

City of Boerne, Texas

Comprehensive Annual Financial Report
Fiscal Year Ended
September 30, 2013

Prepared by the Department of Finance

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**City of Boerne, Texas
Comprehensive Annual Financial Report
September 30, 2013**

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INTRODUCTORY SECTION

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

March 11, 2014

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

State law requires that all municipalities be audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby include the auditors' report in this comprehensive annual financial report of the City of Boerne (The City) for the fiscal year ended September 30, 2013.

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

The City of Boerne's financial statements have been audited by Padgett, Stratemann & Co., L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Boerne for the fiscal year ended September 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Boerne's financial statements for the fiscal year ended September 30, 2013 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Boerne, Texas, incorporated in 1909, is located in the south central part of the state just west of the San Antonio metroplex, the Nation's seventh largest city and recognized internationally as the top tourist destination in Texas. The City acts as the service center for the surrounding community, providing retail, recreation, and food service to a population of 35,000 people. Similarly, the City serves as the County Seat for Kendall County. The City of Boerne currently occupies a land area of 10.54 square miles with a population of 12,564. The City of Boerne is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when requested by property owners in the areas adjacent to the City, and approved by City Council. The City has operated under the council-manager form of government since 1995. Policy-making and legislative authority are vested in a governing council consisting of the mayor and five other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for the hiring and firing of employees. The council is elected on a non-partisan basis. Council members serve two-year staggered terms, with three council members elected every year.

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

Animal Control	Library
Cemetery	Municipal court
Code Enforcement	Parks and Recreation
Convention/Community Center	Planning and community Development
Dispatch/communications	Police protection
Emergency Operations	Street construction and maintenance
Fire protection	Visitor Information Center

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

The annual budget serves as the foundation for the City of Boerne's financial planning and control. All departments of the City of Boerne are required to submit requests for appropriation to the Budget Officer early in the budget process each year. The Budget Officer uses these requests as the starting point for developing a proposed budget. The proposed budget is presented to the council for review prior to September 20. The council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than September 30, the close of the City of Boerne's fiscal year. The appropriated budget is prepared by fund, function, and department. The City Manager

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

Local economy

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

The City's population has seen a healthy growth rate of almost 48% over the last ten years compared to the US growth rate of 8.9% for that same period. Of the total City population 57% are between the ages of 18 and 65 and an additional 17% are over the age of 65. The median household income for the area surrounding Boerne, Kendall County, of \$66,655 fared well above the State median of \$52,000. The unemployment for the Boerne and Kendall County area at September 30, 2013 was 5.3%. During this fiscal year, the region stood about 1.0% under the State unemployment rate and 1.9 % under the U.S. rate at September 30, 2013. The outlook is expected to mirror that of the past decade and Boerne should continue to experience a healthy sales tax and property tax climate. In fact, over the last ten years property tax values have increased 176% in amount, while property tax rates have increased by two cents over the rate in effect ten years.

Long-term financial planning

The City of Boerne had unassigned fund balance in the general fund of 57.3% of total general fund revenues. Total fund balance for all governmental funds (\$11,542,886) equaled 60.9% of total governmental revenues and other financing sources. Of that total, 23.9% (\$2,761,348) is either restricted or non-spendable and constrained only to be used for specific purposes such as debt service, perpetual care of the Cemetery, tourism promotion and for General Obligation bond construction projects. The remaining balance that is not restricted 76.1% (\$8,781,538) is more than the unrestricted balance that was budgeted to be available at the end of the fiscal year of \$6,204,191 by 42 %.

Relevant financial policies

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

Major projects planned

Anticipating future growth and additional plant or system capacity needs coupled with system redundancy, the Electric, Water, Wastewater, and Natural Gas Utilities have projects in different stages of progress for significant upgrades or additions to existing facilities. The Electric Utility is now serving load from two substations, including a recently completed substation at the south end of the City which was built in cooperation with the Lower Colorado River Authority (LCRA) and Bandera Electric Cooperative. Three of four feeder lines from the new substation are operational and the fourth is under construction. Construction is now complete on the new Wastewater Treatment Plant and Recycling Center. The new plant will serve the southern half of the City and will have as part of its design the added ability to produce Type I recycled wastewater for use as another source of water for irrigation in the northeast side of the City where much of the new home growth is occurring. The Water system continues to prepare for expansion of the water treatment plant to meet future peaking needs that will double the treatment capacity to three million gallons per day. It is anticipated that this expansion will occur sometime around 2020. This plant improvement will be performed when the system peaks, usually associated with irrigation, exceed our current ability to meet high demand usage. The potential for new customers for the recycled water system will allow this project to be deferred from its original projected construction timing. Projects to increase service capacity and redundancy in the Natural Gas utility have been recently completed. These improvements included constructing a second gate station south of the City and extending mains to that station. The City also extended a new main along IH-10 to help balance system pressure during high demand periods and open new territory to service from that utility. A majority of the new home sites planned will be gas utility customers and accelerated growth of that utility is likely.

In September of 2007 and again in October of 2009, a total \$21,470,000 of General Obligation bonds was issued to finance the “Quality of Life” improvements throughout the City. In these bonds, residents approved several pedestrian mobility projects including Cibolo Creek and Currey Creek trails, River Road park improvements, and the Sidewalk improvements project. The Cibolo Creek and Currey Creek projects added more than 2 miles of new trails in the City, and at the confluence of the two creeks a 150 foot pedestrian bridge was added. At River Road Park, new amenities include two fishing piers, boulder seating, stone picnic tables, trail lighting, and other various improvements. Lastly, major sidewalk projects were completed in 2013 and have improved citizen mobility around the City. This project completed all of the 2007 Quality of Life bond projects.

There are several other projects planned for the upcoming year. The City has completed an environmental study and begun design work on an IH-10 frontage road extension. Texas Department of Transportation (TXDOT) has agreed to fund this project with the city and it is expected to be bid in the fall of 2014. The City entered into an Advance Funding Agreement with TXDOT for the widening of the Main Street Bridge and pedestrian walkway, design enhancements for the bridge and for the cross walk/paver improvements along Main Street. At this time only the bridge widening project remains to be completed. TXDOT also completed signal upgrades along Main Street during this project. A Downtown Revitalization grant was awarded to the City in 2013 and was used

for improving pedestrian mobility downtown. The Parks Department has completed the design for upgrades and enhancements to Veterans Park and the project will be bid in the Spring of 2014.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boerne for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2012. This was the twenty-sixth consecutive year that the City of Boerne has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Ronald C. Bowman
City Manager



Jeff Thompson
Deputy City Manager



Linda S. Zartler
Assistant City Manager



Sandra Mattick, CPA, CGFO
Finance Director



Government Finance Officers Association

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

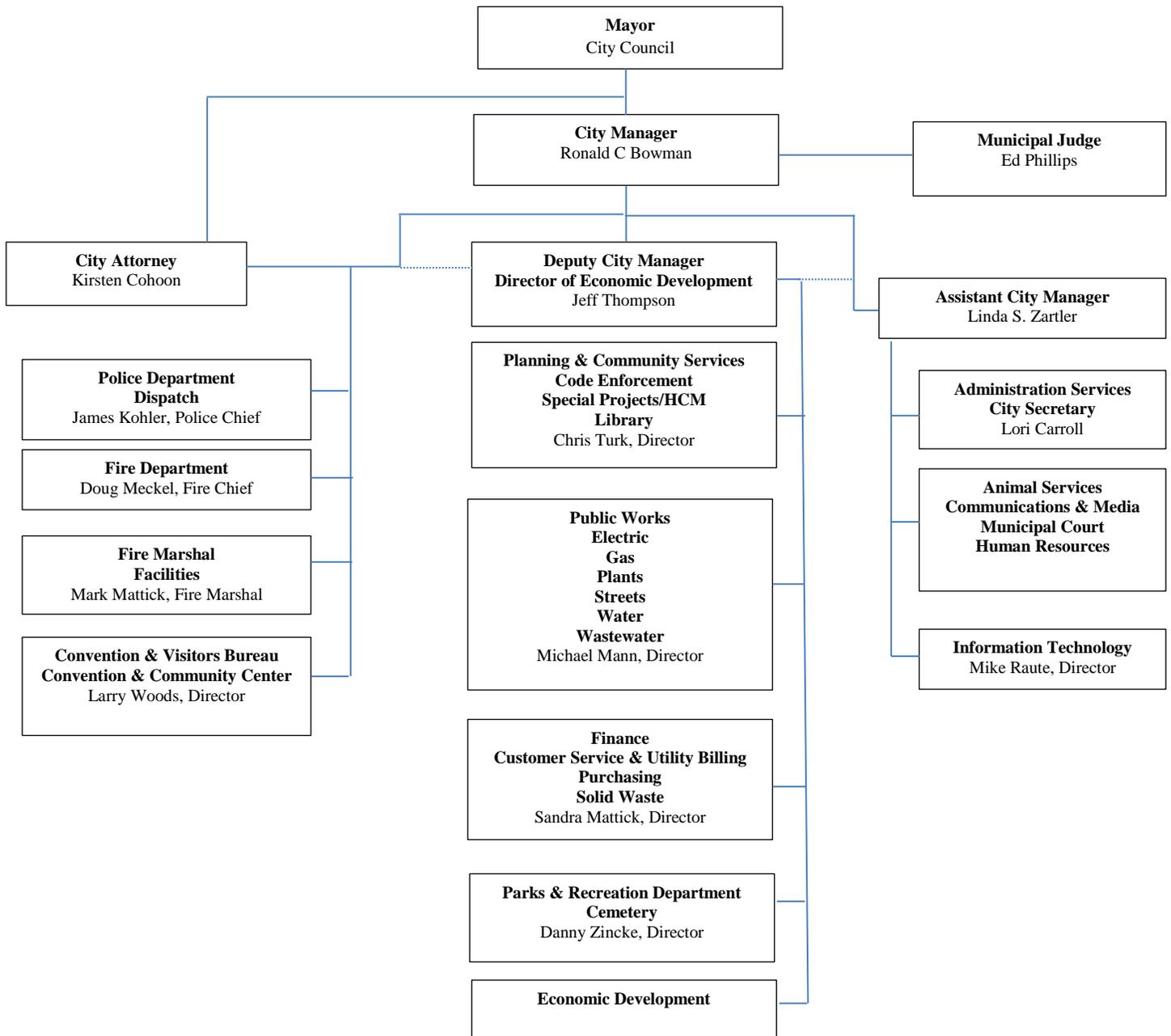
Presented to

**City of Boerne
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



**City of Boerne, Texas
List of Principal Officials
September 30, 2013**

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

FINANCIAL SECTION

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Independent Auditor's Report

To Members of the City Council
City of Boerne, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boerne, Texas (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note I to the financial statements, during 2013, the City adopted the new accounting guidance contained in Governmental Accounting Standards Board (“GASB”) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As discussed in Note VI to the financial statements, the 2013 financial statements have been restated for the adoption of GASB Statement No. 65. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the *Management’s Discussion and Analysis*; the *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund*; and the *Schedule of Funding Progress*, as listed in the table of contents, to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The Other Supplementary Information and other information such as the introductory and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

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

San Antonio, Texas

February 28, 2014

Management's Discussion and Analysis

As management of the City of Boerne ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the City exceeded its liabilities and deferred outflows at the close of the most recent fiscal year by \$75,507,976 (*net position*). Of this amount, \$25,296,459 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$214,532 which can be attributed to the use of unrestricted net position for special projects.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,542,886.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,863,709, or 60.8% of total general fund expenditures.

