	\$ 19,034,715	\$ 17,501,133	\$ 15,642,404
Licenses and Permits	2,816,594	1,773,034	1,776,284	1,606,570	1,152,585
Fines and Forfeiture	322,846	243,158	245,383	194,532	216,500
Grants	87,584	16,555	4,908	19,613	934,689
Contribution & Donation	4,117,172	3,548,979	2,917,801	2,605,181	2,700,856
Investment Earnings	1,885,019	1,416,395	81,774	73,845	229,749
Miscellaneous	4,206,552	3,150,931	827,775	846,972	739,976
Total Revenues	<u>\$ 36,846,245</u>	<u>\$ 32,479,376</u>	<u>\$ 24,888,640</u>	<u>\$ 22,847,846</u>	<u>\$ 21,616,759</u>
<b>Expenditures:</b>					
General Government	\$ 8,670,442	\$ 8,412,713	\$ 6,110,561	\$ 7,783,620	\$ 7,230,822
Public Safety	14,133,622	12,429,797	11,416,642	8,829,995	8,309,836
Highway and Streets	3,280,217	2,816,843	1,832,161	1,732,168	1,575,084
Culture & Recreation	529,946	509,156	-	-	-
Debt Service - Principal	1,263,886	694,275	189,407	-	-
Debt Service - Interest & Fees	74,807	40,188	2,417	-	-
Capital Outlay	3,132,834	1,585,567	1,121,073	656,364	672,014
Total Expenditures	<u>\$ 31,085,754</u>	<u>\$ 26,488,539</u>	<u>\$ 20,672,261</u>	<u>\$ 19,002,147</u>	<u>\$ 17,787,756</u>
Excess (Deficiency)	\$ 5,760,491	\$ 5,990,837	\$ 4,216,379	\$ 3,845,699	\$ 3,829,003
<b>Other Sources (Uses):</b>					
Transfers in	\$ 2,775,655	\$ 260,963	\$ 5,535,292	\$ 30,000	\$ 90,000
Transfers out	(6,740,165)	(7,253,928)	(12,605,275)	(2,557,995)	(1,878,753)
Sale of Capital Assets	2,442,403	1,919,658	83,287	1,680	9,240
Lease/Subscription Proceeds	2,263,994	1,067,590	511,459	375,520	-
Total Other Financing Sources	<u>\$ 741,887</u>	<u>\$ (4,005,717)</u>	<u>\$ (6,475,237)</u>	<u>\$ (2,150,795)</u>	<u>\$ (1,779,513)</u>
Net Increase (Decrease)	\$ 6,502,378	\$ 1,985,120	\$ (2,258,858)	\$ 1,694,904	\$ 2,049,490
Beginning Fund Balance	<u>15,819,438</u>	<u>13,834,318</u>	<u>16,093,176</u>	<u>14,398,272</u>	<u>12,348,782</u>
Ending Fund Balance	<u>\$ 22,321,816</u>	<u>\$ 15,819,438</u>	<u>\$ 13,834,318</u>	<u>\$ 16,093,176</u>	<u>\$ 14,398,272</u>

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**TABLE 14 - MUNICIPAL SALES TAX HISTORY**

The City imposes and levies a 1% Local Sales and Use Tax within the City pursuant to the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321; the proceeds are credited to the General Fund and are not pledged to the payment of the Bonds. Collections and enforcements are effected through the offices of the State Comptroller of Public Accounts, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. The voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (1/2 of 1%) for property tax reduction.

Fiscal Year Ended 9/30	Total 1.5% Collected <sup>(1)(2)</sup>	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita <sup>(3)</sup>
2021	\$ 9,150,535	91.53%	0.4208	\$ 416.77
2022	9,814,833	90.54%	0.4136	466.00
2023	11,136,809	84.53%	0.3699	504.50
2024	12,050,266	75.80%	0.3395	539.72
2025	11,496,584 <sup>(4)</sup>	71.35%	0.2938	514.92

(1) Includes ½ cent collections for property tax reduction.

(2) Source: Texas Comptroller of Public Accounts.

(3) Based on City's population estimates.

(4) Collections as of August 2025.

### INVESTMENTS

The City invests its investable funds in investments authorized by State law in accordance with investment policies approved by the City Council of the City. Both State law and the City's investment policies are subject to change.

**LEGAL INVESTMENTS . . .** Under State law and subject to certain limitations, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized bonds of deposit and share bonds; (8) fully collateralized U.S. government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The City may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the City may not invest more than 15 percent of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund's total assets.

Except as stated above or inconsistent with its investment policy, the City may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the City is not required to liquidate the investment unless it no longer carries a required rating, in which case the City is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

**INVESTMENT POLICIES . . .** Under State law, the City is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The City must adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the City’s investments be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived.” The City is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

**TABLE 15 - CURRENT INVESTMENTS**

As of July 31, 2025, the City’s investable funds were invested in the following categories:

Type of Investment	% of Portfolio	Market Value
Investment Pools	81.44%	\$ 130,450,060
Treasury Coupon Securities	16.54%	26,489,229
Federal Agency Coupon Securities	1.87%	3,002,574
Cash & Accrued Interest	0.14%	228,452
	100.00%	\$ 160,170,316

**TAX MATTERS**

**TAX EXEMPTION . . .** The delivery of the Bonds is subject to the opinion of Norton Rose Fulbright US LLP (“Bond Counsel”) to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel's opinion is reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a bond dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the City with the provisions of the Bond Ordinance subsequent to the issuance of the Bonds. The Bond Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of the proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of such Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the City as the “taxpayer,” and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

**TAX CHANGES . . .** Existing law may change to reduce or eliminate the benefit to Bond holders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

**ANCILLARY TAX CONSEQUENCES . . .** Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions (see “TAX MATTERS - Qualified Tax Exempt Obligations” herein), property and casualty insurance companies, life insurance companies, corporations subject to the alternative minimum tax on adjusted financial statement income, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust (“FASIT”), individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness

to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

**TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN BONDS . . .** The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions (see "Qualified Tax Exempt Obligations" herein), life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

**QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS . . .** Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by "financial institutions" described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exception to this interest disallowance rule for interest expense allocable to tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are designated by an issuer as "qualified tax-exempt obligations." An issuer may designate obligations as "qualified tax-exempt obligations" only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations and other than certain refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed \$10,000,000.

The City will designate the Bonds as "qualified tax-exempt obligations" and will certify its expectation that the above-described \$10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Bonds will not be subject to the 100% disallowance of interest expense allocable to interest on the Bonds under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Bonds will be reduced by 20% pursuant to section 291 of the Code.

#### **CONTINUING DISCLOSURE OF INFORMATION**

In the Bond Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely

notice of specified material events, to the Municipal Securities Rulemaking Board (the “MSRB”). The MSRB has established the Electronic Municipal Market Access (“EMMA”) system to make such continuing disclosure available to investors free of charge. Investors may access continuing disclosure information filed with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

**ANNUAL REPORTS . . .** The City will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 15 and in Appendix B. The City will update and provide the information in Tables 1 through 6 and 8 through 15 within six months after the end of each fiscal year ending in and after 2025. The City will additionally provide audited financial statements when and if available, and in any event, within six months after the end of each fiscal year ending in or after 2025. If the audit of such financial statements is not complete within six months after any such fiscal year end, then the City will file unaudited financial statements within such six month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The City may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the “SEC”).

The City’s current fiscal year end is September 30. Accordingly, the City must provide updated information in the above referenced tables by March 31 in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

**NOTICE OF CERTAIN EVENTS . . .** The City will also provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material, (15) incurrence of a Financial Obligation (as defined below) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. In the Ordinance, the City will adopt policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the City will provide to the MSRB, in a timely manner, notice of any failure by the City to provide the required annual financial information or operating data in accordance with its agreement described above under “Annual Reports”.

For these purposes, (a) any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (b) the City intends the words used in clauses (15) and (16) of the preceding paragraph to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

**AVAILABILITY OF INFORMATION . . .** The City has agreed to provide the foregoing financial and operating information only as described above. Investors may access continuing disclosure information filed with the MSRB free of charge at [www.emma.msrb.org](http://www.emma.msrb.org).

**LIMITATIONS AND AMENDMENTS . . .** The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement. The City may amend its continuing

disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Ordinance) of the respective outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends its continuing disclosure agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

**COMPLIANCE WITH PRIOR UNDERTAKINGS.** . . . During the last five years the City believes it has complied in all material respects with its previous continuing disclosure undertakings entered into pursuant to the Rule.

## **OTHER INFORMATION**

### **RATING**

The Bonds are rated "Aa1" by Moody's Investor Service, Inc. ("Moody's"), without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Bonds.

### **LITIGATION**

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

### **REGISTRATION AND QUALIFICATION OF BONDS FOR SALE**

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

### **LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS**

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency (see "OTHER INFORMATION - Rating" herein). In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Bonds for such purposes.

## **LEGAL OPINIONS AND NO LITIGATION BOND**

The City will furnish to the Initial Purchaser a complete transcript of proceedings had incident to the authorization and issuance of the Bonds including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings the approving legal opinion of Norton Rose Fulbright US LLP, Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The customary closing papers, including a bond of the City as described under "OTHER INFORMATION - Certification of the Official Statement" will also be furnished to the Initial Purchaser. Though it represents the Municipal Advisor and investment banking firms such as the Initial Purchaser from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the Bond Ordinance. The form of Bond Counsel's opinion is attached hereto as Appendix C. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System. Additionally, certain legal matters will be passed upon for the City by Norton Rose Fulbright US LLP, Austin, Texas, as Disclosure Counsel for the City. The legal fees to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION**

The financial data and other information contained herein have been obtained from City records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

## **MUNICIPAL ADVISOR**

HilltopSecurities is employed as Municipal Advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. HilltopSecurities, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor to the City has provided the following sentence for inclusion in this Preliminary Official Statement. The Municipal Advisor has reviewed the information in this Preliminary Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

## **INITIAL PURCHASER OF THE BONDS**

After requesting competitive bids for the Bonds, the City accepted the bid of \_\_\_\_\_ (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on page 2 of this Official Statement at a price of \$ \_\_\_\_\_. The Initial Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser. The initial yields shown on page 2 of this Official Statement will be established by and are the sole responsibility of the Initial Purchaser and may subsequently be changed at the sole discretion of the Initial Purchaser. The City has no control over the determination of the initial yields and has no control over the prices at which the Bonds are sold in the secondary market.

## **CERTIFICATION OF THE OFFICIAL STATEMENT**

At the time of payment for and delivery of the Bonds, the City will furnish the Initial Purchaser a bond, executed by an authorized representative of the City, acting in such person's representative capacity, to the effect that to the best of such person's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement or amendment thereto, on the date of the Official Statement, on the date of sale of the Bonds and the acceptance of the

best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since September 30, 2024, the date of the last audited financial statements of the City.

#### **FORWARD-LOOKING STATEMENTS DISCLAIMER**

The statements contained in this Preliminary Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Preliminary Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Preliminary Official Statement will prove to be accurate.

#### **MISCELLANEOUS**

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Bond Ordinance will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Initial Purchaser.

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Mayor  
City of Boerne, Texas

**APPENDIX A**

GENERAL INFORMATION REGARDING THE CITY

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**THE CITY**

**LOCATION AND POPULATION . . .** The City of Boerne (the “City”) is the principal commercial center of Kendall County (the “County”) and is located 30 miles north of San Antonio on Interstate Highway 10. The 2020 Census population for the City was 17,850. The estimated 2025 population is 22,327. The County was organized in 1862 and contains 662.9 square miles, and is located in south central Texas.

**ECONOMY . . .** The area economy is diversified by light manufacturing, agribusiness, recreation, tourism, and outdoor recreation. Principal manufacturing industries include aerospace, oil field hydraulic motors, medical devices and pharmaceuticals, hunting equipment, food processing and aquatic filtration systems. Approximately 10% of the area workforce support these manufacturing businesses. Agricultural and ranching businesses in the area include cattle, sheep, goats, hay and other grains. Tourism is a primary economic generator in the City due to the close proximity to San Antonio, the 7<sup>th</sup> largest city in the United States, and the availability of hunting, fishing, shopping, sports and recreation activities.

Boerne is one of the fastest growing Texas cities, having experienced a growth of 24% from 2021 to 2026. Kendall county is also expected to be the 6th fastest growing county in Texas through 2050. Significant developments over the next five years include a new Bucee's gas station and other major commercial developments along the I-10 corridor

**PRINCIPAL EMPLOYERS**

Name	Type of Business	Number of Employees
Boerne Independent School District	School District	13,000
HE Butt Grocery Store	Retail Grocery	540
Kendall County	Government	361
Toyota of Boerne	Automobile Dealership	291
Mission Pharmacal	Pharmaceutical Manufacturer	285
WalMart Stores	Retail Stores	278
Albany Engineered Composites	Aerospace and Defense	244
The Home Depot	Retail Sales/Hardware	227
Cibolo Creek Health and Rehab	Healthcare	150
Mercedes Benz of Boerne	Automobile Dealership	140

Source: City’s Annual Comprehensive Financial Reports.

**LABOR FORCE**

Kendall County employment figures, as reflected by the Texas Workforce Commission are as follows:

	June	Average Annual			
	2025	2024	2023	2022	2021
Civilian Labor Force	24,951	24,381	23,739	22,696	21,295
Total Employed	24,122	23,568	22,923	21,955	20,431
Total Unemployed	829	813	816	741	864
Unemployment Rate	3.3%	3.3%	3.4%	3.3%	4.1%

Source: Texas Workforce Commission Local Area Unemployment Statistics (LAUS) Report.

**TRANSPORTATION**

Interstate Highway 10 runs through Boerne, carrying heavy traffic from San Antonio to points east to Houston, and points west to El Paso. State Highway 46 runs east to west connecting Boerne with Bandera and New Braunfels. Other adequate state and county roads give access to the City and the surrounding area. San Antonio International Airport is about 35 miles from Boerne on interstate routes. In addition, an airport with a 3400-foot hard surface strip, hangers, fuel, maintenance, storage, instruction and rental facilities is located five miles southwest of Boerne.

**EDUCATIONAL FACILITIES**

In addition to public schools afforded within the County, higher educational facilities located nearby include The University of Texas at San Antonio, located just off Interstate Highway 10 on Loop 1604 approximately 17 miles from Boerne with an enrollment of almost 35,700 students making it the third largest university in the University of Texas system. Other colleges located nearby are San Antonio College, St. Philips College, Northwest Vista College, University of Incarnate Word, Trinity University, Palo Alto College, all in San Antonio, and Schreiner University in Kerrville, 20 miles northwest of Boerne.

**RECREATION**

Boerne has 10 public parks, and a public swimming pool. Other facilities include softball and soccer fields, 8 lighted tennis courts, and general recreation areas in the Boerne City Park. Boerne Lake supports fishing, sail boating and lakeside parks. Guadalupe River State Park, located 12 miles east of Boerne, provides for canoeing, tube floating and other whitewater sports. Cascade Caverns, 5 miles southeast of Boerne, offers camp sites and cave visits. Six Flags Fiesta Texas Theme Park opened in March 1992. The 200-acre park, located in San Antonio off Loop 1604 and Interstate Highway 10 approximately 17 miles south of Boerne, highlights Texas culture and music.

**ANNEXATION**

The citizens of the City voted on and approved the City of Boerne Home Rule Charter in late 1995 thus becoming a Home Rule City under Texas law. In the late 1990's, the City unilaterally annexed properties that were receiving water service from the City that had been encapsulated. The City also made several strategic annexations to secure areas that the City anticipated would be developed for commercial purposes in the future. Since those original annexations, most annexations have been at the request of property owners whose land was contiguous to the City limits. The City has a policy of not providing water and wastewater treatment service to those areas that are not in the City limits. The Electric System service area is determined by a Certificate of Convenience and Necessity issued by the Public Utility Commission of Texas. This service area is not likely to change.

Total acreage annexed by the City:

Year	Acres
2020	8.869
2021	17.090
2022	48.561
2023	43.100
2024	0

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**APPENDIX B**

EXCERPTS FROM THE  
CITY OF BOERNE, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2024

The information contained in this Appendix consists of excerpts from the City of Boerne, Texas, Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2024 and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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# ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2024

AN EXEMPLARY HILL COUNTRY COMMUNITY



**CITY OF BOERNE, TEXAS**  
**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended September 30, 2024**



**Prepared by:**

**DEPARTMENT OF FINANCE**

**Sarah Buckelew, CPA, Director of Finance**

**Karen Kochheiser, CPA, Assistant Director of Finance**

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



# CITY OF BOERNE, TEXAS

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# CITY OF BOERNE, TEXAS

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## **INTRODUCTORY SECTION**





March 11, 2025

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Boerne, Texas (the City) for the fiscal year ended September 30, 2024. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

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

This report consists of management's representations concerning the finances of the City of Boerne. To provide a reasonable basis for making these representations, and assurance that the financial statements will be free from material misstatement, City management has established a comprehensive internal control framework designed both to protect the government's assets and to compile sufficient reliable information to prepare the City'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, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

ABIP, PC, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2024 are free of material misstatement. The independent auditor rendered an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2024, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

## **Profile of the Government**

The City of Boerne, Texas, incorporated in 1909, is located in the south-central part of the state approximately 31 miles northwest of the San Antonio metroplex. The City acts as the service center for the neighboring community, providing retail, recreation, and food service to the surrounding population. Additionally, the City serves as the County Seat for Kendall County. The City of Boerne currently occupies a land area of 11.89 square miles and has an estimated population of 22,327. The City has the power, by state statute, to extend its corporate limits by annexation, which it has done periodically when requested by property owners in the areas adjacent to the City and approved by City Council.

The City of Boerne is a home rule city and has operated under the Council-Manager form of government since 1995. Under this governance plan, the elected Mayor and City Council appoint a full-time professional City Manager responsible for the day-to-day administration of City government. The Mayor and City Council represent the legislative branch of the government and are responsible for setting City policy and allocating resources. The City Manager and staff represent the executive branch of the government and are tasked with recommending policy and implementing the City Council's direction. The City Council is elected on a non-partisan basis from five districts, while the Mayor is elected at-large. Council members and the Mayor serve two-year staggered terms, with three council members elected every year.

The City provides a broad range of services, including public safety, highway maintenance, recreational activities, and cultural events. The City also provides electric, water, wastewater, reclaimed water, stormwater control, natural gas, and solid waste and recycling collection services to its citizens. The City is financially accountable for the Boerne Public Facility Corporation (BPFC). Therefore, the BPFC is reported within the City's financial statements. Additional information regarding the BPFC can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. Per the City's Home Rule Charter, the City Manager is required to prepare and submit the proposed budget to the City Council each fiscal year in accordance with state statutes. The City Council is required to hold public hearings and to adopt a final budget by passage of a budget ordinance no later than September 30, the close of the City's fiscal year. The legal level of budgetary control over spending is at the individual fund appropriation level. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the required supplementary information section of this report. For all other governmental funds with appropriated annual budgets, this comparison is presented in the supplementary section of this report.

## **Economic Condition**

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

## ***Local Economy – Overview***

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

Data from the U.S. Census Bureau’s most recent American Community Survey (2024) shows Boerne’s median household income is \$86,838 which is moderately higher than the \$76,292 median income for the state of Texas. According to the same survey, Boerne’s residents are well-educated with 47% of adults aged 25 and older having a bachelor’s degree or higher level of education, compared to 35.0% for Texas.

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

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

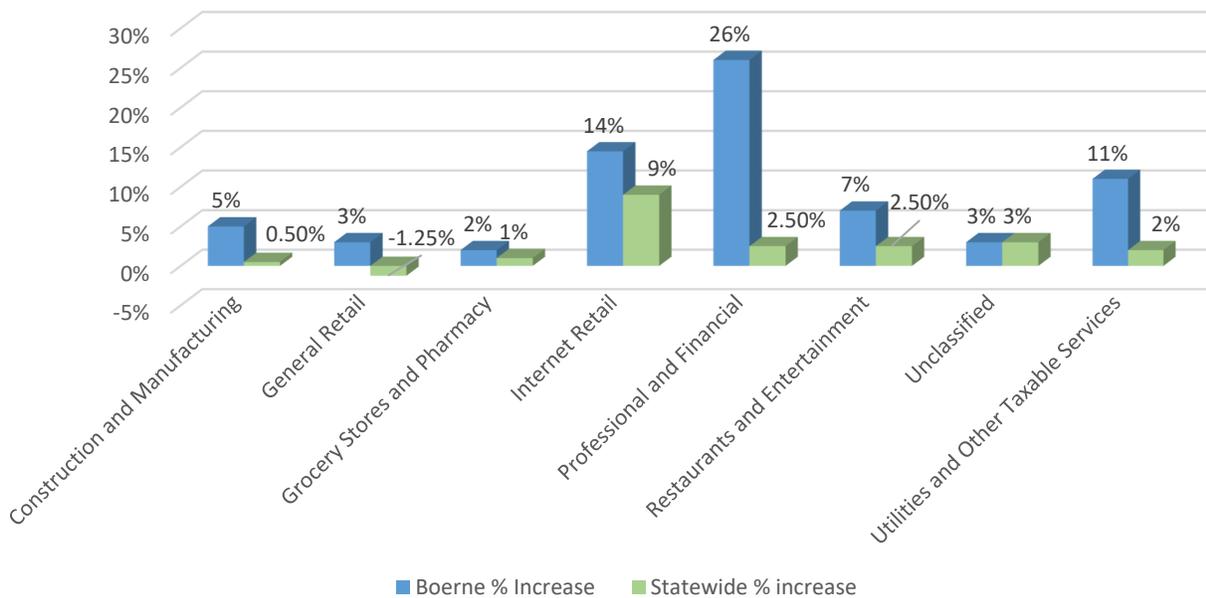
## ***Local Economy – Sales Tax Activity***

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

### Boerne Sales Tax Collections & Growth

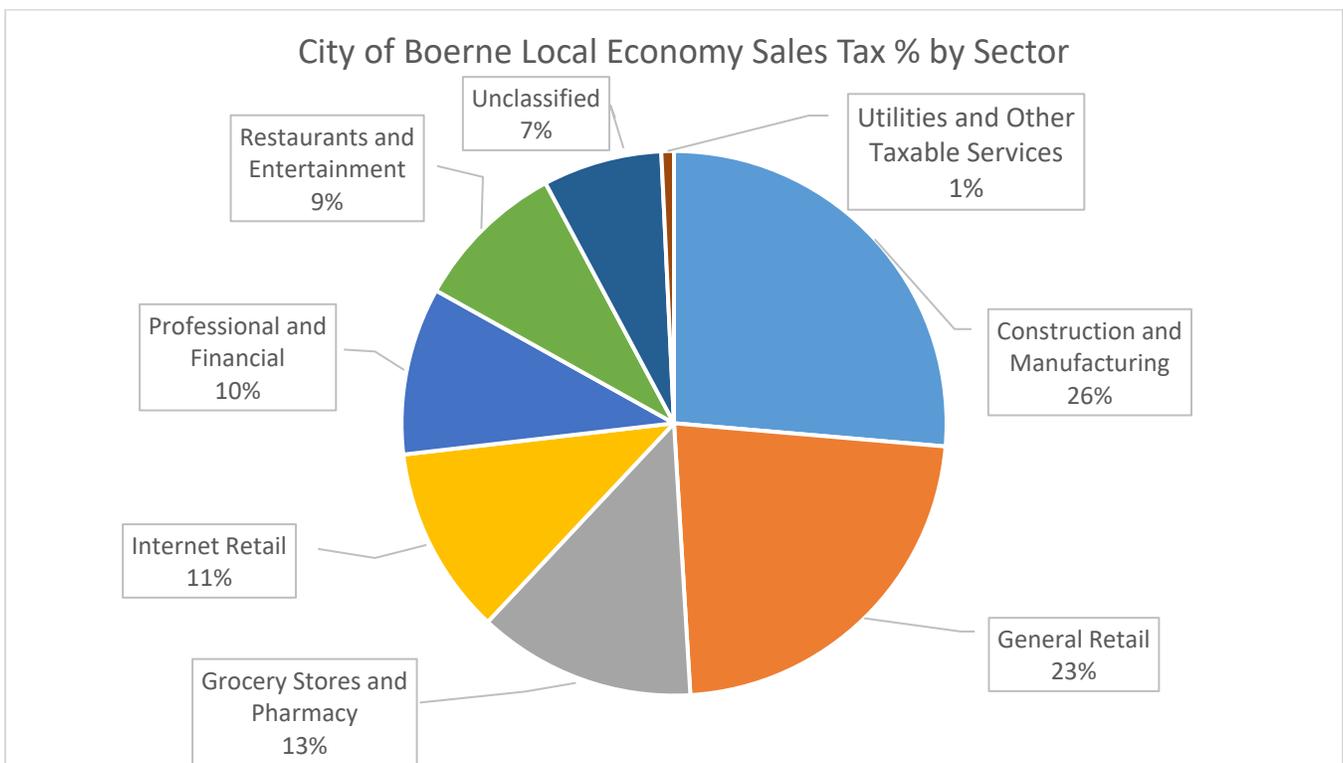


### Boerne versus Statewide Sales Tax Growth by Sector



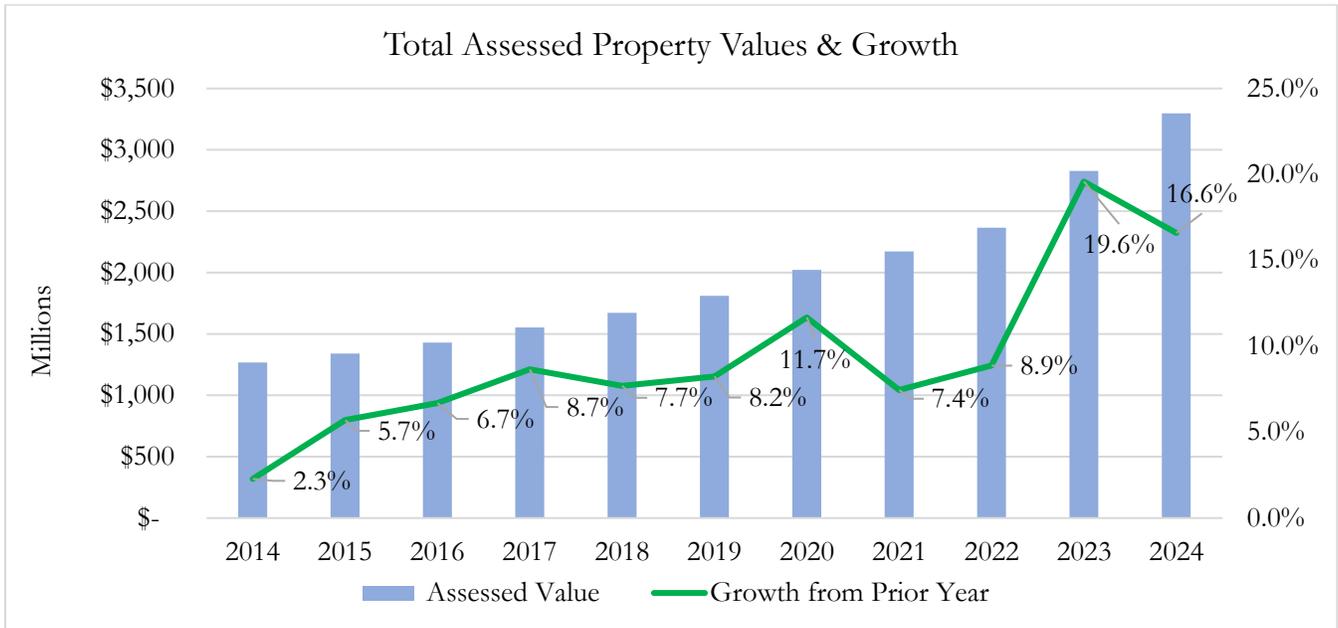
### *Local Economy – Sales Tax Activity (continued)*

The City of Boerne continues to experience growth rates across all its major sectors of sales tax that exceed or meet the overall growth rate percentage as compared to statewide averages for the 12 months ended September 2024. Specifically strong for the City of Boerne were strong growth rates in the largest sectors of the City’s local economy including construction and manufacturing, brick and mortar retail (general retail and grocery stores), internet retail, and professional and financial. The City of Boerne hosts several insurance companies, financial services companies, and banks that experienced strong economic performance during the fiscal year. Additionally, although the shift to online retail resulted in a decline of 1.25% in sales state-wide, general retailers enjoyed a healthy 3% growth in the City of Boerne. Restaurants and entertainment also enjoyed a healthy 7% year of growth due to strong tourism, and a proud Boerne tradition to “Eat and Shop Local”.

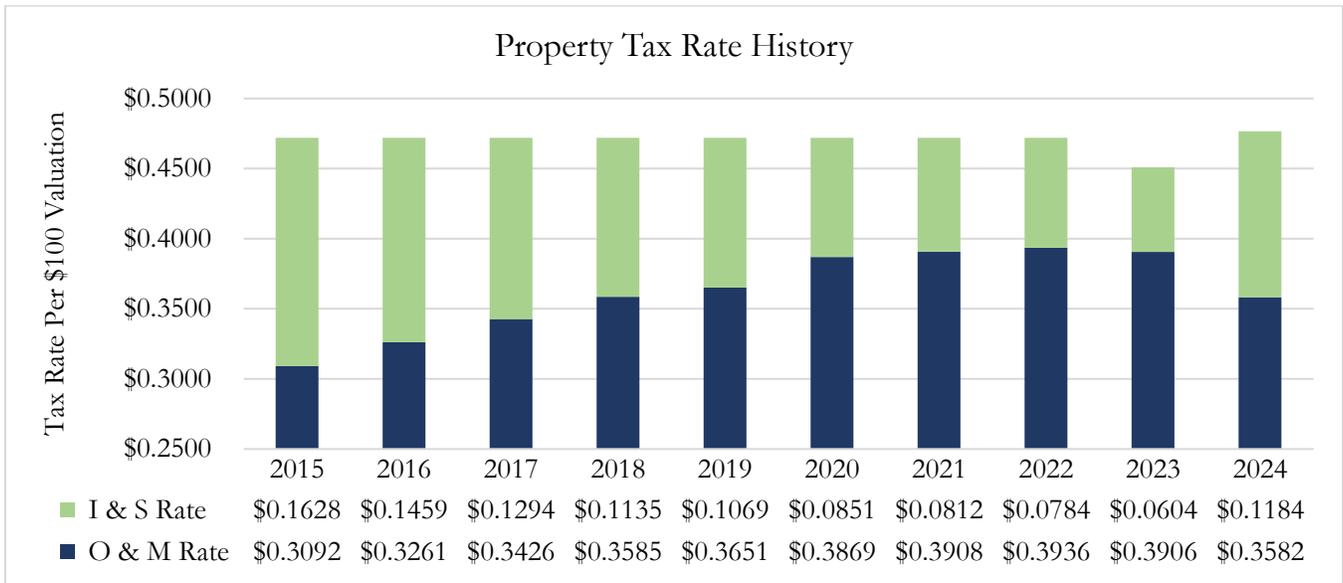


## Local Economy – Property Tax Values and Rates

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



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



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

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

### ***Financial Policies***

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

The City’s fund balance reserve policy requires maintaining a minimum of six (6) months of operating expenditures within the fund balance of the General Fund and a minimum of three (3) months of operating expenditures in reserve for each of the City’s Special Revenue funds. For the Utility funds, the City’s policy requires a minimum of six (6) months of operating expenditures to be held in reserve. This policy allows the City to better weather economic downturns and strategically handle contingencies and unforeseen emergencies. As of September 30, 2024, the required reserves were fully funded per the City’s policy.

The City’s conservative financial management practices has enabled it to not only maintain its strong Aa2 credit rating from Moody’s Investor Services, which exceeds a median rating of AA3 for U.S. cities, the City of Boerne also received a credit rating upgrade during the year from Fitch Ratings to AA+. This credit rating upgrade further reflects the City’s deep commitment to strategic, responsible, and conservative financial management.

## *Major Initiatives*

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

Acknowledging the need for continuous reinvestment in City infrastructure as well as to address important community needs, the City Council called a \$36 million quality of life bond program which was approved by the voters in November 2022. The program includes \$23 million to fund improvements to the City's existing roadways, turn lanes, intersections, and traffic signals and an additional \$13 million for funding the development and improvement of the City's parks, trails, and open spaces. The bond program began with an initial issuance of \$18 million during the fiscal year ended 2023. Bond project initiatives during the fiscal year included \$600k of design work for Adler Road as well as \$280k of design work for Northside Community Park.

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

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

- *River Road Bank Stabilization Project* – a multi-year endeavor kicked off during fiscal year 2023 in an effort to stabilize the bank of Cibolo Creek and install new amenities in the riverside park for the public to enjoy. The project was substantially completed at a total cost of \$2.68 million of which \$2.31 million was expended in fiscal year 2024.
- *Design Work on Fire Station #2* – The City of Boerne is actively planning and budgeting for a second Fire Station for the Boerne Fire Department. The \$11 million project will be funded through cost shares with developers and the City's general fund. Design work commenced on the fire station during fiscal year 2024 in the amount of \$413 thousand.
- *Sidewalk Mobility Enhancements*—Several sidewalk initiatives were completed this year, the largest of which were for sidewalks for neighborhoods adjacent to Oak Park Road. Additionally, design work was completed for sidewalks in the Theissen/Hosack as well as Schweppe areas. Total investment for sidewalk initiatives during the year was approximately \$350 thousand.
- *Roadway Mobility Enhancements* - Consistent with one of the top goals in the City's Rolling Ten Year Plan, the City of Boerne spent \$357 thousand on design or construction for several portions of roadways throughout the City including portions of Cascade Caverns road, School Street, Old San Antonio Road as well as the Plant Street Parking Lot.
- *Street Maintenance and Improvements* – In the current year the City relied on the comprehensive street maintenance plan based on a pavement condition index (PCI) analysis performed by staff during fiscal year 2022. The PCI analysis involves a visual survey of the number and types of distresses in a selected area of pavement, resulting in a pavement health classification ranging from Good (best) to Serious (worst). In fiscal year 2024, the City completed street maintenance activities (i.e., patching) covering approximately 3.8 total lane miles of streets. The street maintenance plan includes annual funding requirements to maintain and preserve the City's streets over the next ten years to minimize the number of street failures and increase the City-wide PCI rating from Satisfactory to Good.