The City's bonded debt decreased by \$525,000 during the current fiscal year. The decrease is due to principal retirements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Proprietary funds. The City maintains five proprietary funds. These five funds are maintained as *Enterprise funds*. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater, gas and solid waste operations.

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

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's General Fund operations compared to budget and progress in funding its obligation to provide pension benefits to its employees and other postemployment benefits to retirees. The City continues to apply the requirements of GASB - Statement No. 44, *Economic Condition Reporting: The Statistical Section* – an amendment to NCGA Statement No. 1, and has updated the Statistical Section of this CAFR accordingly. The requirements of GASB – Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* have also been incorporated into this report and further details may be found in the *notes to the financial reports* and in the *required supplementary information*. GASB – Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions* have been implemented and further details may also be found in the *notes to the financial statements*. GASB – Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB – Statement No. 65, *Items Previously Reported as Assets and Liabilities*, has been implemented in this report and further details may be found in the notes to the financial reports.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In fiscal year 2013, assets exceeded liabilities and deferred outflows by \$75,507,976.

A very large portion of the City's net position (59.8%) reflects its net investment in capital assets, \$45,120,369 (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens: consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Boerne's Net Position information:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$12,292,234	\$ 11,149,207	\$ 28,250,588	\$ 35,223,285	\$ 40,542,822	\$ 46,342,493
Capital assets	43,395,801	45,204,863	68,724,046	64,443,626	112,119,847	109,648,489
Total assets	55,688,035	56,354,070	96,974,634	99,666,911	152,662,669	156,020,982
Deferred outflows of resources	176,693	-	394,098	-	570,791	-
Long-term liabilities	27,158,877	28,136,492	44,303,442	46,766,733	71,462,319	74,727,900
Other liabilities	1,837,290	474,867	4,425,875	4,561,246	6,263,165	5,036,113
Total liabilities	28,996,167	28,611,359	48,729,317	51,152,654	77,725,484	79,764,013
Net Position:						
Net investment in capital assets	18,157,123	19,571,756	26,963,246	19,244,222	45,120,369	38,815,978
Restricted-debt service	772,228	770,881	3,118,441	2,778,849	3,890,669	3,549,730
Restricted – hotel/motel	290,663	269,529			290,663	269,529
Restricted – police seizure	82,609	13,851			82,609	13,851
Restricted – court	151,348	140,292	-	-	151,348	140,292
Restricted-cemetery fund	675,859	634,857	-	-	675,859	634,857
Unrestricted	6,738,731	6,341,545	18,557,728	26,491,187	25,296,459	32,832,732
Total net position	\$26,868,561	\$ 27,742,711	\$ 48,639,415	\$ 48,514,258	\$ 75,507,976	\$ 76,256,969

An additional portion of the City of Boerne's net position, \$5,091,148; represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$25,296,459; may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Boerne is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was a 10.5% increase, \$482,889, in total restricted net position reported: an increase of \$143,297 in governmental activities and an increase of \$339,592 in the City's business-type activities. The major components of these above noted changes are explained in more detail on pages 24 - 26.

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

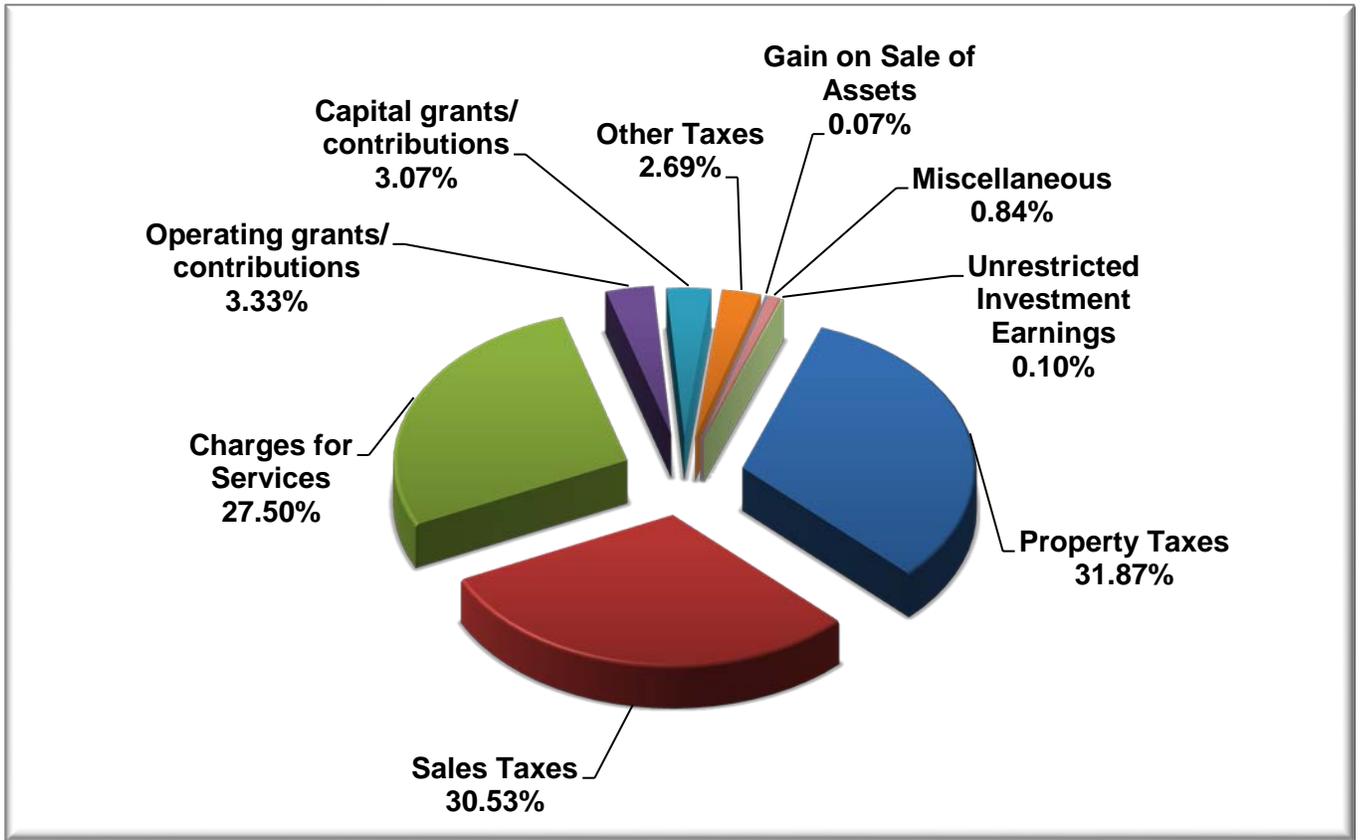
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 4,784,643	\$ 4,432,512	\$23,730,379	\$24,284,521	28,515,022	\$28,717,033
Operating Grants and Contributions	579,134	587,686	23,537	212,916	602,671	800,602
Capital contributions	534,403	252,050	1,380,320	2,659,318	1,914,723	2,911,368
General revenues:						
Property taxes	5,546,182	5,065,159	-	-	5,546,182	5,065,159
Sales taxes	5,313,433	4,739,388	-	-	5,313,433	4,739,388
Other taxes	468,556	420,617	-	-	468,556	420,617
Other	175,414	2,278,425	67,160	51,865	242,574	2,330,290
Total revenues	17,401,765	17,775,837	25,201,396	27,208,620	42,603,161	44,984,457
Expenses:						
General government	2,510,530	2,604,602	-	-	2,510,530	2,604,602
Public safety	7,869,498	7,323,674	-	-	7,869,498	7,323,674
Highways/streets	2,266,961	2,158,471	-	-	2,266,961	2,158,471
Economic development	436,306	409,890	-	-	436,306	409,890
Culture and recreation	4,340,210	3,000,519	-	-	4,340,210	3,000,519
Interest on long-term debt	1,131,656	1,121,400	-	-	1,131,656	1,121,400
Electric	-	-	12,262,199	12,593,722	12,262,199	12,593,722
Water	-	-	4,572,830	4,624,902	4,572,830	4,624,902
Wastewater	-	-	5,182,105	4,262,799	5,182,105	4,262,799
Gas	-	-	1,659,027	1,632,058	1,659,027	1,632,058
Garbage	-	-	586,371	568,090	586,371	568,090
Total expenses	18,555,161	16,618,556	24,262,532	23,681,571	42,817,693	40,300,127
Increase (Decrease) in net position before transfers	(1,153,396)	1,157,281	938,864	3,527,049	(214,532)	4,684,330
Transfers	450,816	151,261	(450,816)	(151,261)	-	-
Increase (Decrease) in net position	(702,580)	1,308,542	488,048	3,375,788	(214,532)	4,684,328
Beginning net position (restated)	27,571,141	26,434,169	48,151,367	45,138,470	75,722,508	71,572,639
Ending net position	\$26,868,561	\$27,742,711	\$48,639,415	\$48,514,258	\$75,507,976	\$76,256,969

The adoption of GASB Statement No. 65 required a retroactive adjustment to recognize the costs associated with the bond issuance that were previously deferred and amortized as an outflow of resources in the reporting period in which they were incurred. The 2012 balances were not restated to reflect this adjustment, however, the beginning net position for 2013 reflects the adjustment.