- *Utility System Improvements* – Boerne Utilities is upgrading thousands of gas and water meters across the city and our utility boundary to enhance service reliability and accuracy for our customers. The City of Boerne spent \$2.2 million for water and gas meter equipment during fiscal year 2024. Additionally, design work commenced on the following projects: Water Treatment Plant Expansion, Ammann Road Water Tank and Pump Station improvements, Eastern Distribution Gas Loop Expansion and Ammann Main Improvements at a cost of approximately \$1.1 million.

Other key operational initiatives during the fiscal year ended September 30, 2024 included:

- *Management of inflationary pressures*  
The economic and inflationary challenges facing the nation impacted the way the City was able to conduct its business. Managing cost increases while maintaining or improving service levels was a key initiative during the year.
- *Upholding a competitive compensation and benefits program*  
Difficulty filling positions following the “great resignation” coupled with inflationary pressures resulted in the need for investment in “Employer of Choice” initiatives including benefits enhancements, a cost-of-living adjustment in accordance with City Policy, and an optional, performance-based merit.
- *Increasing Investment in Public Safety Services*  
The City of Boerne added five new public safety positions including three new firefighter positions, an additional School Resource Officer and an Animal Control Officer in fiscal year 2024.

## **Awards and Acknowledgements**

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boerne for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2023. This was the thirty-seventh 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 ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **GFOA Distinguished Budget Presentation Award**

Additionally, the City received the GFOA Distinguished Budget Presentation Award for the fiscal year 2023, highlighting the City’s foundational commitment to budget transparency. In order for a budget document to be recognized with this achievement, it must reflect the highest possible standards of transparency and excellence, while serving as a policy document, financial plan, and operational guide.

## Popular Annual Financial Report Award

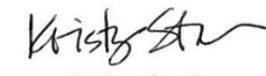
Recognizing our commitment to transparency and excellence in financial reporting, the City also achieved the Annual Financial Report (PAFR) Award for the fiscal year 2022, demonstrating the City's commitment to providing financial information that is both accessible and understandable to the public.

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

Respectfully submitted,



Ben Thatcher  
City Manager



Kristy Stark  
Assistant City Manager



Danny Zinke  
Assistant City Manager



Sarah Buckelew, CPA  
Finance Director



Karen Kochheiser  
Assistant Finance Director



Danielle Montes, CPA  
Reporting and Compliance  
Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Boerne  
Texas**

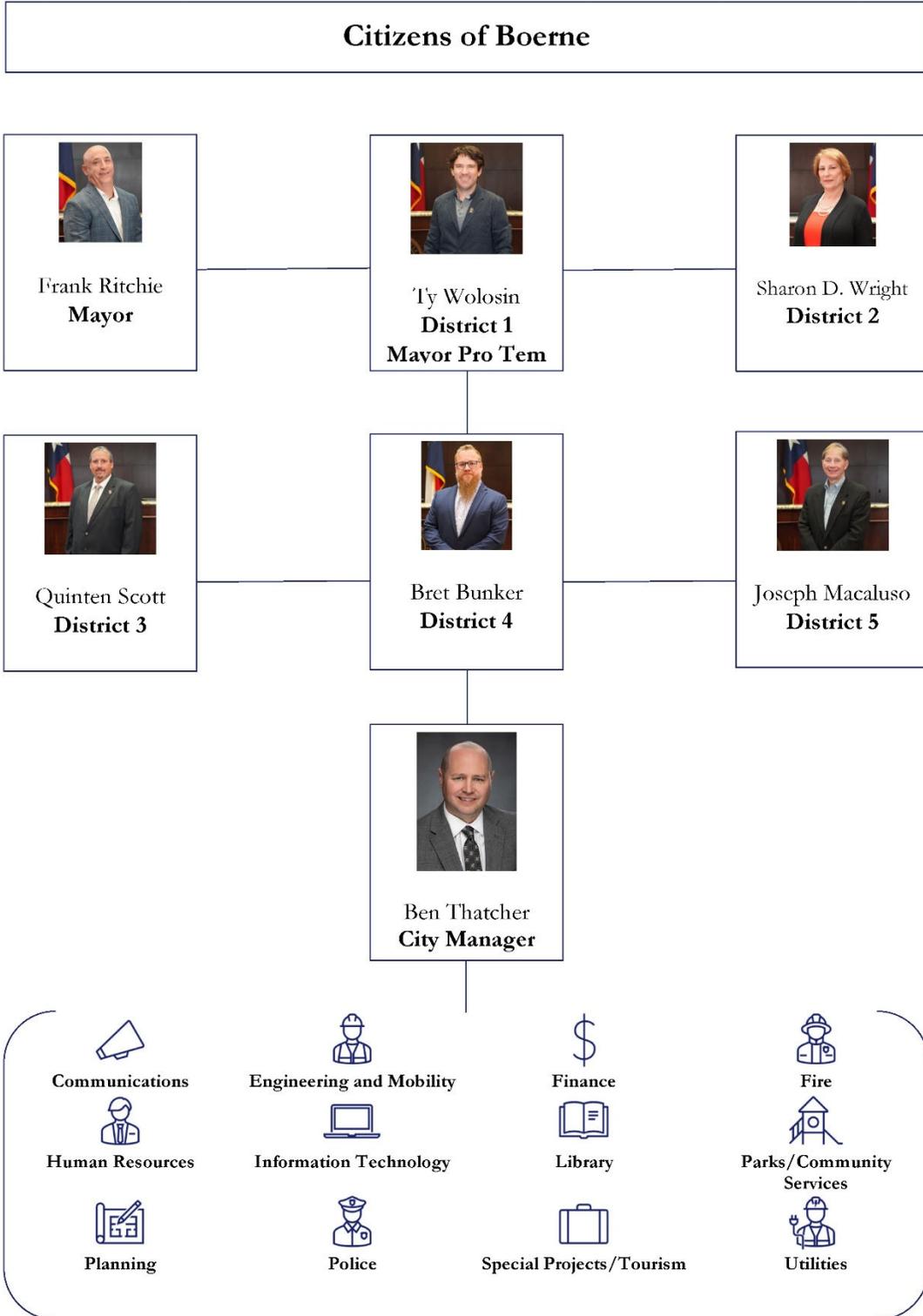
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2023

*Christopher P. Morill*

Executive Director/CEO

**CITY OF BOERNE, TEXAS**  
**ORGANIZATIONAL CHART**  
**September 30, 2024**



**CITY OF BOERNE, TEXAS**

**LIST OF PRINCIPAL OFFICIALS**

**September 30, 2024**

LEGISLATIVE OFFICIALS

Frank Ritchie ..... Mayor\*

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

Sharon D. Wright ..... Member of City Council – District 2\*

Quinten Scott ..... Member of City Council – District 3\*

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

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

ADMINISTRATIVE OFFICERS

Ben Thatcher ..... City Manager

Kristy Stark ..... Assistant City Manager

Danny Zincke ..... Assistant City Manager

Nick Montagno ..... Assistant to the City Manager

DEPARTMENT HEADS

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

Lori Carroll ..... City Secretary

Chris Shadrock ..... Communications Director

Jeff Carroll ..... Engineering and Mobility Director

Sarah Buckelew, CPA ..... Finance Director

Manual Casarez ..... Fire Chief

Susan Finch ..... Human Resources Director

Mike Raute ..... Information Technology Director

Natalie Shults ..... Library Director

Lisette Jimenez ..... Parks and Recreation Director

Nathan Crane ..... Planning Director

Steve Perez ..... Police Chief

Paul Barwick ..... Special Projects Director

Michael Mann, PE ..... Utilities Director

Larry Woods ..... Visit Boerne Director

\*Elected Official



## **FINANCIAL SECTION**



**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of Financial Statements**

***Opinions***

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

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

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

## ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas  
March 11, 2025



# CITY OF BOERNE, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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, 2024. 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.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

**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 statements because the resources of those funds are not available to support the City's own programs. The accounting used for *fiduciary funds* is like that used for *proprietary funds*. The City has one fiduciary fund, the Public Improvement District (PID) Custodial fund. The basic fiduciary fund financial statements immediately follow the basic proprietary fund financial statements.

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

**Other information.** In addition to the basic financial statements and the accompanying notes, this report also presents required supplementary information which includes a budgetary comparison statement for the general fund and all governmental funds with a legally adopted budget to demonstrate compliance with the annual budget as adopted (original) and amended (final), as well as information concerning the City's annual required contribution to the defined benefit pension plan and other postemployment benefit plans. Required supplementary information immediately follows the notes to the financial statements. The combining statements and schedules referred to earlier in connection with other governmental funds and enterprise funds for nonmajor special revenue funds, permanent funds, and enterprise funds immediately follow the required supplementary information.

## Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$250.3 million. Of this amount \$85.4 million (*unrestricted net position*) may be used to meet the City’s ongoing obligations to citizens and creditors.
- The City’s total net position increased by \$40.8 million, due primarily to a \$22.3 million increase in net investment in capital assets arising primarily from \$19.9 million in capital infrastructure contributions as well as completion of several key infrastructure projects. Property taxes, sales tax, investment earnings, and permit revenue combined with underruns in personnel, and operational costs also contributed to the increase in net position.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$71 million.
- At the end of the current fiscal year, the total assigned fund balance for the general fund was \$19.1 million, or approximately 62% of total general fund operating expenditures.
- The City’s total general obligation debt decreased by approximately \$5.7 million during the current fiscal year. No additional debt was issued in FY 2024, and no debt refinancing or restructuring occurred during the year.

## Government-wide Financial Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and other assets	\$ 72,289,692	\$ 66,472,074	\$ 86,949,694	\$ 75,863,517	\$ 159,239,386	\$ 142,335,591
Capital assets	89,104,828	83,786,711	111,272,265	95,788,115	200,377,093	179,574,826
Total assets	<u>161,394,520</u>	<u>150,258,785</u>	<u>198,221,959</u>	<u>171,651,632</u>	<u>359,616,479</u>	<u>321,910,417</u>
Deferred outflows of resources	<u>6,815,499</u>	<u>8,709,558</u>	<u>3,020,940</u>	<u>3,648,739</u>	<u>9,836,439</u>	<u>12,358,297</u>
<b>Liabilities</b>						
Other liabilities	5,185,938	8,301,339	7,225,660	6,507,609	12,411,598	14,808,948
Long-term liabilities	<u>67,166,076</u>	<u>70,576,335</u>	<u>37,147,994</u>	<u>37,094,246</u>	<u>104,314,070</u>	<u>107,670,581</u>
Total liabilities	<u>72,352,014</u>	<u>78,877,674</u>	<u>44,373,654</u>	<u>43,601,855</u>	<u>116,725,668</u>	<u>122,479,529</u>
Deferred inflows of resources	<u>1,861,874</u>	<u>1,730,371</u>	<u>594,545</u>	<u>543,886</u>	<u>2,456,419</u>	<u>2,274,257</u>
<b>Net position:</b>						
Net investment in capital assets	57,329,005	49,557,666	79,467,816	64,878,785	136,796,821	114,436,451
Restricted	10,339,905	9,774,696	17,735,464	17,211,153	28,075,369	26,985,849
Unrestricted	<u>26,327,221</u>	<u>19,027,936</u>	<u>59,071,420</u>	<u>49,064,692</u>	<u>85,398,641</u>	<u>68,092,628</u>
Total net position	<u>\$ 93,996,131</u>	<u>\$ 78,360,298</u>	<u>\$ 156,274,700</u>	<u>\$ 131,154,630</u>	<u>\$ 250,270,831</u>	<u>\$ 209,514,928</u>

## **Net Position**

Net position may serve over time as a useful indicator of a government's financial condition. In the case of the City, as of September 30, 2024, assets and deferred outflows exceeded liabilities and deferred inflows by \$250.3 million. Approximately \$136.8 million of the City's net position reflects its net investment in capital assets (e.g., land, buildings and plant, infrastructure, machinery, vehicles, and construction in progress; less any related outstanding debt used to acquire those assets). The City uses these capital assets to provide services to residents; 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.

A portion of the City's net position, \$28.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$85.4 million is unrestricted net position and may be used to meet the City's ongoing obligations to citizens or creditors.

At the end of the current fiscal year, the City reported 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 major components of the changes in net position are explained in more detail on the following pages.

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During the fiscal year ended September 30, 2024, the net position of the City increased by \$40.8 million to \$250.3 million, as summarized in the following condensed statement of activities:

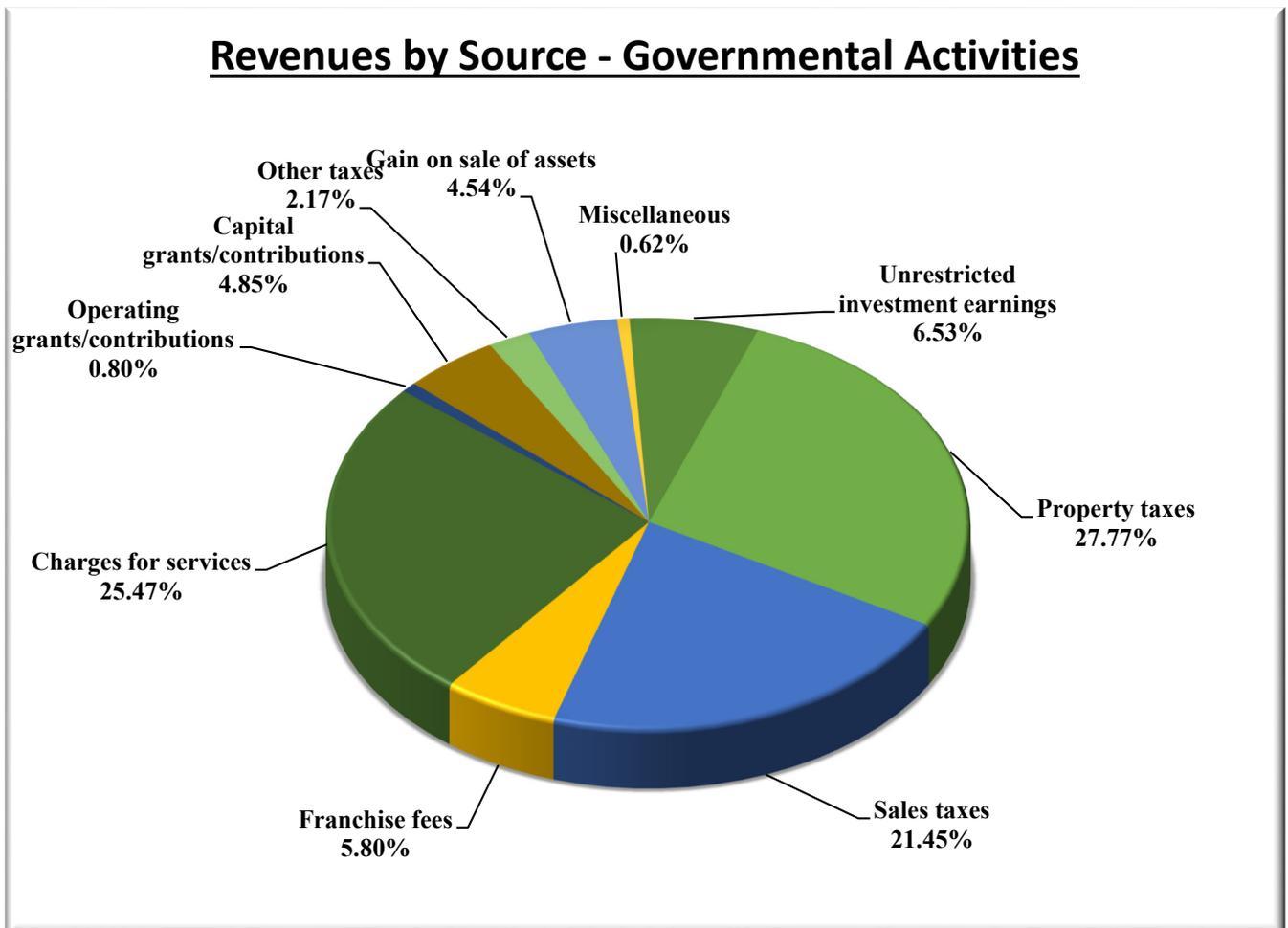
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 14,689,973	\$ 12,809,521	\$ 45,891,468	\$ 44,509,978	\$ 60,581,441	\$ 57,319,499
Operating grants and contributions	458,948	413,589	-	-	458,948	413,589
Capital grants and contributions	2,794,506	3,196,975	17,107,688	-	19,902,194	3,196,975
General revenues:						
Property taxes	16,012,901	13,150,643	-	-	16,012,901	13,150,643
Sales taxes	12,369,640	11,531,095	-	-	12,369,640	11,531,095
Other taxes	1,249,393	1,163,602	-	-	1,249,393	1,163,602
Franchise fees	3,351,029	3,311,807	-	-	3,351,029	3,311,807
Investment earnings	3,767,993	2,123,308	3,778,844	2,618,635	7,546,837	4,741,943
Other revenues	2,977,789	2,514,777	20,917	-	2,998,706	2,514,777
Total revenues	<u>57,672,172</u>	<u>50,215,317</u>	<u>66,798,917</u>	<u>47,128,613</u>	<u>124,471,089</u>	<u>97,343,930</u>
Expenses:						
General government	9,078,460	9,612,661	-	-	9,078,460	9,612,661
Public safety	15,577,327	13,738,764	-	-	15,577,327	13,738,764
Highways/streets	5,824,692	5,425,718	-	-	5,824,692	5,425,718
Economic development	2,523,471	1,344,552	-	-	2,523,471	1,344,552
Culture and recreation	7,212,610	6,580,381	-	-	7,212,610	6,580,381
Interest on long-term debt	1,648,850	1,240,309	-	-	1,648,850	1,240,309
Electric	-	-	16,898,460	15,113,513	16,898,460	15,113,513
Water	-	-	9,216,647	8,114,157	9,216,647	8,114,157
Wastewater	-	-	9,924,255	9,715,037	9,924,255	9,715,037
Gas	-	-	4,191,674	4,777,064	4,191,674	4,777,064
Solid waste	-	-	1,466,906	1,404,384	1,466,906	1,404,384
Stormwater	-	-	151,834	51,911	151,834	51,911
Total expenses	<u>41,865,410</u>	<u>37,942,385</u>	<u>41,849,776</u>	<u>39,176,066</u>	<u>83,715,186</u>	<u>77,118,451</u>
Excess of revenues before transfers	15,806,762	12,272,932	24,949,141	7,952,547	40,755,903	20,225,479
Transfers	<u>(170,929)</u>	<u>2,111,489</u>	<u>170,929</u>	<u>(2,111,489)</u>	-	-
Increase (decrease) in net position	15,635,833	14,384,421	25,120,070	5,841,058	40,755,903	20,225,479
Beginning net position	<u>78,360,298</u>	<u>63,975,877</u>	<u>131,154,630</u>	<u>125,313,572</u>	<u>209,514,928</u>	<u>189,289,449</u>
Ending net position	<u>\$ 93,996,131</u>	<u>\$ 78,360,298</u>	<u>\$ 156,274,700</u>	<u>\$ 131,154,630</u>	<u>\$ 250,270,831</u>	<u>\$ 209,514,928</u>

## Changes in Net Position – Governmental Activities

Revenues related to the City’s governmental activities totaled \$57.7 million for the fiscal year ended September 30, 2024, an increase of \$7.5 million, or 15 percent, from the prior year. The primary causes for the overall increase were:

- Ad valorem taxes increased by \$2.9 million from the prior year as the fair values of homes and commercial properties continued to increase consistent with Texas Hill Country trends.
- Sales taxes increased by \$0.84 million due to increased economic activity, particularly from large manufacturing sector payments and a 26% increase in the financial sector.
- Investment earnings increased \$1.6 million due to favorable economic conditions, specifically rising interest rates on variable rate investments.
- License and permit revenue increased by \$1 million due to both residential and commercial permit volume exceeding budget projections combined with the franchise fee receipts from an external electric provider utilizing the City’s right of way access.

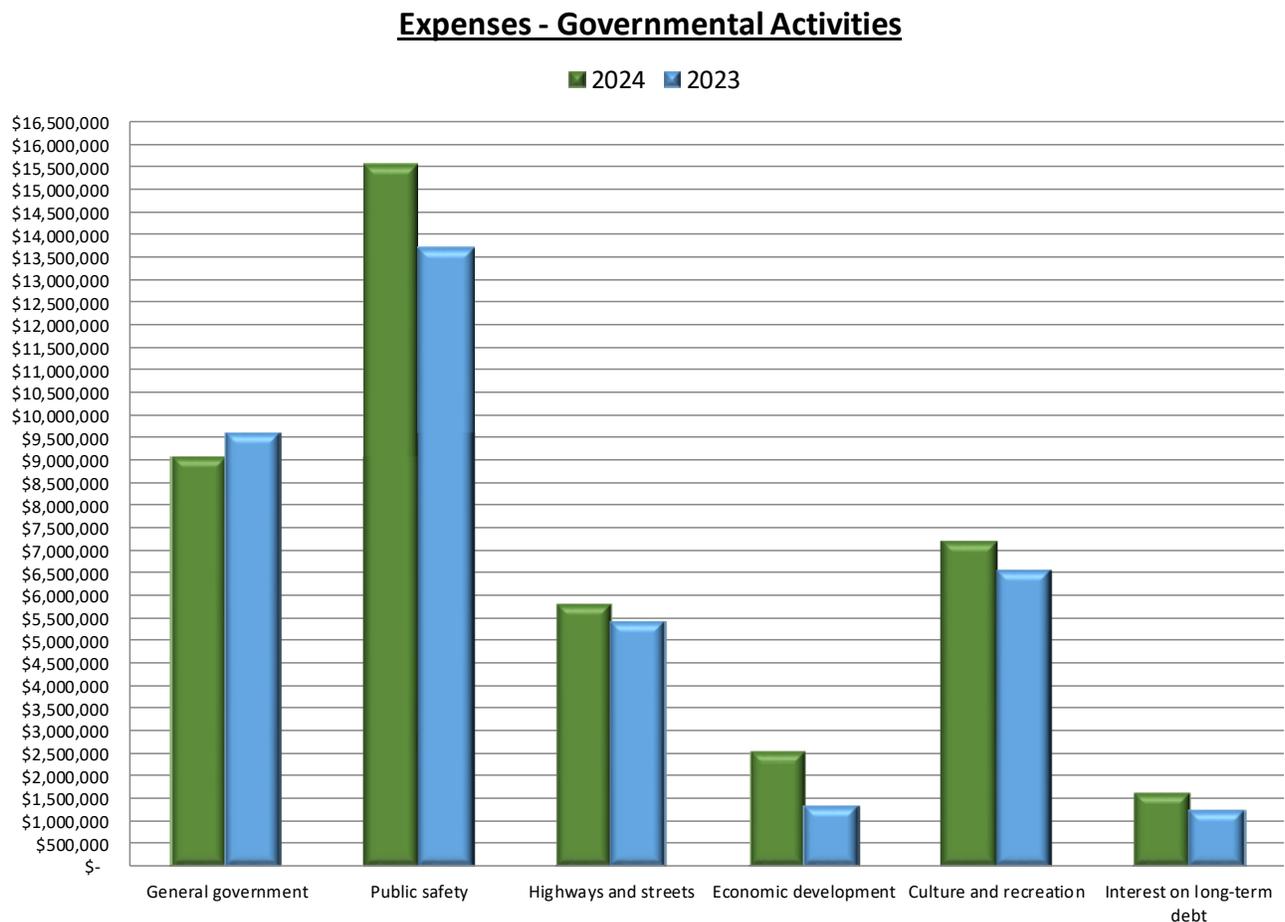
The chart below illustrates the City’s governmental activities revenues by source:



Expenses related to the City’s governmental activities totaled \$41.9 million for the fiscal year ended September 30, 2024, an increase of \$3.9 million, or 10 percent, from the prior year. The primary causes for the overall increase were:

- Expenses for public safety increased by \$1.8 million due to the addition of 3 firefighter positions, as well as a school resource officer and one animal control officer. Additionally supplies and materials expenses – particularly fuel – increased as the price of goods and materials rose sharply with strong inflationary pressures during the year.
- Highways and streets expenses increased during the year due to investments made in street and sidewalk enhancements and maintenance projects total nearly 0.8 million for the year, focusing on advancing mobility projects from the City’s rolling Ten Year Plan and continuing the City’s comprehensive pavement management program.
- Contractual costs related to the management of residential and commercial development in the City increased by \$1.2 million.
- General Government expenses decreased by \$0.53 million due to concerted efforts to reduce maintenance and operations expense during the budget, which resulted in the City’s ability to reduce the maintenance and operations tax rate by 3.24 cents per \$100 of taxable valuation.

The following chart depicts governmental activity program revenues relative to program expenses:

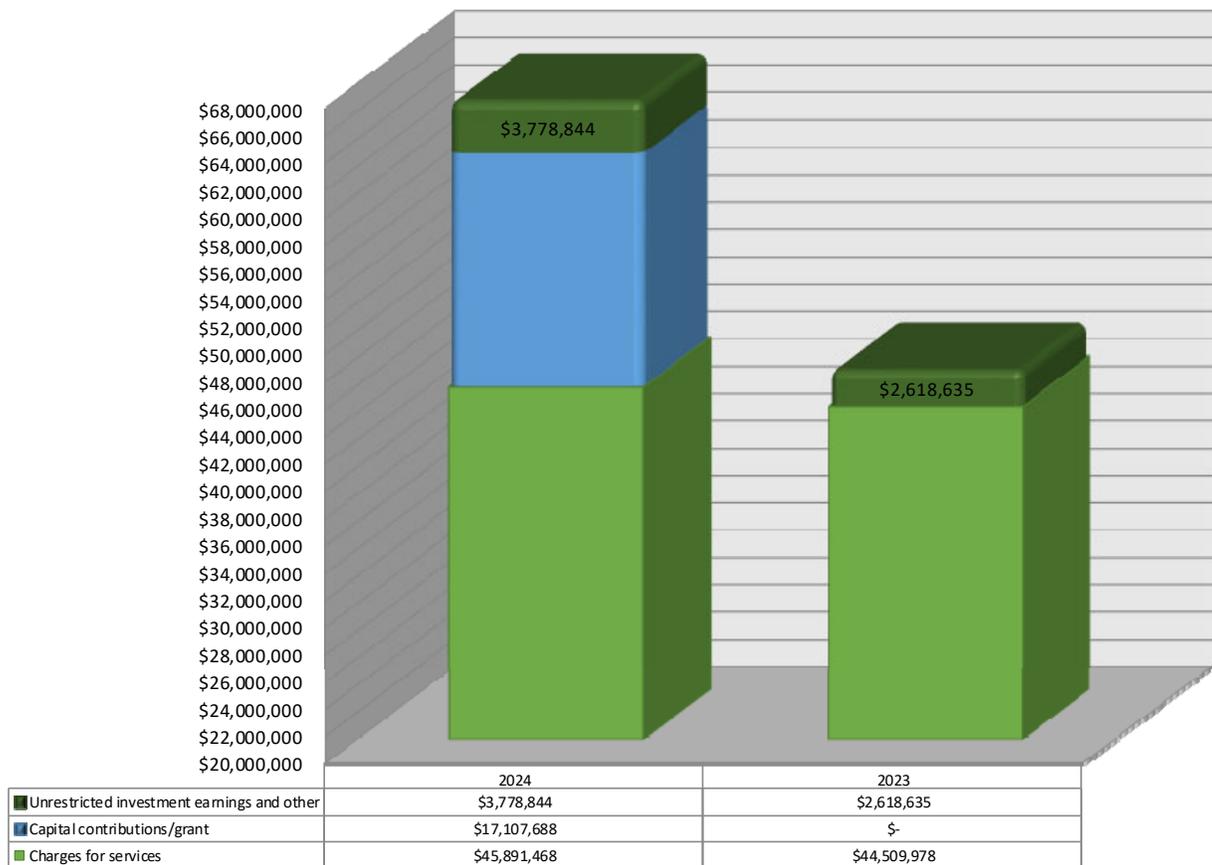


## Changes in Net Position – Business-Type Activities

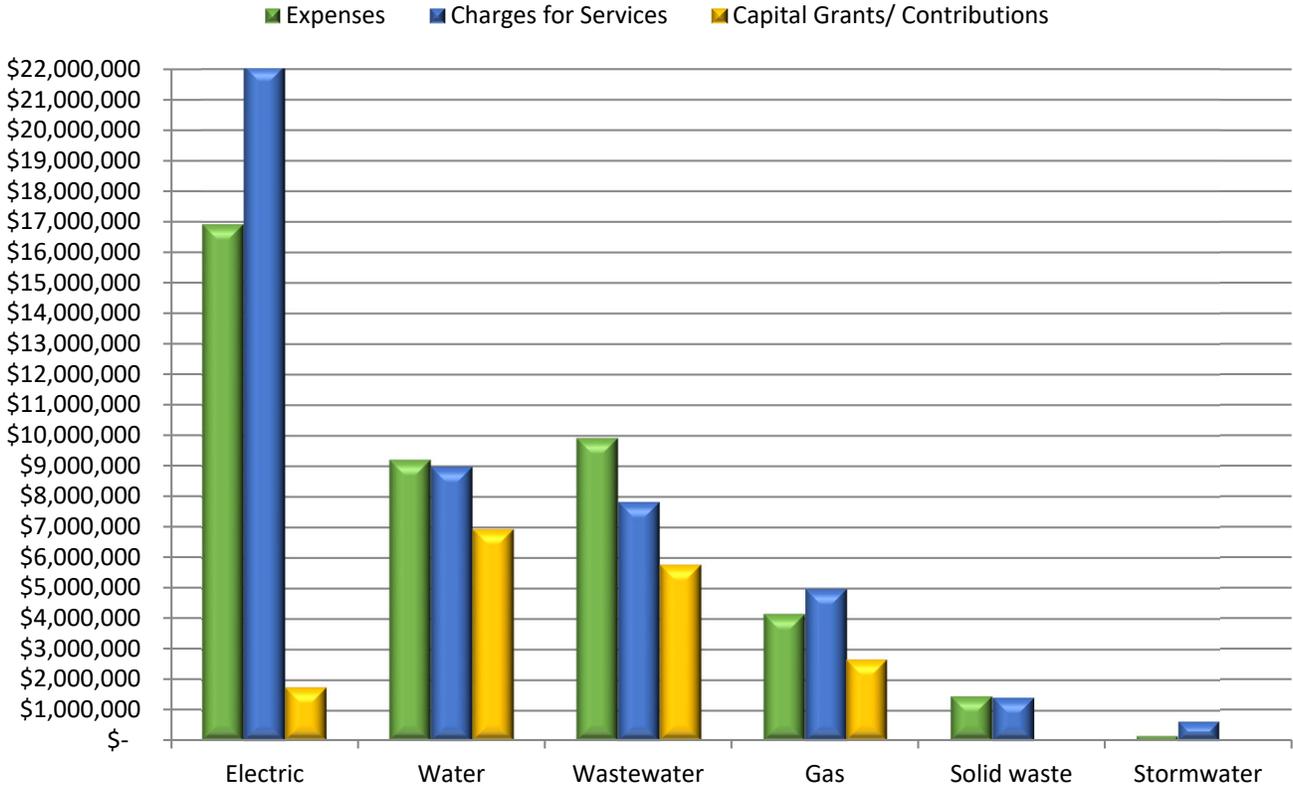
Revenues related to the City’s business-type activities totaled \$66.8 million for the fiscal year ending September 30, 2024, an increase of \$19.7 million, or 42 percent, from the prior year. The primary cause for the overall increase were:

- Capital infrastructure contributions from developers for electric, water, sewer, and natural gas infrastructure in various residential subdivisions within the City increased by \$17.1 million from the prior year.
- Charges for services increased by \$1.4 million due to a significant increase in water and electric connections.
- Investment earnings increased by \$1.2 million due to favorable economic conditions, specifically rising interest rates on variable rate investments.
- A portion of budgeted equipment and capital projects were rolled forward to fiscal year ending September 30, 2025, coupled with overall savings in personnel costs due to turnover.

### Revenues by Source - Business-type Activities



## Business-Type Activities Program Revenue and Expense



### Fund Financial Analysis

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental 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, assigned 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 September 30, 2024, the City’s governmental funds reported total combined ending fund balances of \$71 million, an increase of \$8 million from the prior year. Approximately 59 percent of the City’s governmental funds’ fund balances, or \$42 million, constitutes assigned fund balance, which is available for spending at the government’s discretion. An additional \$28.2 million is either nonspendable or restricted for purposes imposed by creditors, grantors, contributors, laws, or regulations of other governments or through enabling legislation.

## General Fund Financial Highlights

The general fund is the chief operating fund of the City. As of September 30, 2024, assigned fund balance of the general fund was \$19.1 million, while the total fund balance was \$22.3 million. As a measure of the general fund's liquidity, it is useful to compare assigned fund balance to total fund expenditures and operating expenditures. Assigned fund balance represents 62 percent of the total general fund expenditures and 72 percent of operating expenditures. All of the assigned fund balances have been designated for specified purposes.

The fund balance of the general fund increased by \$6.5 million during the current fiscal year, primarily due to a \$2.4 million sale of a former administration building. Additionally, the general fund received a transfer of restricted tree mitigation fund balance from the parks department in the amount of \$2.8 million. The purpose of the transfer was to facilitate the management of the tree mitigation program within the planning department which is included within the general fund. Other increases included in permit revenue due to volume of permits issued, increase in interest revenue and sales taxes.