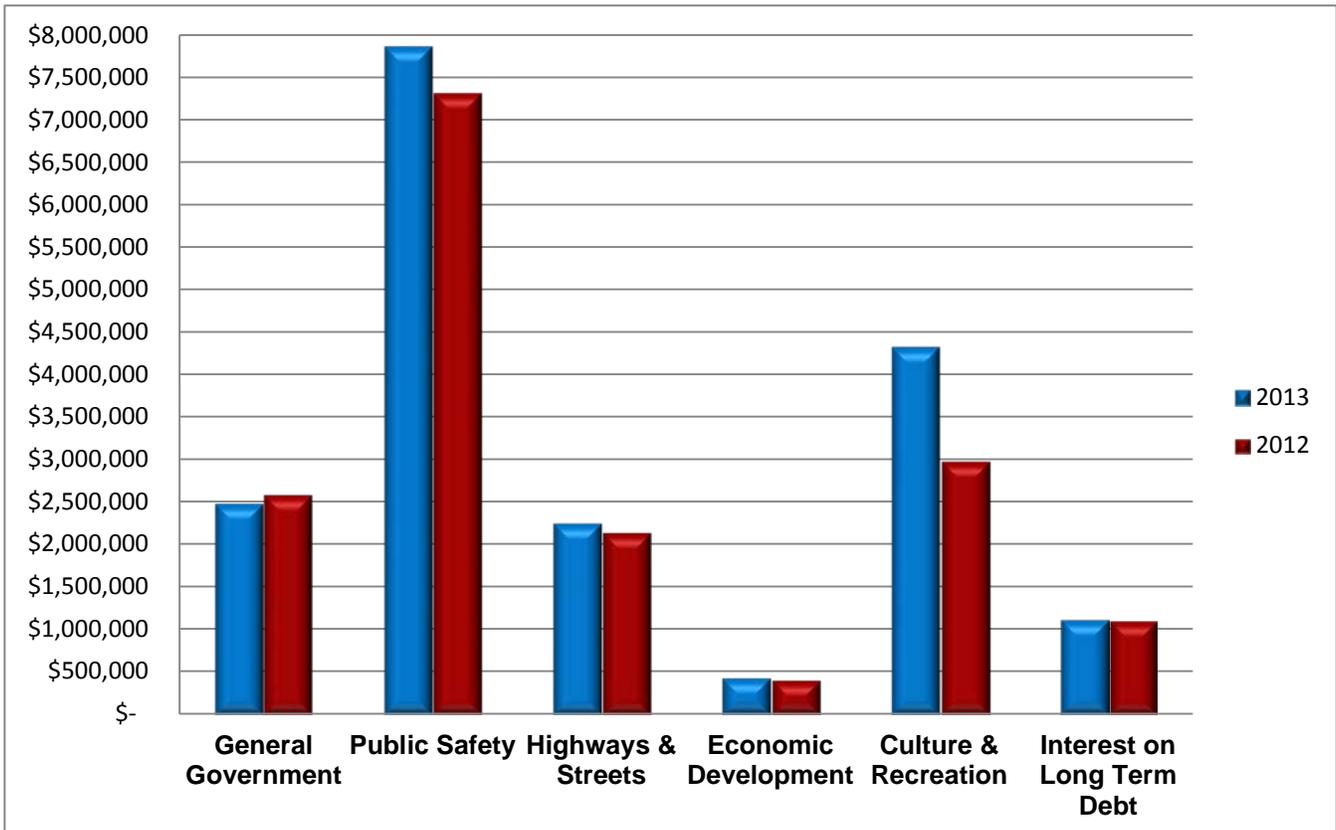
Governmental activities. Governmental activities decreased the City of Boerne's net position by \$702,580. Key elements of this decrease are as follows:

- Total governmental revenues decreased by 2.1% or \$374,072 from the previous year. All revenue categories, except for other revenue, saw a total increase in revenue over prior year of \$1,728,938 or 11.2%, but this increase was not enough to cover the decrease in other revenue.
- Governmental other revenues decreased by 92.3% or \$2,103,010 from the previous year due to a large gain on sale of capital assets in the previous year and very little sale of capital assets in the current year.

Revenues by Source – Governmental Activities



Expenses – Governmental Activities



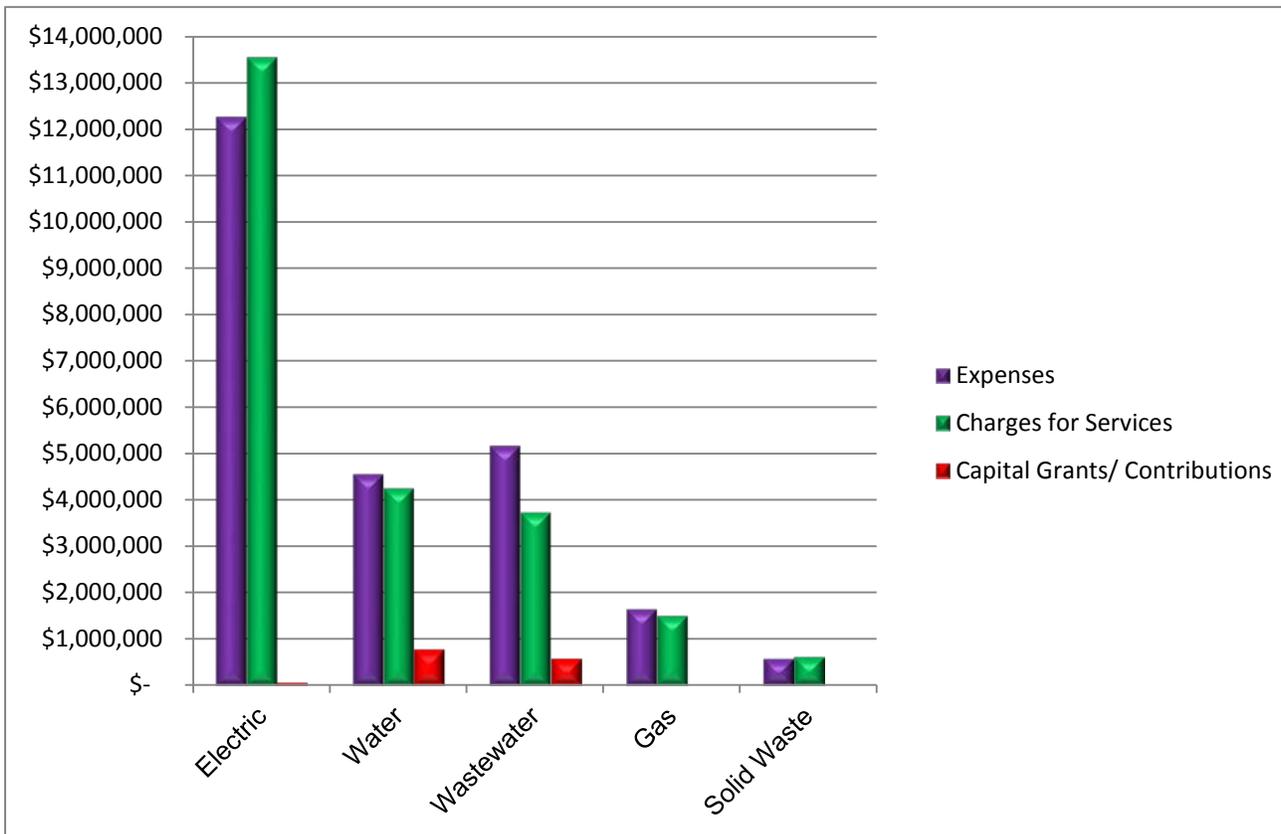
An increase in expenses also contributed to the decrease in net position for the year. Some of the reasons for the decrease in net position are:

- (1) Total Governmental Activities expenses increased by \$1,936,605 or 11.7% from the previous year with an increase occurring in all areas except general government.
- (2) The largest increase in expenses was in culture and recreation and it is due to a 169% increase in depreciation expense which occurred because of the completion of the trails project in the Parks fund.

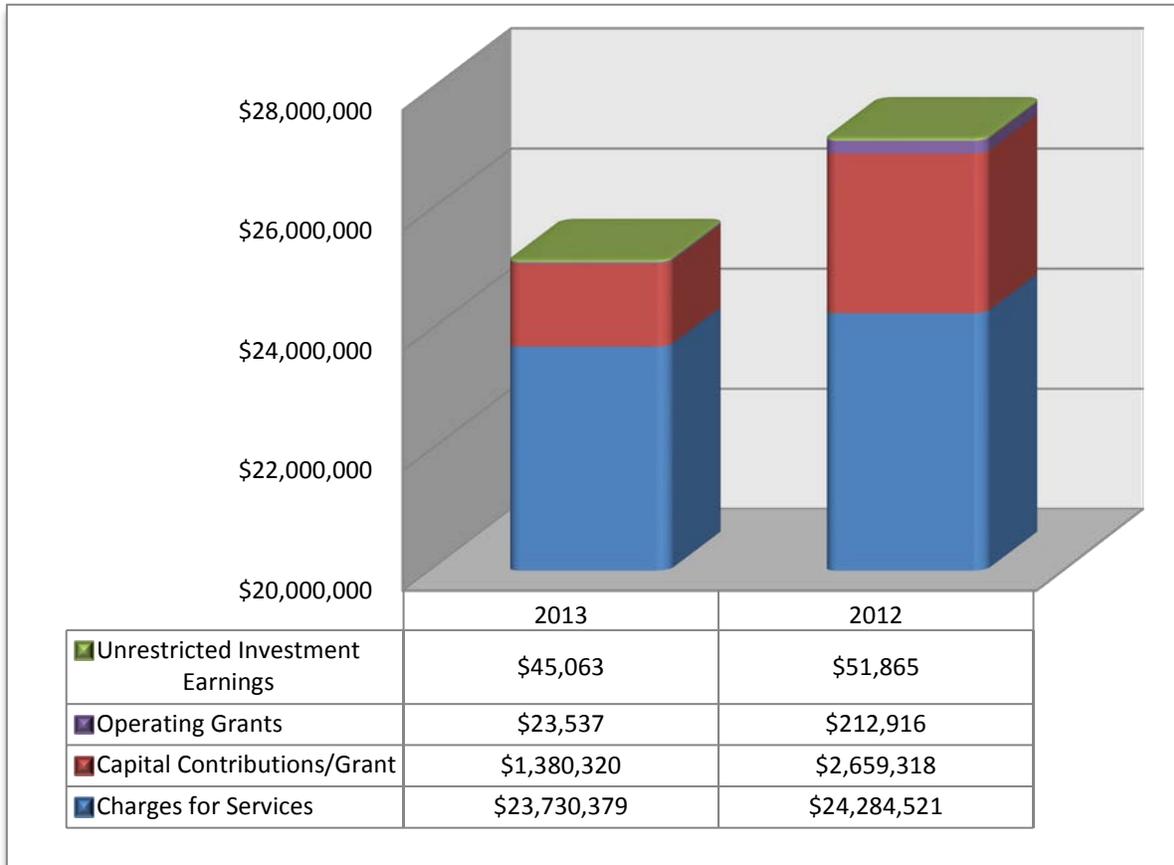
Business-type activities. Business-type activities increased the City of Boerne’s net position by \$488,048, helping to offset the total decrease in net position. Key elements of this increase are as follows:

- A decrease in the cost of power for Electric along with capital contributions from developers created a positive change in net position. Charges for services revenues were also down due to a milder than anticipated winter and summer, and total business-type expenses saw a small increase.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

Government funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,542,886, an increase of \$1,597,157 in comparison with the prior year as a result of an increase in revenues and a decrease in capital outlay due to bond projects being completed in the current year. Approximately 59% of this total amount (\$6,863,709) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. Of the remaining fund balance, \$2,085,489 is *restricted* to indicate that there are constraints on the use of the funds. These *restricted* fund balances can only be used to pay debt service, promote tourism in the City, to pay for Capital projects currently underway from General Obligation bond issues, and to pay for certain Police and Court expenditures. An additional \$675,859 is nonspendable in that the funds are required to be maintained intact as in the case of the permanent Cemetery fund. The other \$1,917,829 is reported as *assigned* fund balance. This *assigned* fund balance is constrained by the City's intent to use these funds

for maintenance of the City's Park programs, to maintain the Public Library, and for Economic Development projects within the City.