	<u>2024</u>	<u>2023</u>
REVENUES		
Ad valorem taxes	\$ 7,689,809	\$ 7,487,422
Sales tax	12,369,640	11,531,095
Franchise taxes	3,351,029	3,311,807
Licenses and permits	2,816,594	1,773,034
Fines	322,846	243,158
Grants	87,584	16,555
Contributions and donations	4,117,172	3,548,979
Miscellaneous	4,206,552	3,150,931
Investment earnings	1,885,019	1,416,395
Total revenues	<u>36,846,245</u>	<u>32,479,376</u>
EXPENDITURES		
Current:		
General government	8,670,442	8,412,713
Public safety	14,133,622	12,429,797
Highways and streets	3,280,217	2,816,843
Culture and recreation	529,946	509,156
Debt service:		
Principal retirement	1,263,886	694,275
Interest	74,807	40,188
Capital outlay	3,132,834	1,585,567
Total expenditures	<u>31,085,754</u>	<u>26,488,539</u>
Excess of revenues over expenditures	<u>5,760,491</u>	<u>5,990,837</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	2,775,655	260,963
Transfers out	(6,740,165)	(7,253,928)
Sale of capital assets	2,442,403	1,919,658
Lease/subscription proceeds	2,263,994	1,067,590
Total other financing sources (uses)	<u>741,887</u>	<u>(4,005,717)</u>
Net change in fund balance	<u>\$ 6,502,378</u>	<u>\$ 1,985,120</u>

General fund revenues for the fiscal year ended September 30, 2024, increased by \$4.4 million, or approximately 14 percent, over the prior year. The overall increase was due to the following factors:

- Ad valorem taxes increased by \$0.20 million, or 3 percent, over the prior year primarily due to an average increase in assessed taxable property values as fair values of homes and commercial properties continue to increase consistent with statewide and national trends.
- Sales tax increased by \$0.84 million, or approximately 7 percent, from the prior year as a strong local economy that continues to lead the state average in growth rates was combined with a built-up demand and inflationary pressures.
- License and permits increased by \$1 million, or 56 percent primarily due to both residential and commercial permit volume exceeding budget projections combined with franchise fee receipts from an external electric provider utilizing the City's rights of way access.
- Miscellaneous revenue increased by \$1.1 million or 35 percent from the prior year due to contractual municipal service fee and proceeds from auctioned surplus equipment and fleet vehicles.
- Investment earnings increased by \$0.47 million or 33 percent from the prior year due to favorable market conditions, specifically increased interest rates on variable rate investments.

General fund expenditures for the fiscal year ended September 30, 2024, increased by \$4.6 million, or approximately 17 percent, over the prior year. The overall increase was due to the following factors:

- Public safety expenditures increased by \$1.7 million, or 14 percent, from the prior year due to service enhancements for adding three new firefighter positions, an additional school resource officer, and an animal control officer.
- Capital outlay expenditures increased by \$1.5 million, or 95 percent from the prior year primarily as a result of the impact of GASB Statement No. 96, and No. 87 related to technology subscription agreements and fleet lease obligations.

## General Fund Budgetary Highlights

The general fund budget and actual analysis can be found below. During the year, the City's adopted general fund revenue and expenditure budgets were amended by a \$4.7 million decrease and \$0, respectively. All amendments to original budgeted appropriations were authorized by City Council or the City Manager in compliance with the City's Home Rule Charter. Major differences between the amended budget and actual results are discussed in further detail below:

	Budgeted Amounts		Actual Amounts on GAAP Basis	Adjustments Budgetary Basis	Actual Amounts on Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
<b>REVENUES</b>						
Ad valorem taxes	\$ 7,501,012	\$ 7,631,012	\$ 7,689,809	\$ -	\$ 7,689,809	\$ 58,797
Sales tax	11,243,859	12,143,859	12,369,640	-	12,369,640	225,781
Franchise taxes	2,990,083	2,990,083	3,351,029	-	3,351,029	360,946
Licenses and permits	1,322,500	1,972,500	2,816,594	-	2,816,594	844,094
Fines	245,100	245,100	322,846	-	322,846	77,746
Grants	8,000	8,000	87,584	-	87,584	79,584
Contributions and donations	3,990,381	4,040,381	4,117,172	-	4,117,172	76,791
Miscellaneous	3,397,845	3,397,845	4,206,552	-	4,206,552	808,707
Investment earnings	860,000	1,520,000	1,885,019	-	1,885,019	365,019
Total revenues	<u>31,558,780</u>	<u>33,948,780</u>	<u>36,846,245</u>	<u>-</u>	<u>36,846,245</u>	<u>2,897,465</u>
<b>EXPENDITURES</b>						
Current:						
General government	10,135,837	10,135,837	8,670,442	-	8,670,442	1,465,395
Public safety	14,571,736	14,571,736	14,133,622	-	14,133,622	438,114
Highways and streets	3,897,407	3,897,407	3,280,217	-	3,280,217	617,190
Culture and recreation	634,082	634,082	529,946	-	529,946	104,136
Debt service:						
Principal retirement	500,746	500,746	1,263,886	(1,263,886)	-	500,746
Interest	-	-	74,807	(74,807)	-	-
Capital outlay	<u>1,283,857</u>	<u>1,283,857</u>	<u>3,132,834</u>	<u>(2,155,285)</u>	<u>977,549</u>	<u>306,308</u>
Total expenditures	<u>31,023,665</u>	<u>31,023,665</u>	<u>31,085,754</u>	<u>(3,493,978)</u>	<u>27,591,776</u>	<u>3,431,889</u>
Excess of revenues over expenditures	<u>535,115</u>	<u>2,925,115</u>	<u>5,760,491</u>	<u>3,493,978</u>	<u>9,254,469</u>	<u>6,329,354</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	20,000	20,000	2,775,655	-	2,775,655	2,755,655
Transfers out	(761,116)	(5,488,382)	(6,740,165)	-	(6,740,165)	(1,251,783)
Sale of capital assets	5,000	2,342,266	2,442,403	-	2,442,403	100,137
Lease/subscription proceeds	-	-	2,263,994	(2,263,994)	-	-
Total other financing sources (uses)	<u>(736,116)</u>	<u>(3,126,116)</u>	<u>741,887</u>	<u>(2,263,994)</u>	<u>(1,522,107)</u>	<u>1,604,009</u>
Net change in fund balance	<u>\$ (201,001)</u>	<u>\$ (201,001)</u>	<u>6,502,378</u>	<u>\$ (1,229,984)</u>	<u>\$ 7,732,362</u>	<u>\$ 7,933,363</u>
<b>FUND BALANCE</b>						
Beginning of year			<u>15,819,438</u>			
End of year			<u>\$ 22,321,816</u>			

Operating revenues were \$2.9 million higher than budgetary estimates as a result of the following:

- Sales tax was \$0.23 million greater than budget as a result of continued strong local demand that continues to outpace statewide averages combined with inflation impacts on costs of goods and services.
- Franchise taxes exceeded budget by \$0.36 million as a result of franchise fee receipts from an external electric provider utilizing the City's right of way access.
- Revenues from licenses and permits exceeded budget by \$0.84 million as both residential and commercial permit volume exceeded budget projections.
- Interest revenue was \$0.37 million higher than budget due to favorable economic conditions specifically rising interest rates on variable rate investments.
- Miscellaneous grants were \$0.81 million greater than budget due to reimbursements from various state and local agencies for mutual aid provided by the City's public safety function, particularly the fire department, in response to several state emergencies during the year. Additionally, the City received contractual municipal service fee revenue and proceeds from auctioned surplus equipment and fleet vehicles.

Non-operating revenues included \$2.4 million in proceeds from the sale of a former administrative building.

### **Other Major Governmental Fund Financial Highlights**

The *debt service fund* is used to account for all financial resource that are restricted, committed, or assigned for the payment of principal and interest of long-term obligations of governmental funds. Current year operating revenues plus transfers totaled \$5.5 million and current year expenditures totaled \$5.2 million, resulting in an increase in fund balance of \$0.33 million for the current year. On September 30, 2024, the fund balance was \$1.3 million.

The *capital projects fund* is used to account for the acquisition and construction of major governmental capital facilities, sidewalks, road improvements, and other infrastructure projects. Current year revenues (including transfers) totaled \$6.2 million and current year expenditures, primarily for street and sidewalk projects, totaled \$4.5 million resulting in an increase in fund balance of \$1.8 million for the current year. At September 30, 2024, the fund balance was \$36.1 million, all of which was restricted or assigned for future infrastructure investments.

## Proprietary Funds

As of September 30, 2024, the City's proprietary funds reported total combined ending net position of \$156.3 million, an increase of \$25.1 million from the prior year, driven by capital infrastructure contributions and strong operating results across all funds. Further details on the operating results for each major fund are discussed below. At September 30, 2024, approximately 51 percent of the City's proprietary funds' fund balances, or \$79.5 million, represents the funds' net investment in capital assets.

### Major Fund Financial Highlights

The *electric fund* is used to account for the activities necessary to provide electric services to the residents of the City within the City's service territory. These activities include administration, billing and collections, distribution system operations and maintenance, transmission system operations and maintenance, new construction, and financing and related debt services. Significant activity during the year included a \$2.5 million intercompany loan to the gas fund for capital improvements. As of September 30, 2024, total net position was \$35.9 million, an increase of \$6.6 million from the prior year. The overall increase was due primarily to \$1.7 million in capital infrastructure contributions, \$1.1 million of investment earnings due to favorable economic conditions for variable rate investments, as well as to higher operating revenues as a result of much higher summer temperatures than average. The National Weather Service reported the summer of 2024 as one of the hottest summers in recorded history for the Boerne-San Antonio area. Consequently, customer demand for electric service to cool homes and businesses remained high throughout the months of May to August.

The *water fund* is used to account for activities necessary to provide water services to the residents of the City within the City's service territory. These activities include administrative services, billing and collections, water production and distribution system operation and maintenance, new construction, and financing and related debt services. As of September 30, 2024, total net position was \$61.9 million, an increase of \$7.4 million from the prior year. The overall increase was due primarily to capital infrastructure contributions for the year totaled \$6.9 million. The increase was also attributable in part to the hot and dry conditions discussed above.

The *wastewater fund* is used to account for the activities necessary to provide wastewater services to the residents of the City within the City's service territory. These activities include administrative services, billing and collections, wastewater production and distribution system operation and maintenance, new construction, and financing and related debt services. As of September 30, 2024, total net position was \$34.6 million, an increase of \$4.8 million from the prior year due primarily to \$5.8 million in capital infrastructure contributions as well as increased depreciation expense due to the contributions added to the balance sheet. Additionally, the wastewater fund had planned use of reserves for the Scenic Loop Sewer expansion that were expended during the year.

The *gas fund* is used to account for the activities necessary to provide natural gas services to the residents of the City within the City's service territory. These activities include administrative services, billing and collections, distribution system operation and maintenance, new construction, and financing and related debt services. Significant activity during the year included the receipt of \$2.5 million in the form of an intercompany loan from the electric fund. As of September 30, 2024, total net position was \$14.0 million, an increase of \$3.6 million of which \$2.7 million were capital infrastructure contributions, coupled with higher operating revenues as a result of increased consumption and number of connections.

## Capital Assets

Capital assets, including the infrastructure of the City, are those assets that are used in the performance of the City's functions. At September 30, 2024, capital assets totaled \$89.1 million for governmental activities and \$111.3 million for business-type activities, net of accumulated depreciation on capital assets, which is recognized in the government-wide financial statements. The City's capital assets include land, buildings and plant, improvements other than buildings, machinery and equipment, and construction in progress. The net increase over the prior fiscal year in the City's capital assets was \$20.8.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 10,782,215	\$ 10,782,215	\$ 7,369,628	\$ 7,363,128	\$ 18,151,843	\$ 18,145,343
Buildings and plant	27,003,645	27,910,997	15,895,002	17,195,654	42,898,647	45,106,651
Improvements other than buildings	3,330,774	3,689,845	-	-	3,330,774	3,689,845
Machinery and equipment	2,429,169	2,210,945	903,100	1,105,307	3,332,269	3,316,252
Infrastructure	38,909,955	34,109,863	81,338,579	68,239,234	120,248,534	102,349,097
Construction in progress	3,729,556	3,694,855	5,279,262	1,464,298	9,008,818	5,159,153
Leased vehicles and equipment	2,420,718	1,128,239	486,694	274,197	2,907,412	1,402,436
SBITAs	498,796	259,752	-	146,297	498,796	406,049
Total	<u>\$ 89,104,828</u>	<u>\$ 83,786,711</u>	<u>\$ 111,272,265</u>	<u>\$ 95,788,115</u>	<u>\$ 200,377,093</u>	<u>\$ 179,574,826</u>

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

- The City sold a former administration building for \$2.4 million.
- Developers contributed infrastructure totaling \$19.9 million to the City's streets and enterprise funds.
- Street and sidewalk enhancements and maintenance projects totaled nearly 0.8 million for the year, focusing on advancing mobility projects from the City's rolling Ten Year Plan and continuing the City's comprehensive pavement management program.
- The City capitalized nearly \$5 million in completed infrastructure projects including completed sidewalk, mobility and River Road Bank Stabilization Project, in addition to Water Treatment Plant infrastructure.
- The City acquired equipment with a total cost of \$0.7 million during the fiscal year.

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

## Long-Term Liabilities

As of September 30, 2024, the City had \$76.4 million in long-term debt outstanding. The total debt is backed by the full faith and credit of the government, however, \$29.6 million is being paid for by the business-type activities. During the current year, total long-term debt decreased by \$5.7 million.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 43,580,000	\$ 47,040,000	\$ 27,230,000	\$ 28,895,000	\$ 70,810,000	\$ 75,935,000
Premium	<u>3,229,217</u>	<u>3,526,257</u>	<u>2,357,626</u>	<u>2,594,444</u>	<u>5,586,843</u>	<u>6,120,701</u>
Total long-term debt	<u>\$ 46,809,217</u>	<u>\$ 50,566,257</u>	<u>\$ 29,587,626</u>	<u>\$ 31,489,444</u>	<u>\$ 76,396,843</u>	<u>\$ 82,055,701</u>

The City maintains an Aa2 credit rating from Moody's Investors Services, which exceeds a median rating of AA3 for U.S. cities. Additionally, the City received a credit rating upgrade from Fitch Ratings to AA+ during the fiscal year further reflecting the City's conservative financial management system as well as stable operating reserves combined with robust economic growth.

State statutes limit the amount of general obligation debt a governmental entity may issue to ten percent of its total assessed valuation. The current debt limitation for the City of Boerne is approximately \$329.7 million, which is significantly more than the City of Boerne's outstanding \$70.8 million in general obligation debt.

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

## Economic Factors and Next Year's Budgets

The City's elected and appointed officials considered many factors when setting the fiscal year 2025 budget appropriation, tax rates, and fees that will be charged for the City's governmental and business-type activities. Among these factors were inflationary pressures faced by the City and nation as a whole, and ongoing investment in a strong culture to retain and attract new employees, as well as the City's focus on its strategic priorities.

The fiscal year 2025 \$138 million total City Budget is comprised of eighteen funds, of which ten are governmental funds and eight are enterprise (utility) funds. The governmental funds account for \$63 million of the budget, while the utility funds account for \$75 million of the budget.

The Fiscal Year 2025 budget decreased the total property tax rate from \$0.4766/\$100 value to \$0.4716/\$100 value, representing an overall decrease of 0.5 cents per \$100 value. The decrease includes a reduction in the Maintenance and Operations rate of 0.50 cents per \$100 value while maintaining the interest and sinking (debt) rate. This recommendation comes after many months of dedication and hard work by the City staff to maximize investment in infrastructure and other key initiatives while balancing cost pressures of the current economy and job market.

Budget Infographic Depicting Budget Highlights for Fiscal Year 2025:



# BUDGET HIGHLIGHTS | FY 2025

## BY THE NUMBERS



## SERVICE ENHANCEMENTS

### GRANT FUNDED

- Cybersecurity IT Analyst
- Mental Health Officer

### GENERAL FUNDED

- Communications Engagement Specialist

### UTILITIES FUNDED

- Utilities Engineer
- Utilities GIS Tech
- Utilities Administrative Assistant

## COMPENSATION & BENEFITS



Our benchmark is to be in the 60th percentile of the designated labor market for civilian and sworn Public Safety positions.



Employee Raises: 4% COLA 0% - 3% Merit

*(COLA effective 10/1/2024)  
(Merit effective 1/1/2025)*

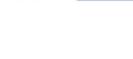


This year, there will be no increase in the overall cost of the City's benefit insurance offerings.

## MATERIALS & EQUIPMENT

This year's budget incorporates essential tools and equipment to more effectively support our employees and facilities. Here are some of the key highlights:

 <p>Diagnostic Health Screens MHO Vehicle &amp; Equipment Cellphone Extraction Software Upgrade/Repair Courtroom AV</p>	 <p>Fire Station Repairs Vehicle Extrication Tools Multi-Band Radios Opticom Traffic Control System Self Contained Breathing Apparatus Upgrades</p>
 <p>Enhanced Data Management Cybersecurity Strengthening Replacement Security Cameras Network Monitoring</p>	 <p>10-Year HVAC Replacement Plan Elevator Replacement Library Carpet Replacement</p>
 <p>Needs Study for New Animal Care Facility Needs Study for PD Facility Downtown Master Plan Downtown Parking Garage Study</p>	 <p>Columbarium Cemetery Software for Graveside Locator Cemetery Rock Wall Panels</p>



## BUILDING A SUCCESSFUL BUDGET

The budget is structurally balanced. Each year, when determining what to include in the budget, the City of Boerne must consider numerous requests, requirements, and restrictions to ensure alignment with its strategic objectives.



## WHAT MAKES A SUCCESSFUL BUDGET?

- Strategic Alignment
- Operational Discipline
- Cash Funding Capital Projects
- Multi-Year Budget Stability
- Optimal Fund Balance
- Transparency

## STRATEGIC FOCUS

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



- \$1.4M - Fire Station No. 2 Design
- \$12M - Utilities Investments
- \$450K - Street Maintenance Programs
- \$4.8M - Street Bond Projects



- \$6.9M - Drainage Projects
- \$45K - River Road Dam Assessment
- \$225K - Tree Mitigation/Water Conservation Programs



- Ability to lower tax rate through efficient budgeting while managing growth
- \$22M - Non-bond infrastructure funded with cash
- Ability to Maintain Aa2 Bond Rating



- \$100K - Urban Corridor Design Elements
- \$220K - Kinderpark Restroom Facility
- \$100K - Waterworks Terrace Parks Project
- \$6M - Parks Bond Projects



## DID YOU KNOW?

The City of Boerne's budget maximizes each tax dollar to provide valuable services to our residents. Did you know that \$5.12 per day covers all these services and much more?



158 lane miles maintained



483 acres of parkland and 707K annual visitors



154K library visitors, 750 programs, & 302K materials circulated annually



2,000+ fire service calls per year



25K police service calls per year

The economic and inflationary challenges facing our nation in 2024 have impacted the City's ability to conduct our business. Managing these challenges has been an emphasis when developing the Fiscal Year 2025 budget. These challenges include managing cost increases, investing in a strong culture to maintain employer choice status, implement master plans, advance projects from the 2022 bond election, advance capital improvement plan projected and provide tax relief to citizens. The budget proposes \$34 million in infrastructure improvements, which represents 35% of the total budget spend for the upcoming fiscal year. City leadership has made a concerted effort to increase the percentage of infrastructure investment over the past several years, and this proposed budget represents another year of increased investment.

The primary goal of this budget is to achieve the priorities identified by the City Council and the City's strategic objectives. This includes utilizing 2023 bond funding to complete \$6 million in park projects and \$4.8 million in street projects. The budget also included \$12 million of utilities investments and \$22 million in non-bond infrastructure funded with cash.

With support and leadership from the Mayor and City Council, the FY 2025 budget was developed in adherence with the City's established financial principles and with the City's strategy map in mind. It implemented or moved forward many of the recommendations of the City's Ten-Year Rolling Plan, manages inflationary pressures while maintain limited expenditure growth and contained no service level reductions but rather many service level enhancements including six new positions. It incorporated initiatives to provide for long-term financial sustainability, including multi-year financial planning and targeted utilization of City reserves for key infrastructure projects. It also addressed employee compensation and benefits to ensure that the City of Boerne continues to be an employer of choice.

The FY 2025 budget strengthens the commitment to build "an exemplary Hill Country community by delivering high quality, customer-focused essential services to all who live, work and play in Boerne."

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Boerne's finances for all those with an interest in the government's finances and to show the City's accountability for the financial resources it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Boerne, Finance Director, 447 North Main Street, Boerne, Texas 78006.



## **BASIC FINANCIAL STATEMENTS**



# CITY OF BOERNE, TEXAS

## STATEMENT OF NET POSITION

September 30, 2024

ASSETS	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Cash and cash equivalents	\$ 35,017,370	\$ 50,069,579	\$ 85,086,949
Investments	6,552,413	7,223,494	13,775,907
Receivables (net of allowance)	2,516,573	7,051,680	9,568,253
Inventories	-	2,037,802	2,037,802
Prepays	20,948	11,239	32,187
Restricted cash and cash equivalents	28,182,388	20,555,900	48,738,288
Non-depreciable capital assets	14,511,771	12,648,890	27,160,661
Other capital assets, net	74,593,057	98,623,375	173,216,432
Total assets	161,394,520	198,221,959	359,616,479
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	257,925	920,511	1,178,436
Deferred outflows related to pension	5,821,481	1,864,656	7,686,137
Deferred outflows related to TMRS SDBF	130,059	41,659	171,718
Deferred outflows related to OPEB retiree	606,034	194,114	800,148
Total deferred outflows of resources	6,815,499	3,020,940	9,836,439
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	961,979	1,844,129	2,806,108
Due within one year:			
Compensated absences	397,046	129,484	526,530
Accrued interest	138,305	122,430	260,735
Lease purchase agreements	310,238	209,690	519,928
Lease liabilities	811,574	171,063	982,637
SBITA liabilities	142,598	-	142,598
Deposits payable	-	2,820,436	2,820,436
Long-term debt	2,424,198	1,928,428	4,352,626
Due beyond one year:			
Compensated absences	926,441	302,127	1,228,568
Lease purchase agreements	127,606	2,463,751	2,591,357
Lease liabilities	1,448,778	305,733	1,754,511
SBITA liabilities	243,708	-	243,708
Long-term debt	44,385,019	27,659,198	72,044,217
Net pension liability	16,555,054	5,302,689	21,857,743
Total liability TMRS SDBF	541,209	173,353	714,562
Total liability OPEB retiree	2,938,261	941,143	3,879,404
Total liabilities	72,352,014	44,373,654	116,725,668
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	242,598	77,705	320,303
Deferred inflows related to TMRS SDBF	198,675	63,636	262,311
Deferred inflows related to OPEB retiree	1,414,908	453,204	1,868,112
Deferred inflows related to leases	5,693	-	5,693
Total deferred inflows of resources	1,861,874	594,545	2,456,419
<b>NET POSITION</b>			
Net investment in capital assets	57,329,005	79,467,816	136,796,821
Restricted for:			
Capital improvements - impact fees	-	17,696,731	17,696,731
Cemetery	1,427,643	-	1,427,643
Debt service	1,279,513	38,733	1,318,246
Grants and donations	30,528	-	30,528
Law enforcement	275,064	-	275,064
Parks	763,360	-	763,360
Other purposes	5,948,108	-	5,948,108
Tourism	615,689	-	615,689
Unrestricted	26,327,221	59,071,420	85,398,641
Total net position	\$ 93,996,131	\$ 156,274,700	\$ 250,270,831

The accompanying notes are an integral part of these financial statements.

**CITY OF BOERNE, TEXAS**

**STATEMENT OF ACTIVITIES**

**For the fiscal year ended September 30, 2024**

Functions/programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ 9,078,460	\$ 2,017,744	\$ -	\$ -	\$ 2,017,744
Public safety	15,577,327	8,319,499	19,913	-	8,339,412
Highway and streets	5,824,692	-	-	2,794,506	2,794,506
Economic development	2,523,471	2,385,489	-	-	2,385,489
Culture and recreation	7,212,610	1,967,241	439,035	-	2,406,276
Interest on long-term debt	1,648,850	-	-	-	-
<b>Total governmental activities</b>	<b>41,865,410</b>	<b>14,689,973</b>	<b>458,948</b>	<b>2,794,506</b>	<b>17,943,427</b>
<b>Business-type activities:</b>					
Electric	16,898,460	22,080,744	-	1,744,819	23,825,563
Water	9,216,647	8,964,973	-	6,936,620	15,901,593
Wastewater	9,924,255	7,819,978	-	5,768,003	13,587,981
Gas	4,191,674	4,970,429	-	2,658,246	7,628,675
Solid waste	1,466,906	1,417,966	-	-	1,417,966
Stormwater	151,834	637,378	-	-	637,378
<b>Total business-type activities</b>	<b>41,849,776</b>	<b>45,891,468</b>	<b>-</b>	<b>17,107,688</b>	<b>62,999,156</b>
<b>Total primary government</b>	<b>\$ 83,715,186</b>	<b>\$ 60,581,441</b>	<b>\$ 458,948</b>	<b>\$ 19,902,194</b>	<b>\$ 80,942,583</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF BOERNE, TEXAS**

**STATEMENT OF ACTIVITIES**

**For the fiscal year ended September 30, 2024**

Functions/programs	Net (Expenses) Revenues and Changes in Net Position		
	Primary Government		
	Governmental	Business	Total
Primary government:			
Governmental activities:			
General government	\$ (7,060,716)	\$ -	\$ (7,060,716)
Public safety	(7,237,915)	-	(7,237,915)
Highway and streets	(3,030,186)	-	(3,030,186)
Economic development	(137,982)	-	(137,982)
Culture and recreation	(4,806,334)	-	(4,806,334)
Interest on long-term debt	<u>(1,648,850)</u>	<u>-</u>	<u>(1,648,850)</u>
 Total governmental activities	<u>(23,921,983)</u>	<u>-</u>	<u>(23,921,983)</u>
Business-type activities:			
Electric	-	6,927,103	6,927,103
Water	-	6,684,946	6,684,946
Wastewater	-	3,663,726	3,663,726
Gas	-	3,437,001	3,437,001
Solid waste	-	(48,940)	(48,940)
Stormwater	<u>-</u>	<u>485,544</u>	<u>485,544</u>
 Total business-type activities	<u>-</u>	<u>21,149,380</u>	<u>21,149,380</u>
 Total primary government	<u>(23,921,983)</u>	<u>21,149,380</u>	<u>(2,772,603)</u>
General revenues:			
Taxes:			
Property taxes	16,012,901	-	16,012,901
Sales taxes	12,369,640	-	12,369,640
Franchise taxes	3,351,029	-	3,351,029
Other taxes	1,249,393	-	1,249,393
Investment earnings	3,767,993	3,778,844	7,546,837
Miscellaneous	358,674	-	358,674
Gain on sale of assets	2,619,115	20,917	2,640,032
Transfers	<u>(170,929)</u>	<u>170,929</u>	<u>-</u>
Total general revenues and transfers	<u>39,557,816</u>	<u>3,970,690</u>	<u>43,528,506</u>
Change in net position	15,635,833	25,120,070	40,755,903
Net position - beginning	<u>78,360,298</u>	<u>131,154,630</u>	<u>209,514,928</u>
Net position - ending	<u>\$ 93,996,131</u>	<u>\$ 156,274,700</u>	<u>\$ 250,270,831</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BOERNE, TEXAS**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

**September 30, 2024**

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,912,865	\$ -	\$ 18,482,147	\$ 5,622,358	\$ 35,017,370
Investments	6,552,413	-	-	-	6,552,413
Receivables (net of allowance)	2,333,675	66,332	-	116,566	2,516,573
Prepays	20,948	-	-	-	20,948
Restricted cash and cash equivalents	3,148,308	1,279,513	17,859,971	5,894,596	28,182,388
Total assets	<u>\$ 22,968,209</u>	<u>\$ 1,345,845</u>	<u>\$ 36,342,118</u>	<u>\$ 11,633,520</u>	<u>\$ 72,289,692</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 399,942	\$ -	\$ 238,177	\$ 152,178	\$ 790,297
Other payables	112,563	-	-	59,119	171,682
Total liabilities	<u>512,505</u>	<u>-</u>	<u>238,177</u>	<u>211,297</u>	<u>961,979</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	133,888	66,332	-	72,244	272,464
Lease related	-	-	-	5,693	5,693
Total deferred inflows of resources	<u>133,888</u>	<u>66,332</u>	<u>-</u>	<u>77,937</u>	<u>278,157</u>
<b>FUND BALANCES</b>					
Nonspendable	20,948	-	-	865,973	886,921
Restricted	3,148,308	1,279,513	17,859,971	5,912,085	28,199,877
Assigned	19,152,560	-	18,243,970	4,566,228	41,962,758
Total fund balances	<u>22,321,816</u>	<u>1,279,513</u>	<u>36,103,941</u>	<u>11,344,286</u>	<u>71,049,556</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,968,209</u>	<u>\$ 1,345,845</u>	<u>\$ 36,342,118</u>	<u>\$ 11,633,520</u>	<u>\$ 72,289,692</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BOERNE, TEXAS**

**RECONCILIATION OF BALANCE SHEET-  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

**September 30, 2024**

Total fund balances - governmental funds \$ 71,049,556

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 current financial resources and, therefore, are not reported in governmental funds.

Cost of capital assets	\$ 154,491,195	
Accumulated depreciation	(68,305,881)	
Lease assets and SBITA assets	4,484,266	
Accumulated amortization on lease assets	<u>(1,564,752)</u>	
		89,104,828

Deferred outflows (inflows) related to refunding changes, pension, and OPEB are not available resources and, therefore, are not reported in the funds.

Deferred charge on refunding	257,925	
Deferred outflows (inflows) related to pension	5,578,883	
Deferred outflows (inflows) related to OPEB plans	<u>(877,490)</u>	
		4,959,318

Long-term liabilities, as listed below, are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable	(43,580,000)	
Bond premium	(3,229,217)	
Lease purchase agreements	(437,844)	
Lease liabilities	(2,260,352)	
SBITA liabilities	(386,306)	
Compensated absences	(1,323,487)	
Net pension liability	(16,555,054)	
Postemployment liabilities	<u>(3,479,470)</u>	
		(71,251,730)

Accrued interest payable for the current portion of interest due on various debt issues, including leases, has not been reported in the governmental funds. (138,305)

Other long-term assets are not available resources and, therefore, are reported as unavailable revenue in the funds.

Unavailable property tax revenue	<u>272,464</u>	
----------------------------------	----------------	--

Net position of governmental activities \$ 93,996,131

The accompanying notes are an integral part of these financial statements.

**CITY OF BOERNE, TEXAS**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**For the fiscal year ended September 30, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Ad valorem taxes	\$ 7,689,809	\$ 3,948,058	\$ -	\$ 4,275,823	\$ 15,913,690
Sales tax	12,369,640	-	-	-	12,369,640
Hotel/motel tax	-	-	-	1,125,303	1,125,303
Charges for services	-	-	-	1,181,293	1,181,293
Franchise taxes	3,351,029	-	-	-	3,351,029
Licenses and permits	2,816,594	-	-	-	2,816,594
Fines	322,846	-	-	-	322,846
Grants	87,584	-	-	38,917	126,501
Contributions and donations	4,117,172	-	-	400,118	4,517,290
Contract revenue	-	-	-	2,385,489	2,385,489
Miscellaneous	4,206,552	-	-	75,119	4,281,671
Investment earnings	1,885,019	92,358	1,274,335	516,281	3,767,993
<b>Total revenues</b>	<b>36,846,245</b>	<b>4,040,416</b>	<b>1,274,335</b>	<b>9,998,343</b>	<b>52,159,339</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	8,670,442	-	-	-	8,670,442
Public safety	14,133,622	-	-	39,186	14,172,808
Highways and streets	3,280,217	-	-	-	3,280,217
Economic development	-	-	-	2,478,232	2,478,232
Culture and recreation	529,946	-	-	5,063,900	5,593,846
<b>Debt service:</b>					
Principal retirement	1,263,886	3,460,000	-	128,829	4,852,715
Interest and fees	74,807	1,744,001	-	8,260	1,827,068
Capital outlay	3,132,834	-	4,484,887	512,630	8,130,351
<b>Total expenditures</b>	<b>31,085,754</b>	<b>5,204,001</b>	<b>4,484,887</b>	<b>8,231,037</b>	<b>49,005,679</b>
<b>Excess/(deficiency) of revenues over (under) expenditures</b>	<b>5,760,491</b>	<b>(1,163,585)</b>	<b>(3,210,552)</b>	<b>1,767,306</b>	<b>3,153,660</b>

(continued)

**CITY OF BOERNE, TEXAS**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**For the fiscal year ended September 30, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES					
(USES)					
Transfers in	\$ 2,775,655	\$ 1,494,507	\$ 4,965,164	\$ 1,320,680	\$ 10,556,006
Transfers out	(6,740,165)	-	-	(3,986,770)	(10,726,935)
Sale of capital assets	2,442,403	-	-	25,272	2,467,675
Lease/subscription proceeds	2,263,994	-	-	332,484	2,596,478
Total other financing sources (uses)	<u>741,887</u>	<u>1,494,507</u>	<u>4,965,164</u>	<u>(2,308,334)</u>	<u>4,893,224</u>
Net change in fund balance	6,502,378	330,922	1,754,612	(541,028)	8,046,884
FUND BALANCES					
Fund balances - beginning	<u>15,819,438</u>	<u>948,591</u>	<u>34,349,329</u>	<u>11,885,314</u>	<u>63,002,672</u>
Fund balances - ending	<u>\$ 22,321,816</u>	<u>\$ 1,279,513</u>	<u>\$ 36,103,941</u>	<u>\$ 11,344,286</u>	<u>\$ 71,049,556</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BOERNE, TEXAS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**For the fiscal year ended September 30, 2024**

Net change in fund balances-total governmental funds \$ 8,046,884

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

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current year, the City reported the following amounts for capital asset additions and depreciation:

Capital asset additions	\$ 5,540,659	
Depreciation expense	(4,863,965)	
Leased/SBITA assets	2,589,692	
Amortization expense	<u>(457,708)</u>	
		2,808,678

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 do not represent current financial resources. 2,794,506

The issuance of long-term debt (i.e., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of the governmental funds. Neither transaction, however, has an effect on net position. Also, governmental funds immediately report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the government-wide statement of activities. The net effect of these differences in the treatment of long-term debt and related item is listed below:

Principal payments on long-term debt	3,460,000	
Principal payments on lease purchase agreements	1,140,491	
Principal payments on lease/SBITA liabilities	262,589	
Change in accrued interest payable, including leases	(51,545)	
Changes in pension and related items	(152,880)	
Changes in OPEB and related items	(123,085)	
Amortization of bond premium/discount	297,040	
Amortization of deferred gain/loss on refunding of long-term debt	(67,277)	
Lease purchase proceeds	(116,472)	
Lease/SBITA proceeds	<u>(2,490,372)</u>	
		2,158,489

Some revenues and expenses reported in the government-wide statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in governmental funds.