The general fund is the chief operating fund of the City of Boerne. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,863,709. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 60.8 % of total general fund expenditures. The fund balance in the City's general fund increased by \$1,005,780 (16.5%) during the current fiscal year. This increase in fund balance can be mainly attributed to:

- An increase of \$880,822 in ad valorem and sales tax revenues over the prior year.
- A decrease in total expenditures primarily in capital outlay due to some large purchases in the prior that did not occur in the current year.

Proprietary funds. The City of Boerne's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the year amounted to: Electric \$9,054,977, Water \$6,721,524, Wastewater \$2,314,815, Gas \$235,675, and Solid Waste \$230,737. The total change in net position for these funds, \$488,048; was \$1,153,337; \$261,839; (\$870,186); (\$95,646), and \$38,705 respectively. All utilities except Electric and Solid Waste had negative net income before capital contributions and transfers. Wastewater was at (\$1,421,883) due in part to a 40.5% increase in operating expenses with the majority of that increase coming from an increase in depreciation and amortization of 110% from the previous fiscal year. The increase in depreciation came from the completion of a new wastewater treatment and recycling plant. Water was at (\$253,524), and Gas was at (\$137,131). The gas fund experienced lower than anticipated sales, and both funds experienced an increase in operating expenses. Electric and Solid Waste utilities combined were at \$1,371,083. The positive net income in Electric can be attributed to a 7.2% decrease in the cost of power. The positive net income in Solid Waste utility is due to higher than anticipated sales for the year (7.1%). The combined utilities (not including Solid Waste) have a revenue bond coverage ratio of 1.99 times coverage which is a decrease from the previous year's 2.08 times coverage. This decrease in coverage ratio can be attributed to a decrease in revenue available over the prior year. The bond covenants require a minimum of 1.20 times debt service coverage.

General Fund Budgetary Highlights

Differences between the original General Fund budget and the final amended budget amounted to \$159,929 (increase in appropriations) and can be summarized in part as follows:

- 1) Additional funds of \$123,000 were needed to do an environmental study for the IH-10 frontage road project.

- 2) The police department budget was increased by \$3,666 for donations received for a new program and for capital expenditures.
- 3) The street budget was increased by \$31,463 for the final payment on a motor grader. The sales tax revenue budget was also increased for this amount.

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

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

- Sales tax revenue was more than the final budget by \$486,685 due to a continued strengthening of the economy during the fiscal year;
- Ad valorem tax revenue exceeded the final budget by \$21,998 due to higher than anticipated collection rate;
- Transfers from other funds exceeded the final budget by \$529,512 due to a transfer from the 2012 Tax Note for reimbursement for the fire truck purchased in the prior year;
- Capital expenditures for all General fund departments were \$645,998 less than budget due to various projects that were not completed but will be carried over and completed in the next fiscal year;
- Law enforcement expenses were under budget by \$157,591 mainly because of personnel costs being less than budget due to turnover during the year .

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2013, amounts to \$112,119,847 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, and construction in progress. The total increase in the City's investment in net capital assets for the current fiscal year was 2.3% (a 4% decrease for governmental activities and a 6% increase for business-type activities).

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

- Construction on the City Campus Wall - \$140,589;
- Infrastructure contributed by developers to streets - \$387,917;
- Downtown revitalization grant to improve mobility - \$110,681;
- Completion of the bond trails project - \$138,562;
- Upgrade the emergency radio system - \$535,301;
- Purchase of a new street sweeper - \$178,942;
- Improvements to the Electric Utility distribution system - \$111,418;
- Infrastructure contributed by developers for electric system - \$61,822;
- Infrastructure contributed by developers for water system – \$337,220;

- AMI/AMR metering improvements and additions - \$328,682;
- Infrastructure contributed by developers for wastewater system – \$150,964.
- Completed Construction for the Wastewater Treatment Plant - \$32,855,517

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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2013	2012	2013	2012	2013	2012
	Land	\$ 9,572,195	\$ 9,572,195	\$ 2,686,158	\$ 2,686,158	\$ 12,258,353
Buildings and Plant	16,562,102	17,554,744	35,060,979	3,326,776	51,623,081	20,881,520
Improvements Other Than Buildings	14,749,620	12,872,868	29,675,901	31,229,567	44,425,521	44,102,435
Machinery & Equipment	2,503,311	1,842,574	1,115,198	965,665	3,618,509	2,808,239
Construction In Progress	8,573	3,362,482	185,810	26,235,460	194,383	29,597,942
Total	\$ 43,395,801	\$ 45,204,863	\$ 68,724,046	\$ 64,443,626	\$ 112,119,847	\$ 109,648,489

For a more detailed presentation on capital assets, please refer to the Notes to Financial Statements on pages 61-62.

Long-term Debt.

At the end of the current fiscal year, the City of Boerne had total debt outstanding of \$72,460,000. Of this amount, \$27,415,000 comprises debt backed by the full faith and credit of the government. The remainder of the City’s debt represents bonds secured solely by specified revenue sources (i.e., utility revenue bonds).

City of Boerne’s Outstanding Debt

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2013	2012	2013	2012	2013	2012
	General Obligation Revenue	\$ 27,415,000	\$26,840,000	\$ -	\$ -	\$27,415,000
Bonds	\$ -	\$ -	\$45,045,000	\$46,145,000	\$45,045,000	\$46,145,000
Total	\$ 27,415,000	\$26,840,000	\$45,045,000	\$46,145,000	\$72,460,000	\$72,985,000

The City’s total debt decreased by \$525,000 during the current fiscal year. The net decrease was the result of principal payments on the debt

The City of Boerne currently has a rating from Moody’s of “Aa3” on both its General Obligation bonded debt and also on its Utility System Revenue debt. At the same time, Fitch affirmed the City’s rating on General Obligation debt at “AA”

with the rating outlook as “positive”. The current Fitch rating on the City’s Utility System Revenue debt is “A” with a “stable” outlook.

State statutes limit the amount of general obligation debt a governmental entity may issue to ten percent of its total assessed valuation. The current debt limitation for the City of Boerne is \$123,893,228, which is significantly in excess of the City of Boerne’s outstanding \$27,415,000 General Obligation debt. Additional detailed information on debt for the City may be found in the Notes to Financial Statements on pages 64-65.

Economic Factors and Next Year’s Budgets

- Sales Tax revenues are relatively stable with some slight increase being seen.
- Appraisal values are expected to remain constant with a modest 2% growth expected in ad-valorem tax revenues.
- New development and new home construction is projected to increase at a faster pace than the past fiscal year. Over 600 new home sites have become ready to build on in the last fiscal year and another 4,500 are in some state of development.
- No significant increase is expected for investment interest rates during this fiscal year.
- The City included significant funding in the fiscal year 2013 budget specifically for projects aimed at spurring economic development. Several Chapter 380 Economic Development Agreements were completed in FY 2013. The goal is to use a return on investment (ROI) approach to evaluate potential projects and infrastructure initiatives that are strategically aimed at being a catalyst for growth to increase City revenues. The increased revenues would come from taxes, fees and utility services. It is anticipated that funding for economic development initiatives will continue into fiscal year 2014 and beyond.
- City staff and the City Council are active in using incentives as allowed by Chapter 380 of the Texas Local Government Code for economic development. The 2013 budget established an economic development fund in order to set aside monies for the staff and council to use in economic development.

These factors were considered in preparing the City of Boerne’s budget for the 2014 fiscal year:

- General Government Budget was balanced with no Ad Valorem Tax increase but a projected increase in Sales Tax.
- Permits and fees revenues were forecast with a slight increase over the past fiscal year budget.
- Several one-time projects will be completed during the year and will be financed by General Government revenues and excess fund balance:
 - a. Construction of two City Gateways - \$180,000;
 - b. Veterans Park upgrades - \$270,000;
 - c. Old #9 trail improvements - \$75,000;

- Utility rate increases were included in the 2014 budget for the Gas utility at 3%; and for the Electric utility at 2%. The rate increases for Gas and Electric were needed to off-set increasing operational costs.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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City of Boerne, Texas
Statement of Net Position
September 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,836,600	\$ 11,425,556	\$ 21,262,156
Receivables (net of allowance)	1,114,400	2,818,293	3,932,693
Intergovernmental receivable	3,712	376	4,088
Inventories	-	939,338	939,338
Prepays	-	1,709	1,709
Temporarily restricted assets:			
Cash, cash equivalents and investments	764,740	13,065,316	13,830,056
Permanently restricted assets:			
Cash and cash equivalents	572,782	-	572,782
Capital assets not being depreciated:			
Land	9,572,195	2,686,158	12,258,353
Construction in progress	8,573	185,810	194,383
Capital assets net of accumulated depreciation:			
Buildings and plant	16,562,102	35,060,979	51,623,081
Improvements other than buildings	14,749,620	29,675,901	44,425,521
Machinery and equipment	2,503,311	1,115,198	3,618,509
Total Capital assets	43,395,801	68,724,046	112,119,847
Total Assets	55,688,035	96,974,634	152,662,669
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	176,693	394,098	570,791
Total deferred outflows of resources	176,693	394,098	570,791
LIABILITIES			
Accounts payable and accrued expenses	330,217	3,254,934	3,585,151
Non-current liabilities:			
Due within one year	1,507,073	1,170,941	2,678,014
Due beyond one year	27,158,877	44,303,442	71,462,319
Total Liabilities	28,996,167	48,729,317	77,725,484
NET POSITION			
Net investment in capital assets	18,157,123	26,963,246	45,120,369
Restricted for:			
Debt service	772,228	3,118,441	3,890,669
Hotel/Motel	290,663	-	290,663
Police Seizure	82,609	-	82,609
Court technology and security	151,348	-	151,348
Cemetery Fund:			
Nonexpendable	675,859	-	675,859
Unrestricted	6,738,731	18,557,728	25,296,459
Total net position	\$ 26,868,561	\$ 48,639,415	\$ 75,507,976

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

City of Boerne, Texas
Statement of Activities
Year Ended September 30, 2013

Functions/programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and contributions</u>	<u>Capital Grants and contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 2,510,530	\$ 554,101	\$ 369,832	\$ 76,924
Public safety	7,869,498	2,137,987	-	69,562
Highways and streets	2,266,961	1,594,537	-	387,917
Economic development & assistance	436,306	-	-	-
Culture and recreation	4,340,210	498,018	209,302	-
Interest on long-term debt	1,131,656	-	-	-
Total governmental activities	<u>18,555,161</u>	<u>4,784,643</u>	<u>579,134</u>	<u>534,403</u>
Business-type activities				
Electric	12,262,199	13,571,874	-	61,822
Water	4,572,830	4,271,406	23,537	756,226
Wastewater	5,182,105	3,748,289	-	562,272
Gas	1,659,027	1,513,893	-	-
Solid Waste	586,371	624,917	-	-
Total business-type activities	<u>24,262,532</u>	<u>23,730,379</u>	<u>23,537</u>	<u>1,380,320</u>
Total Primary Government	<u><u>\$ 42,817,693</u></u>	<u><u>\$ 28,515,022</u></u>	<u><u>\$ 602,671</u></u>	<u><u>\$ 1,914,723</u></u>