Changes in compensated absences	13,131	
Changes in unavailable revenues	99,212	
Other	<u>(285,067)</u>	
		<u>(172,724)</u>

Change in net position of governmental activities \$ 15,635,833

The accompanying notes are an integral part of these financial statements.



**CITY OF BOERNE, TEXAS**

**STATEMENT OF NET POSITION –  
PROPRIETARY FUNDS**

**September 30, 2024**

	Business-Type Activities-Enterprise Funds			
	Major Funds			
	Electric	Water	Wastewater	Gas
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 15,878,138	\$ 7,546,748	\$ 13,446,164	\$ 4,754,151
Investments	3,577,090	1,830,134	1,816,270	-
Receivables (net of allowance)	4,162,873	1,146,487	929,066	531,515
Due from other funds	3,014,405	-	-	-
Inventories	1,424,292	260,915	21,301	331,294
Prepays	4,396	2,281	2,281	2,281
Restricted cash and cash equivalents:				
Capital improvements	-	14,690,075	3,006,656	-
Customer deposits	2,033,362	539,849	-	247,225
Debt service reserve	514	24,963	11,937	1,319
Total current assets	<u>30,095,070</u>	<u>26,041,452</u>	<u>19,233,675</u>	<u>5,867,785</u>
Noncurrent assets:				
Non-depreciable capital assets	2,546,126	6,150,288	2,125,842	470,347
Other capital assets, net	8,524,782	34,525,182	42,850,511	12,722,529
Total noncurrent assets	<u>11,070,908</u>	<u>40,675,470</u>	<u>44,976,353</u>	<u>13,192,876</u>
Total assets	<u>41,165,978</u>	<u>66,716,922</u>	<u>64,210,028</u>	<u>19,060,661</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	3,907	-	906,047	10,557
Deferred outflows related to pension	637,949	487,301	406,596	332,810
Deferred outflows related to OPEB TMRS	14,253	10,887	9,084	7,435
Deferred outflows related to OPEB retiree	66,412	50,729	42,327	34,646
Total deferred outflows of resources	<u>722,521</u>	<u>548,917</u>	<u>1,364,054</u>	<u>385,448</u>

The accompanying notes are an integral part of these financial statements.

Other Enterprise Funds	Total Enterprise Funds
\$ 8,444,378	\$ 50,069,579
-	7,223,494
281,739	7,051,680
-	3,014,405
-	2,037,802
-	11,239
-	17,696,731
-	2,820,436
-	38,733
8,726,117	89,964,099
1,356,287	12,648,890
371	98,623,375
1,356,658	111,272,265
10,082,775	201,236,364
-	920,511
-	1,864,656
-	41,659
-	194,114
-	3,020,940

(continued)

**CITY OF BOERNE, TEXAS**

**STATEMENT OF NET POSITION –  
PROPRIETARY FUNDS**

**September 30, 2024**

	Business-Type Activities-Enterprise Funds			
	Major Funds			
	Electric	Water	Wastewater	Gas
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 839,039	\$ 432,838	\$ 98,956	\$ 40,710
Other payables	235,396	-	-	34,522
Due to other funds	-	-	-	3,014,405
Current portion of compensated absences	39,728	36,261	33,945	19,550
Current portion of lease purchase liabilities	-	185,525	-	24,165
Current portion of lease liabilities	69,902	23,043	47,775	30,191
Current liabilities payable from restricted assets:				
Deposits payable	2,033,362	539,849	-	247,225
Current portion of revenue bonds payable	71,321	-	1,663,550	193,557
Accrued interest payable	1,571	22,715	94,843	3,301
Total current liabilities	3,290,319	1,240,231	1,939,069	3,607,626
Non-current liabilities:				
Compensated absences	92,697	84,609	79,205	45,616
Lease purchase liabilities	-	2,179,822	-	283,929
Lease liabilities	122,326	39,909	56,599	86,708
Revenue bonds payable	71,952	-	27,395,264	191,982
Net pension liability	1,814,193	1,385,781	1,156,275	946,440
Total OPEB liabilities - OPEB TMRS	59,309	45,303	37,800	30,941
Total OPEB liabilities - retiree	321,991	245,954	205,220	167,978
Total noncurrent liabilities	2,482,468	3,981,378	28,930,363	1,753,594
Total liabilities	5,772,787	5,221,609	30,869,432	5,361,220
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pension	26,585	20,307	16,944	13,869
Deferred inflows related to OPEB TMRS	21,772	16,630	13,876	11,358
Deferred inflows related to OPEB retiree	155,054	118,438	98,823	80,889
Total deferred inflows of resources	203,411	155,375	129,643	106,116
<b>NET POSITION</b>				
Net investment in capital assets	10,739,314	38,247,171	16,719,212	12,405,804
Restricted for:				
Capital improvements - impact fees	-	14,690,075	3,006,656	-
Debt service	514	24,963	11,937	1,319
Unrestricted	25,172,473	8,926,646	14,837,202	1,571,650
Total net position	\$ 35,912,301	\$ 61,888,855	\$ 34,575,007	\$ 13,978,773

The accompanying notes are an integral part of these financial statements.

Other Enterprise Funds	Total Enterprise Funds
\$ 147,487	\$ 1,559,030
15,181	285,099
-	3,014,405
-	129,484
	209,690
152	171,063
-	2,820,436
-	1,928,428
-	122,430
<u>162,820</u>	<u>10,240,065</u>
-	302,127
-	2,463,751
191	305,733
-	27,659,198
-	5,302,689
-	173,353
-	941,143
<u>191</u>	<u>37,147,994</u>
<u>163,011</u>	<u>47,388,059</u>
	77,705
	63,636
-	453,204
-	594,545
1,356,315	79,467,816
-	17,696,731
-	38,733
8,563,449	59,071,420
<u>\$ 9,919,764</u>	<u>\$ 156,274,700</u>

**CITY OF BOERNE, TEXAS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –  
PROPRIETARY FUNDS**

**For the fiscal year ended September 30, 2024**

	Business-Type Activities-Enterprise Funds					
	Major Funds				Other Enterprise Funds	Total Enterprise Funds
	Electric	Water	Wastewater	Gas		
<b>OPERATING REVENUES</b>						
Charges for sales and services	\$ 21,466,892	\$ 8,694,795	\$ 7,711,163	\$ 4,174,718	\$ 2,045,396	\$ 44,092,964
Connection fees	-	-	13,287	616,053	-	629,340
Primary extensions	180,546	97,893	-	-	-	278,439
Penalties	162,266	64,519	58,377	56,956	9,948	352,066
Other operating revenues	<u>282,984</u>	<u>116,739</u>	<u>37,151</u>	<u>122,702</u>	<u>-</u>	<u>559,576</u>
Total operating revenues	<u>22,092,688</u>	<u>8,973,946</u>	<u>7,819,978</u>	<u>4,970,429</u>	<u>2,055,344</u>	<u>45,912,385</u>
<b>OPERATING EXPENSES</b>						
Cost of fuel and water reservation	8,660,516	2,559,349	-	1,296,704	-	12,516,569
Personnel	2,621,416	2,200,186	1,597,779	1,282,757	-	7,702,138
City franchise tax	1,749,572	347,346	315,441	202,436	1,267,020	3,881,815
Administration	2,462,613	2,103,463	3,066,481	1,098,236	351,566	9,082,359
Depreciation and amortization	904,821	1,984,867	3,854,376	328,162	151	7,072,377
Other operating expenses	<u>522,145</u>	<u>7,469</u>	<u>8,178</u>	<u>7,075</u>	<u>-</u>	<u>544,867</u>
Total operating expenses	<u>16,921,083</u>	<u>9,202,680</u>	<u>8,842,255</u>	<u>4,215,370</u>	<u>1,618,737</u>	<u>40,800,125</u>
Operating income (loss)	<u>5,171,605</u>	<u>(228,734)</u>	<u>(1,022,277)</u>	<u>755,059</u>	<u>436,607</u>	<u>5,112,260</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment earnings	1,121,245	1,206,857	1,015,720	126,521	308,501	3,778,844
Interest revenue (expense)	10,679	(22,940)	(1,082,000)	23,696	(3)	(1,070,568)
Gain on sale of capital assets	<u>11,944</u>	<u>8,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,917</u>
Total nonoperating revenues (expenses)	<u>1,143,868</u>	<u>1,192,890</u>	<u>(66,280)</u>	<u>150,217</u>	<u>308,498</u>	<u>2,729,193</u>
Income (loss) before transfers	<u>6,315,473</u>	<u>964,156</u>	<u>(1,088,557)</u>	<u>905,276</u>	<u>745,105</u>	<u>7,841,453</u>
Capital contributions	1,744,819	6,936,620	5,768,003	2,658,246	-	17,107,688
Transfers in	-	-	150,000	-	2,000,000	2,150,000
Transfers out	<u>(1,492,058)</u>	<u>(465,863)</u>	<u>(10,575)</u>	<u>(10,575)</u>	<u>-</u>	<u>(1,979,071)</u>
Change in net position	6,568,234	7,434,913	4,818,871	3,552,947	2,745,105	25,120,070
<b>NET POSITION</b>						
Net position - beginning	<u>29,344,067</u>	<u>54,453,942</u>	<u>29,756,136</u>	<u>10,425,826</u>	<u>7,174,659</u>	<u>131,154,630</u>
Net position - ending	<u>\$ 35,912,301</u>	<u>\$ 61,888,855</u>	<u>\$ 34,575,007</u>	<u>\$ 13,978,773</u>	<u>\$ 9,919,764</u>	<u>\$ 156,274,700</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BOERNE, TEXAS**

**STATEMENT OF CASH FLOWS –  
PROPRIETARY FUNDS**

**For the fiscal year ended September 30, 2024**

	Business-Type Activities-Enterprise Funds					Totals Enterprise Funds
	Major Funds				Other Enterprise Funds	
	Electric	Water	Wastewater	Gas		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash receipts from customers	\$ 22,325,409	\$ 8,965,519	\$ 7,810,086	\$ 4,886,704	\$ 2,052,707	\$ 46,040,425
Payments to suppliers	(13,473,218)	(4,874,908)	(3,975,637)	(2,745,399)	(1,777,874)	(26,847,036)
Payments to employees	(2,635,856)	(2,024,149)	(1,692,205)	(1,236,690)	-	(7,588,900)
Net cash provided (used) by operating activities	<u>6,216,335</u>	<u>2,066,462</u>	<u>2,142,244</u>	<u>904,615</u>	<u>274,833</u>	<u>11,604,489</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Due to/from	(2,514,405)	-	-	2,514,405	-	-
Transfers in/out	(1,492,058)	(465,863)	139,425	(10,575)	2,000,000	170,929
Net cash provided by (used in) noncapital financing activities	<u>(4,006,463)</u>	<u>(465,863)</u>	<u>139,425</u>	<u>2,503,830</u>	<u>2,000,000</u>	<u>170,929</u>
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES</b>						
Acquisition of capital assets	(340,194)	(3,607,436)	(391,916)	(894,946)	(315,844)	(5,550,336)
Lease purchase agreements	-	2,365,347	-	308,094	-	2,673,441
Revenue bonds and certificates-principal payments	(60,390)	-	(1,437,376)	(167,234)	-	(1,665,000)
Revenue bonds and certificates-interest and fiscal charges	(10,002)	-	(1,080,249)	(38,207)	-	(1,128,458)
Proceeds from lease/SBITA additions	105,233	62,639	51,755	139,960	-	359,587
Lease/SBITA liabilities - principal payments	(67,028)	(17,143)	(48,205)	(40,202)	(150)	(172,728)
Lease/SBITA liabilities - interest and fiscal charges	(3,949)	(1,069)	(1,750)	(1,410)	(3)	(8,181)
Net cash used in capital and related financing activities	<u>(376,330)</u>	<u>(1,197,662)</u>	<u>(2,907,741)</u>	<u>(693,945)</u>	<u>(315,997)</u>	<u>(5,491,675)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Net sale (purchase) of investments	1,121,245	14,101,050	4,162,131	-	-	19,384,426
Interest earned	654,436	1,206,857	1,015,720	31,318	308,501	3,216,832
Net cash provided by (used in) investing activities	<u>1,775,681</u>	<u>15,307,907</u>	<u>5,177,851</u>	<u>31,318</u>	<u>308,501</u>	<u>22,601,258</u>
Net increase (decrease) in cash and cash equivalents	3,609,223	15,710,844	4,551,779	2,745,818	2,267,337	28,885,001
<b>CASH AND CASH EQUIVALENTS</b>						
Balances - beginning of year	14,302,791	7,090,791	11,912,978	2,256,877	6,177,041	41,740,478
Balances - end of year	<u>\$ 17,912,014</u>	<u>\$ 22,801,635</u>	<u>\$ 16,464,757</u>	<u>\$ 5,002,695</u>	<u>\$ 8,444,378</u>	<u>\$ 70,625,479</u>
Cash and cash equivalents at end of year:						
Cash and equivalents	\$ 15,878,138	\$ 7,546,748	\$ 13,446,164	\$ 4,754,151	\$ 8,444,378	\$ 50,069,579
Restricted cash and equivalents	2,033,876	15,254,887	3,018,593	248,544	-	20,555,900
Total	<u>\$ 17,912,014</u>	<u>\$ 22,801,635</u>	<u>\$ 16,464,757</u>	<u>\$ 5,002,695</u>	<u>\$ 8,444,378</u>	<u>\$ 70,625,479</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF BOERNE, TEXAS

## STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

**For the fiscal year ended September 30, 2024**

	Business-Type Activities-Enterprise Funds					
	Major Funds				Other Enterprise Funds	Totals Enterprise Funds
	Electric	Water	Wastewater	Gas		
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 5,171,605	\$ (228,734)	\$ (1,022,277)	\$ 755,059	\$ 436,607	\$ 5,112,260
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization expense	904,821	1,984,867	3,854,376	328,162	151	7,072,377
Changes in assets, liabilities and deferred inflows/outflows of resources:						
Accounts payable	726	118,547	(582,160)	(33,628)	(159,288)	(655,803)
Receivables	(814,613)	5,439	(9,892)	(117,062)	(2,637)	(938,765)
Inventory	(76,817)	26,453	(1,096)	(105,039)	-	(156,499)
Prepays	(2,281)	(2,281)	(2,281)	(2,281)	-	(9,124)
Customer deposits	1,047,334	(13,866)	-	33,337	-	1,066,805
Net pension liability	(26,582)	115,996	(86,615)	39,680	-	42,479
Net OPEB liability	13,785	61,933	(17,494)	19,142	-	77,366
Compensated absences	(1,643)	(1,892)	9,683	(12,755)	-	(6,607)
Net cash provided by operating activities	<u>\$ 6,216,335</u>	<u>\$ 2,066,462</u>	<u>\$ 2,142,244</u>	<u>\$ 904,615</u>	<u>\$ 274,833</u>	<u>\$ 11,604,489</u>
Actuarly determined change in:						
Net pension liability	\$ 247,717	\$ 93,978	\$ 206,568	\$ 101,984	\$ -	\$ 650,247
Other postemployment benefit liabilities	13,727	1,696	14,978	8,897	-	39,298

The accompanying notes are an integral part of these financial statements.

**CITY OF BOERNE, TEXAS**

**STATEMENT OF FIDUCIARY NET POSITION –  
CUSTODIAL FUND**

**September 30, 2024**

	<u>Public Improvement District Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 15
Total assets	<u>\$ 15</u>
LIABILITIES	
Other payables	\$ 15
Total liabilities	<u>\$ 15</u>
NET POSITION	
Restricted for Public Improvement District	\$ -
Total net position	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BOERNE, TEXAS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –  
CUSTODIAL FUND**

**For the fiscal year ended September 30, 2024**

	Public Improvement District <u>Custodial Fund</u>
ADDITIONS	
Contributions	\$ <u>          -</u>
Total additions	<u>                  -</u>
DEDUCTIONS	
Contract services	<u>          9,560</u>
Total deductions	<u>          9,560</u>
Change in net position	(9,560)
NET POSITION	
Beginning of year	<u>          9,560</u>
End of year	<u><u>          -</u></u>

The accompanying notes are an integral part of these financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**



# CITY OF BOERNE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

### (1) Summary of significant accounting policies

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

#### Reporting entity

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

#### Component units

The financial statements present the City and its component units, entities for which the City is considered to be financially accountable in accordance with generally accepted accounting principles. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and (1) it is able to impose its will on that organization, or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if an organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, the other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government. Based on the criteria above, the City has one blended component unit. The City has no component units that meet the criteria for discrete presentation. The blended component unit is described in further detail below.

#### Blended Component Unit

##### Boerne Public Facility Corporation (BPFC)

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

# CITY OF BOERNE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

### (1) Summary of significant accounting policies (continued)

#### Government-wide and fund financial statements

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

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

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

Separate financial statements are provided for governmental funds, 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.

#### Measurement focus, basis of accounting, and financial statement presentation

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

The government-wide financial statements, proprietary, and fiduciary financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the *economic resources measurement focus*, all assets (current and long-term), deferred outflows of resources, liabilities (current and long-term), and deferred inflows of resources are reported. Under the *accrual basis of accounting*, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied on the property. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

In addition to assets, the statement of net position will generally report a separate section for deferred outflows of resources, which 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.

# CITY OF BOERNE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

### (1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

In addition to liabilities, the statement of net position will generally report a separate section for deferred inflows of resources, which represent 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.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so only the net amount is included as internal balances in the governmental activities column. Balances between the governmental activities and the business-type activities are presented as internal balances and eliminated in the total primary government column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so only the net amount is included as transfers in the governmental activities column. Transfers between governmental activities and the business-type activities are eliminated in the total primary government column.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the *current financial resources measurement focus*, generally only current assets and current liabilities are reported in the governmental funds.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses). Under the *modified accrual basis of accounting*, revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures for debt service and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, sales taxes, franchise taxes, hotel occupancy taxes, license fees, charges for services, amounts due from other governments, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Other revenue items such as fines and permits are considered to be measurable and available only when the government receives cash and are, therefore, not susceptible to accrual.

The City reports the following major governmental funds:

**General Fund** – This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

**Debt Service Fund** – This fund is used to account for all financial resources that are restricted, committed, or assigned for the payment of principal and interest of long-term obligations of government funds.

**Capital Projects Fund** – This fund accounts for the acquisition and construction of major governmental capital facilities, sidewalks, road improvements, and other infrastructure projects.

The City reports the following major proprietary funds:

**Electric Fund** – This fund accounts for the activities necessary to provide electric services to the residents of the City within the City’s service territory. These activities include administration, billing and collections, distribution system operations and maintenance, transmission system operations and maintenance, new construction, and financing and related debt services.

**Water Fund** – This fund accounts for the activities necessary to provide water services to the residents of the City within the City’s service territory. These activities include administrative services, billing and collections, water production and distribution system operation and maintenance, new construction, and financing and related debt services.

**Wastewater Fund** – This fund accounts for the activities necessary to provide wastewater services to the residents of the City within the City’s service territory. These activities include administrative services, billing and collections, wastewater production and distribution system operation and maintenance, new construction, and financing and related debt services.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

**Gas Fund** – This fund accounts for the activities necessary to provide gas services to the residents of the City within the City’s service territory. These activities include administrative services, billing and collections, distribution system operation and maintenance, new construction, and financing and related debt services.

The City reports the following fiduciary fund:

**Public Improvement District (PID) Custodial Fund** – This fund accounts for the activities of the Ranches at Creekside PID, which was created in November 2021 to support residential development within the Ranches at Creekside subdivision along Highway 46 in Boerne. As of September 30, 2024, the PID had not sold bonds.

The City reports the following permanent fund type:

**Cemetery Trust Fund** – This 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.

Additionally, the government reports the following fund types:

**Governmental Funds**

Special Revenue Funds accounts for proceeds of specific revenue sources that are legally restricted or otherwise committed or assigned for specific purposes.

**Proprietary Funds**

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 City’s proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

#### (1) Summary of significant accounting policies (continued)

##### Cash, cash equivalents, and investments

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

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

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

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

##### Restricted assets

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

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

# CITY OF BOERNE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

### (1) Summary of significant accounting policies (continued)

#### Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to either as “due to/from other funds” or “advances to/from other funds” (e.g., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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

#### Inventory

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

#### Prepaid items

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

#### Capital assets

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

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(1) Summary of significant accounting policies (continued)

Capital assets (continued)

Major outlays for capital assets and improvements are capitalized as construction in progress projects are constructed.

With the exception of land and construction in progress, capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the financial statements of the proprietary funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position.

The ranges of lives used for depreciation purposes for each capital asset class are:

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

Deferred outflows/inflows of resources

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

Compensated absences

Employees are credited with vacation at rates of ten (10) to twenty-two (22) days per year, depending upon length of service. Carryover of unused vacation time from one year to the next is allowed up to a maximum of thirty (30) days. Classified employees in the fire department earn vacation at the rate of approximately thirteen (13) days to approximately twenty-eight (28) days per year, depending upon length of service. Upon termination, all employees are paid for any accrued vacation not taken.

Regular full-time and regular part-time employees who work at least 20 hours per week are entitled to paid sick leave. Regular full-time employees accrue sick leave at the rate of 96 hours (12 days) per year. Classified employees in the fire department accrue sick leave at the rate of 127 hours per year. Unused sick leave is canceled upon termination of employment, however, for employees retiring with at least ten (10) years of service with the City are entitled to a partial payment for unused sick leave based on years of service.

Employees who have met the overtime eligibility requirements in accordance with the Fair Labor Standards Act may choose to receive compensatory time off in lieu of overtime pay. The accrual of compensatory time is made at a rate of one and one-half times the number of eligible overtime hours and is limited to sixty (60) hours, unless otherwise specified by the employee's department. After accruing sixty (60) hours of compensatory time off, an employee will receive overtime pay for excess hours in the designated work week. Upon termination, non-exempt employees are paid for all accrued compensatory time, up to the sixty (60) hours maximum.

# CITY OF BOERNE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

### (1) Summary of significant accounting policies (continued)

#### Compensated absences (continued)

All vacation pay and applicable sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of the liability is estimated from prior year payments and adjusted for material expected variances. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental funds, the general fund is typically used to liquidate compensated absences.

#### Long-term debt

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

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

#### Leases

**Lessee Treatment:** The City is a lessee for several leases of machinery and equipment. The City recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements and proprietary funds. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more for machinery and equipment leases, and an initial individual value of \$25,000 or more for property, plant, and infrastructure leases.

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

Key estimates and judgements related to leases include how the City determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) the lease term, and 3) the lease payments. When estimating the discount rate, the City uses the interest rate charged by the lessor. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise, if applicable.

# CITY OF BOERNE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

### (1) Summary of significant accounting policies (continued)

#### Leases (continued)

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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

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

Key estimates and judgements include how the City determines 1) the discount rate it uses to discount the expected lease receipts to present value, 2) the lease term, and 3) the lease receipts. If specified, the City uses the interest rate identified in the contract as the discount rate. If no interest rate is specified, the City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

#### 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. Information regarding the City's net pension liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel, Roeder, Smith & Company (GRS).

#### Other postemployment benefits (OPEB)

For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, City specific information about its total OPEB liability in the TMRS Supplemental Death Benefits Fund (SDBF) and retiree health insurance and additions to/deductions from the City's total OPEB liability have been determined on the same basis as they are reported by TMRS and GRS. For this purpose, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

# CITY OF BOERNE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

### (1) Summary of significant accounting policies (continued)

#### Other postemployment benefits (OPEB) (continued)

Information regarding the City's SDBF total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, GRS. Information regarding the City's retiree health insurance total OPEB liability is obtained through a separate report prepared for the City by GRS. Both reports are prepared in compliance with GASB 75.

#### Fund balance

In the fund financial statements, governmental fund balance is made up of the following components:

**Nonspendable fund balance** includes amounts that cannot be spent because they are either not spendable in physical form (such as inventory or prepaid items) or that are legally or contractually required to be maintained intact.

**Restricted fund balances** includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.

**Committed fund balance** includes amounts that can only be used for specific purposes due to formal action of the City Council through adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

**Assigned fund balance** includes amounts that are constrained by an intent to be used for a specific purpose 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's fund balance reserve policy requires maintaining a minimum of six (6) months of operating expenditures within the fund balance of the general fund and a minimum of three (3) months of operating expenditures in reserve for each of the City's special revenue funds. For the utility funds, the City's policy requires a minimum of six (6) months of operating expenditures to be held in reserve. This policy allows the City to better weather economic downturns and strategically handle contingencies and unforeseen emergencies. The general fund operating reserve is included in assigned fund balance and totaled \$19,049,640 at September 30, 2024.

**Unassigned fund balance** is the residual classification that includes all spendable amounts in the general fund not contained in other classifications. The general fund is the only fund that reports a positive unassigned fund balance.

The City considers restricted fund balances to have been spent when an expenditure is incurred for the purposes for which both unrestricted and restricted fund balance is available. The City considers unrestricted fund balances to have been spent when an expenditure is incurred for the purposes for which amounts in any of the unrestricted classifications of fund balance could be used. When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally, unassigned fund balance.

# CITY OF BOERNE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

### (1) Summary of significant accounting policies (continued)

#### Net position

In the governmental-wide financial statement and proprietary fund financial statements, net positions are classified as followed:

**Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

**Restricted net position** is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

**Unrestricted net position** is all resources that do not meet the definition of “net investment in capital assets” or “restricted net position”.

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

#### Property taxes

In accordance with Texas law, property taxes are levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Taxes are payable upon receipt of the tax bill and are due the following February 1 to avoid penalty and interest charges. The tax rate to finance general governmental services, including debt service, was 47.66 cents per \$100 of assessed valuation for the year ended September 30, 2024.

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

#### Unearned revenue

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

#### Use of accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the City has made certain estimates and assumptions related to the collectability of its receivables, the depreciation of its capital assets and infrastructure networks, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates.

# CITY OF BOERNE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

### (1) Summary of significant accounting policies (continued)

#### Governmental Accounting Standards Board (GASB) Implementation

GASB Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, this Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This statement also addresses corrections of errors in previously issued financial statements. The City adopted this statement during the current fiscal year, however no effect on the financial statements were recognized.

GASB Implementation Guide No. 2023-1, the implementation guide provides guidance that clarifies, explains or elaborates on GASB statements. The requirements of this Implementation Guide took effect during the current fiscal year.

#### Upcoming Accounting Pronouncements:

The GASB has issued several statements not yet implemented by the City. The City's management has not yet determined the effect these Statements will have on the City's financial statements. The Statements which might impact the City are as follows:

GASB Statement No. 101, *Compensated Absences*, this Statement clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This statement will be effective for the City with its year ending September 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*, requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. This statement will be effective for the City with its year ending September 30, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The statement will be effective for the City with its year ending September 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will improve financial reporting by provided issuers of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. The statement will be effective for the City with its year ending September 30, 2026.

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS

**For the fiscal year ended September 30, 2024**

(2) Cash, cash equivalents, and investments

State statutes require that all deposits in financial institutions be fully collateralized by U.S. government obligations or obligations of Texas and its agencies that have a fair value of not less than the principal amount of the deposits. The City's deposits were insured up to \$250,000 or collateralized as required by State statutes at September 30, 2024. At year-end, the carrying amount of the City's demand deposits was a balance of \$4,768,102 and the bank balance was \$4,631,512. The collateral is held in the City's name by the City's agent. Cash and investments, as of September 30, 2024, consist of the following:

	<u>Fair Value</u>	<u>Investments Weighted Average Maturity (WAM) days</u>
Cash and cash equivalents		
Cash on hand	\$ 2,906	N/A
Cash in bank	4,768,102	N/A
TexPool	95,260,345	31
Texas Range	10,728,633	41
Texas Class	23,040,727	36
TexStar	24,524	26
Total cash and cash equivalents	<u>133,825,237</u>	
Investments		
Federal agency securities	4,502,758	324
U.S. treasury securities	9,273,149	531
Total investments	<u>13,775,907</u>	
Total cash and investments	<u>\$ 147,601,144</u>	

Investments authorized by Texas statutes and the City's investment policy

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

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.

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

(2) Cash, cash equivalents, and investments (continued)

Investments authorized by Texas statutes and the City's investment policy (continued)

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

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

The City is invested in Texas Cooperative Liquid Assets Securities System (Texas CLASS) trust. Texas CLASS was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code, or other laws of the State of Texas governing the investment of funds of a participant or funds under its control. Texas CLASS is administered by Public Trust Advisors, LLC with Wells Fargo Bank Texas, NA as the custodian and is supervised by a Board of Trustees who are elected by the participants.

Disclosure relating to interest rate risk

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

Disclosures relating to credit risk

CITY OF BOERNE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

(2) Cash, cash equivalents, and investments (continued)

Investments authorized by Texas statutes and the City’s investment policy (continued)

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. In compliance with the City’s investment policy and the Texas Public Investment Act, the City manages credit risk through portfolio diversification by limiting investments to avoid over concentration in securities from a specific issuer; limiting investments in securities with high credit risk; and investing in securities with varying maturities. Deposits with the investment pools are recorded at amortized cost or fair value per share of the pool’s underlying investments, as applicable. The investment pools have as one of their objectives the maintenance of a stable net asset value of \$1.00. The City’s investment policy requires that the net asset value of the pools also be \$1.00 and be rated no lower than “AAA” or “AAA-m” or no lower than investment grade with a weighted average maturity no greater than 90 days. As of September 30, 2024, the ratings of the various investment pools were:

<u>Pool</u>	<u>Rating</u>	<u>Rating Agency</u>
TexPool	AAA-m	Standard & Poor's
Texas Range	AAA-m	Standard & Poor's
Texas Class	AAA-m	Standard & Poor's
TexStar	AAA-m	Standard & Poor's

Concentration of credit risk

The City is required to disclose investments in any one issuer that represent 5 percent or more of total investments. However, investment issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. The City’s investment policy does not specifically address the concentration of credit risk, as this is accomplished through diversity of its holdings. At September 30, 2024, the City had no investments that exceeded 5 percent of total investments.

Custodial credit risk

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

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

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(2) Cash, cash equivalents, and investments (continued)

Investments authorized by Texas statutes and the City's investment policy (continued)

Fair value measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurement), inputs are quoted price of similar assets in active markets (level 2 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

	September 30, 2024	Level 1	Level 2	Level 3
Investments by fair value level:				
Federal agency securities	\$ 4,502,758	\$ -	\$ 4,502,758	\$ -
U.S. treasury securities	9,273,149	-	9,273,149	-
Total investments by fair value level	13,775,907	\$ -	\$ 13,775,907	\$ -
Investments measured at amortized cost:				
External investment pool:				
TexPool	95,260,345			
Total external investment pools	95,260,345			
Total investments measured at amortized cost	95,260,345			
Investments measured at net asset value ("NAV"):				
External investment pools:				
Texas Range	10,728,633			
Texas Class	23,040,727			
TexStar	24,524			
Total external investment pools	33,793,884			
Total investments measured at NAV	33,793,884			
Total	\$ 142,830,136			

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(2) Cash, cash equivalents, and investments (continued)

Investments authorized by Texas statutes and the City’s investment policy (continued)

Fair value measurements (continued)

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

Investment pools are measured at amortized costs or net asset value (NAV) and are exempt from fair value reporting. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

<u>Investments measured at NAV:</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Texas Range	\$ 10,728,633	N/A	Daily	N/A
Texas Class	23,040,727	N/A	Daily	N/A
TexStar	<u>24,524</u>	N/A	Daily	N/A
Total investments measured at NAV	<u>\$ 33,793,884</u>			

The TexPool investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonable foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. The investment pool’s authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool’s liquidity.

The TexStar, Texas TERM, and Texas Class investment pools are external investment pools measured at NAV. Their strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the pools. The pools all have a redemption notice period of one day and may redeem daily. Each investment pool’s authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool’s liquidity. The fair value of the investments in each pool have been determined using the NAV per share of investments.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

**(3) Receivables**

Receivables as of September 30, 2024, for the City’s governmental major funds, nonmajor and other funds in the aggregate, including the applicable allowances for uncollectable amounts are as follows:

Receivables	General	Debt Service	Nonmajor Funds	Total
Property taxes	\$ 128,434	\$ 66,332	\$ 72,244	\$ 267,010
Sales taxes	1,981,013	-	-	1,981,013
Access line fees	-	-	-	-
Franchise fees	43,344	-	-	43,344
Interest	60,317	-	-	60,317
Leases	-	-	6,240	6,240
Miscellaneous	120,567	-	38,082	158,649
Gross receivables	2,333,675	66,332	116,566	2,516,573
Less allowance for uncollectible accounts	-	-	-	-
Net total receivables	<u>\$ 2,333,675</u>	<u>\$ 66,332</u>	<u>\$ 116,566</u>	<u>\$ 2,516,573</u>

Receivables as of September 30, 2024, for the City’s major and nonmajor enterprise funds, including unbilled charges for services rendered through year end, are as follows:

Receivables	Electric	Water	Wastewater	Gas	Nonmajor Funds	Total
Accounts	\$ 3,446,091	\$ 1,163,246	\$ 932,222	\$ 547,462	\$ 283,291	\$ 6,372,312
Interest	32,111	5,707	8,766	-	-	46,584
Miscellaneous	740,767	4,505	-	-	-	745,272
Gross receivables	4,218,969	1,173,458	940,988	547,462	283,291	7,164,168
Less allowance for uncollectable accounts	(56,096)	(26,971)	(11,922)	(15,947)	(1,552)	(112,488)
Total receivables	<u>\$ 4,162,873</u>	<u>\$ 1,146,487</u>	<u>\$ 929,066</u>	<u>\$ 531,515</u>	<u>\$ 281,739</u>	<u>\$ 7,051,680</u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

**(4) Interfund activity**

<i>Governmental Activities:</i>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Governmental Activities, net</u>	<u>Business-Type Activities, net</u>
General fund	\$ 2,775,655	\$ (6,740,165)	\$ (3,964,510)	\$ -
Debt service fund	1,494,507	-	1,494,507	-
Capital projects fund	4,965,164	-	4,965,164	-
Nonmajor governmental funds	1,320,680	(3,986,770)	(2,666,090)	-
 <i>Business-type Activities:</i>				
Electric fund	-	(1,492,058)	-	(1,492,058)
Water fund	-	(465,863)	-	(465,863)
Wastewater fund	150,000	(10,575)	-	139,425
Gas fund	-	(10,575)	-	(10,575)
Nonmajor enterprise funds	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Total transfers	<u>\$ 12,706,006</u>	<u>\$ (12,706,006)</u>	<u>\$ (170,929)</u>	<u>\$ 170,929</u>

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

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# CITY OF BOERNE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

**For the fiscal year ended September 30, 2024**

### (5) Capital assets

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

#### Governmental activities

Capital asset activity for governmental activities for the year ended September 30, 2024, was as follows:

	Beginning Balance <u>October 1, 2023</u>	Additions	Deletions	Ending Balance <u>September 30, 2024</u>
Capital assets, not being depreciated:				
Land	\$ 10,782,215	\$ -	\$ -	\$ 10,782,215
Construction in progress	<u>3,694,855</u>	<u>4,484,887</u>	<u>(4,450,186)</u>	<u>3,729,556</u>
Total capital assets, not being depreciated	<u>14,477,070</u>	<u>4,484,887</u>	<u>(4,450,186)</u>	<u>14,511,771</u>
Other capital assets:				
Buildings and plant	46,638,492	211,155	(1,255,048)	45,594,599
Improvements other than buildings	14,479,027	61,300	(23,920)	14,516,407
Infrastructure	61,487,178	7,499,852		68,987,030
Machinery and equipment	10,493,806	605,169	(217,587)	10,881,388
Right-to-use leases				
Machinery and equipment	1,701,370	1,996,930	(193,625)	3,504,675
SBITAs	<u>386,829</u>	<u>592,762</u>	<u>-</u>	<u>979,591</u>
Total other capital assets	<u>135,186,702</u>	<u>10,967,168</u>	<u>(1,690,180)</u>	<u>144,463,690</u>
Less accumulated depreciation for:				
Buildings and plant	(18,727,495)	(1,071,067)	1,207,608	(18,590,954)
Improvements other than buildings	(10,789,182)	(419,605)	23,154	(11,185,633)
Infrastructure	(27,377,315)	(2,699,760)		(30,077,075)
Machinery and equipment	<u>(8,282,861)</u>	<u>(515,113)</u>	<u>345,755</u>	<u>(8,452,219)</u>
Total accumulated depreciation	<u>(65,176,853)</u>	<u>(4,705,545)</u>	<u>1,576,517</u>	<u>(68,305,881)</u>
Less accumulated amortization for:				
Right-to-use leases				
Machinery and equipment	(573,131)	(698,917)	188,091	(1,083,957)
SBITAs	<u>(127,077)</u>	<u>(353,718)</u>	<u>-</u>	<u>(480,795)</u>
Total accumulated amortization	<u>(700,208)</u>	<u>(1,052,635)</u>	<u>188,091</u>	<u>(1,564,752)</u>
Total other capital assets, net	<u>69,309,641</u>	<u>5,208,988</u>	<u>74,428</u>	<u>74,593,057</u>
Total capital assets, net	<u>\$ 83,786,711</u>	<u>\$ 9,693,875</u>	<u>\$ (4,375,758)</u>	<u>\$ 89,104,828</u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

**(5) Capital assets (continued)**

**Governmental activities (continued)**

Depreciation and amortization expense for the year ended September 30, 2024, was charged to the functions/programs of the governmental activities as follows:

Governmental activities:	
General government	\$ 348,237
Public safety	1,149,983
Highways and streets	2,720,997
Economic development	32,165
Culture and recreation	<u>1,506,798</u>
Total depreciation/amortization expense – governmental activities	<u><u>\$ 5,758,180</u></u>

**Business-type activities**

Capital asset activity for the year ended September 30, 2024, was as follows:

	Beginning Balance October 1, 2023	Additions	Deletions	Ending Balance September 30, 2024
Capital assets, not being depreciated:				
Land	\$ 7,363,128	\$ 6,500	\$ -	\$ 7,369,628
Construction in progress	<u>1,464,298</u>	<u>4,440,100</u>	<u>(625,136)</u>	<u>5,279,262</u>
Total capital assets, not being depreciated	<u>8,827,426</u>	<u>4,446,600</u>	<u>(625,136)</u>	<u>12,648,890</u>
Other capital assets:				
Buildings and plant	41,655,780	623,756	-	42,279,536
Infrastructure	125,594,285	17,848,104	-	143,442,389
Machinery and equipment	5,675,568	59,848	(179,482)	5,555,934
Right-to-use leases				
Machinery and equipment	375,981	361,062	(16,638)	720,405
SBITAs	<u>224,391</u>	<u>-</u>	<u>(224,391)</u>	<u>-</u>
Total other capital assets	<u>173,526,005</u>	<u>18,892,770</u>	<u>(420,511)</u>	<u>191,998,264</u>
Less accumulated depreciation for:				
Buildings and plant	(24,460,126)	(1,924,408)	-	(26,384,534)
Infrastructure	(57,355,051)	(4,748,759)	-	(62,103,810)
Machinery and equipment	<u>(4,570,261)</u>	<u>(262,057)</u>	<u>179,484</u>	<u>(4,652,834)</u>
Total accumulated depreciation	<u>(86,385,438)</u>	<u>(6,935,224)</u>	<u>179,484</u>	<u>(93,141,178)</u>
Less accumulated amortization for:				
Right-to-use leases				
Machinery and equipment	(101,784)	(137,153)	5,226	(233,711)
SBITAs	<u>(78,094)</u>	<u>-</u>	<u>78,094</u>	<u>-</u>
Total accumulated amortization	<u>(179,878)</u>	<u>(137,153)</u>	<u>83,320</u>	<u>(233,711)</u>
Total other capital assets, net	<u>86,960,689</u>	<u>11,820,393</u>	<u>(157,707)</u>	<u>98,623,375</u>
Total capital assets, net	<u><u>\$ 95,788,115</u></u>	<u><u>\$ 16,266,993</u></u>	<u><u>\$ (782,843)</u></u>	<u><u>\$ 111,272,265</u></u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(5) Capital assets (continued)

Business-type activities (continued)

Depreciation and amortization expense for the year ended September 30, 2024, was charged to the functions/programs of the business-type activities as follows:

Business-type activities:

Electric utility	\$ 904,821
Water utility	1,984,867
Wastewater utility	3,854,376
Gas utility	328,162
Solid waste utility	<u>151</u>
Total depreciation/amortization expense – business-type activities	<u><u>\$ 7,072,377</u></u>

(6) Long-term liabilities

Summaries

For the year ended September 30, 2024, the City reported the following changes in long-term liabilities:

Governmental Activities	Balance October 1, 2023	Incurred/ Issued	Matured/ Retired	Balance September 30, 2024	Amounts due within one year
General obligation bonds	\$ 47,040,000	\$ -	\$ 3,460,000	\$ 43,580,000	\$ 2,195,000
Bond premium	3,526,257	-	297,040	3,229,217	229,198
Lease purchase agreements	583,961	116,472	262,589	437,844	310,238
Lease liabilities	1,072,270	1,986,437	798,355	2,260,352	811,574
SBITA liabilities	224,507	503,935	342,136	386,306	142,598
Compensated absences	1,336,618	778,935	792,066	1,323,487	397,046
Net pension liability (note 8)	18,573,623	-	2,018,569	16,555,054	-
Total OPEB liability - TMRS SDBF (note 9)	481,755	59,454	-	541,209	-
Total OPEB liability - retiree (note 9)	<u>2,664,596</u>	<u>273,665</u>	<u>-</u>	<u>2,938,261</u>	<u>-</u>
Total governmental activities	<u><u>\$ 75,503,587</u></u>	<u><u>\$ 3,718,898</u></u>	<u><u>\$ 7,970,755</u></u>	<u><u>\$ 71,251,730</u></u>	<u><u>\$ 4,085,654</u></u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

**(6) Long-term liabilities (continued)**

Summaries (continued)

<u>Business-Type Activities</u>	<u>Balance October 1, 2023</u>	<u>Incurred/ Issued</u>	<u>Matured/ Retired</u>	<u>Balance September 30, 2024</u>	<u>Amounts due within one year</u>
General obligation bonds	\$ 28,895,000	\$ -	\$ 1,665,000	\$ 27,230,000	\$ 1,735,000
Bond premium	2,594,444	-	236,818	2,357,626	193,428
Lease purchase agreements	-	2,673,441	-	2,673,441	209,690
Lease liabilities (note 7)	273,784	359,589	156,577	476,796	171,063
SBITA liabilities	130,730	-	130,730	-	-
Compensated absences	438,218	260,561	267,168	431,611	129,484
Net pension liability (note 8)	5,910,457	-	607,768	5,302,689	-
Total OPEB liability - TMRS SDBF (note 9)	153,302	20,051	-	173,353	-
Total OPEB liability - retiree (note 9)	847,922	93,221	-	941,143	-
Total business-type activities	<u>\$ 39,243,857</u>	<u>\$ 3,406,863</u>	<u>\$ 3,064,061</u>	<u>\$ 39,586,659</u>	<u>\$ 2,438,665</u>

Long-term debt at September 30, 2024, includes the following individual issues (not including unamortized premiums or discounts):

	<u>Interest Rate %</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Net Retirement</u>	<u>Outstanding</u>
<u>Governmental Activities</u>						
2016 General obligation refunding bonds	3.00 - 5.00	6/2/2016	3/1/2033	\$ 8,510,000	\$ 2,410,000	\$ 6,100,000
2019 General obligation refunding bonds	2.11 - 2.40	4/23/2019	3/1/2027	2,720,000	1,890,000	830,000
2021 General obligation refunding bonds	2.00 - 4.00	12/1/2021	3/1/2040	23,085,000	2,775,000	20,310,000
2023 General obligation bonds	4.00 - 5.00	9/5/2023	3/1/2042	17,805,000	1,465,000	16,340,000
				<u>52,120,000</u>	<u>8,540,000</u>	<u>43,580,000</u>
<u>Business-Type Activities</u>						
2016 General obligation refunding bonds	3.00 - 5.00	6/1/2016	3/1/2034	11,435,000	7,090,000	4,345,000
2017 General obligation refunding bonds	3.50 - 5.00	12/1/2017	3/1/2040	26,185,000	3,300,000	22,885,000
				<u>37,620,000</u>	<u>10,390,000</u>	<u>27,230,000</u>
Total general obligation bonds				<u>\$ 89,740,000</u>	<u>\$ 18,930,000</u>	<u>\$ 70,810,000</u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

**(6) Long-term liabilities (continued)**

Summaries (continued)

The annual requirements to amortize debt outstanding at September 30, 2024, are as follows:

General Obligation Bonds - Governmental Activities

Year Ended September 30,	Principal	Interest	Total
2025	\$ 2,195,000	\$ 1,598,119	\$ 3,793,119
2026	2,250,000	1,513,922	3,763,922
2027	2,315,000	1,427,207	3,742,207
2028	2,510,000	1,336,000	3,846,000
2029	2,630,000	1,236,250	3,866,250
2030-2034	13,820,000	4,443,875	18,263,875
2035-2039	10,990,000	2,227,900	13,217,900
2040-2042	6,870,000	380,150	7,250,150
	<u>\$ 43,580,000</u>	<u>\$ 14,163,423</u>	<u>\$ 57,743,423</u>

General Obligation Bonds - Business-Type Activities

Year Ended September 30,	Principal	Interest	Total
2025	\$ 1,735,000	\$ 1,128,975	\$ 2,863,975
2026	1,805,000	1,058,175	2,863,175
2027	1,255,000	991,950	2,246,950
2028	1,310,000	931,675	2,241,675
2029	1,375,000	868,500	2,243,500
2030-2034	7,960,000	3,257,600	11,217,600
2035-2039	9,630,000	1,386,688	11,016,688
2040-2042	2,160,000	43,200	2,203,200
	<u>\$ 27,230,000</u>	<u>\$ 9,666,763</u>	<u>\$ 36,896,763</u>

Lease Purchase Agreement - Governmental Activities

Year Ended September 30,	Principal	Interest	Total
2025	\$ 310,238	\$ 20,680	\$ 330,918
2026	86,685	7,277	93,962
2027	40,921	2,251	43,172
	<u>\$ 437,844</u>	<u>\$ 30,208</u>	<u>\$ 468,052</u>

Lease Purchase Agreement - Business-Type Activities

Year Ended September 30,	Principal	Interest	Total
2025	\$ 209,690	\$ 141,425	\$ 351,115
2026	220,783	130,332	351,115
2027	232,463	118,653	351,116
2028	244,760	106,356	351,116
2029	257,708	93,408	351,116
2030-2034	1,508,037	247,541	1,755,578
	<u>\$ 2,673,441</u>	<u>\$ 837,715</u>	<u>\$ 3,511,156</u>

# CITY OF BOERNE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

### (6) Long-term liabilities (continued)

#### Summaries (continued)

The City intends to retire all of its general long-term liabilities, plus interest, from the collection of ad valorem taxes. Long-term liabilities including lease purchase agreements, other lease liabilities, compensated absences, net pension liabilities, and other postemployment benefit obligations attributable to governmental activities will be liquidated primarily by the general fund. Proprietary fund type long-term debt issued for electric, wastewater, and gas projects will be repaid, plus interest, from the operating revenues of their respective funds.

#### General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These types of bonds have been issued by the City for both governmental activities as well as business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenue. General obligation bonds are direct obligations, for which the City has pledged the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year. The City is required by bond covenants to create from ad valorem tax revenues a sinking fund sufficient to pay the current interest and principal installments as they become due. In addition to the sinking fund, there are a number of limitations and restrictions contained in the various general obligation bonds and certificate indentures. The City is in compliance with the significant limitations and restrictions as of September 30, 2024.

#### Arbitrage compliance

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate to the federal government excess arbitrage earnings from bond proceeds. As of September 30, 2024, the City did not have an arbitrage rebate liability.

#### Lease purchase agreements

The City has entered into multiple lease purchase agreements (direct borrowing) to purchase equipment for the police department, parks department, streets department, and stormwater utility. As these agreements transfer ownership of the underlying assets to the City at the end of the lease, they are reported as a financed purchases under GASB 87. The commitments for each lease are expected to be funded by the City's general fund, park fund, and stormwater fund. The historical purchase price of the assets under the lease purchase agreements is approximately \$1.04 million and entirely classified as machinery and equipment.

#### Conduit debt

The City has issued housing revenue bonds, Series 2018 to provide financial assistance to private-sector entities for the acquisition and construction of housing facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The aggregate principal amount payable as of September 30, 2024 could not be determined; however, the original issue amount totaled \$17 million.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(7) Leases

Lease liabilities (City as lessee)

For the fiscal year ended September 30, 2024, the financial statements include GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principal that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

As of September 30, the City had 76 active leases. The leases have payments that range from \$1 to \$45,531 and interest rates that range from 0.0404% to 7.2838%. As of September 30, 2024, the total value of the lease liability is \$2,737,147. The combined value of the right-to-use assets as of September 30, 2024 of \$4,225,080 with accumulated amortization of \$1,317,668 is included with lease class activities table found below. The leases had \$0 of variable payments and \$0 of other payments, not included in the lease liability, within the fiscal year.

Asset Class	Lease Asset Value	Accumulated Amortization
Machinery and equipment	\$ 4,225,080	\$ 1,317,668
	\$ 4,225,080	\$ 1,317,668

Future minimum payments on the lease agreements are as follows:

Year Ending <u>September 30,</u>	Governmental Activities		
	Principal	Interest	Total
2025	\$ 811,574	\$ 57,705	\$ 869,279
2026	686,267	37,525	723,792
2027	570,107	18,153	588,260
2028	192,334	3,701	196,035
2029	70	5	75
Total	\$ 2,260,352	\$ 117,089	\$ 2,377,441

Year Ending <u>September 30,</u>	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 171,063	\$ 11,845	\$ 182,908
2026	153,043	7,376	160,419
2027	107,396	3,209	110,605
2028	45,294	539	45,833
Total	\$ 476,796	\$ 22,969	\$ 499,765

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(7) Leases (continued)

Lease liabilities (City as lessor)

As of September 30, 2024, the financial statements include GASB statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about the City’s leasing activities. This statement established a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

As of September 30, 2024, the City had 1 active lease. The lease has receipts that are \$3,000 and an interest rate of 0.6320%. As of September 30, 2024, the total value of the lease receivable is \$6,240, and the total value of the deferred inflow is \$5,694. The lease had \$0 of variable receipts and \$0 of other receipts, not included in the lease receivable within the fiscal year.

<u>Year Ending September 30,</u>	Governmental Activities		
	Principal Receipts	Interest Receipts	Total
2025	\$ 2,961	\$ 39	\$ 3,000
2026	3,279	21	3,300
Total	\$ 6,240	\$ 60	\$ 6,300

(8) Subscription-Based Information Technology Arrangements (SBITA)

For the year ended September 30, 2024, the financial statements include GASB Statement No. 96, *SBITAs*. The primary objective of this statement is to enhance the relevance and consistency of information about the City’s subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

As of September 30, 2024, the City had 16 active subscriptions. The subscriptions have payments that range from \$170 to \$111,093 and interest rates that range from 2.3120% to 3.3050%. As of September 30, 2024, the total combined value of the subscription liability is \$386,306. The combined value of the right to use assets as of September 30, 2024 of \$979,591 with an accumulated amortization of \$480,795 is included within the Subscription Class activities table found below. The subscriptions had \$0 of variable payments and \$0 of other payments, not included in the subscription liability, within the fiscal year.

Asset Class	Subscription Asset Value	Accumulated Amortization
Machinery and equipment	\$ 979,591	\$ 480,795
	\$ 979,591	\$ 480,795

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(8) Subscription-Based Information Technology Arrangements (SBITA) (continued)

Future minimum payments on the SBITA agreements are as follows:

SBITAs - Governmental Activities			
Year Ended	Principal	Interest	Total
September 30,			
2025	\$ 142,598	\$ 10,025	\$ 152,623
2026	114,718	5,996	120,714
2027	42,018	2,982	45,000
2028	42,989	2,011	45,000
2029	43,983	1,017	45,000
	\$ 386,306	\$ 22,031	\$ 408,337

(9) Defined benefit pension plan

Plan description

The City of Boerne participates as one of the 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [tmrs.com](http://tmrs.com).

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

Benefits provided

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

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, the City-financed monetary credits with interest, and the member's age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member's contributions and interest.

The plan provisions are adopted by the City Council within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for employees is 7%, and the City matching percent is currently 2 to 1.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(9) Defined benefit pension plan (continued)

Employees covered by benefit terms

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

Active employees	289
Inactive employees or beneficiaries currently receiving benefits	127
Inactive employees entitled to but not yet receiving benefits	<u>154</u>
Total	<u>570</u>

Contributions

The contribution rates for members in TMRS are either 5%, 6%, or 7% of member's total compensation, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the entry age normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City of Boerne were required to contribute 7% of their annual compensation during the fiscal year. The City matches 2 to 1. The contribution rate for the City was 18.63% and 18.75% in calendars 2024 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$3,873,456. The City's contributions were in excess of actuarially determined contributions by \$53,472 for the year ended September 30, 2024.

Net pension liability

The City's net pension liability (NPL) was measured as of December 31, 2023 and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

# CITY OF BOERNE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

### (9) Defined benefit pension plan (continued)

#### Actuarial assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31st
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years (longest amortization ladder)
Asset valuation method	10 year smoothed fair value, 12% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Additional information	There were no benefit changes during the year.

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate, for males and females respectively, is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for annuity purchase rates (APRs) is based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(9) Defined benefit pension plan (continued)

Actuarial assumptions (continued)

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.00%	6.70%
Core Fixed Income	6.00%	4.70%
Non-Core Fixed Income	20.00%	8.00%
Other Public and Private Markets	12.00%	8.00%
Real Estate	12.00%	7.60%
Hedge Funds	5.00%	6.40%
Private Equity	10.00%	11.60%
Total	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member 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 members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(9) Defined benefit pension plan (continued)

Changes in net pension liability

The schedule below presents the changes in the net pension liability (asset) as of December 31, 2023:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	\$ 95,632,853	\$ 71,148,773	\$ 24,484,080
Changes for the year:			
Service cost	3,862,321	-	3,862,321
Interest	6,464,576	-	6,464,576
Changes of benefit terms	-	-	-
Difference between expected and actual experience	1,061,159	-	1,061,159
Changes of assumptions	(395,142)	-	(395,142)
Contributions - employer	-	3,959,051	(3,959,051)
Contributions - employee	-	1,452,820	(1,452,820)
Net investment income	-	8,260,134	(8,260,134)
Benefit payments, including refunds of employee contributions	(3,585,032)	(3,585,032)	-
Administrative expenses	-	(52,387)	52,387
Other changes	-	(367)	367
Net changes	<u>7,407,882</u>	<u>10,034,219</u>	<u>(2,626,337)</u>
Balance at 12/31/2023	<u>\$ 103,040,735</u>	<u>\$ 81,182,992</u>	<u>\$ 21,857,743</u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(9) Defined benefit pension plan (continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.0% lower (5.75%) or 1.0% higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	\$ 36,868,670	\$ 21,857,743	\$ 9,563,793

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in a separately issued TMRS financial report. The report may be obtained on the internet at TRMS.com.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2024, the City recognized pension expense of \$4,578,388.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,531,318	\$ -
Changes of assumptions	17,495	320,303
Net difference in projected and actual earnings on plan investments	1,806,190	-
Contributions made subsequent to the measurement date	3,331,134	-
Total	\$ 7,686,137	\$ 320,303

The \$3,331,134 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Net Deferred Outflows/(Inflows)
2025	\$ 1,238,279
2026	1,237,482
2027	1,978,217
2028	(454,596)
2029	35,318
Thereafter	-
Total	\$ 4,034,700

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

#### (10) Other postemployment benefits (OPEB) plans

##### Retiree Health Care Plan

###### Plan description

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

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

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

###### Benefits provided

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

The Pre-65 Retiree Plan includes members from the City's active employee pool plan. Retirees choose from and elect the same plans offered to active employees during open enrollment each year. The premiums for retirees are the same as for active employees which are established each year by the plan administrator. Participation in the Pre-65 Retiree plan is offered for five (5) years post-retirement or age sixty-five (65), whichever occurs first. Employees who retired before October 1, 2015 may participate in the Pre-65 Retiree plan for ten (10) years post-retirement or age sixty-five (65), whichever occurs first. The City provides a premium subsidy based on years of service for the retirees who are younger than 65. Subsidies are adjusted by the annual cost of living adjustment, which is determined by the City Council during the budget process. Should an employee continue to remain in employment with the City of Boerne until after the age of 65 and then retire, the employee may qualify for a post-65 subsidy payable over their lifetime based on years of service with the City. Employees retiring before the age of 65 are not eligible for the post-65 subsidy.

For retirees over the age of 65, the City offers a subsidy for supplement Medicare coverage, provided the retiree has 20 years of service or more at the City. The retiree must show proof of insurance beyond Part A and Part B, or Part D of Medicare. Post 65 retirees will be subsidized based on the years of service, and the subsidies are adjusted by the annual cost of living adjustment, which is determined by the City Council during the budget process.

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

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(10) Other postemployment benefits (OPEB) plans (continued)

Retiree Health Care Plan (continued)

Employees covered

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

Active members	281
Retirees and beneficiaries	<u>12</u>
Total	<u><u>293</u></u>

Contributions

The City contributes to the retiree health insurance at an amount approved by City Council contained in the Personnel Policy. The retiree medical contribution rate as of January 2024 is as follows:

City of Boerne Years of Service	Pre-65 Subsidy	Post-65 Subsidy
Less than 20 years	\$ -	\$ -
20 - 24 years	303.42	149.92
25 - 29 years	358.59	179.89
30 - 34 years	455.13	209.88
35 - 39 years	482.72	239.87
Over 40 years	517.19	269.84

City's direct pre-65 subsidies shown above do not apply after the employee reaches the age of 65, while post-65 subsidies may be provided over the retiree's lifetime. The City's contributions to the retiree health plan for the year ended September 30, 2024 were \$37,686 and were equal to the required contributions.

Total OPEB liability

The City's total OPEB liability of \$3,879,404 was measured as of December 31, 2023 and was determined by an actuarial valuation as of the same date.

# CITY OF BOERNE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

### (10) Other postemployment benefits (OPEB) plans (continued)

#### Retiree Health Care Plan (continued)

##### Actuarial assumptions:

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.60% to 11.85% including inflation
Discount rate	3.77% as of December 31, 2023
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2022 as conducted for the Texas Municipal Retirement System (TMRS). For the OPEB valuation, the standard TMRS retirement rates were adjusted to reflect the impact of the City's retiree medical plan design.
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for the future mortality improvements.
Health care cost trend rates	Pre-65: Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years; Post-65: Initial rate of 5.10% declining to an ultimate rate of 4.25% after 9 years.
Participation rates	95% for retirees age 65 or older with at least 20 years of City service. 90% for retirees between the ages of 50 and 64 with 30 years of City service. 75% for retirees between the ages of 50 and 64 with 25 to 29 years of City service. 65% for retirees between the ages of 50 and 64 with 20 to 24 years of City service. 20% for retirees under age 50 with less than 20 years of City service.
Actuarial cost method	Individual entry-age normal

The discount rate changed from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023. Additionally, the demographic and salary increase assumptions were updated to reflect the 2023 TMRS Experience Study, and the participation rates and the health care trend rates were updated to reflect the plan's anticipated experience.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(10) Other postemployment benefits (OPEB) plans (continued)

Retiree Health Care Plan (continued)

Changes in the total OPEB liability

Balance at 12/31/2022	\$	3,512,518
Changes for the year:		
Service cost		233,460
Interest on total OPEB liability		145,330
Changes of benefit terms		-
Difference between expected and actual experience		107,487
Changes of assumptions		(37,668)
Benefit payments		(81,723)
Net changes		<u>366,886</u>
Balance at 12/31/2023	\$	<u><u>3,879,404</u></u>

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

	<u>1% Decrease</u> <u>(2.77%)</u>	<u>Current Discount</u> <u>Rate (3.77%)</u>	<u>1% Increase</u> <u>(4.77%)</u>
OPEB liability	<u>\$ 4,448,658</u>	<u>\$ 3,879,404</u>	<u>\$ 3,409,548</u>

Sensitivity of the total OPEB liability to the healthcare cost trend rate assumption

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

	<u>Current Healthcare Cost</u> <u>Trend Rate</u>		
	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Increase</u>
OPEB liability	<u>\$ 3,302,827</u>	<u>\$ 3,879,404</u>	<u>\$ 4,609,546</u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(10) Other postemployment benefits (OPEB) plans (continued)

Retiree Health Care Plan (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended September 30, 2024, the City recognized OPEB expense of \$237,649 related to retiree healthcare.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 102,041	\$ 713,032
Changes in actuarial assumptions	623,411	1,155,080
Contributions made subsequent to the measurement date	74,696	-
Total	\$ 800,148	\$ 1,868,112

The City reported \$74,696 as deferred outflows of resources related to the OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Net Deferred Outflows/(Inflows)
2025	\$ (141,141)
2026	(141,141)
2027	(141,141)
2028	(164,077)
2029	(144,733)
Thereafter	(410,427)
	\$ (1,142,660)

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(10) Other postemployment benefits (OPEB) plans (continued)

Supplemental death benefits fund (SDBF)

Plan description

The City participates in a single-employer defined benefit plan, which operates like a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). The City has elected, by ordinance, to participate in this program and provide group-term life insurance coverage to both current and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits provided

The death benefit for active employees providing 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 members are insured for \$7,500; this coverage is an "other postemployment benefit" or OPEB. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan. There are no plan assets accumulated in a trust that meets the criteria of GASB Statement No. 75.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one year delay between the actuarial valuation that serves as the basis for the City's contribution rate and the calendar year when the rate goes into effect. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

The contribution rate for the City was 0.28% calendar years 2024 and 2023. The City's contributions to TMRS for the year ended September 30, 2024 were \$62,384 and were equal to the required contributions.

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement dates, the following employees were covered by the benefit terms:

Active employees	289
Inactive employees currently receiving benefits	104
Inactive employees entitled to but not yet receiving benefits	<u>46</u>
Total	<u><u>439</u></u>

Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a SBDF benefit (i.e. excludes beneficiaries, non-vested terminations due a refund, etc.).

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(10) Other postemployment benefits (OPEB) plans (continued)

Supplemental death benefits fund (SDBF) (continued)

Total OPEB liability

The City’s total OPEB liability of \$714,562 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.60% to 11.85% including inflation
Discount rate *	3.77%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Males rates are multiplied by 103% and females rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

\* The discount rate was based on the Fidelity Index’s “20-Year Municipal GO AA Index” rate as of December 31, 2023.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period December 31, 2022.

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(10) Other postemployment benefits (OPEB) plans (continued)

Supplemental death benefits fund (SDBF) (continued)

Changes in the total OPEB liability

Balance at December 31, 2022	\$	635,057
Changes for the year:		
Service cost		29,024
Interest on the total OPEB liability		25,972
Changes of benefit terms		-
Difference between expected and actual experience		3,427
Changes of assumptions		37,667
Benefit payments*		<u>(16,585)</u>
Net changes		<u>79,505</u>
Balance at December 31, 2023	\$	<u>714,562</u>

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

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

	1% Decrease (2.77%)	Current Discount Rate (3.77%)	1% Increase (4.77%)
OPEB liability	<u>\$ 861,410</u>	<u>\$ 714,562</u>	<u>\$ 600,594</u>

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended September 30, 2024, the City recognized OPEB expense of \$45,168 related to the SDBF.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 20,235	\$ 12,888
Changes in actuarial assumptions	137,831	249,423
Contributions made subsequent to the measurement date	<u>13,652</u>	<u>-</u>
Total	<u>\$ 171,718</u>	<u>\$ 262,311</u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(10) Other postemployment benefits (OPEB) plans (continued)

Supplemental death benefits fund (SDBF) (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

The City reported \$13,652 as deferred outflows of resources related to the OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Net Deferred</u> <u>Outflows/(Inflows)</u>
2025	\$ (12,355)
2026	(12,272)
2027	(17,009)
2028	(31,492)
2029	(35,839)
Thereafter	<u>4,722</u>
Total	<u>\$ (104,245)</u>

Summary of OPEB plans

Total OPEB liabilities

Total OPEB liabilities are reported in the accompanying statements of net position as follows:

	<u>Total</u> <u>OPEB</u> <u>Liability</u>
Retiree Healthcare Plan	\$ 3,879,404
Supplemental Death Benefits Fund (SDBF) Plan	<u>714,562</u>
Total	<u>\$ 4,593,966</u>

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(10) Other postemployment benefits (OPEB) plans (continued)

Summary of OPEB plans (continued)

OPEB expense and deferred outflows and inflows of resources related to OPEB

OPEB expenses are reported in the accompanying financial statements as follows:

	Net OPEB Expense
Retiree Healthcare Plan	\$ 237,649
Supplemental Death Benefits Fund (SDBF) Plan	45,168
Total	\$ 282,817

Deferred outflows of resources are reported in the accompanying statements of net position as follows:

	Difference Between Expected and Actual Experience	Changes in Assumptions	Contributions Made Subsequent to the Measurement Date	Total OPEB Plans
Retiree Healthcare Plan	\$ 102,041	\$ 623,411	\$ 74,696	\$ 800,148
Supplemental Death Benefits Fund (SDBF) Plan	20,235	137,831	13,652	171,718
Total	\$ 122,276	\$ 761,242	\$ 88,348	\$ 971,866

Deferred inflows of resources are reported in the accompanying statements of net position as follows:

	Difference Between Expected and Actual Experience	Changes in Assumptions	Total OPEB Plans
Retiree Healthcare Plan	\$ 713,032	\$ 1,155,080	\$ 1,868,112
Supplemental Death Benefits Fund (SDBF) Plan	12,888	249,423	262,311
Total	\$ 725,920	\$ 1,404,503	\$ 2,130,423

**CITY OF BOERNE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended September 30, 2024**

(11) Fund balance classifications

Fund balances at September 30, 2024, for the governmental funds were categorized as nonspendable, restricted, committed, assigned, or unassigned for the following purposes:

	General Fund	Debt Service Fund	Capital Project Funds		Other Governmental Funds	Total
			Capital Projects Fund	2023 Bond Construction Fund		
<b>Nonspendable</b>						
Endowment funds	\$ -	\$ -	\$ -	\$ -	\$ 865,973	\$ 865,973
Prepays	20,948	-	-	-	-	20,948
Total nonspendable	20,948	-	-	-	865,973	886,921
<b>Restricted</b>						
Capital projects	-	-	-	17,859,971	-	17,859,971
Cemetery	-	-	-	-	1,427,643	1,427,643
Court security	95,868	-	-	-	-	95,868
Court technology	22,578	-	-	-	-	22,578
Court other	15,975	-	-	-	-	15,975
Debt service	-	1,279,513	-	-	-	1,279,513
Grants - LEOSE	30,528	-	-	-	-	30,528
Opioid abatement funds	17,090	-	-	-	-	17,090
Hotel/motel - tourism promotion	-	-	-	-	615,689	615,689
Law enforcement seized funds	123,553	-	-	-	-	123,553
PEG fees	55,082	-	-	-	-	55,082
Tree mitigation	2,787,634	-	-	-	-	2,787,634
Parkland dedication	-	-	-	-	549,361	549,361
Parkland improvement	-	-	-	-	214,000	214,000
Public Facility Corporation	-	-	-	-	3,105,392	3,105,392
Total restricted	3,148,308	1,279,513	-	17,859,971	5,912,085	28,199,877
<b>Assigned</b>						
Capital projects: beautifications	-	-	553,511	-	-	553,511
Capital projects: parks	-	-	1,520,800	-	-	1,520,800
Capital projects: sidewalks	-	-	82,760	-	-	82,760
Capital projects: streets	-	-	2,513,773	-	-	2,513,773
Capital projects: facilities	102,920	-	13,573,126	-	-	13,676,046
Economic development	-	-	-	-	1,476,290	1,476,290
Equipment replacement	1,711,321	-	-	-	-	1,711,321
Dispatch interlocal funds	673,337	-	-	-	-	673,337
Library	-	-	-	-	397,556	397,556
Operating reserve	14,327,716	-	-	-	1,517,559	15,845,275
Future debt service	2,337,266	-	-	-	-	2,337,266
Parks	-	-	-	-	1,174,823	1,174,823
Total assigned	19,152,560	-	18,243,970	-	4,566,228	41,962,758
Total fund balances	\$ 22,321,816	\$ 1,279,513	\$ 18,243,970	\$ 17,859,971	\$ 11,344,286	\$ 71,049,556

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS

**For the fiscal year ended September 30, 2024**

(12) Net investment in capital assets

The government-wide statement of net position reports net investment in capital assets as follows:

	Governmental Activities	Business-Type Activities	Total
Total capital assets, net	\$ 89,104,828	\$ 111,272,265	\$ 200,377,093
Less related debt:			
General obligation bonds	(43,580,000)	(27,230,000)	(70,810,000)
Bond premium	(3,229,217)	(2,357,626)	(5,586,843)
Lease purchase agreements	(437,844)	(2,673,441)	(3,111,285)
Lease liabilities	(2,260,352)	(476,796)	(2,737,148)
SBITA liabilities	(386,306)	-	(386,306)
Plus:			
Unspent bond proceeds	17,859,971	-	17,859,971
Deferred charge on refunding	257,925	933,414	1,191,339
Net investment in capital assets	<u>\$ 57,329,005</u>	<u>\$ 79,467,816</u>	<u>\$ 136,796,821</u>

(13) Tax abatements and economic incentives

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

The City has two categories of economic development agreements:

- *Tax abatements* – Tax abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer’s property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were \$0 in fiscal year 2024.
- *General economic development* – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property taxes, hotel taxes or sales tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2024, the City rebated \$408,201 in taxes and other economic incentives.