General revenues:

Taxes:

Property taxes

Sales taxes

Other taxes

Investment earnings

Miscellaneous

Gain on Sale of Assets

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning (restated)

Net position - ending

(Continued)

City of Boerne, Texas
Statement of Activities
Year Ended September 30, 2013

Net (Expenses) Revenues and Changes in Net Position		
Governmental	Business	Total
\$ (1,509,673)	\$ -	\$ (1,509,673)
(5,661,949)	-	(5,661,949)
(284,507)	-	(284,507)
(436,306)	-	(436,306)
(3,632,890)	-	(3,632,890)
(1,131,656)	-	(1,131,656)
<hr/>		
(12,656,981)	-	(12,656,981)
<hr/>		
-	1,371,497	1,371,497
-	478,339	478,339
-	(871,544)	(871,544)
-	(145,134)	(145,134)
-	38,546	38,546
<hr/>		
-	871,704	871,704
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\$ (12,656,981)	\$ 871,704	\$ (11,785,277)
<hr/>		
\$ 5,546,182	\$ -	\$ 5,546,182
5,313,433	-	5,313,433
468,556	-	468,556
17,378	45,063	62,441
146,263	-	146,263
11,773	22,097	33,870
450,816	(450,816)	-
11,954,401	(383,656)	11,570,745
(702,580)	488,048	(214,532)
27,571,141	48,151,367	75,722,508
\$ 26,868,561	\$ 48,639,415	\$ 75,507,976

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

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City of Boerne, Texas
Balance Sheet - Governmental Funds
September 30, 2013

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash & cash equivalents	\$ 6,783,076	\$ 764,740	\$ 3,053,525	\$ 10,601,340
Receivables	980,595	37,367	96,438	1,114,400
Due from other funds		3,712		3,712
Restricted - permanent fund				
Cash and cash equivalents	-	-	572,782	572,782
Total assets	<u>\$ 7,763,671</u>	<u>\$ 805,819</u>	<u>\$ 3,722,745</u>	<u>\$ 12,292,234</u>
LIABILITIES				
Accounts payable	\$ 133,517	\$ -	\$ 33,344	\$ 166,861
Other payables	56,679	-	9,424	66,103
Due to other funds	3,712			3,712
Unearned revenue	14,747	-	-	14,747
Total liabilities	<u>208,655</u>	<u>-</u>	<u>42,768</u>	<u>251,423</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 28,037	\$ 33,591	\$ 6,985	\$ 68,613
Unavailable revenue - sales taxes	429,313	-	-	429,313
Total deferred inflows of resources	<u>457,350</u>	<u>33,591</u>	<u>6,985</u>	<u>497,926</u>
FUND BALANCES:				
Nonspendable:				
Cemetery fund			675,859	675,859
Restricted:				
Police seized funds	82,609			82,609
Court technology funds	53,793			53,793
Court security funds	97,555			97,555
Debt service reserve		772,228		772,228
Hotel/Motel-tourism promotion			290,663	290,663
Capital projects funds:				
Public Safety Center			106,537	106,537
Parks Improvements/Trails			106,974	106,974
Sidewalks			180,543	180,543
Library			357,485	357,485
Public Safety			37,102	37,102
Assigned:				
Parks & recreation			983,435	983,435
Library			489,174	489,174
Economic Development			445,220	445,220
Unassigned	6,863,709			6,863,709
Total fund balances	<u>7,097,666</u>	<u>772,228</u>	<u>3,672,992</u>	<u>11,542,886</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,763,671</u>	<u>\$ 805,819</u>	<u>\$ 3,722,745</u>	

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported in the funds.	43,395,801
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	(28,665,950)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	689,366
Accrued interest on debt is not reported in the funds.	<u>(93,542)</u>
Net position of governmental activities	<u>\$ 26,868,561</u>

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

City of Boerne, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2013

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 1,891,238	1,903,732	1,753,042	\$ 5,548,012
Sales tax	5,243,148	-	-	5,243,148
Hotel-Motel Tax	-	-	468,556	468,556
Library, parks & swimming revenues	-	-	575,268	575,268
Franchise fees	2,087,618	-	-	2,087,618
Licenses and permits	526,713	-	-	526,713
Fines	347,142	-	-	347,142
Rents	61,020	-	-	61,020
Grants	102,751	-	2,343	105,094
Contributions & donations	1,600,449	-	206,959	1,807,408
Miscellaneous	98,180	-	48,083	146,263
Investment earnings	10,406	1,478	5,494	17,378
Total revenues	11,968,665	1,905,210	3,059,745	16,933,620
Expenditures:				
Current:				
Administration	1,504,673	-	-	1,504,673
Streets	1,408,011	-	-	1,408,011
Law enforcement	3,224,756	-	-	3,224,756
Municipal court	245,325	-	-	245,325
Animal control	162,745	-	-	162,745
Facilities and emergency operations	489,213	-	-	489,213
Planning/Code enforcement	702,682	-	-	702,682
Convention/community center	280,266	-	-	280,266
Communications	807,659	-	-	807,659
Information technology	369,861	-	-	369,861
Fire department	1,156,999	-	-	1,156,999
Park Fund	-	-	1,525,328	1,525,328
Library Fund	-	-	850,051	850,051
Hotel/Motel Fund	-	-	417,866	417,866
Cemetery Fund	-	-	56,052	56,052
Economic Development Fund	-	-	4,925	4,925
Capital outlay	928,646	-	1,095,793	2,024,439
Debt service:				
Principal	-	965,000	-	965,000
Interest	-	1,132,997	-	1,132,997
Bond issuance costs	-	-	15,340	15,340
Fiscal agent fees	-	1,575	-	1,575
Total expenditures	11,280,836	2,099,572	3,965,355	17,345,763
Excess/(Deficiency) of revenues over (under) expenditures	687,829	(194,362)	(905,610)	(412,143)

(Continued)

City of Boerne, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2013

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):				
Transfers in	602,388	251,209	500,000	1,353,597
Transfers out	(297,769)	(55,500)	(549,512)	(902,781)
Sale of Capital Assets	13,332	-	5,152	18,484
Issuance of debt	-	-	1,540,000	1,540,000
Total other financing sources (uses)	<u>317,951</u>	<u>195,709</u>	<u>1,495,640</u>	<u>2,009,300</u>
Net change in fund balances	1,005,780	1,347	590,030	1,597,157
Fund balances - beginning	6,091,886	770,881	3,082,962	9,945,729
Fund balances - ending	<u>\$ 7,097,666</u>	<u>\$ 772,228</u>	<u>\$ 3,672,992</u>	<u>\$ 11,542,886</u>

City of Boerne, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended September 30, 2013

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

Net change in fund balances-total governmental funds	\$ 1,597,157
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciable expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. There was \$224,228 in capital outlay expense which did not meet capitalization threshold.	(2,196,034)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins) is to increase net position.	381,206
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of the governmental funds. Neither transaction has an effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(519,661)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	68,455
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(33,703)
Change in net position of governmental activities	<u><u>\$ (702,580)</u></u>

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

City of Boerne, Texas
Statement of Net Position
Proprietary Funds
September 30, 2013

	Business-type Activities-Enterprise Funds					Total
	Electric	Water	Wastewater	Gas	Solid Waste	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 6,566,367	\$ 3,140,149	\$ 1,384,447	\$ 92,052	\$ 242,541	\$11,425,556
Accounts receivable	1,711,015	509,240	428,530	127,913	41,595	2,818,293
Due from other funds	-	376	-	-	-	376
Inventories	628,216	221,381	8,244	81,497	-	939,338
Prepays	1,709	-	-	-	-	1,709
Restricted cash and cash equivalents:						
Customer deposits	475,394	511,329	-	67,482	-	1,054,206
Revenue bond covenant accounts	1,117,921	1,078,711	395,077	-	-	2,591,708
Total current assets	10,500,622	5,461,186	2,216,298	368,944	284,136	18,831,186
Non-current assets:						
Restricted cash and cash equivalents:						
Revenue bond covenant accounts	164,883	414,667	6,165,353	164,738	-	6,909,641
Capital contributions	-	2,207,626	302,135	-	-	2,509,761
Capital assets:						
Land	84,601	772,633	1,784,655	44,269	-	2,686,158
Buildings/Plant	773,342	1,783,712	37,712,718	141,725	-	40,411,497
System improvements	10,442,112	19,514,266	15,462,028	4,549,601	-	49,968,007
Machinery and equipment	1,872,334	1,081,327	731,350	512,844	12,333	4,210,188
Construction in progress	-	-	76,505	109,305	-	185,810
Less accumulated depreciation	(6,767,893)	(11,197,444)	(8,576,516)	(2,183,428)	(12,333)	(28,737,614)
Total capital assets (net)	6,404,496	11,954,494	47,190,740	3,174,316	-	68,724,046
Total non-current assets	6,569,379	14,576,787	53,658,228	3,339,054	-	78,143,448
Total assets	17,070,001	20,037,973	55,874,525	3,707,999	284,136	96,974,634
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	-	12,602	381,496	-	-	394,098
Total deferred outflows of resources	-	12,602	381,496	-	-	394,098
LIABILITIES						
Current liabilities:						
Accounts payable	800,894	154,011	934,020	48,718	49,590	1,987,233
Other payables	36,954	-	-	2,932	3,809	43,695
Compensated absences	6,486	1,505	2,034	349	-	10,374
Total current liabilities	844,334	155,516	936,054	51,999	53,399	2,041,302
Current liabilities payable from restricted assets:						
Customer deposits	475,394	511,329	-	67,482	-	1,054,205
Revenue bonds payable	45,000	275,000	715,000	115,000	-	1,150,000
Revenue bond premium	-	3,401	7,166	-	-	10,567
Accrued interest payable	2,683	7,073	152,813	7,232	-	169,801
Total current liabilities payable from restricted assets	523,077	796,803	874,979	189,714	-	2,384,573
Non-current liabilities:						
Compensated absences	123,234	28,598	38,646	6,631	-	197,109
Revenue bonds payable	695,000	1,560,000	39,760,000	1,880,000	-	43,895,000
Revenue Bond premium payable	-	68,021	143,312	-	-	211,333
Total non-current liabilities	818,234	1,656,619	39,941,958	1,886,631	-	44,303,442
Total liabilities	2,185,645	2,608,938	41,752,991	2,128,344	53,399	48,729,317
NET POSITION						
Net investment in capital assets	5,664,496	10,060,674	10,058,760	1,179,316	-	26,963,246
Restricted for debt service	164,883	659,439	2,129,455	164,664	-	3,118,441
Unrestricted	9,054,977	6,721,524	2,314,815	235,675	230,737	18,557,728
Total Net Position	\$ 14,884,356	\$17,441,637	\$14,503,030	\$ 1,579,655	\$ 230,737	\$48,639,415

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

City of Boerne, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended September 30, 2013

	Business-type Activities-Enterprise Funds					Total
	Electric	Water	Wastewater	Gas	Solid Waste	
Operating revenues:						
Charges for sales and services	\$ 13,041,060	\$ 4,037,885	\$ 3,669,097	\$ 1,449,345	\$ 617,688	\$ 22,815,075
Connection fees	3,041	262	31,835	40,193	-	75,331
Primary extensions	119,890	48,211	-	2,309	-	170,410
Penalties	120,164	45,302	44,583	11,681	7,229	228,959
Other	287,719	139,746	2,774	10,365	-	440,604
Total operating revenues	13,571,874	4,271,406	3,748,289	1,513,893	624,917	23,730,379
Operating expenses:						
Cost of fuel and water reservation	7,873,545	1,269,690	-	546,862	-	9,690,097
Personnel	1,829,304	983,527	925,119	508,724	-	4,246,674
Franchise fees	1,158,469	183,855	178,500	73,714	568,502	2,163,040
Administration	825,788	485,298	466,090	200,695	17,869	1,995,741
Depreciation	481,315	1,530,955	1,730,545	227,385	-	3,970,200
Other	59,993	12,763	13,001	10,478	-	96,235
Total operating expenses	12,228,414	4,466,088	3,313,255	1,567,858	586,371	22,161,986
Operating income (loss)	1,343,460	(194,682)	435,034	(53,965)	38,546	1,568,393
Non-operating revenues (expenses):						
Investment earnings	20,980	12,171	11,372	381	159	45,063
Grant reimbursement	-	23,537	-	-	-	23,537
Interest expense	(33,785)	(95,720)	(1,855,662)	(91,169)	-	(2,076,336)
Grant expense	-	(11,022)	-	-	-	(11,022)
Bond costs	-	-	(13,188)	-	-	(13,188)
Gain on sale of capital assets	1,723	12,192	561	7,621	-	22,097
Total non-operating revenues (expenses)	(11,082)	(58,842)	(1,856,917)	(83,167)	159	(2,009,849)
Income (loss) before capital contributions and transfers	1,332,378	(253,524)	(1,421,883)	(137,131)	38,705	(441,456)
Capital contributions	61,822	756,226	562,272	-	-	1,380,320
Transfers in	-	-	-	52,060	-	52,060
Transfers out	(240,863)	(240,863)	(10,575)	(10,575)	-	(502,876)
Change in net position	1,153,337	261,839	(870,186)	(95,646)	38,705	488,048
Net position - beginning (as restated)	13,731,019	17,179,798	15,373,216	1,675,301	192,032	48,151,367
Net position - ending	\$ 14,884,356	\$ 17,441,637	\$ 14,503,030	\$ 1,579,655	\$ 230,737	\$ 48,639,415

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

City of Boerne, Texas
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2013

	Business-type Activities-Enterprise Funds					Totals
	Electric	Water	Wastewater	Gas	Solid Waste	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$13,975,435	\$ 4,563,164	\$ 3,793,505	\$ 1,537,820	\$ 624,966	\$24,494,890
Payments to suppliers	(9,754,196)	(2,015,923)	(817,184)	(815,213)	(586,778)	(13,989,294)
Payments to employees	(1,847,622)	(982,780)	(916,378)	(507,938)	-	(4,254,718)
Net cash provided by operating activities	<u>2,373,617</u>	<u>1,564,461</u>	<u>2,059,943</u>	<u>214,669</u>	<u>38,188</u>	<u>6,250,878</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	52,060	-	52,060
Transfers out	(240,863)	(240,863)	(10,575)	(10,575)	-	(502,876)
Grant reimbursement (expense)	-	12,515	-	-	-	12,515
Net cash provided by noncapital financing activities	<u>(240,863)</u>	<u>(228,348)</u>	<u>(10,575)</u>	<u>41,485</u>	<u>-</u>	<u>(438,301)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(350,951)	(339,774)	(8,316,324)	(142,246)	-	(9,149,295)
Capital Recovery Contributions	-	419,006	411,308	-	-	830,314
Revenue bonds and certificates-principal	(40,000)	(255,000)	(695,000)	(110,000)	-	(1,100,000)
Revenue bonds and certificates-interest	(33,930)	(98,125)	(1,861,247)	(91,568)	-	(2,084,870)
Net cash used for capital and related financing activities	<u>(424,881)</u>	<u>(273,893)</u>	<u>(10,461,263)</u>	<u>(343,814)</u>	<u>-</u>	<u>(11,503,851)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest earned	20,980	12,171	11,372	381	159	45,063
Net cash provided by investing activities	<u>20,980</u>	<u>12,171</u>	<u>11,372</u>	<u>381</u>	<u>159</u>	<u>45,063</u>
Net increase (decrease) in cash and cash equivalents	1,728,853	1,074,391	(8,400,523)	(87,279)	38,347	(5,646,211)
Balances - beginning of year	6,595,712	6,278,091	16,647,534	411,552	204,194	30,137,083
Balances - end of year	<u>\$ 8,324,565</u>	<u>\$ 7,352,482</u>	<u>\$ 8,247,011</u>	<u>\$ 324,273</u>	<u>\$ 242,541</u>	<u>\$24,490,872</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 1,343,460	\$ (194,682)	\$ 435,034	\$ (53,965)	\$ 38,546	\$ 1,568,393
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation Expense	481,315	1,530,955	1,730,545	227,385	-	3,970,200
Changes in assets and liabilities:						
Accounts payable	106,702	188,975	(149,960)	16,638	(407)	161,948
Receivables	403,089	121,854	45,215	24,764	49	594,971
Inventory	34,994	(82,641)	(891)	(153)	-	(48,691)
Prepays	4,057	-	-	-	-	4,057
Net cash provided by operating activities	<u>\$ 2,373,617</u>	<u>\$ 1,564,461</u>	<u>\$ 2,059,943</u>	<u>\$ 214,669</u>	<u>\$ 38,188</u>	<u>\$ 6,250,878</u>
Noncash, investing, capital, and financing activities:						
Contribution of capital assets by Developers	\$ 61,822	\$ 337,220	\$ 150,964	\$ -	\$ -	\$ 550,006

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

City of Boerne, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2013

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 2,142
Total assets	<u>\$ 2,142</u>
LIABILITIES	
Accounts payable	\$ 2,142
Total liabilities	<u>\$ 2,142</u>

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

I. Summary of significant accounting policies

A. Reporting entity

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

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent on fees and charges for support.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

City of Boerne, Texas
Notes to Financial Statements
September 30, 2013

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

The City also reports the following fiduciary fund type:

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

Additionally the City reports the following permanent fund type:

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility funds are charges to customers for sales and services. The utilities also recognize capital recovery fees which are intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

GASB Implementation

During the year, the City adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

GASB 62 incorporates 1) FASB Statements and Interpretations, 2) Accounting Principles Board Opinions, and 3) Accounting Research Bulletins, issued on or before November 30, 1989 that do not conflict or contract GASB pronouncements into GASB's authoritative literature.

GASB 63 renames the statement of net assets as the statement of net position and provides guidance for reporting deferred outflows of resources and deferred inflows of resources within the financial statements of governmental entities.

GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See footnote VI for further discussion of the implementation.

1. Deposits and investments

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

Cities in Texas are authorized to make investments as follows:

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

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

The City may invest in any of the various instruments authorized by the Public Funds Investment Act of Texas. Investments are reported at fair value.

2. Receivables and payables

All outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". No internal balances existed at year end. All trade and property tax receivables are shown net of an allowance for uncollectibles. In accordance with the City's policy, the property tax receivable allowance is equal to fifteen percent of outstanding property taxes at September 30, 2013. Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy is billed

October 1. The billings are considered past due on the following February 1st, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of enterprise funds are recorded as expenses when consumed rather than when purchased. There are no material inventories in the governmental funds. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable bond covenants. The “revenue bond construction” account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The “revenue bond current debt service” account is used to segregate resources accumulated for debt service payments over the next twelve months. The “revenue bond debt reserve” account is used to report resources set aside to make up potential future deficiencies in the “revenue bond current debt service” account. Certain resources in the governmental activities are classified as restricted. The cemetery has an endowment fund that is restricted in use for care of the cemetery. Taxes collected for debt interest and sinking restricted in use for debt payments.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure that was acquired prior to the implementation of GASB-Statement No. 34 is included and reported in the government-wide financial statements in this report. The City used backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year) for the purpose of estimating historical cost for the initial reporting of these assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

City of Boerne, Texas
Notes to Financial Statements
September 30, 2013

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

<u>Assets</u>	<u>Years</u>
Buildings/Building Improvements	20
Public domain & system infrastructure	20-25
Vehicles	5-10
Office/computer/miscellaneous equipment	3-5

6. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

7. *Compensated absences*

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

8. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or

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

9. Fund balance

The City has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The City reports several types of fund balances in its governmental funds: “*Unspendable*, *Restricted*, *Assigned*, and *Unassigned*”. For purposes of fund balance classification, expenditures are to be spent from “*restricted*” fund balance first, followed in order by “*committed*” fund balance, “*assigned*” fund balance and lastly “*unassigned*” fund balance. The City considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for which both restricted and unrestricted amounts are available.

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

It is important to note that the City has established basic minimum fund balances within all funds. The minimum fund balances are proposed to be available in case of

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unexpected revenue shortfalls or for unforeseeable expenditures. The basic premise of these minimums is to maintain ninety to one hundred twenty days of operating expense as the desired minimum fund balances. These minimums are reviewed each year during the budgeting process for the upcoming fiscal year budget. If necessary, increases in the minimums are determined prior to the adoption of the new fiscal year budget.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental balance sheet includes reconciliation between *fund balance- total governmental fund* and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “accrued interest on debt is not recorded.” The details of this \$93,542 differences are as follows:

<u>Debt Issue</u>	<u>C. of O.</u>	<u>G.O.</u>	<u>Tax Notes</u>	<u>Total</u>
Interest due 3/1/14	<u>-</u>	<u>92,532</u>	<u>1,010</u>	<u>\$93,542</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>				<u>\$93,542</u>

Also, the reconciliation states that “Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, not reported in the funds”. The details of this \$43,395,801 difference are as follows:

Total Capital assets	\$ 70,680,445
Accumulated depreciation	<u>(27,284,644)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 43,395,801</u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$28,665,950 difference are as follows:

Bonds payable	\$ 27,415,000
Bond premium	509,846
Compensated absences	532,887
OPEB obligation	<u>208,217</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 28,665,950</u>

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Another element of that reconciliation explains that “Other long-term assets are not available to pay for current period expenditures and, therefore, are not deferred in the funds.” The details of this \$689,366 difference are as follows:

Deferred sales tax revenues	\$ 429,313
Deferred property tax revenues	68,613
Deferred civic center revenues	14,747
Deferred loss on refunding	<u>176,693</u>
 Net adjustment to increase <i>fund balance-total governmental funds</i> to arrive at <i>net position-government activities</i>	 <u>\$ 689,366</u>

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

One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$2,196,034 are as follows:

Capital outlays	\$ 2,024,439
Expense under capitalization threshold	(224,228)
Depreciation expense	<u>(3,996,245)</u>
 Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 <u>\$ (2,196,034)</u>

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Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins) is to decrease net position.” The details of this \$381,206 difference are as follows:

In the statement of activities, only the <i>gain</i> on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of capital assets sold	\$ (6,711)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources	<u>387,917</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 381,206</u>

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has an effect on net position.” The details of this \$519,661 difference are as follows:

Issuance of Tax Note debt	\$ (1,540,000)
Principal repayment on long-term debt	965,000
Loss on refunding	(25,242)
Premium on bond issue	<u>80,581</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (519,661)</u>

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.” The details of this \$68,455 difference are as follows:

Sales tax receivable	\$ 70,285
Property tax receivable	<u>(1,830)</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 68,455</u>

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Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$33,703 difference are as follows:

Compensated absences	\$ (19,984)
Interest expense	1,340
OPEB obligation	<u>(15,059)</u>
 Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 <u>\$ (33,703)</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

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

	Original Budget	Budget Increase	Amended Budget
General Fund	\$12,311,240	\$ 159,929	\$12,471,169
Hotel/Motel Fund	442,851	20,000	462,851
Utility Funds:			
Water	4,784,340	11,500	4,795,840
Total	\$17,538,431	\$ 191,429	\$17,729,860

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. There were no outstanding encumbrances at September 30, 2013.