## CITY OF BOERNE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

#### (14) Risk management and contingent liabilities

##### Risk management

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

##### Contingent liabilities

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

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

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

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

#### (15) Subsequent events

Subsequent events have been evaluated through the date of the auditor's report, March 11, 2025, which is the date the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF BOERNE, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET INFORMATION**

**For the fiscal year ended September 30, 2024**

Budgetary information

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

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

For the fiscal year ended September 30, 2024, budgets were legally adopted for all City funds except the following:

Special Revenue Fund

Boerne Public Facility Corporation

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

**CITY OF BOERNE, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL**

**For the fiscal year ended September 30, 2024**

	Budgeted Amounts		Actual	Adjustments	Actual	Variance
	Original	Final	Amounts on GAAP Basis	Budgetary Basis	Amounts Budgetary Basis	
<b>Revenues:</b>						
Ad valorem taxes (including interest and penalties)	\$ 7,501,012	\$ 7,631,012	\$ 7,689,809	\$ -	\$ 7,689,809	\$ 58,797
Sales tax	11,243,859	12,143,859	12,369,640	-	12,369,640	225,781
Franchise fees	2,990,083	2,990,083	3,351,029	-	3,351,029	360,946
Licenses and permits	1,322,500	1,972,500	2,816,594	-	2,816,594	844,094
Fines	245,100	245,100	322,846	-	322,846	77,746
Grants	8,000	8,000	87,584	-	87,584	79,584
Contributions and donations	3,990,381	4,040,381	4,117,172	-	4,117,172	76,791
Miscellaneous	3,397,845	3,397,845	4,206,552	-	4,206,552	808,707
Investment earnings	860,000	1,520,000	1,885,019	-	1,885,019	365,019
<b>Total revenues</b>	<b>31,558,780</b>	<b>33,948,780</b>	<b>36,846,245</b>	<b>-</b>	<b>36,846,245</b>	<b>2,897,465</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>General government</b>						
Administration	2,368,015	2,383,015	2,358,877	-	2,358,877	24,138
Planning	1,493,028	1,493,028	1,037,099	-	1,037,099	455,929
Information technology	2,316,047	2,316,047	1,789,882	-	1,789,882	526,165
Human resources	528,807	588,807	570,314	-	570,314	18,493
Legal	330,000	330,000	258,488	-	258,488	71,512
Communications	401,075	401,075	391,631	-	391,631	9,444
Facility maintenance	1,294,866	1,294,866	1,279,567	-	1,279,567	15,299
Fleet	1,403,999	1,403,999	984,584	-	984,584	419,415
<b>Public Safety</b>						
Law enforcement	7,112,564	7,052,564	6,772,927	-	6,772,927	279,637
Municipal court	397,298	397,298	359,847	-	359,847	37,451
Animal control	583,881	583,881	508,966	-	508,966	74,915
Fire department	4,109,639	4,019,639	4,195,399	-	4,195,399	(175,760)
Dispatch	1,721,062	1,721,062	1,560,692	-	1,560,692	160,370
Code enforcement	647,292	722,292	735,791	-	735,791	(13,499)
<b>Highways and streets</b>						
Streets	2,062,176	2,062,176	1,564,071	-	1,564,071	498,105
Engineering	1,835,231	1,835,231	1,716,146	-	1,716,146	119,085
<b>Culture and recreation</b>						
Special projects	634,082	634,082	529,946	-	529,946	104,136
<b>Debt service:</b>						
Principal	500,746	500,746	1,263,886	(1,263,886)	-	500,746
Interest	-	-	74,807	(74,807)	-	-
Capital outlay	1,283,857	1,283,857	3,132,834	(2,155,285)	977,549	306,308
<b>Total expenditures</b>	<b>31,023,665</b>	<b>31,023,665</b>	<b>31,085,754</b>	<b>(3,493,978)</b>	<b>27,591,776</b>	<b>3,431,889</b>
Excess (deficiency) of revenues over (under) expenditures	535,115	2,925,115	5,760,491	3,493,978	9,254,469	6,329,354
<b>Other financing sources (uses):</b>						
Transfers from other funds	20,000	20,000	2,775,655	-	2,775,655	2,755,655
Transfers to other funds	(761,116)	(5,488,382)	(6,740,165)	-	(6,740,165)	(1,251,783)
Lease/subscription proceeds	-	-	2,263,994	(2,263,994)	-	-
Sale of capital assets	5,000	2,342,266	2,442,403	-	2,442,403	100,137
<b>Total other financing sources (uses)</b>	<b>(736,116)</b>	<b>(3,126,116)</b>	<b>741,887</b>	<b>(2,263,994)</b>	<b>(1,522,107)</b>	<b>1,604,009</b>
<b>Change in fund balance</b>	<b>\$ (201,001)</b>	<b>\$ (201,001)</b>	<b>6,502,378</b>	<b>\$ 1,229,984</b>	<b>\$ 7,732,362</b>	<b>\$ 7,933,363</b>
Fund balance at October 1, 2023			15,819,438			
Fund balance at September 30, 2024			<u>\$ 22,321,816</u>			

Note 1 – Basis of budgeting – 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 principles is required.

**CITY OF BOERNE, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
DEBT SERVICE FUND**

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

**For the fiscal year ended September 30, 2024**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,516,681	\$ 3,516,681	\$ 3,948,058	\$ 431,377
Miscellaneous	-	-	-	-
Investment earnings	30,000	30,000	92,358	62,358
Total revenues	<u>3,546,681</u>	<u>3,546,681</u>	<u>4,040,416</u>	<u>493,735</u>
<b>Expenditures:</b>				
<b>Debt service:</b>				
Principal	4,224,112	4,224,112	3,460,000	764,112
Interest	977,989	977,989	1,742,101	(764,112)
Administrative charges	3,500	3,500	1,900	1,600
Total expenditures	<u>5,205,601</u>	<u>5,205,601</u>	<u>5,204,001</u>	<u>1,600</u>
Excess (deficiency) of revenues over (under) expenditures	(1,658,920)	(1,658,920)	(1,163,585)	495,335
<b>Other financing sources (uses):</b>				
Transfers in	1,494,507	1,494,507	1,494,507	-
Total other financing sources (uses)	<u>1,494,507</u>	<u>1,494,507</u>	<u>1,494,507</u>	<u>-</u>
Net change in fund balances	(164,413)	(164,413)	330,922	495,335
Fund balances - beginning	948,591	948,591	948,591	-
Fund balances - ending	<u>\$ 784,178</u>	<u>\$ 784,178</u>	<u>\$ 1,279,513</u>	<u>\$ 495,335</u>

**CITY OF BOERNE, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND  
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS) RELATED RATIOS**

**For the measurement year ended December 31,**

	<u>Plan Year Ended December 31, 2023</u>	<u>Plan Year Ended December 31, 2022</u>	<u>Plan Year Ended December 31, 2021</u>	<u>Plan Year Ended December 31, 2020</u>
Total pension liability				
Service cost	\$ 3,862,321	\$ 3,477,558	\$ 3,380,510	\$ 3,315,810
Interest	6,464,576	5,924,320	5,484,646	5,106,836
Differences between expected and actual experience	1,061,159	1,739,920	814,706	370,684
Changes of assumptions	(395,142)	-	-	-
Benefit payments, including refunds of employee contributions	<u>(3,585,032)</u>	<u>(3,075,738)</u>	<u>(3,353,661)</u>	<u>(3,103,330)</u>
Net change in total pension liability	7,407,882	8,066,060	6,326,201	5,690,000
Total pension liability - beginning	<u>95,632,853</u>	<u>87,566,793</u>	<u>81,240,592</u>	<u>75,550,592</u>
Total pension liability - ending (a)	<u>103,040,735</u>	<u>95,632,853</u>	<u>87,566,793</u>	<u>81,240,592</u>
Plan fiduciary net position				
Contributions - employer	3,959,051	3,515,923	3,348,502	3,333,512
Contributions - employee	1,452,820	1,302,456	1,244,796	1,239,224
Net investment income	8,260,134	(5,478,943)	8,513,741	4,504,442
Benefit payments, including refunds of employee contributions	(3,585,032)	(3,075,738)	(3,353,661)	(3,103,330)
Administrative expense	(52,387)	(47,297)	(39,305)	(29,086)
Other	<u>(367)</u>	<u>56,439</u>	<u>267</u>	<u>(1,133)</u>
Net change in plan fiduciary net position	10,034,219	(3,727,160)	9,714,340	5,943,629
Plan fiduciary net position - beginning	<u>71,148,773</u>	<u>74,875,933</u>	<u>65,161,593</u>	<u>59,217,964</u>
Plan fiduciary net position - ending (b)	<u>81,182,992</u>	<u>71,148,773</u>	<u>74,875,933</u>	<u>65,161,593</u>
City's net position liability - ending (a) - (b)	<u>\$ 21,857,743</u>	<u>\$ 24,484,080</u>	<u>\$ 12,690,860</u>	<u>\$ 16,078,999</u>
Plan fiduciary net position as a percentage of the total pension liability	78.79%	74.40%	85.51%	80.21%
Covered-employee payroll	<u>\$ 20,731,727</u>	<u>\$ 18,606,514</u>	<u>\$ 17,782,797</u>	<u>\$ 17,703,205</u>
City's net pension liability as a percentage of covered-employee payroll	105.43%	131.59%	71.37%	90.83%

(continued)

Plan Year Ended December 31, 2019	Plan Year Ended December 31, 2018	Plan Year Ended December 31, 2017	Plan Year Ended December 31, 2016	Plan Year Ended December 31, 2015	Plan Year Ended December 31, 2014
\$ 2,960,271	\$ 2,777,732	\$ 2,642,850	\$ 2,493,905	\$ 2,224,334	\$ 1,919,644
4,699,549	4,311,426	3,906,133	3,539,542	3,351,716	3,064,431
430,109	141,667	982,925	761,562	30,940	157,833
106,740	-	-	-	39,494	-
<u>(1,577,773)</u>	<u>(1,566,488)</u>	<u>(1,623,523)</u>	<u>(1,253,485)</u>	<u>(1,197,037)</u>	<u>(1,183,335)</u>
6,618,896	5,664,337	5,908,385	5,541,524	4,449,447	3,958,573
<u>68,931,696</u>	<u>63,267,359</u>	<u>57,358,974</u>	<u>51,817,450</u>	<u>47,368,003</u>	<u>43,409,430</u>
<u>75,550,592</u>	<u>68,931,696</u>	<u>63,267,359</u>	<u>57,358,974</u>	<u>51,817,450</u>	<u>47,368,003</u>
3,014,703	2,836,449	2,664,248	2,511,382	2,344,680	2,120,885
1,120,708	1,053,882	998,378	941,096	878,191	794,715
7,605,508	(1,447,467)	5,633,932	2,435,208	50,123	1,745,475
(1,577,773)	(1,566,488)	(1,623,523)	(1,253,485)	(1,197,037)	(1,183,335)
(42,890)	(27,934)	(29,169)	(27,480)	(30,522)	(18,218)
<u>(1,288)</u>	<u>(1,459)</u>	<u>(1,478)</u>	<u>(1,481)</u>	<u>(1,508)</u>	<u>(1,498)</u>
10,118,968	846,983	7,642,388	4,605,240	2,043,927	3,458,024
<u>49,098,996</u>	<u>48,252,013</u>	<u>40,609,625</u>	<u>36,004,385</u>	<u>33,960,457</u>	<u>30,502,433</u>
<u>59,217,964</u>	<u>49,098,996</u>	<u>48,252,013</u>	<u>40,609,625</u>	<u>36,004,384</u>	<u>33,960,457</u>
<u>\$ 16,332,628</u>	<u>\$ 19,832,700</u>	<u>\$ 15,015,346</u>	<u>\$ 16,749,349</u>	<u>\$ 15,813,066</u>	<u>\$ 13,407,546</u>
78.38%	71.23%	76.27%	70.80%	69.48%	71.69%
<u>\$ 16,010,120</u>	<u>\$ 15,055,458</u>	<u>\$ 14,262,545</u>	<u>\$ 13,444,231</u>	<u>\$ 12,545,593</u>	<u>\$ 11,353,077</u>
102.01%	131.73%	105.28%	124.58%	126.04%	118.10%

GASB 68 requires 10 fiscal years of data to be provided in this schedule.

**CITY OF BOERNE, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS**

**For the fiscal year ended September 30, 2024**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014-15	\$ 2,167,467	\$ 2,234,020	\$ (66,553)	\$ 11,857,858	18.84%
2015-16	2,437,285	2,567,437	(130,152)	13,627,933	18.84%
2016-17	2,578,789	2,648,351	(69,562)	14,177,471	18.68%
2017-18	2,699,031	2,775,625	(76,594)	14,763,224	18.80%
2018-19	2,901,379	2,981,710	(80,331)	15,834,730	18.83%
2019-20	3,156,066	3,196,136	(40,070)	16,973,634	18.83%
2020-21	3,247,207	3,280,254	(33,047)	17,420,358	18.83%
2021-22	3,421,284	3,434,505	(13,221)	18,239,540	18.83%
2022-23	3,804,259	3,873,456	(69,197)	20,420,072	18.97%
2023-24	4,284,461	4,337,933	(53,472)	22,280,088	19.47%

**Notes to Schedule:**

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	22 years (longest amortization ladder)
Asset valuation method	10 year smoothed fair value; 12.0% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

**Other information:**

There were no benefit changes during the year.



**CITY OF BOERNE, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND  
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS) RELATED RATIOS –  
SUPPLEMENTAL DEATH BENEFITS FUND**

**For the fiscal year ended September 30,**

	<u>Plan Year Ended December 31, 2023</u>	<u>Plan Year Ended December 31, 2022</u>	<u>Plan Year Ended December 31, 2021</u>
Total OPEB liability			
Service cost	\$ 29,024	\$ 55,820	\$ 51,570
Interest	25,972	16,774	16,550
Differences between expected and actual experience	3,427	24,312	(2,574)
Changes of assumptions	37,667	(339,078)	28,304
Benefit payments	<u>(16,585)</u>	<u>(13,025)</u>	<u>(10,670)</u>
Net change in total OPEB liability	79,505	(255,197)	83,180
Total OPEB liability - beginning	<u>635,057</u>	<u>890,254</u>	<u>807,074</u>
Total OPEB liability - ending	<u>\$ 714,562</u>	<u>\$ 635,057</u>	<u>\$ 890,254</u>
Covered-employee payroll	<u>\$ 20,731,727</u>	<u>\$ 18,606,514</u>	<u>\$ 17,782,797</u>
City's OPEB liability as a percentage of covered-employee payroll	3.45%	3.41%	5.01%

Notes to Schedule:

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

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the seventh year of implementation of GASB 75. The City will develop the schedule prospectively.

No assets are accumulated in a trust to pay related benefits for the OPEB plan.

<u>Plan Year Ended</u> <u>December 31, 2020</u>	<u>Plan Year Ended</u> <u>December 31, 2019</u>	<u>Plan Year Ended</u> <u>December 31, 2018</u>	<u>Plan Year Ended</u> <u>December 31, 2017</u>
\$ 44,258	\$ 28,819	\$ 31,616	\$ 25,673
18,309	19,142	17,368	16,632
(8,596)	(14,007)	(14,643)	-
111,223	111,515	(38,583)	42,353
<u>(3,542)</u>	<u>(3,202)</u>	<u>(3,011)</u>	<u>(2,853)</u>
161,652	142,267	(7,253)	81,805
<u>645,422</u>	<u>503,155</u>	<u>510,408</u>	<u>428,603</u>
<u>\$ 807,074</u>	<u>\$ 645,422</u>	<u>\$ 503,155</u>	<u>\$ 510,408</u>
<u>\$ 17,703,205</u>	<u>\$ 16,010,120</u>	<u>\$ 15,055,458</u>	<u>\$ 14,262,545</u>
4.56%	4.03%	3.34%	3.58%

**CITY OF BOERNE, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS  
RETIREE HEALTH INSURANCE**

**For the fiscal year ended September 30,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 233,460	\$ 327,932	\$ 361,870	\$ 290,623
Interest	145,330	85,157	99,594	113,143
Differences between expected and actual experience	107,487	(19,476)	(779,311)	9,066
Changes of assumptions	(37,668)	(1,313,866)	59,106	494,965
Benefit payments	<u>(81,723)</u>	<u>(62,727)</u>	<u>(89,085)</u>	<u>(66,879)</u>
Net change in total OPEB liability	366,886	(982,980)	(347,826)	840,918
Total OPEB liability - beginning	<u>3,512,518</u>	<u>4,495,498</u>	<u>4,843,324</u>	<u>4,002,406</u>
Total OPEB liability - ending	<u>\$ 3,879,404</u>	<u>\$ 3,512,518</u>	<u>\$ 4,495,498</u>	<u>\$ 4,843,324</u>
Covered-employee payroll	<u>\$ 20,640,580</u>	<u>\$ 18,569,658</u>	<u>\$ 17,580,213</u>	<u>\$ 17,702,995</u>
City's OPEB liability as a percentage of covered-employee payroll	18.80%	18.92%	25.57%	27.36%

Notes to Schedule:

Discount Rate	3.77%	4.05%	1.84%	2.00%
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FYE24 - The demographic and salary increase assumptions were updated to reflect the 2023 TMRS Experience Study, and the participation rates and the health care trend rates were updated to reflect the plan's anticipated experience.

FYE22 - The period of service used for the allocation of service cost was changed to only reflect service with the City of Boerne and the post-65 participation rate was adjusted to better reflect plan experience.

FYE20 - The demographic assumptions were updated to reflect the 2019 TMRS Experience Study and the health care trend rates were updated to better reflect the plan's anticipated experience and the repeal of the excise tax on high-cost employer health plans.

FYE19 - The health care trend assumption was modified.

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the seventh year of implementation of GASB 75. The City will develop the schedule prospectively.

	2020	2019	2018
\$	252,873	\$ 241,592	\$ 208,936
	135,161	117,384	115,131
	(316,877)	(13,216)	-
	443,131	(201,793)	231,989
	<u>(57,182)</u>	<u>(48,453)</u>	<u>(47,214)</u>
	457,106	95,514	508,842
	<u>3,545,300</u>	<u>3,449,786</u>	<u>2,940,944</u>
\$	<u>4,002,406</u>	<u>\$ 3,545,300</u>	<u>\$ 3,449,786</u>
\$	<u>16,080,470</u>	<u>\$ 15,123,968</u>	<u>\$ 14,212,220</u>

	24.89%	23.44%	24.27%
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	2.75%	3.71%	3.31%
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**OTHER SUPPLEMENTARY INFORMATION**



## CITY OF BOERNE, TEXAS

### NONMAJOR GOVERNMENTAL FUNDS

#### SPECIAL REVENUE FUNDS

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

*Hotel-Motel Fund* – This fund is used to account for proceeds of the City’s hotel-motel lodging tax revenues that are restricted or committed to the promotion of tourism and the hotel-motel industry within the City’s boundaries.

*Park Fund* – This fund is used to account for proceeds of specific parks revenue sources that are intended to be spent for maintenance of the City’s parks and recreation programs.

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

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

*Boerne Public Facility Corporation* – This fund is used to account for the activity of the Boerne Public Facility Corporation (BPFC), a blended component unit of the City. The BPFC is a nonprofit public corporation organized exclusively for the purpose of assisting the City in financing, refinancing, or providing public facilities within the City.

#### PERMANENT FUNDS

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

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

**CITY OF BOERNE, TEXAS**  
**COMBINING BALANCE SHEET –**  
**NONMAJOR GOVERNMENTAL FUNDS**

**September 30, 2024**

	SPECIAL REVENUE FUNDS				BLENDED COMPONENT UNIT
	HOTEL/ MOTEL FUND	PARK FUND	LIBRARY FUND	ECONOMIC DEVELOPMENT FUND	BOERNE PUBLIC FACILITY CORPORATION
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 2,286,260	\$ 935,622	\$ 1,534,403	\$ -
Receivables, net	24,789	65,689	26,088	-	-
Restricted cash and cash equivalents	<u>598,201</u>	<u>763,360</u>	<u>-</u>	<u>-</u>	<u>3,105,392</u>
Total assets	<u>\$ 622,990</u>	<u>\$ 3,115,309</u>	<u>\$ 961,710</u>	<u>\$ 1,534,403</u>	<u>\$ 3,105,392</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 7,301	\$ 75,913	\$ 10,751	\$ 58,113	\$ -
Other payables	<u>-</u>	<u>58,955</u>	<u>164</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>7,301</u>	<u>134,868</u>	<u>10,915</u>	<u>58,113</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	-	46,156	26,088	-	-
Lease related	<u>-</u>	<u>5,693</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>51,849</u>	<u>26,088</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	615,689	763,361	-	-	3,105,392
Assigned	<u>-</u>	<u>2,165,231</u>	<u>924,707</u>	<u>1,476,290</u>	<u>-</u>
Total fund balances	<u>615,689</u>	<u>2,928,592</u>	<u>924,707</u>	<u>1,476,290</u>	<u>3,105,392</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 622,990</u>	<u>\$ 3,115,309</u>	<u>\$ 961,710</u>	<u>\$ 1,534,403</u>	<u>\$ 3,105,392</u>

<u>PERMANENT</u>	
CEMETERY FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 866,073	\$ 5,622,358
-	116,566
<u>1,427,643</u>	<u>5,894,596</u>
<u>\$ 2,293,716</u>	<u>\$ 11,633,520</u>
\$ 100	\$ 152,178
-	59,119
<u>100</u>	<u>211,297</u>
-	72,244
-	<u>5,693</u>
<u>-</u>	<u>77,937</u>
865,973	865,973
1,427,643	5,912,085
-	<u>4,566,228</u>
<u>2,293,616</u>	<u>11,344,286</u>
<u>\$ 2,293,716</u>	<u>\$ 11,633,520</u>

**CITY OF BOERNE, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**

**For the fiscal year ended September 30, 2024**

	SPECIAL REVENUE FUNDS				BLENDDED COMPONENT UNIT
	HOTEL/ MOTEL FUND	PARK FUND	LIBRARY FUND	ECONOMIC DEVELOPMENT FUND	BOERNE PUBLIC FACILITY CORPORATION
<b>REVENUES</b>					
Ad valorem taxes	\$ -	\$ 2,731,776	\$ 1,544,047	\$ -	\$ -
Hotel/motel tax	1,125,303	-	-	-	-
Charges for services	-	850,339	31,254	-	-
Grants	-	-	38,917	-	-
Contributions and donations	-	47,500	352,618	-	-
Contract revenue	-	-	-	-	2,385,489
Miscellaneous	-	3,994	10,315	-	-
Investment earnings	411	310,376	44,994	101,095	-
Total revenues	<u>1,125,714</u>	<u>3,943,985</u>	<u>2,022,145</u>	<u>101,095</u>	<u>2,385,489</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	-	-	-	-	-
Economic development	774,920	-	-	1,703,312	-
Culture and recreation	-	3,104,084	1,959,816	-	-
Debt service:					
Principal retirement	2,150	90,519	36,160	-	-
Interest	7	6,722	1,531	-	-
Capital outlay	-	404,142	45,943	-	-
Total expenditures	<u>777,077</u>	<u>3,605,467</u>	<u>2,043,450</u>	<u>1,703,312</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>348,637</u>	<u>338,518</u>	<u>(21,305)</u>	<u>(1,602,217)</u>	<u>2,385,489</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	181,451	89,229	1,050,000	-
Transfers out	(295,000)	(3,575,303)	(61,467)	-	-
Sale of capital assets	-	25,272	-	-	-
Lease/subscription proceeds	-	296,608	35,876	-	-
Total other financing sources (uses)	<u>(295,000)</u>	<u>(3,071,972)</u>	<u>63,638</u>	<u>1,050,000</u>	<u>-</u>
Net change in fund balances	<u>53,637</u>	<u>(2,733,454)</u>	<u>42,333</u>	<u>(552,217)</u>	<u>2,385,489</u>
Fund balances - beginning	<u>562,052</u>	<u>5,662,046</u>	<u>882,374</u>	<u>2,028,507</u>	<u>719,903</u>
Fund balances - ending	<u>\$ 615,689</u>	<u>\$ 2,928,592</u>	<u>\$ 924,707</u>	<u>\$ 1,476,290</u>	<u>\$ 3,105,392</u>

<u>PERMANENT</u>	
CEMETERY	TOTAL
FUND	NONMAJOR
FUND	GOVERNMENTAL
FUND	FUNDS
\$ -	\$ 4,275,823
-	1,125,303
299,700	1,181,293
-	38,917
-	400,118
-	2,385,489
60,810	75,119
59,405	516,281
<u>419,915</u>	<u>9,998,343</u>
39,186	39,186
-	2,478,232
-	5,063,900
-	128,829
-	8,260
<u>62,545</u>	<u>512,630</u>
<u>101,731</u>	<u>8,231,037</u>
<u>318,184</u>	<u>1,767,306</u>
-	1,320,680
(55,000)	(3,986,770)
-	25,272
-	332,484
<u>(55,000)</u>	<u>(2,308,334)</u>
<u>263,184</u>	<u>(541,028)</u>
<u>2,030,432</u>	<u>11,885,314</u>
<u>\$ 2,293,616</u>	<u>\$ 11,344,286</u>

**CITY OF BOERNE, TEXAS**

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

**For the fiscal year ended September 30, 2024**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
<b>Revenues:</b>				
Ad valorem taxes	\$ 2,680,942	\$ 2,680,942	\$ 2,731,776	\$ 50,834
Charges for services	815,000	815,000	850,339	35,339
Miscellaneous	10,000	10,000	3,994	(6,006)
Contributions and donations	2,500	50,538	47,500	(3,038)
Investment earnings	75,000	75,000	310,376	235,376
Total revenues	3,583,442	3,631,480	3,943,985	312,505
<b>Expenditures:</b>				
<b>Current:</b>				
Culture and recreation	3,630,180	3,630,180	3,104,084	526,096
<b>Debt service:</b>				
Principal retirement	102,593	102,593	90,519	12,074
Interest	-	-	6,722	(6,722)
Capital outlay	217,120	265,158	404,142	(138,984)
Total expenditures	3,949,893	3,997,931	3,605,467	392,464
Excess (deficiency) of revenues over (under) expenditures	(366,451)	(366,451)	338,518	704,969
<b>Other financing sources (uses):</b>				
Transfers in	181,451	181,451	181,451	-
Transfers out	-	-	(3,575,303)	(3,575,303)
Sale of capital assets	-	-	25,272	25,272
Lease/subscription proceeds	-	-	296,608	296,608
Total other financing sources (uses)	181,451	181,451	(3,071,972)	(3,253,423)
Net change in fund balances	(185,000)	(185,000)	(2,733,454)	(2,548,454)
Fund balances - beginning	5,662,046	5,662,046	5,662,046	-
Fund balances - ending	\$ 5,477,046	\$ 5,477,046	\$ 2,928,592	\$ (2,548,454)

**CITY OF BOERNE, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
CAPITAL PROJECTS FUND**

**For the fiscal year ended September 30, 2024**

	Prior Years	Current Year	Total To Date
<b>Revenues:</b>			
Miscellaneous	\$ 131,760	\$ -	\$ 131,760
Investment earnings	<u>351,440</u>	<u>1,274,335</u>	<u>1,625,775</u>
<b>Total revenues</b>	<u><b>483,200</b></u>	<u><b>1,274,335</b></u>	<u><b>1,757,535</b></u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	2,217,558	-	2,217,558
Highway and streets	207,893	-	207,893
<b>Debt service</b>			
Bond issue cost	317,058	-	317,058
<b>Capital outlay:</b>			
Public safety	28,734	413,136	441,870
Highways and streets	4,230,619	1,427,852	5,658,471
Culture and recreation	<u>135,693</u>	<u>2,643,899</u>	<u>2,779,592</u>
<b>Total expenditures</b>	<u><b>7,137,555</b></u>	<u><b>4,484,887</b></u>	<u><b>11,622,442</b></u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(6,654,355)</b>	<b>(3,210,552)</b>	<b>(9,864,907)</b>
<b>Other financing sources (uses):</b>			
Transfers in	22,686,626	4,965,164	27,651,790
Bond proceeds	17,805,000	-	17,805,000
Bond premium	<u>512,058</u>	<u>-</u>	<u>512,058</u>
<b>Total other financing sources (uses)</b>	<u><b>41,003,684</b></u>	<u><b>4,965,164</b></u>	<u><b>45,968,848</b></u>
<b>Net change in fund balances</b>	<u><b>\$ 34,349,329</b></u>	<b>1,754,612</b>	<u><b>\$ 36,103,941</b></u>
<b>Fund balances - beginning</b>		<u><b>34,349,329</b></u>	
<b>Fund balances - ending</b>		<u><u><b>\$ 36,103,941</b></u></u>	

**CITY OF BOERNE, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL –  
HOTEL/MOTEL SPECIAL REVENUE FUND**

**For the fiscal year ended September 30, 2024**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
<b>Revenues:</b>				
Hotel/motel taxes	\$ 1,101,000	\$ 1,101,000	\$ 1,125,303	\$ 24,303
Investment earnings	<u>1,000</u>	<u>1,000</u>	<u>411</u>	<u>(589)</u>
Total revenues	<u>1,102,000</u>	<u>1,102,000</u>	<u>1,125,714</u>	<u>23,714</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Economic development	783,418	783,418	774,920	8,498
<b>Debt service:</b>				
Principal retirement	-	-	2,150	(2,150)
Interest	<u>-</u>	<u>-</u>	<u>7</u>	<u>(7)</u>
Total expenditures	<u>783,418</u>	<u>783,418</u>	<u>777,077</u>	<u>6,341</u>
Excess (deficiency) of revenues over (under) expenditures	318,582	318,582	348,637	30,055
<b>Other financing sources (uses):</b>				
Transfers out	<u>(318,582)</u>	<u>(318,582)</u>	<u>(295,000)</u>	<u>23,582</u>
Total other financing sources (uses)	<u>(318,582)</u>	<u>(318,582)</u>	<u>(295,000)</u>	<u>23,582</u>
Net change in fund balances	-	-	53,637	53,637
Fund balances - beginning	<u>562,052</u>	<u>562,052</u>	<u>562,052</u>	<u>-</u>
Fund balances - ending	<u>\$ 562,052</u>	<u>\$ 562,052</u>	<u>\$ 615,689</u>	<u>\$ 53,637</u>

**CITY OF BOERNE, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – LIBRARY SPECIAL REVENUE FUND**

**For the fiscal year ended September 30, 2024**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,515,315	\$ 1,515,315	\$ 1,544,047	\$ 28,732
Charges for services	24,000	24,000	31,254	7,254
Grants	-	-	38,917	38,917
Contributions and donations	356,000	356,000	352,618	(3,382)
Miscellaneous	5,650	5,650	10,315	4,665
Investment earnings	<u>20,250</u>	<u>20,250</u>	<u>44,994</u>	<u>24,744</u>
Total revenues	<u>1,921,215</u>	<u>1,921,215</u>	<u>2,022,145</u>	<u>100,930</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Culture and recreation	1,939,278	1,939,278	1,959,816	(20,538)
<b>Debt service:</b>				
Principal retirement	-	-	36,160	(36,160)
Interest	-	-	1,531	(1,531)
Capital outlay:	<u>71,166</u>	<u>71,166</u>	<u>45,943</u>	<u>25,223</u>
Total expenditures	<u>2,010,444</u>	<u>2,010,444</u>	<u>2,043,450</u>	<u>(33,006)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(89,229)</u>	<u>(89,229)</u>	<u>(21,305)</u>	<u>67,924</u>
<b>Other financing sources (uses):</b>				
Transfers in	89,229	89,229	89,229	-
Transfers out	-	-	(61,467)	(61,467)
Leases	<u>-</u>	<u>-</u>	<u>35,876</u>	<u>35,876</u>
Total other financing sources (uses)	<u>89,229</u>	<u>89,229</u>	<u>63,638</u>	<u>(25,591)</u>
Net change in fund balances	-	-	42,333	42,333
Fund balances - beginning	<u>882,374</u>	<u>882,374</u>	<u>882,374</u>	<u>-</u>
Fund balances - ending	<u>\$ 882,374</u>	<u>\$ 882,374</u>	<u>\$ 924,707</u>	<u>\$ 42,333</u>

**CITY OF BOERNE, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL –  
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND**

**For the fiscal year ended September 30, 2024**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
<b>Revenues:</b>				
Investment earnings	\$ 47,025	\$ 47,025	\$ 101,095	\$ 54,070
Total revenues	47,025	47,025	101,095	54,070
<b>Expenditures:</b>				
Current:				
Economic development	2,177,573	2,177,573	1,703,312	474,261
Total expenditures	2,177,573	2,177,573	1,703,312	474,261
Excess (deficiency) of revenues over (under) expenditures	(2,130,548)	(2,130,548)	(1,602,217)	528,331
<b>Other financing sources (uses):</b>				
Transfers in	1,050,000	1,050,000	1,050,000	-
Total other financing sources (uses)	1,050,000	1,050,000	1,050,000	-
Net change in fund balances	(1,080,548)	(1,080,548)	(552,217)	528,331
Fund balances - beginning	2,028,507	2,028,507	2,028,507	-
Fund balances - ending	\$ 947,959	\$ 947,959	\$ 1,476,290	\$ 528,331

**CITY OF BOERNE, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – CEMETERY PERMANENT FUND**

**For the fiscal year ended September 30, 2024**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
Revenues:				
Charges for services	\$ 135,000	\$ 135,000	\$ 299,700	\$ 164,700
Investment earnings	30,200	30,200	59,405	29,205
Miscellaneous	<u>23,500</u>	<u>23,500</u>	<u>60,810</u>	<u>37,310</u>
Total revenues	<u>188,700</u>	<u>188,700</u>	<u>419,915</u>	<u>231,215</u>
 Expenditures:				
Current:				
Public safety	46,061	46,061	39,186	6,875
Capital outlay	<u>67,000</u>	<u>67,000</u>	<u>62,545</u>	<u>4,455</u>
Total expenditures	<u>113,061</u>	<u>113,061</u>	<u>101,731</u>	<u>11,330</u>
 Excess (deficiency) of revenues over (under) expenditures	75,639	75,639	318,184	242,545
 Other financing sources (uses):				
Transfers out	<u>(75,639)</u>	<u>(75,639)</u>	<u>(55,000)</u>	<u>20,639</u>
Total other financing sources (uses)	<u>(75,639)</u>	<u>(75,639)</u>	<u>(55,000)</u>	<u>20,639</u>
 Net change in fund balances	-	-	263,184	263,184
 Fund balances - beginning	<u>2,030,432</u>	<u>2,030,432</u>	<u>2,030,432</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,030,432</u>	<u>\$ 2,030,432</u>	<u>\$ 2,293,616</u>	<u>\$ 263,184</u>



**CITY OF BOERNE, TEXAS**

**NONMAJOR ENTERPRISE FUNDS**

**PROPRIETARY FUNDS**

Proprietary funds charge customers directly for certain services provided.

*Solid Waste Fund* – This fund accounts for the activities necessary to provide solid waste collection services to the residents of the City within the City’s service territory through the City’s outsourced provider. These activities include administrative services and billing and collections.

*Stormwater Fund* – This fund accounts for the activities necessary to provide stormwater collection services to the residents of the City. These activities include administrative services, billing and collections, system operation and maintenance, new construction, and financing and related debt services.

**CITY OF BOERNE, TEXAS**

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS**

**September 30, 2024**

	Business-Type Activities Enterprise Funds		Total Nonmajor Enterprise Funds
	Stormwater	Solid Waste	
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 7,670,172	\$ 774,206	\$ 8,444,378
Receivables, net	<u>81,546</u>	<u>200,193</u>	<u>281,739</u>
Total current assets	<u>7,751,718</u>	<u>974,399</u>	<u>8,726,117</u>
<b>Noncurrent assets:</b>			
Non-depreciable capital assets	1,356,287	-	1,356,287
Other capital assets, net	<u>-</u>	<u>371</u>	<u>371</u>
Total noncurrent assets	<u>1,356,287</u>	<u>371</u>	<u>1,356,658</u>
Total assets	<u>9,108,005</u>	<u>974,770</u>	<u>10,082,775</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	22,091	125,396	147,487
Other payables	-	15,181	15,181
Current portion of lease liabilities	<u>-</u>	<u>152</u>	<u>152</u>
Total current liabilities	22,091	140,729	162,820
<b>Noncurrent liabilities:</b>			
Lease liabilities	<u>-</u>	<u>191</u>	<u>191</u>
Total noncurrent liabilities	<u>-</u>	<u>191</u>	<u>191</u>
Total liabilities	22,091	140,920	163,011
<b>Net position</b>			
Net investment in capital assets	1,356,287	28	1,356,315
Unrestricted	<u>7,729,627</u>	<u>833,822</u>	<u>8,563,449</u>
Total net position	<u>\$ 9,085,914</u>	<u>\$ 833,850</u>	<u>\$ 9,919,764</u>

**CITY OF BOERNE, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS**

**For the fiscal year ended September 30, 2024**

	Business-Type Activities Enterprise Funds		Total Nonmajor Enterprise Funds
	Stormwater	Solid Waste	Funds
Operating revenues			
Charges for sales and services	\$ 637,378	\$ 1,408,018	\$ 2,045,396
Penalties	-	9,948	9,948
Total operating revenues	637,378	1,417,966	2,055,344
Operating expenses			
City franchise tax	-	1,267,020	1,267,020
Administration	151,834	199,732	351,566
Depreciation and amortization	-	151	151
Total operating expenses	151,834	1,466,903	1,618,737
Operating income (loss)	485,544	(48,937)	436,607
Nonoperating revenues (expenses)			
Investment earnings	268,110	40,391	308,501
Interest expense	-	(3)	(3)
Total nonoperating revenues (expenses)	268,110	40,388	308,498
Income (loss) before contributions and transfers	753,654	(8,549)	745,105
Transfers in	2,000,000	-	2,000,000
Change in net position	2,753,654	(8,549)	2,745,105
Net position			
Beginning of year	6,332,260	842,399	7,174,659
End of year	\$ 9,085,914	\$ 833,850	\$ 9,919,764

**CITY OF BOERNE, TEXAS**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS**

**For the fiscal year ended September 30, 2024**

	Business-Type Activities Enterprise Funds		Total Nonmajor Enterprise Funds
	Solid Waste	Stormwater	
Cash flows from operating activities			
Cash receipts from customers	\$ 1,418,334	\$ 634,373	\$ 2,052,707
Payments to suppliers	(1,583,847)	(194,027)	(1,777,874)
Payments to employees	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>(165,513)</u>	<u>440,346</u>	<u>274,833</u>
Cash flows from noncapital financing activities			
Transfers in/out	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>
Net cash provided (used) by noncapital financing activities	-	2,000,000	2,000,000
Cash flows from noncapital and related financing activities			
Acquisition of capital assets	-	(315,844)	(315,844)
Lease purchase agreements	-	-	-
Lease liabilities - principal	(150)	-	(150)
Lease liabilities - interest and fiscal charges	<u>(3)</u>	<u>-</u>	<u>(3)</u>
Net cash provided (used) by noncapital financing activities	(153)	(315,844)	(315,997)
Cash flows from investing activities			
Interest earned	<u>40,391</u>	<u>268,110</u>	<u>308,501</u>
Net cash provided (used) by investing activities	40,391	268,110	308,501
Net increase (decrease) in cash and cash equivalents	(125,275)	2,392,612	2,267,337
Cash and cash equivalents			
Beginning of year	<u>899,481</u>	<u>5,277,560</u>	<u>6,177,041</u>
End of year	<u>\$ 774,206</u>	<u>\$ 7,670,172</u>	<u>\$ 8,444,378</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (48,937)	\$ 485,544	\$ 436,607
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	151	-	151
Changes in assets, liabilities, and deferred inflows/outflows of resources			
Accounts payable	(117,095)	(42,193)	(159,288)
Receivables	<u>368</u>	<u>(3,005)</u>	<u>(2,637)</u>
Net cash provided (used) by operating activities	<u>\$ (165,513)</u>	<u>\$ 440,346</u>	<u>\$ 274,833</u>

## **STATISTICAL SECTION**



# CITY OF BOERNE, TEXAS

## STATISTICAL SECTION

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

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

<i>Net Position by Component</i>	130-131
<i>Changes in Net Position</i>	132-135
<i>Fund Balances of Governmental Funds</i>	136-137
<i>Changes in Fund Balances of Governmental Funds</i>	138-139
<i>Tax Revenues by Source – Governmental Funds</i>	140

**Revenue Capacity Schedules** – These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes, as well as proprietary revenues for the City's major utilities.

<i>Assessed Value and Estimated Actual Value of Property</i>	141
<i>Direct and Overlapping Property Tax Rates</i>	142
<i>Principal Property Taxpayers</i>	143
<i>Property Tax Levies and Collections</i>	144
<i>Principal Utility Customers</i>	145
<i>Connections and Revenues by Utility</i>	146

**Debt Capacity Schedules** - 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.

<i>Ratios of Outstanding Debt by Type</i>	147
<i>Ratios of General Bonded Debt Outstanding</i>	148
<i>Direct and Overlapping Governmental Activities Debt</i>	149
<i>Legal Debt Margin</i>	150-151
<i>Pledged Revenue Coverage</i>	152-153

**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 and to help make comparisons over time and with other governments.

<i>Demographic and Economic Statistics</i>	154
<i>Principal Employers</i>	155

**Operating Information** – These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

<i>Full-Time Equivalent Positions by Function</i>	156
<i>Operating Indicators by Function</i>	158-159
<i>Capital Asset Statistics by Function</i>	160

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

**CITY OF BOERNE, TEXAS**

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 21,692,143	\$ 22,983,923	\$ 27,421,550	\$ 34,104,242
Restricted	2,139,963	1,955,074	2,153,641	2,267,544
Unrestricted	<u>887,348</u>	<u>1,929,643</u>	<u>3,059,335</u>	<u>2,852,356</u>
Total governmental activities net position	<u>\$ 24,719,454</u>	<u>\$ 26,868,640</u>	<u>\$ 32,634,526</u>	<u>\$ 39,224,142</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 28,462,491	\$ 34,595,282	\$ 40,775,084	\$ 45,009,644
Restricted	7,518,901	8,492,021	9,900,336	11,523,353
Unrestricted	<u>16,259,453</u>	<u>17,665,505</u>	<u>20,090,983</u>	<u>21,878,763</u>
Total business-type activities net position	<u>\$ 52,240,845</u>	<u>\$ 60,752,808</u>	<u>\$ 70,766,403</u>	<u>\$ 78,411,760</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 50,154,634	\$ 57,579,205	\$ 68,196,634	\$ 79,113,886
Restricted	9,658,864	10,447,095	12,053,977	13,790,897
Unrestricted	<u>17,146,801</u>	<u>19,595,148</u>	<u>23,150,318</u>	<u>24,731,119</u>
Total primary government net position	<u>\$ 76,960,299</u>	<u>\$ 87,621,448</u>	<u>\$ 103,400,929</u>	<u>\$ 117,635,902</u>

TABLE 1

2019	2020	2021	2022	2023	2024
\$ 39,484,568	\$ 41,258,458	\$ 41,214,772	\$ 45,659,140	\$ 49,557,666	\$ 57,329,005
1,985,683	1,894,842	2,115,222	3,610,795	9,774,696	10,339,905
<u>3,794,538</u>	<u>6,207,028</u>	<u>10,979,668</u>	<u>14,705,942</u>	<u>19,027,936</u>	<u>26,327,221</u>
<u>\$ 45,264,789</u>	<u>\$ 49,360,328</u>	<u>\$ 54,309,662</u>	<u>\$ 63,975,877</u>	<u>\$ 78,360,298</u>	<u>\$ 93,996,131</u>
\$ 50,259,285	\$ 50,703,357	\$ 51,525,350	\$ 66,324,567	\$ 64,878,785	\$ 79,467,816
11,632,026	11,656,916	14,348,870	15,956,484	17,211,153	17,735,464
<u>28,615,412</u>	<u>31,947,479</u>	<u>36,491,504</u>	<u>43,032,521</u>	<u>49,064,692</u>	<u>59,071,420</u>
<u>\$ 90,506,723</u>	<u>\$ 94,307,752</u>	<u>\$ 102,365,724</u>	<u>\$ 125,313,572</u>	<u>\$ 131,154,630</u>	<u>\$ 156,274,700</u>
\$ 89,743,853	\$ 91,961,815	\$ 92,740,122	\$ 111,983,707	\$ 114,436,451	\$ 136,796,821
13,617,709	13,551,758	16,464,092	19,567,279	26,985,849	28,075,369
<u>32,409,950</u>	<u>38,154,507</u>	<u>47,471,172</u>	<u>57,738,463</u>	<u>68,092,628</u>	<u>85,398,641</u>
<u>\$ 135,771,512</u>	<u>\$ 143,668,080</u>	<u>\$ 156,675,386</u>	<u>\$ 189,289,449</u>	<u>\$ 209,514,928</u>	<u>\$ 250,270,831</u>

**CITY OF BOERNE, TEXAS**

**CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS**

	2015	2016	2017	2018
<b>Expenses</b>				
<b>Governmental activities</b>				
General government	\$ 4,621,744	\$ 4,139,228	\$ 4,066,160	\$ 3,819,815
Public safety	9,300,269	10,252,055	10,460,090	10,324,538
Highway and streets	2,452,071	2,794,067	2,595,872	3,329,625
Economic development	915,793	1,025,169	751,422	732,029
Culture and recreation	3,470,167	3,939,720	3,872,533	4,062,629
Interest on long-term debt	805,586	699,457	748,770	1,178,804
Total governmental activities	<u>21,565,630</u>	<u>22,849,696</u>	<u>22,494,847</u>	<u>23,447,440</u>
<b>Business-type activities</b>				
Electric	14,422,455	13,762,430	14,748,981	13,781,471
Water	4,680,585	4,962,987	5,231,602	5,868,934
Wastewater	6,496,625	6,763,885	7,001,087	7,441,029
Gas	1,925,674	1,934,105	2,131,493	2,487,475
Solid waste	700,442	698,642	765,914	803,815
Stormwater	-	-	-	-
Total business-type activities	<u>28,225,781</u>	<u>28,122,049</u>	<u>29,879,077</u>	<u>30,382,724</u>
Total primary government expenses	<u>49,791,411</u>	<u>50,971,745</u>	<u>52,373,924</u>	<u>53,830,164</u>
<b>Program revenues</b>				
<b>Governmental activities</b>				
Charges for service:				
General government	67,004	21,505	45,468	375,423
Public safety	2,366,888	2,906,752	3,220,636	3,187,726
Highway and streets	88	450	3,726	49,524
Economic development	-	-	-	-
Culture and recreation	570,145	679,724	739,810	781,583
Total charges for services	3,004,125	3,608,431	4,009,640	4,394,256
Operating grants and contributions	677,415	828,004	948,921	1,028,192
Capital grants and contributions	2,096,374	1,854,325	5,792,264	7,144,323
Total governmental activities program revenues	<u>5,777,914</u>	<u>6,290,760</u>	<u>10,750,825</u>	<u>12,566,771</u>
<b>Business-type activities:</b>				
Charges for service:				
Electric	17,248,469	15,752,733	16,278,423	17,298,397
Water	4,645,301	5,109,931	5,453,144	5,871,244
Wastewater	4,030,775	4,223,193	4,434,700	4,704,658
Gas	1,995,865	1,834,219	1,974,451	2,400,814
Solid waste	700,792	780,116	826,175	888,628
Stormwater	-	-	-	-
Total charges for services	28,621,202	27,700,192	28,966,893	31,163,741
Operating grants and contributions	57,365	25,952	35,829	5,000
Capital grants and contributions	4,653,095	10,390,016	11,612,611	8,701,870
Total business-type activities program revenues	<u>33,331,662</u>	<u>38,116,160</u>	<u>40,615,333</u>	<u>39,870,611</u>
Total primary government program revenues	<u>39,109,576</u>	<u>44,406,920</u>	<u>51,366,158</u>	<u>52,437,382</u>

TABLE 2

	2019	2020	2021	2022	2023	2024
\$	5,196,910	\$ 6,459,119	\$ 6,338,343	\$ 6,706,056	\$ 9,612,661	\$ 9,078,460
	11,416,777	11,863,284	11,789,354	12,453,125	13,738,764	15,577,327
	3,814,779	3,884,976	4,021,755	4,476,566	5,425,718	5,824,692
	819,239	1,307,105	857,597	1,086,012	1,344,552	2,523,471
	4,595,613	4,534,013	4,674,240	5,087,280	6,580,381	7,212,610
	1,073,959	1,026,511	1,039,565	1,074,130	1,240,309	1,648,850
	<u>26,917,277</u>	<u>29,075,008</u>	<u>28,720,854</u>	<u>30,883,169</u>	<u>37,942,385</u>	<u>41,865,410</u>
	13,718,766	13,956,777	14,141,570	13,465,955	15,113,513	16,912,865
	6,522,913	6,873,574	7,429,111	8,042,811	8,114,157	9,216,647
	7,547,160	7,892,719	8,529,651	8,774,835	9,715,037	9,924,255
	2,774,933	2,665,897	3,146,598	4,354,303	4,777,064	4,177,269
	855,222	930,228	1,036,328	1,120,874	1,404,384	1,466,906
	-	-	150	15,537	51,911	151,834
	<u>31,418,994</u>	<u>32,319,195</u>	<u>34,283,408</u>	<u>35,774,315</u>	<u>39,176,066</u>	<u>41,849,776</u>
	<u>58,336,271</u>	<u>61,394,203</u>	<u>63,004,262</u>	<u>66,657,484</u>	<u>77,118,451</u>	<u>83,715,186</u>
	465,939	90,498	24,061	739,173	1,767,739	2,017,744
	3,597,210	3,596,418	4,074,841	3,637,914	6,194,898	8,319,499
	5,722	-	-	-	-	-
	-	-	-	-	-	2,385,489
	<u>734,275</u>	<u>558,539</u>	<u>671,375</u>	<u>973,693</u>	<u>4,846,884</u>	<u>1,967,241</u>
	4,803,146	4,245,455	4,770,277	5,350,780	12,809,521	14,689,973
	1,084,571	1,920,520	974,183	5,677,645	413,589	458,948
	<u>4,527,738</u>	<u>3,316,197</u>	<u>1,909,485</u>	<u>5,520,721</u>	<u>3,196,975</u>	<u>2,794,506</u>
	<u>10,415,455</u>	<u>9,482,172</u>	<u>7,653,945</u>	<u>16,549,146</u>	<u>16,420,085</u>	<u>17,943,427</u>
	16,545,295	15,158,611	16,921,679	18,493,259	19,956,225	22,080,744
	6,766,786	6,811,700	8,831,904	9,369,373	8,947,201	8,964,973
	5,083,504	5,420,652	8,977,822	8,773,874	8,724,535	7,819,978
	3,001,284	2,701,672	2,971,794	4,394,173	4,870,155	4,970,429
	959,154	1,014,108	1,116,862	1,294,476	1,385,171	1,417,966
	-	-	481,030	609,082	626,691	637,378
	<u>32,356,023</u>	<u>31,106,743</u>	<u>39,301,091</u>	<u>42,934,237</u>	<u>44,509,978</u>	<u>45,891,468</u>
	-	-	-	-	-	-
	<u>12,135,613</u>	<u>5,973,143</u>	<u>4,374,051</u>	<u>12,997,889</u>	-	<u>17,107,688</u>
	<u>44,491,636</u>	<u>37,079,886</u>	<u>43,675,142</u>	<u>55,932,126</u>	<u>44,509,978</u>	<u>62,999,156</u>
	<u>54,907,091</u>	<u>46,562,058</u>	<u>51,329,087</u>	<u>72,481,272</u>	<u>60,930,063</u>	<u>80,942,583</u>

(continued)

**CITY OF BOERNE, TEXAS**

**CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net (expense) revenues				
Governmental activities	\$ (15,787,716)	\$ (14,104,415)	\$ (11,744,022)	\$ (10,880,669)
Business-type activities	<u>5,105,881</u>	<u>9,994,111</u>	<u>10,736,256</u>	<u>9,487,887</u>
Total primary government net expenses	<u>(10,681,835)</u>	<u>(4,110,304)</u>	<u>(1,007,766)</u>	<u>(1,392,782)</u>
Governmental revenues and other				
Changes in net position				
Governmental activities				
Taxes				
Property taxes	6,279,784	6,716,220	6,408,676	6,801,767
Sales taxes	5,841,658	6,657,261	6,628,822	7,021,498
Other taxes	553,729	546,239	597,974	635,895
Franchise fees	2,568,986	2,454,521	2,539,941	2,764,266
Investment earnings	34,758	83,538	86,679	130,876
Miscellaneous	399,398	593,071	295,240	287,492
Gain on sale of assets	33,789	35,704	-	499,483
Transfers	<u>2,610,209</u>	<u>1,621,568</u>	<u>963,719</u>	<u>1,209,552</u>
Total governmental activities	<u>18,322,311</u>	<u>18,708,122</u>	<u>17,521,051</u>	<u>19,350,829</u>
Business-type activities				
Investment earnings	97,999	139,417	228,733	510,142
Miscellaneous	-	-	12,325	-
Gains on sale of assets	18,526	3	-	-
Transfers	<u>(2,610,209)</u>	<u>(1,621,568)</u>	<u>(963,719)</u>	<u>(1,209,552)</u>
Total business-type activities	<u>(2,493,684)</u>	<u>(1,482,148)</u>	<u>(722,661)</u>	<u>(699,410)</u>
Total primary government	<u>15,828,627</u>	<u>17,225,974</u>	<u>16,798,390</u>	<u>18,651,419</u>
Changes in net position				
Governmental activities	2,534,595	2,149,186	5,765,886	8,470,160
Business-type activities	<u>2,612,197</u>	<u>8,511,963</u>	<u>10,013,595</u>	<u>8,788,477</u>
Total primary government	<u>\$ 5,146,792</u>	<u>\$ 10,661,149</u>	<u>\$ 15,779,481</u>	<u>\$ 17,258,637</u>

TABLE 2

2019	2020	2021	2022	2023	2024
\$ (16,501,822)	\$ (19,592,836)	\$ (21,066,909)	\$ (14,334,023)	\$ (21,522,300)	\$ (23,921,983)
<u>13,072,642</u>	<u>4,760,691</u>	<u>9,391,734</u>	<u>20,157,811</u>	<u>5,333,912</u>	<u>21,149,380</u>
<u>(3,429,180)</u>	<u>(14,832,145)</u>	<u>(11,675,175)</u>	<u>5,823,788</u>	<u>(16,188,388)</u>	<u>(2,772,603)</u>
8,401,600	9,387,036	10,078,721	10,907,162	13,150,643	16,012,901
7,912,673	8,432,288	9,577,288	10,119,996	11,531,095	12,369,640
687,407	612,466	925,792	1,123,631	1,163,602	1,249,393
2,765,491	2,599,006	2,768,083	3,136,495	3,311,807	3,351,029
342,561	229,749	79,660	151,568	2,123,308	3,767,993
423,401	805,946	1,093,418	916,021	573,746	358,674
31,265	18,389	3,689	85,285	1,941,031	2,619,115
<u>1,978,071</u>	<u>1,603,495</u>	<u>1,657,043</u>	<u>(2,439,920)</u>	<u>2,111,489</u>	<u>(170,929)</u>
<u>22,542,469</u>	<u>23,688,375</u>	<u>26,183,694</u>	<u>24,000,238</u>	<u>35,906,721</u>	<u>39,557,816</u>
994,187	635,431	142,297	326,367	2,618,635	3,778,844
-	-	13,533	-	-	-
6,205	8,402	-	23,750	-	20,917
<u>(1,978,071)</u>	<u>(1,603,495)</u>	<u>(1,657,043)</u>	<u>2,439,920</u>	<u>(2,111,489)</u>	<u>170,929</u>
<u>(977,679)</u>	<u>(959,662)</u>	<u>(1,501,213)</u>	<u>2,790,037</u>	<u>507,146</u>	<u>3,970,690</u>
<u>21,564,790</u>	<u>22,728,713</u>	<u>24,682,481</u>	<u>26,790,275</u>	<u>36,413,867</u>	<u>43,528,506</u>
6,040,647	4,095,539	5,116,785	9,666,215	14,384,421	15,635,833
<u>12,094,963</u>	<u>3,801,029</u>	<u>7,890,521</u>	<u>22,947,848</u>	<u>5,841,058</u>	<u>25,120,070</u>
<u>\$ 18,135,610</u>	<u>\$ 7,896,568</u>	<u>\$ 13,007,306</u>	<u>\$ 32,614,063</u>	<u>\$ 20,225,479</u>	<u>\$ 40,755,903</u>

**CITY BOERNE, TEXAS**

**FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified accrual basis of accounting)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund				
Restricted	\$ 215,226	\$ 232,981	\$ 276,162	\$ 280,945
Nonspendable	4,578	-	-	1,874
Assigned	-	-	-	-
Unassigned	<u>7,651,822</u>	<u>9,509,466</u>	<u>10,503,769</u>	<u>10,983,135</u>
Total general fund	<u>\$ 7,871,626</u>	<u>\$ 9,742,447</u>	<u>\$ 10,779,931</u>	<u>\$ 11,265,954</u>
All other governmental funds				
Restricted	\$ 1,491,782	\$ 1,374,357	\$ 22,636,406	\$ 19,875,913
Nonspendable	1,817,953	1,937,815	2,908,115	4,323,576
Assigned	<u>767,678</u>	<u>665,999</u>	<u>700,792</u>	<u>744,523</u>
Total all other governmental funds	<u>\$ 4,077,413</u>	<u>\$ 3,978,171</u>	<u>\$ 26,245,313</u>	<u>\$ 24,944,012</u>

TABLE 3

2019	2020	2021	2022	2023	2024
\$ 132,968	\$ 149,809	\$ 203,101	\$ 412,982	\$ 305,906	\$ 3,148,308
1,800	1,500	25,000	3,425	322,790	20,948
-	-	-	13,417,911	15,190,742	19,152,560
<u>12,214,014</u>	<u>14,246,963</u>	<u>15,865,075</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 12,348,782</u>	<u>\$ 14,398,272</u>	<u>\$ 16,093,176</u>	<u>\$ 13,834,318</u>	<u>\$ 15,819,438</u>	<u>\$ 22,321,816</u>
\$ 6,836,394	\$ 952,225	\$ 1,151,125	\$ 3,197,813	\$ 24,756,099	\$ 25,051,569
5,235,201	6,176,676	9,318,678	15,645,308	21,651,949	865,973
<u>791,598</u>	<u>849,058</u>	<u>899,677</u>	<u>735,188</u>	<u>775,186</u>	<u>22,810,198</u>
<u>\$ 12,863,193</u>	<u>\$ 7,977,959</u>	<u>\$ 11,369,480</u>	<u>\$ 19,578,309</u>	<u>\$ 47,183,234</u>	<u>\$ 48,727,740</u>

**CITY OF BOERNE, TEXAS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified accrual basis of accounting)**

	2015	2016	2017	2018
<b>Revenues:</b>				
Ad valorem taxes	\$ 6,263,241	\$ 6,654,315	\$ 6,397,290	\$ 6,806,247
Sales tax	5,876,279	7,143,387	6,628,822	7,021,498
Hotel-Motel tax	553,729	546,239	597,974	635,895
Library, parks and swimming revenues	669,848	824,119	866,220	942,108
Franchise fees	2,568,986	2,454,521	2,539,941	2,764,266
Licenses and permits	698,757	940,051	1,071,546	1,139,600
Fines	238,562	367,768	346,143	286,082
Rents	66,376	15,331	-	-
Grants	149,877	158,083	26,665	1,501,976
Contributions and donations	2,405,192	2,314,010	2,582,588	2,565,044
Contract revenue	-	-	-	-
Miscellaneous	422,679	614,534	353,837	311,812
Interest earned	38,772	101,706	163,263	616,238
<b>Total revenues</b>	<u>19,952,298</u>	<u>22,134,064</u>	<u>21,574,289</u>	<u>24,590,766</u>
<b>Expenditures:</b>				
General government	2,630,721	2,935,432	3,354,343	3,597,506
Public safety	8,035,246	8,824,004	8,487,808	8,969,673
Highway and streets	1,286,420	1,471,268	1,524,170	1,506,474
Economic development and assistance	904,553	1,003,922	738,176	711,281
Culture and recreation	2,709,127	3,069,393	2,872,098	3,152,650
Capital outlay	4,716,638	2,472,434	2,129,027	6,046,830
Debt service:				
Principal	1,270,000	1,385,000	1,435,000	2,050,000
Interest and fees	824,765	712,727	707,684	1,189,760
Bond issuance costs	213,022	119,965	296,557	-
<b>Total expenditures</b>	<u>22,590,492</u>	<u>21,994,145</u>	<u>21,544,863</u>	<u>27,224,174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,638,194)</u>	<u>139,919</u>	<u>29,426</u>	<u>(2,633,408)</u>
<b>Other financing sources (uses):</b>				
Issuance and refunding of bonds/notes-net	(37,751)	(34,825)	22,298,943	-
Leases	-	-	-	-
Lease/subscription proceeds	-	-	-	-
Transfers from other funds	3,688,578	2,106,052	2,119,801	4,014,148
Transfers to other funds	(1,078,369)	(484,484)	(484,484)	(2,804,596)
Sale of capital assets	55,346	44,917	12,538	608,578
<b>Total other financing sources (uses)</b>	<u>2,627,804</u>	<u>1,631,660</u>	<u>23,946,798</u>	<u>1,818,130</u>
Net change in fund balances	<u>\$ (10,390)</u>	<u>\$ 1,771,579</u>	<u>\$ 23,976,224</u>	<u>\$ (815,278)</u>
Debt service as a percentage of noncapital expenditures	11.72%	10.75%	11.04%	15.30%

TABLE 4

	2019	2020	2021	2022	2023	2024
\$	8,429,725	\$ 9,400,512	\$ 10,073,144	\$ 10,944,323	\$ 13,067,122	\$ 15,913,690
	7,912,673	8,432,288	9,577,288	10,119,996	11,531,095	12,369,640
	687,407	612,466	925,792	1,017,376	1,049,976	1,125,303
	794,255	642,402	958,856	1,277,172	4,600,537	1,181,293
	2,765,491	2,599,006	2,768,083	3,136,495	3,311,807	3,351,029
	1,278,906	1,152,585	1,606,570	1,776,284	1,773,034	2,816,594
	301,768	216,500	194,532	253,069	243,158	322,846
	-	-	-	-	-	-
	119,566	1,013,027	33,921	4,546,204	56,427	126,501
	2,917,277	3,044,044	2,929,777	3,284,859	3,906,141	4,517,290
	-	-	-	-	-	2,385,489
	436,027	887,924	1,093,420	916,021	3,331,099	4,281,671
	915,277	380,793	79,660	151,568	2,123,394	3,767,993
	<u>26,558,372</u>	<u>28,381,547</u>	<u>30,241,043</u>	<u>37,423,367</u>	<u>44,993,790</u>	<u>52,159,339</u>
	4,866,280	5,161,608	5,524,658	6,110,643	8,412,713	8,670,442
	9,854,015	10,396,814	11,124,532	11,464,073	12,469,383	14,172,808
	1,723,818	1,575,084	1,732,168	2,040,054	2,816,843	3,280,217
	778,192	1,203,679	790,591	1,009,103	1,294,132	2,478,232
	3,351,794	3,352,406	3,746,622	4,075,908	5,085,169	5,593,846
	15,985,775	8,182,493	1,061,229	2,410,596	4,612,035	8,130,351
	2,090,000	2,010,000	2,065,000	2,354,765	2,787,849	4,852,715
	1,083,227	1,027,751	1,144,617	902,784	1,100,698	1,827,068
	83,167	-	1,453	338,419	317,058	-
	<u>39,816,268</u>	<u>32,909,835</u>	<u>27,190,870</u>	<u>30,706,345</u>	<u>38,895,880</u>	<u>49,005,679</u>
	<u>(13,257,896)</u>	<u>(4,528,288)</u>	<u>3,050,173</u>	<u>6,717,022</u>	<u>6,097,910</u>	<u>3,153,660</u>
	33,450	-	-	337,472	18,317,058	-
	217,119	66,957	375,520	622,044	-	-
	-	-	-	-	1,120,942	2,596,478
	3,684,168	4,071,500	4,610,657	15,949,614	11,118,417	10,556,006
	(1,706,097)	(2,468,005)	(2,953,614)	(17,761,466)	(9,006,928)	(10,726,935)
	31,265	22,092	3,689	85,285	1,942,646	2,467,675
	<u>2,259,905</u>	<u>1,692,544</u>	<u>2,036,252</u>	<u>(767,051)</u>	<u>23,492,135</u>	<u>4,893,224</u>
\$	<u>(10,997,991)</u>	<u>(2,835,744)</u>	<u>5,086,425</u>	<u>5,949,971</u>	<u>29,590,045</u>	<u>8,046,884</u>
	13.32%	12.28%	12.28%	12.71%	12.27%	16.34%