IV. Detailed notes on all funds

A. Deposits and investments

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

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act ("the Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

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

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

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

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the Trust Agreement. It also selects the consultants for Texas Class, including the Program Administrator and the Custodian.

The City's investments in Pools are reported at an amount determined at amortized cost which approximates fair value per share of the pool's underlying portfolio. At year end, the City's carrying amount of deposits was \$1,251,787 and the bank balance was \$1,802,532. Of the bank balance, \$250,000 was covered by federal depositor insurance, and the balance over \$250,000 was covered by collateral held by the City's agent in the City's name. As of September 30, 2013, the City had the following cash, cash equivalents and investments:

	Carrying/ Fair Value	Investments Weighted Average Maturity (WAM) days
Cash on hand	\$ 1,857	N/A
Cash in bank	1,251,787	N/A
TexPool	21,170,366	49
Texas Term	1,246,838	50
Texas Class	1,138	45
TexStar	5,056,300	52
U.S. Agencies	1,000,000	622
Certificates of Deposit	5,936,708	288
Total	<u>\$ 35,664,994</u>	

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

Credit risk. Deposits with the investment pools are recorded at amortized cost, which approximates fair value. The investment pools have as one of their objectives the maintenance of a stable net asset value of \$1.00. The City's investment policy requires that the net asset value of the pools also be \$1.00 and be rated no lower than "AAA" or "AAA-m" or no lower than investment grade with a weighted average maturity no greater than 90 days. As of September 30, 2013, the ratings of the various investment pools were:

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

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Similarly, the City's investment policy requires that obligations of states, agencies, counties, cities and other political subdivisions be rated not less than "A" or its equivalent. The current ratings of the U. S. Agencies included in the investment portfolio of the City at September 30, 2013 were:

U.S. Agency	Rating	Rating Agency
FHLMC	AA+	Standard & Poor's

B. Receivables

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

Receivables:	General	Debt Service	Nonmajor Funds	Total
Property taxes	\$ 36,687	\$ 43,961	\$ 35,998	\$ 116,646
Sales taxes	847,961	-	-	847,961
Access line fees	25,019	-	-	25,019
Franchise fees	52,849	-	-	52,849
Miscellaneous	23,582	-	65,840	89,422
Gross receivables	986,098	43,961	101,838	1,131,897
Less uncollectibles	(5,503)	(6,594)	(5,400)	(17,497)
Net Total				
Receivables	\$ 980,595	\$ 37,367	\$ 96,438	\$1,114,400

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

Receivables:	Electric	Water	Wastewater	Gas	Solid Waste	Total
Interest	\$ 9,116	\$ 3,944	\$ -	\$ -	\$ -	\$ 13,060
Accounts	1,701,899	505,296	428,530	127,913	41,595	2,805,233
Total						
Receivables	\$1,711,015	\$509,240	\$ 428,530	\$127,913	\$41,595	\$2,818,293

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C. Capital Assets

Capital asset activity for Governmental Activities for the year ended September 30, 2013 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 9,572,195	\$ -	\$ -	\$ 9,572,195
Construction in progress	3,362,482	1,041,230	(4,395,139)	8,573
Total Capital assets, not being depreciated	<u>12,934,677</u>	<u>1,041,230</u>	<u>(4,395,139)</u>	<u>9,580,768</u>
Capital assets, being depreciated:				
Buildings and plant	22,833,911	92,924	-	22,926,835
Improvements other than buildings	25,667,409	4,236,441	-	29,903,850
Machinery and equipment	7,219,717	1,288,392	(239,117)	8,268,992
Total Capital assets, being depreciated	<u>55,721,037</u>	<u>5,617,757</u>	<u>(239,117)</u>	<u>61,099,677</u>
Less accumulated depreciation for:				
Buildings and plant	(5,279,167)	(1,085,566)	-	(6,364,733)
Improvements other than buildings	(12,794,541)	(2,359,689)	-	(15,154,230)
Machinery and equipment	(5,377,143)	(627,655)	239,117	(5,765,681)
Total accumulated depreciation	<u>(23,450,851)</u>	<u>(4,072,910)</u>	<u>239,117</u>	<u>(27,284,644)</u>
Total Capital assets, being depreciated, net	<u>32,270,186</u>	<u>1,544,847</u>	<u>-</u>	<u>33,815,033</u>
Governmental activities Capital assets, net	<u>\$45,204,863</u>	<u>\$ 2,586,077</u>	<u>\$ (4,395,139)</u>	<u>\$43,395,801</u>

Capital asset activity for Business-type Activities for the year ended September 30, 2013 was as follows:

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,686,158	-	-	\$ 2,686,158
Construction in progress	26,235,460	6,832,285	(32,881,935)	185,810
Total Capital assets not being depreciated	<u>28,921,618</u>	<u>6,832,285</u>	<u>(32,881,935)</u>	<u>2,871,968</u>
Capital assets being depreciated:				
Buildings and plant	7,550,580	32,860,917	-	40,411,497
Improvements other than buildings	48,892,383	1,075,624	-	49,968,007
Machinery and equipment	3,947,064	388,278	(125,154)	4,210,188
Total Capital assets being depreciated	<u>60,390,027</u>	<u>34,324,819</u>	<u>(125,154)</u>	<u>94,589,692</u>
Less accumulated depreciation for:				
Buildings and plant	(4,223,804)	(1,126,714)	-	(5,350,518)
Improvements other than buildings	(17,662,816)	(2,629,290)	-	(20,292,106)
Machinery and equipment	(2,981,399)	(238,629)	125,038	(3,094,990)
Total accumulated depreciation	<u>(24,868,019)</u>	<u>(3,994,633)</u>	<u>125,038</u>	<u>(28,737,614)</u>
Total Capital assets being depreciated, net	<u>35,522,008</u>	<u>30,330,186</u>	<u>(116)</u>	<u>65,852,078</u>
Business-type activities Capital assets, net	<u>\$64,443,626</u>	<u>\$37,162,471</u>	<u>\$(32,882,051)</u>	<u>\$68,724,046</u>

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

<u>Governmental activities:</u>	
General government	\$ 272,485
Public safety	894,316
Highways and streets	880,634
Economic development	3,919
Culture and recreation	<u>1,944,891</u>
Total depreciation expense – governmental activities	<u>3,996,245</u>
Transfers of assets with accumulated depreciation	<u>76,665</u>
Total increase in accumulated depreciation	<u>\$ 4,072,910</u>
 <u>Business-type activities:</u>	
Electric utility	\$ 481,315
Water utility	1,530,995
Wastewater utility	1,730,545
Natural Gas utility	<u>227,385</u>
Total depreciation expense – business-type activities	<u>3,970,240</u>
Transfers of assets with accumulated depreciation	<u>24,393</u>
Total increase in accumulated depreciation	<u>\$ 3,994,633</u>

The City is a recipient of capital contributions from developers for the construction and development of certain infrastructure assets. Capital contributions related to enterprise funds are recorded by the City as capital contributions in the statement of revenues, expenses, and changes in fund net position; and as program revenues (capital grants and contributions) in the statement of activities at the government wide level. Capital contributions related to governmental funds, are not recorded at the fund level, but are reported as program revenues (capital grants and contributions) in the statement of activities at the government wide level. On the statement of net position, at both the government wide level (governmental and business-type activities) and fund level (enterprise funds), capital contributions are recorded as a component of capital assets and depreciated accordingly over the estimated life of these assets.

D. Construction commitments

The City has active construction projects as of September 30, 2013. The projects include:

2009 G.O. Construction projects

These projects are part of governmental activities. The projects include construction of the Public Safety Center, expansion of the Fire Station, Parks land and Trails Improvements and construction of a new Library. At year-end, the City's commitments to these projects are as follows:

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<u>Projects</u>	<u>09 G.O. Bond Projects</u>	
	<u>Spent-to-date</u>	<u>Remaining</u>
Public Safety Center	\$ 276,296	\$ 106,537
Fire Station	2,312,860	-
Park Land/Improve	138,670	97,016
Park Trails	2,623,953	9,958
New Library	6,583,718	357,485
Sidewalks	587,204	31,589
	<u>\$ 12,522,701</u>	<u>\$ 602,585</u>

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

E. Interfund transfers

The composition of interfund transfers as of September 30, 2013, is as follows:

<u>Transfers out:</u>	<u>General Fund</u>	<u>Debt-Service Fund</u>	<u>Non-major Governmental Funds</u>	<u>Gas Fund</u>	<u>Totals</u>
General Fund	\$ -	\$ 251,509	\$ 50,000	\$ 52,060	\$ 297,769
Debt Service fund	-	55,500	-	-	55,500
Non-major governmental funds	549,512	-	-	-	549,512
Electric Enterprise Fund	15,863	-	225,000	-	240,863
Water Enterprise Fund	15,863	-	225,000	-	240,863
Wastewater Enterprise Fund	10,575	-	-	-	10,575
Gas Enterprise Fund	10,575	-	-	-	10,575
Totals	<u>\$ 602,388</u>	<u>\$ 195,709</u>	<u>\$ 500,000</u>	<u>\$ 52,060</u>	<u>\$ 1,350,157</u>

Transfers are used to: 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due; 2) move unrestricted general fund revenue to finance various programs that City of Boerne must account for in other funds in accordance with budgetary authorizations. In the year ended September 30, 2013, The City made the following one-time transfers:

- \$195,709 from the General fund to Debt-Service for principal and interest due on debt obligations;
- \$50,000 from the General fund to Park fund to assist with park operations;
- \$52,060 from the General fund to the Gas fund for a special project required due to bridge construction;

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- \$20,000 from the Hotel/Motel/CVB fund to the General fund for the purchase of a new sign at the Civic Center;
- \$52,876 from the Electric, Water, Wastewater and Gas funds to the General fund for General Obligation debt service;
- \$450,000 from the Electric and Water funds to the Economic Development fund to assist with economic development projects within the City.