**CITY OF BOERNE, TEXAS**

**TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

TABLE 5

<u>FISCAL YEAR</u>	<u>AD VALOREM TAX</u>	<u>SALES TAX</u>	<u>FRANCHISE TAX</u>	<u>HOTEL/MOTEL TAX</u>	<u>TOTAL REVENUE</u>
2015	\$ 6,279,784	\$ 5,841,658	\$ 2,568,986	\$ 553,729	\$ 15,244,157
2016	6,716,220	6,657,261	2,454,521	546,239	16,374,241
2017	6,408,676	6,628,822	2,539,941	597,974	16,175,413
2018	6,801,767	7,021,498	2,764,266	635,895	17,223,426
2019	8,401,600	7,912,673	2,765,491	687,407	19,767,171
2020	9,387,036	8,432,288	2,599,006	612,466	21,030,796
2021	10,078,721	9,577,288	2,768,083	925,792	23,349,884
2022	10,907,162	10,119,996	3,136,495	1,017,376	25,181,029
2023	13,150,643	11,531,095	3,311,807	1,049,976	29,043,521
2024	15,913,689	12,369,640	3,351,029	1,125,303	32,759,661

**CITY OF BOERNE, TEXAS**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

TABLE 6

Fiscal Year Ended Sept. 30,	Real Property		Personal Property Assessed Value	Less: Tax Exempt Real Property	Taxable Assessed Value	Direct Tax Rate <sup>1</sup>	Actual Taxable Value	Percentage of Assessed to Actual Value <sup>2</sup>
	Residential Assessed Value	Commercial Assessed Value						
2015	\$ 927,624,720	\$ 669,799,647	\$ 131,782,310	\$ 389,757,552	\$ 1,339,449,125	0.4720	\$ 1,339,449,125	100.00%
2016	1,008,473,244	680,098,025	142,610,030	402,133,600	1,429,047,699	0.4700	1,429,047,699	100.00%
2017	1,114,421,409	708,258,890	145,637,910	415,623,163	1,552,695,046	0.4720	1,552,695,046	100.00%
2018	1,193,509,146	747,899,553	149,771,290	418,997,863	1,672,182,126	0.4720	1,672,182,126	100.00%
2019	1,330,883,015	1,003,745,403	157,212,880	433,339,825	1,810,003,471	0.4720	1,810,003,471	100.00%
2020	1,442,539,484	891,177,004	183,712,320	496,829,403	2,020,599,405	0.4720	2,020,599,405	100.00%
2021	1,559,897,497	908,572,221	197,025,250	493,661,486	2,171,833,482	0.4720	2,171,833,482	100.00%
2022	1,795,092,108	951,883,413	197,170,440	579,571,617	2,364,574,344	0.4720	2,364,574,344	100.00%
2023	2,081,849,789	1,488,343,455	224,841,180	967,296,487	2,827,737,937	0.4510	2,827,737,937	100.00%
2024	2,505,388,956	1,839,042,495	242,521,120	1,290,115,955	3,296,836,616	0.4766	3,296,836,616	100.00%

The information was obtained from the Kendall Appraisal District

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

<sup>2</sup> Excludes tax-exempt property

**CITY OF BOERNE, TEXAS**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES  
(PER \$100 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS**

TABLE 7

Fiscal Year	City of Boerne			Overlapping Rates						Total Direct and Overlapping Rates
	Operating Rate	Debt		School District			County			
		Service Rate	Total City Rate	Operating Rate	Service Rate	School Rate	Operating Rate	Service Rate	Total County Rate	
2015	0.3092	0.1628	0.4720	1.0400	0.2540	1.2940	0.3508	0.0432	0.3940	2.1600
2016	0.3261	0.1459	0.4720	1.0400	0.2540	1.2940	0.3460	0.0407	0.3867	2.1527
2017	0.3426	0.1294	0.4720	1.0400	0.2760	1.3160	0.3465	0.0662	0.4127	2.2007
2018	0.3585	0.1135	0.4720	1.0400	0.3140	1.3540	0.3490	0.0637	0.4127	2.2387
2019	0.3651	0.1069	0.4720	1.0400	0.3140	1.3540	0.3520	0.0607	0.4127	2.2387
2020	0.3869	0.0851	0.4720	0.9716	0.3140	1.2856	0.3558	0.0569	0.4127	2.1703
2021	0.3908	0.0812	0.4720	0.9367	0.3140	1.2507	0.3604	0.0523	0.4127	2.1354
2022	0.3936	0.0784	0.4720	0.8826	0.3140	1.1966	0.3643	0.0484	0.4127	2.0813
2023	0.3906	0.0604	0.4510	0.6692	0.3240	0.9932	0.2994	0.0833	0.3827	1.8269
2024	0.3582	0.1184	0.4766	0.6669	0.3240	0.9909	0.2994	0.0833	0.3827	1.8502

Sources: The above information was obtained from the respective entity

**CITY OF BOERNE, TEXAS**

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

TABLE 8

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Albany Engineered Composites	\$ 24,629,036	1	0.87%			
VBM Acquisition LLC	22,134,870	2	0.78%	\$ 11,831,720	4	0.90%
Zylstra Holdings at Boerne LLC	17,600,030	3	0.62%			
KB Home Lone Star LP	15,912,040	4	0.56%			
C17 Herff Apartments LP	15,285,060	5	0.54%			
FOB1, LLC	14,499,760	6	0.51%			
Boerne Hotel LTD	13,682,940	7	0.48%			
Jet Specialty Inc	13,400,300	8	0.47%	10,985,240	5	0.90%
H.E.B. Grocery Co.	12,070,000	9	0.43%	18,290,920	1	1.40%
Wal-Mart Stores Texas LP	11,200,000	10	0.40%	16,663,570	2	1.30%
Heller Property, LP				14,621,220	3	1.20%
Carrington Place I & II, LP				9,903,170	6	0.80%
Home Depot				9,595,310	7	0.80%
Miller Balous				8,309,980	8	0.70%
Cambridge-Boerne Partners, LP				8,198,610	9	0.60%
Starplex				8,058,070	10	0.60%
	<u>\$ 160,414,036</u>		<u>5.66%</u>	<u>\$ 116,457,810</u>		<u>9.20%</u>

Source: Kendall Appraisal District

**CITY OF BOERNE, TEXAS**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

TABLE 9

Fiscal Year Ended September 30,	Tax Roll Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
			Current Taxes Collected	Percentage of Levy		Total Tax Collections	Percentage of Levy
2015	2014	\$ 6,181,080	\$ 6,131,966	99.2%	\$ 49,114	\$ 6,181,080	100.0%
2016	2015	6,622,585	6,549,283	98.9%	71,090	6,620,373	100.0%
2017	2016	7,224,676	7,132,942	98.7%	38,732	7,171,674	99.3%
2018	2017	7,697,939	7,655,276	99.4%	42,663	7,697,939	100.0%
2019	2018	8,375,606	8,318,459	99.3%	35,664	8,354,123	99.7%
2020	2019	9,335,187	9,264,788	99.2%	32,668	9,297,456	99.6%
2021	2020	9,997,543	9,941,187	99.4%	46,748	9,987,935	99.9%
2022	2021	10,840,333	10,798,678	99.6%	41,707	10,840,385	100.0%
2023	2022	13,175,006	13,010,187	98.7%	56,935	13,067,122	99.2%
2024	2023	15,896,667	15,776,568	99.2%	24,787	15,801,355	99.4%

Source: Kendall Appraisal District

**CITY OF BOERNE, TEXAS**

**PRINCIPAL UTILITY CUSTOMERS  
CURRENT YEAR**

TABLE 10

Utility Customer	Electric			Gas		
	Customer Revenue	Rank	Percentage of Total Electric Revenues	Customer Revenue	Rank	Percentage of Total Gas Revenues
Boerne Independent School District	\$ 3,575,234	1	16.18%	\$ 134,671	2	2.71%
City of Boerne	1,342,135	2	6.08%	63,939	5	1.29%
Morningside Ministries	661,259	3	2.99%	84,868	4	1.71%
Wal-Mart	630,076	4	2.85%			
H.E Butt Supermarket	544,372	5	2.46%	54,680	6	1.10%
Boerne Medical Plaza LP	313,757	6	1.42%			
Woodland Notes, LLC	205,767	7	0.93%			
Boerne Hotel Ltd	168,983	8	0.76%	45,905	8	0.92%
Home Depot	167,939	9	0.76%			
Franklin Park Boerne LTD	136,443	10	0.62%			
Mission Pharmacal				202,594	1	4.08%
Albany Engineered Composites				126,939	2	2.55%
Electronic Micorsystems, LLC				50,680	7	1.02%
Methodist Ambulatory Surgery				40,865	9	0.82%
Pns Services, Inc./DBA Carl's Cleaners				28,452	10	0.57%
	<u>\$ 7,745,965</u>		<u>35.05%</u>	<u>\$ 833,593</u>		<u>16.77%</u>

Utility Customer	Water			Wastewater		
	Customer Revenue	Rank	Percentage of Total Water Revenues	Customer Revenue	Rank	Percentage of Total Wastewater Revenues
City of Boerne	\$ 186,866	1	2.08%	\$ 60,571	8	0.77%
Morningside Ministries	138,377	2	1.54%	110,422	2	1.41%
Boerne Independent School District	137,410	3	1.53%	159,203	1	2.04%
WP Boerne MC-MF	83,403	4	0.93%	73,390	5	0.94%
CT 17 Herff Apartments LP	79,462	5	0.89%	71,279	6	0.91%
Vantage at Boerne LLC	69,435	6	0.77%	100,872	3	1.29%
Boerne Car Wash LLC	65,095	7	0.73%	90,818	4	1.16%
Boerne Nursing Operations, LLC	56,734	8	0.63%	69,014	7	0.88%
LIV Boerne Hills LP	35,787	9	0.40%	43,904	10	0.56%
Boerne Terraces at Cibolo Apts	35,692	10	0.40%	53,804	9	0.69%
	<u>\$ 888,261</u>		<u>9.90%</u>	<u>\$ 833,277</u>		<u>10.65%</u>

Source: City of Boerne Utilities

# CITY OF BOERNE, TEXAS

## CONNECTIONS AND REVENUES BY UTILITY LAST TEN FISCAL YEARS

TABLE 11

Utility	2024		2023		2022		2021	
	Connections	Revenue	Connections	Revenue	Connections	Revenue	Connections	Revenue
Electric	6,557	\$ 22,092,688	6,572	\$ 19,956,225	6,247	\$ 18,493,259	6,194	\$ 16,921,679
Water <sup>1</sup>	9,533	8,973,946	9,138	8,947,201	8,754	9,369,373	8,301	8,831,904
Wastewater	7,609	7,819,978	7,369	8,724,535	7,045	8,773,874	6,715	8,977,822
Gas	4,312	4,970,429	3,949	4,870,155	3,626	4,394,173	3,290	2,971,794
Solid Waste	6,668	1,417,966	6,360	1,385,171	6,011	1,294,476	5,694	1,116,862
Stormwater	6,597	637,378	6,425	626,691	6,210	609,082	5,970	481,030
	<u>41,276</u>	<u>\$ 45,912,385</u>	<u>39,813</u>	<u>\$ 44,509,978</u>	<u>37,893</u>	<u>\$ 42,934,237</u>	<u>36,164</u>	<u>\$ 39,301,091</u>

Utility	2020		2019		2018		2017	
	Connections	Revenue	Connections	Revenue	Connections	Revenue	Connections	Revenue
Electric	5,940	\$ 15,158,611	5,628	\$ 16,545,295	5,498	\$ 17,298,397	5,394	\$ 16,278,423
Water <sup>1</sup>	7,622	6,811,700	7,188	6,766,786	6,620	5,874,244	6,120	5,453,144
Wastewater	6,342	5,420,652	6,047	5,083,504	5,797	4,704,658	5,465	4,434,700
Gas	3,027	2,701,672	2,699	3,001,284	2,376	2,400,814	2,088	1,974,451
Solid Waste	5,318	1,014,108	5,019	959,154	4,659	888,628	4,368	826,175
Stormwater	-	-	-	-	-	-	-	-
	<u>28,249</u>	<u>\$ 31,106,743</u>	<u>26,581</u>	<u>\$ 32,356,023</u>	<u>24,950</u>	<u>\$ 31,166,741</u>	<u>23,435</u>	<u>\$ 28,966,893</u>

Utility	2016		2015	
	Connections	Revenue	Connections	Revenue
Electric	5,301	\$ 15,752,733	5,202	\$ 17,248,469
Water <sup>1</sup>	5,726	5,109,931	5,390	4,645,301
Wastewater	5,302	4,223,193	5,056	4,030,775
Gas	1,867	1,834,219	1,725	1,995,865
Solid Waste	4,137	780,116	3,953	700,792
Stormwater	-	-	-	-
	<u>22,333</u>	<u>\$ 27,700,192</u>	<u>21,326</u>	<u>\$ 28,621,202</u>

<sup>1</sup> includes reclaimed water, which began in FY 2016

Source: City of Boerne Utilities

**CITY OF BOERNE, TEXAS**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

TABLE 12

Governmental Activities					
Fiscal Year	General	Tax	Leases	SBITAs	Lease
	Obligation Bonds <sup>2</sup>	Notes <sup>2</sup>			Purchase Agreements
2015	\$ 24,900,772	\$ 1,055,000	\$ -	\$ -	\$ -
2016	23,781,752	805,000	-	-	-
2017	22,984,317	22,380,000	-	-	-
2018	21,626,661	21,535,000	-	-	-
2019	20,236,192	20,675,000	-	-	132,119
2020	18,821,455	19,930,000	-	-	139,799
2021	17,366,720	19,170,000	-	-	376,437
2022	34,455,056	-	763,647	-	423,014
2023	50,566,255	-	1,072,270	224,507	583,960
2024	46,809,217	-	2,260,352	386,306	437,844

Business-Type Activities					
Fiscal Year	Revenue	General	Leases	SBITAs	Lease
	Bonds	Obligation Bonds <sup>2</sup>			Purchase Agreements
2015	\$ 42,895,767	\$ -	\$ -	\$ -	\$ -
2016	29,210,000	12,528,576	-	-	-
2017	28,255,000	12,062,822	-	-	-
2018	285,000	39,612,284	-	-	-
2019	-	38,285,838	-	-	89,992
2020	-	36,622,706	-	-	60,697
2021	-	34,959,952	-	-	30,535
2022	-	33,252,198	112,569	-	254,401
2023	-	31,489,444	273,784	130,730	-
2024	-	29,587,626	476,795	-	2,673,441

Fiscal Year	Total Primary Government	Percentage of Household Income <sup>1</sup>	Per Capita <sup>1</sup>
2015	\$ 68,851,539	6.3%	\$ 5,056
2016	66,325,328	5.4%	4,608
2017	85,682,139	7.1%	5,724
2018	83,058,945	6.5%	5,167
2019	79,419,141	5.8%	4,691
2020	75,574,657	5.7%	4,183
2021	71,903,644	4.5%	3,275
2022	69,260,885	4.1%	3,288
2023	84,340,950	4.6%	3,821
2024	82,631,581	4.3%	3,701

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 for population data.
- (2) The City's General 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**

TABLE 13

Fiscal Year Ended September 30,	Gross Bonded Debt	Tax Notes	Total	Less: Amounts Available in Debt		Percentage of Estimated Actual Table Value of Property <sup>1</sup>	Per Capita <sup>2</sup>
				Service Fund	Total		
2015	\$ 24,900,772	\$ 1,055,000	\$ 25,955,772	\$ 838,134	\$ 25,117,638	1.88%	\$ 1,844
2016	36,310,328	805,000	37,115,328	698,449	36,416,879	2.55%	2,530
2017	35,047,139	22,380,000	57,427,139	791,089	56,636,050	3.65%	3,784
2018	61,238,945	21,535,000	82,773,945	778,973	81,994,972	4.90%	5,100
2019	58,522,030	20,675,000	79,197,030	782,309	78,414,721	4.33%	4,632
2020	55,444,161	19,930,000	75,374,161	701,236	74,672,925	3.69%	4,134
2021	52,326,672	19,170,000	71,496,672	621,486	70,875,186	3.26%	3,228
2022	67,707,254	-	67,707,254	692,501	67,014,753	2.83%	3,182
2023	82,055,699	-	82,055,699	948,591	81,107,108	2.87%	3,674
2024	76,396,843	-	76,396,843	1,279,513	75,117,330	2.28%	3,364

Notes: 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
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics

**CITY OF BOERNE, TEXAS**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**September 30, 2024**

TABLE 14

Governmental Unit	Net Debt	Percentage Applicable to City <sup>1</sup>	City's Share of Debt
Kendall County	\$ 37,065,000	25.02%	\$ 9,273,663
Boerne Independent School District	433,024,923	33.85%	<u>146,578,936</u>
Total overlapping debt			155,852,599
City of Boerne	49,893,719	100.00%	<u>49,893,719</u>
Total direct and overlapping debt			<u><u>\$ 205,746,318</u></u>

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**

	Fiscal Year			
	2015	2016	2017	2018
Assessed valuation (AV)	\$ 1,339,449,130	\$ 1,429,047,700	\$ 1,552,695,050	\$ 1,672,182,126
Debt limit percentage	10%	10%	10%	10%
Debt limit	133,944,913	142,904,770	155,269,505	167,218,213
Net debt applicable to limit				
General bonded debt	25,955,772	37,115,328	57,427,139	82,773,945
Less amount set aside for repayment of general bonded debt	<u>(838,134)</u>	<u>(698,449)</u>	<u>(791,089)</u>	<u>(778,973)</u>
Total net debt applicable to limit	25,117,638	36,416,879	56,636,050	81,994,972
Legal debt margin	<u>\$ 108,827,275</u>	<u>\$ 106,487,891</u>	<u>\$ 98,633,455</u>	<u>\$ 85,223,241</u>
Total net debt applicable to the limit as a percentage of debt limit	18.75%	25.48%	36.48%	49.03%

TABLE 15

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 1,810,003,470	\$ 2,020,599,410	\$ 2,171,833,482	\$ 2,364,574,344	\$ 2,827,737,937	\$ 3,296,836,616
10%	10%	10%	10%	10%	10%
181,000,347	202,059,941	217,183,348	236,457,434	282,773,794	329,683,662
79,197,030	75,374,161	71,496,672	67,707,254	82,055,699	76,396,843
(782,309)	(701,236)	(621,486)	(692,501)	(948,591)	(1,279,513)
78,414,721	74,672,925	70,875,186	67,014,753	81,107,108	75,117,330
<u>\$ 102,585,626</u>	<u>\$ 127,387,016</u>	<u>\$ 146,308,162</u>	<u>\$ 169,442,681</u>	<u>\$ 201,666,686</u>	<u>\$ 254,566,332</u>
43.32%	36.96%	32.63%	28.34%	28.68%	22.78%

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

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

**CITY OF BOERNE, TEXAS**

**PLEGGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Electric:				
Revenues	\$ 17,287,785	\$ 15,819,084	\$ 16,359,468	\$ 17,142,473
Less operating expenses	<u>(13,794,036)</u>	<u>(13,178,897)</u>	<u>(14,148,327)</u>	<u>(13,129,342)</u>
Net available revenue	<u>3,493,749</u>	<u>2,640,187</u>	<u>2,211,141</u>	<u>4,013,131</u>
Water:				
Revenues	4,679,108	5,146,172	5,531,374	5,681,070
Less operating expenses	<u>(3,347,857)</u>	<u>(3,520,010)</u>	<u>(3,660,798)</u>	<u>(4,223,734)</u>
Net available revenue	<u>1,331,251</u>	<u>1,626,162</u>	<u>1,870,576</u>	<u>1,457,336</u>
Wastewater:				
Revenues	4,055,297	4,258,053	4,499,452	4,553,200
Less operating expenses	<u>(1,999,875)</u>	<u>(2,301,112)</u>	<u>(2,565,220)</u>	<u>(2,795,283)</u>
Net available revenue	<u>2,055,422</u>	<u>1,956,941</u>	<u>1,934,232</u>	<u>1,757,917</u>
Natural Gas:				
Revenues	1,996,107	1,835,627	1,977,390	2,392,855
Less operating expenses	<u>(1,550,053)</u>	<u>(1,809,543)</u>	<u>(1,658,937)</u>	<u>(1,960,649)</u>
Net available revenue	<u>446,054</u>	<u>26,084</u>	<u>318,453</u>	<u>432,206</u>
Total utility systems revenues	28,018,297	27,058,936	28,367,684	29,769,598
Less total utility systems operating expenses	<u>(20,691,821)</u>	<u>(20,809,562)</u>	<u>(22,033,282)</u>	<u>(22,109,008)</u>
Total utility systems net revenue available	<u>\$ 7,326,476</u>	<u>\$ 6,249,374</u>	<u>\$ 6,334,402</u>	<u>\$ 7,660,590</u>
Annual debt service	\$ 2,799,925	\$ 2,695,789	\$ 2,679,527	\$ 2,460,923
Coverage	2.62	2.32	2.36	3.11

\*Note: Excludes depreciation and amortization.

TABLE 16

2019	2020	2021	2022	2023	2024
\$ 16,869,643	\$ 15,386,121	\$ 16,964,340	\$ 18,584,140	\$ 20,655,622	\$ 23,213,933
<u>(13,040,894)</u>	<u>(13,231,814)</u>	<u>(13,368,035)</u>	<u>(12,750,934)</u>	<u>(14,300,333)</u>	<u>(16,016,262)</u>
<u>3,828,749</u>	<u>2,154,307</u>	<u>3,596,305</u>	<u>5,833,206</u>	<u>6,355,289</u>	<u>7,197,671</u>
7,137,607	7,070,683	8,924,724	9,467,208	9,827,455	10,180,803
<u>(4,801,227)</u>	<u>(4,993,168)</u>	<u>(5,429,883)</u>	<u>(6,113,369)</u>	<u>(6,295,194)</u>	<u>(7,217,813)</u>
<u>2,336,380</u>	<u>2,077,515</u>	<u>3,494,841</u>	<u>3,353,839</u>	<u>3,532,261</u>	<u>2,962,990</u>
5,360,019	5,559,312	8,983,995	8,883,242	9,457,608	8,835,698
<u>(3,127,747)</u>	<u>(3,284,714)</u>	<u>(3,846,534)</u>	<u>(4,080,522)</u>	<u>(4,890,592)</u>	<u>(4,987,879)</u>
<u>2,232,272</u>	<u>2,274,598</u>	<u>5,137,461</u>	<u>4,802,720</u>	<u>4,567,016</u>	<u>3,847,819</u>
3,013,845	2,708,055	2,972,174	4,399,854	4,915,878	5,096,950
<u>(2,211,456)</u>	<u>(2,062,344)</u>	<u>(2,457,759)</u>	<u>(3,685,045)</u>	<u>(4,036,008)</u>	<u>(3,887,208)</u>
<u>802,389</u>	<u>645,711</u>	<u>514,415</u>	<u>714,809</u>	<u>879,870</u>	<u>1,209,742</u>
32,381,114	30,724,171	37,845,233	41,334,444	44,856,563	47,327,384
<u>(23,181,324)</u>	<u>(23,572,040)</u>	<u>(25,102,211)</u>	<u>(26,629,870)</u>	<u>(29,522,127)</u>	<u>(32,109,162)</u>
<u>\$ 9,199,790</u>	<u>\$ 7,152,131</u>	<u>\$ 12,743,022</u>	<u>\$ 14,704,574</u>	<u>\$ 15,334,436</u>	<u>\$ 15,218,222</u>
\$ 2,439,714	\$ 2,418,553	\$ 2,394,889	\$ 2,546,697	\$ 2,866,125	\$ 2,438,666
3.77	2.96	5.32	5.77	5.35	6.24

**CITY OF BOERNE, TEXAS**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

TABLE 17

<u>Fiscal Year</u>	<u>Population <sup>1</sup></u>	<u>Median Household Income <sup>2</sup></u>	<u>Persons Per Household <sup>1</sup></u>	<u>School Enrollment <sup>3</sup></u>	<u>Unemployment Rate <sup>4</sup></u>
2015	13,619	\$ 80,500	2.47	7,898	3.2%
2016	14,392	84,582	2.47	8,303	3.4%
2017	14,968	81,110	2.47	8,688	3.0%
2018	16,076	78,933	2.47	8,664	3.0%
2019	16,930	80,339	2.47	9,579	2.8%
2020	18,065	72,776	2.47	9,690	5.2%
2021	21,956	72,496	2.85	10,117	3.4%
2022	21,062	79,692	2.66	10,327	3.0%
2023	22,075	82,982	2.65	10,800	3.1%
2024	22,327	86,838	2.63	10,910	4.1%

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

**CITY OF BOERNE, TEXAS**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

TABLE 18

<u>Employer</u>	<u>Fiscal Year 2024</u>		<u>Fiscal Year 2015</u>	
	<u>Rank</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Number of Employees</u>
Boerne Independent School District	1	1,300	1	997
HE Butt Grocery Store	2	540	2	347
Kendall County	3	361	5	237
Toyota of Boerne	4	291	8	191
City of Boerne	5	285	6	233
Mission Pharmacal	6	278	3	249
WalMart Stores	7	244	7	225
Albany Engineered Composites	8	227	4	238
The Home Depot	9	150	10	122
Cibolo Creek Health and Rehab	10	140		
Mercedes Benz of Boerne			9	127

Source: City of Boerne Study

**CITY OF BOERNE, TEXAS**

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

TABLE 19

<u>Function</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General government	17	18	32	36	39	49	54	59	59	59
Public safety:										
Animal control	3	3	4	4	4	4	4	4	5	6
Cemetery	1	1	1	1	1	-	-	-	-	-
Code enforcement	10	11	4	4	5	4	4	4	4	5
Dispatch	13	12	14	14	15	15	16	16	16	14
Emergency and risk	8	7	2	2	2	3	3	3	2	3
Fire	14	16	16	17	18	18	19	20	24	27
Municipal court	3	3	3	3	3	3	3	3	3	3
Police	35	41	41	45	47	47	46	47	50	51
Highways and streets	15	18	19	20	21	20	16	15	15	15
Culture and recreation	38	38	33	34	34	38	35	32	34	36
Economic Development	3	3	3	3	3	3	3	3	3	3
Electric	20	23	25	23	23	20	24	24	23	24
Water	15	16	16	16	16	14	11	11	17	17
Sewer	16	15	14	18	18	16	16	16	11	10
Gas	<u>6</u>	<u>7</u>	<u>7</u>	<u>9</u>	<u>11</u>	<u>10</u>	<u>9</u>	<u>10</u>	<u>9</u>	<u>11</u>
Total	<u>217</u>	<u>232</u>	<u>234</u>	<u>249</u>	<u>260</u>	<u>264</u>	<u>263</u>	<u>267</u>	<u>275</u>	<u>284</u>

Source: Active City of Boerne employees as of September 30



**CITY OF BOERNE, TEXAS**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	2015	2016	2017	2018
<b>Police</b>				
Physical arrests	479	578	664	641
Parking violations	20	104	48	82
Traffic violations	1,326	2,481	1,650	1,774
<b>Fire</b>				
Number of calls (in City)	444	472	549	600
Inspections	1,870	2,302	2,501	1,674
<b>Code enforcement</b>				
Permits issued	2,135	2,305	2,731	3,168
<b>Highways and streets</b>				
Streets resurfaced (miles)	1	2.9	3.4	3.8
Other street repairs (hours)	285	1,466	5,108	9,293
<b>Culture and recreation</b>				
Athletic field revenues	\$ 44,923	\$ 42,669	\$ 44,794	\$ 181,609
Community center events	303	142	-	-
<b>Electric</b>				
New connections	128	75	93	104
Average daily consumptions (kilowatt hours)	366,009	360,960	364,209	386,241
<b>Water</b>				
New connections	254	248	305	266
Average daily consumptions (thousands of gallons)	158,559	177,771	189,877	208,156
<b>Wastewater</b>				
New connections	131	246	163	332
Average daily treatment (thousands of gallons)	115,372	119,015	123,687	132,382
<b>Reclaimed water</b>				
New connections	-	88	89	106
Average daily treatment (thousands of gallons)	-	17,970	92,847	126,638
<b>Natural gas</b>				
New connections	138	128	221	288
Average daily consumptions (thousands of cubic feet)	475	424	412	519

Sources: Various City of Boerne departments

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

\* Data not currently available

TABLE 20

	2019	2020	2021	2022	2023	2024
	585	396	583	614	580	515
	52	39	90	159	176	183
	1,576	816	1,091	1,359	1,473	3,520
	767	798	1,322	1,234	1,256	1,942
	1,776	2,019	2,435	2,139	*	922
	3,066	3,030	4,038	2,323	2,138	3,949
	3.8	1.7	4.7	4.2	4.8	3.0
	8,700	5,145	4,304	4,133	7,757	5,986
\$	225,036	\$ 180,140	\$ 221,040	\$ 266,007	\$ 296,908	\$ 290,945
	-	-	-	-	-	-
	130	312	254	53	325	(15)
	382,213	369,515	374,745	400,237	403,190	404,508
	471	307	483	318	246	192
	195,387	221,241	219,948	248,329	251,312	237,729
	250	295	373	330	324	240
	132,619	142,328	157,337	165,772	172,324	187,647
	97	127	196	135	138	203
	148,253	217,851	245,842	309,673	324,324	345,519
	323	328	263	336	323	363
	603	565	680	690	696	707

**CITY OF BOERNE, TEXAS**

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

TABLE 21

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	16	18	18	21	21	24	24	29	29	26
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	9	9	9	12	12	12	12	12	14	15
Highways and streets										
Streets (miles)	60	63	68	70.8	72.3	73.34	74.6	76.7	81.6	82.8
Streetlights	666	686	580	564	580	581	581	581	584	586
Culture and recreation										
Parks	12	12	12	12	12	12	12	12	12	12
Parks acreage	401.6	401.6	401.6	401.6	401.6	401.6	401.6	430.7	430.7	430.7
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	-	-	-	-	-	-	-	-
Electric										
Number of distribution stations	2	2	2	2	2	2	2	2	2	2
Capacity sold (mega-watt hours)	133.6	131.8	132.9	140.9	139.5	134.8	136.7	146.1	147.1	147.6
Water										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Capacity produced (thousands of gallons)	678,456	743,454	842,680	911,936	870,501	936,298	934,474	1,033,656	1,052,452	997,079
Wastewater										
Treatment plants	2	2	2	2	2	2	2	2	2	2
Capacity treated (thousands of gallons)	529,526	558,906	451,458	458,771	565,730	420,941	509,846	420,382	462,083	487,709
Reclaimed water produced (thousands of gallons)	-	14,234	72,144	82,232	95,964	117,876	121,095	140,269	137,375	155,914
Natural gas										
Gas mains (miles)	58	61.21	71.72	72.64	75	80.19	78.43	82.04	84.69	93.53
Capacity sold (thousands of cubic feet)	173,413	154,594	150,474	189,398	220,275	206,362	248,284	251,816	253,923	258,040

Sources: Various City of Boerne departments

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

## **COMPLIANCE SECTION**



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boerne, Texas (the City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 11, 2025.

**Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

ABIP, PC

San Antonio, Texas

March 11, 2025



**APPENDIX C**

FORM OF BOND COUNSEL'S OPINION

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September 25, 2025

Norton Rose Fulbright US LLP  
98 San Jacinto Boulevard, Suite 1100  
Austin, Texas 78701-4255  
United States

Tel +1 512 474 5201  
Fax +1 512 536 4598  
nortonrosefulbright.com

**DRAFT**

IN REGARD to the authorization and issuance of the “City of Boerne, Texas General Obligation Bonds, Series 2025” (the *Bonds*), dated September 1, 2025, in the aggregate principal amount of \$\_\_\_\_\_, we have reviewed the legality and validity of the issuance thereof by the City Council of the City of Boerne, Texas (the *Issuer*). The Bonds are issuable in fully registered form only, in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity). The Bonds have Stated Maturities of March 1 in each of the years 20\_\_ through 20\_\_, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Bonds. Interest on the Bonds accrues from the dates, at the rates, in the manner, and is payable on the dates, all as provided in the ordinance (the *Ordinance*) authorizing the issuance of the Bonds. Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Ordinance.

WE HAVE SERVED AS BOND COUNSEL for the Issuer solely to pass upon the legality and validity of the issuance of the Bonds under the laws of the State of Texas and with respect to the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes and for no other purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Bonds. Our role in connection with the Issuer’s Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

WE HAVE EXAMINED the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the City Council of the Issuer in connection with the issuance of the Bonds, including the Ordinance; (2) customary certifications and opinions of officials of the Issuer; (3) certificates executed by officers of the Issuer relating to the expected use and investment of proceeds of the Bonds and certain other funds of the Issuer, and to certain other facts within the knowledge and control of the Issuer; and (4) such other documentation, including an examination of the Bond executed and delivered initially by the Issuer, and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

BASED UPON OUR EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the Bonds are valid and legally binding obligations of the Issuer enforceable in accordance with the

**Legal Opinion of Norton Rose Fulbright US LLP, Austin, Texas in connection with the authorization and issuance of “CITY OF BOERNE, TEXAS GENERAL OBLIGATION BONDS, SERIES 2025”**

terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Bonds are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the Issuer.

BASED UPON OUR EXAMINATION, IT IS FURTHER OUR OPINION that, assuming continuing compliance after the date hereof by the Issuer with the provisions of the Ordinance and in reliance upon the representations and certifications of the Issuer made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, under existing statutes, regulations, published rulings, and court decisions (1) interest on the Bonds will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the *Code*), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code and (2) interest on the Bonds will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Norton Rose Fulbright US LLP

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