F. Long-term Debt

Long-term debt activity for the year ended September 30, 2013, was as follows:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Debt	\$27,415,000	\$26,840,000	\$ -	\$ -	\$27,415,000	\$26,840,000
Utility Revenue Debt	-	-	45,045,000	46,145,000	45,045,000	46,145,000
Total	\$27,415,000	\$26,840,000	\$45,045,000	\$46,145,000	\$72,460,000	\$72,985,000

General Obligation Debt

The City issues general obligation bonds, certificates and tax notes to provide the funds for acquisition and construction of major capital facilities and projects. General obligation bonds and certificates are direct obligations and pledge the full faith and credit of the government. This debt generally is issued as 20-25 year serial bonds with equal amounts of principal maturing each year.

On December 18, 2012 the City issued \$1,540,000 of Tax Notes. The proceeds of this issuance are to be used for public safety equipment, public safety communications upgrades, sidewalks, and street department equipment.

General obligation debt currently outstanding is as follows:

	Original Amount	Interest Rate %	Balances October 1, 2012	Issued During Year	Retired During Year	Balances Sept. 30, 2013
<u>General Obligation Debt:</u>						
2007 Go Bonds	11,470,000	4.00- 5.25	10,920,000	-	300,000	10,620,000
2009 GO Bonds	10,000,000	3.00 -5.00	9,715,000	-	145,000	9,570,000
2011 GO Refunding Bonds	6,345,000	2.00 -4.00	6,205,000	-	520,000	5,685,000
2012 Tax Notes	1,540,000	0.45 - 1.10	-	1,540,000	-	1,540,000
Total of bonded debt			\$ 26,840,000	\$1,540,000	\$965,000	\$27,415,000

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

Year Ending September 30,	General Obligation Bonds		Total
	Principal	Interest	
2014	1,235,000	1,106,715	2,341,715
2015	1,270,000	1,073,994	2,343,994
2016	1,310,000	1,038,816	2,348,816
2017	1,355,000	1,001,332	2,356,332
2018	1,400,000	960,825	2,360,825
2019-2023	6,615,000	4,108,721	10,723,721
2024-2028	7,535,000	2,609,148	10,144,148
2029-2033	6,695,000	770,599	7,465,599
	<u>\$27,415,000</u>	<u>\$ 12,670,150</u>	<u>\$ 40,085,150</u>
Average annual requirements			\$2,004,257

Revenue Bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The City has pledged future electric, water, wastewater and gas customer revenue net of specified operating expenses, to repay \$45,045,000 in Utility System Revenue and Refunding bonds issued in 2006, 2009, and 2010.

Proceeds from these bonds have provided financing for the various improvements to the Electric, Wastewater and Gas distribution systems in 2006; refunding of Wastewater and Water utility bonds to affect interest savings and defease the 1997, 1998 & 1999 Water and Wastewater Utility system Revenue bonds in 2009; various improvements in 2009 to the Wastewater system in preparation for the construction of a new Wastewater treatment plant, and the 2010 Wastewater issuance to finance the construction of the new plant and recycling center that began late in fiscal year 2011. These bonds are payable solely from Electric, Water, Wastewater and Gas customer net revenues and are payable through 2040. The total principal and interest remaining to be paid on the bonds is \$76,373,751

	Original	Interest	Balances	Additions	Retired	Balances
	Amount	Rate	October 1,	During	During	Sept. 30,
<u>Utility Revenue Bonds:</u>		%	2012	Year	Year	2013
2006 Utility system Rev Bnds	\$7,500,000	4.35	\$ 6,695,000	\$ -	\$190,000	\$6,505,000
2009 Utility System Refund Bnds	4,850,000	2.00-5.00	3,675,000	-	495,000	3,180,000
2009 Utility System Revenue Bnds	6,660,000	2.00-5.00	6,215,000	-	165,000	6,050,000
2010 Utility System Revenue Bnds	30,000,000	2.00-5.00	29,560,000	-	250,000	29,310,000
Total of bonded debt			<u>\$46,145,000</u>	<u>\$ -</u>	<u>\$1,100,000</u>	<u>\$45,045,000</u>

City of Boerne, Texas
Notes to Financial Statements
September 30, 2013

Revenue bond debt service requirements to maturity are as follows:

Year Ending September 30,	Utility Revenue Bonds		
	Principal	Interest	Total
2014	\$ 1,150,000	\$ 2,037,606	\$ 3,187,606
2015	1,200,000	1,988,006	3,188,006
2016	1,250,000	1,934,888	3,184,888
2017	1,305,000	1,881,278	3,186,278
2018	1,365,000	1,822,678	3,187,678
2019 – 2023	7,755,000	8,177,873	15,932,873
2024 - 2028	8,300,000	6,386,259	14,686,259
2029 – 2033	8,280,000	4,534,350	12,814,350
2034 – 2038	9,850,000	2,339,369	12,189,369
2039 - 2040	4,590,000	226,444	4,816,444
	<u>\$ 45,045,000</u>	<u>\$ 31,328,751</u>	<u>\$76,373,751</u>
Average annual requirements			\$ 2,828,657

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Governmental activities:					
Bonds payable:					
General Obligation bonds	\$ 26,840,000	\$ -	\$(965,000)	\$ 25,875,000	\$ 995,000
Tax notes	-	1,540,000	-	1,540,000	240,000
Bond Premium	590,427	-	(80,581)	509,846	-
Total bonds payable	<u>27,430,427</u>	<u>1,540,000</u>	<u>(1,045,581)</u>	<u>27,924,846</u>	<u>1,235,000</u>
OPEB obligation	193,158	22,763	(7,704)	208,217	-
Compensated absences	512,904	59,778	(39,795)	532,887	272,073
Governmental activity long-term liabilities	<u>\$ 28,136,489</u>	<u>\$ 1,614,837</u>	<u>\$(1,085,376)</u>	<u>\$ 28,665,950</u>	<u>\$ 1,507,073</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 46,145,000	\$ -	\$(1,100,000)	\$ 45,045,000	\$ 1,150,000
Revenue Bond premium	232,466	-	(10,566)	221,900	10,567
Total bonds payable	<u>46,377,466</u>	<u>-</u>	<u>(1,110,566)</u>	<u>45,266,900</u>	<u>1,160,567</u>
Compensated absences	215,526	12,877	(20,920)	207,483	10,374
Business-type long-term liabilities	<u>\$ 46,592,992</u>	<u>\$ 12,877</u>	<u>\$(1,131,486)</u>	<u>\$ 45,474,383</u>	<u>\$ 1,170,941</u>

The liability for pension is fully liquidated by the general fund. For compensated absences, the general fund normally liquidates 56%, the electric fund 25%, the water, sewer and park funds 5% each, the library fund 2%, and the gas and hotel/motel fund normally liquidate 1% each.

City of Boerne, Texas
Notes to Financial Statements
September 30, 2013

G. Restricted assets

Restricted Asset Balances			
Governmental Activities		Business-type activities	
Capital projects fund	\$ 795,407	Customer deposits	\$ 1,054,206
Permanent Cemetery fund	572,782	Bond covenant accounts	9,501,349
	-	Capital contributions	2,509,761
Total restricted assets	<u>\$ 1,368,189</u>		<u>\$ 13,065,316</u>

V. Other information

A. Risk Management

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

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

B. Subsequent events

The City has no subsequent events to report.

C. Contingent liabilities

In the ordinary course of conducting its business operations, the City is involved in various legal matters. These matters are in various stages of the process of resolution and the impact, if any, is not currently determinable. The management of the City does not believe that any unfavorable decisions would have a material impact on the basic financial statements.

D. Other postemployment benefits

Plan Description

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

Retirees may choose either of two available plans:

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

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

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

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

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

The City's contributions to the TMRS SDBF for the years ended 2013, 2012, and 2011 were \$1,095, \$1,015, and \$1,990, respectively, which equaled the required contributions each year.

Funding policy for Retiree Health Plan

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

Health Plan for Retirees:

- | | <u>Premium contributions</u> |
|-----------------------|--|
| 20 years of service - | City will contribute \$257/month of premium; |
| 25 years of service - | City will contribute \$318/month of premium; |
| 30 years of service - | City will contribute \$385/month of premium. |

City of Boerne, Texas
Notes to Financial Statements
September 30, 2013

Annual OPEB Cost and NET OPEB Obligation

The City's annual other post employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years. The annual OPEB cost for the fiscal year ending September 30, 2013 is as follows:

Annual required contribution	\$ 22,124
Interest on net OPEB obligation	8,692
Adjustment to annual required contribution	<u>(8,053)</u>
Annual OPEB cost	22,763
Contributions made	<u>(7,704)</u>
Increase on net OPEB obligation	\$15,059
Net OPEB obligation at beginning of year	<u>193,158</u>
Net OPEB obligation at end of year	<u><u>\$208,217</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2013 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
September 30, 2011	\$58,110	\$0	0%	\$175,336
September 30, 2012	\$22,060	\$4,238	19.2%	\$193,158
September 30, 2013	\$22,763	\$7,704	33.8%	\$208,217

Funding Status

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2011 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	Ratio of UAAL to Annual Covered Payroll (b-a)/d
12/31/2011	-	\$195,611	\$195,611	0.0%	10,220,178	1.91%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$195,611 at December 31, 2011. As of the most recent valuation, the ratio of the unfunded accrued liability to annual covered payroll is 1.91%.

Actuarial methods and Assumptions

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

Projections of health benefits are limited to premium contributions of \$257 to \$385 regardless of the changes in the cost of healthcare. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. Employee retirement systems and pension plans

Municipal Retirement Fund

Plan Description

The City provides pension benefits for all of its eligible employees, except for volunteer fire-fighters through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2012	Plan Year 2013
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required to vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% Repeating Transfers	100% Repeating Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to-year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its

City of Boerne, Texas
Notes to Financial Statements
September 30, 2013

contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
9/30/2011	\$2,646,075	\$2,646,075	100%	\$0
9/30/2012	\$2,536,675	\$2,536,675	100%	\$0
9/30/2013	\$2,737,418	\$2,737,418	100%	\$0

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Valuation Date	12/31/2010	12/31/2011	12/31/2012
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
GASB 25 Equivalent Single Amortization Period	27.3 years; closed period	26.4 years; closed period	25.4 years; closed period
Amortization period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.0%	7.0%
Projected Salary Increases*	Varies by age and Service	Varies by age and service	Varies by age and service
*Includes Inflation at Cost-of-Living Adjustments	3.0%	3.0%	3.0%
	2.1%	2.1%	2.1%

Funded Status and Funding Progress

The funded status as of December 31, 2012, the most recent actuarial valuation date is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability(AAL)	Funded Ratio	Unfunded AAL(UAAL)	Covered Payroll	UAAL as a % of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
12/31/2012	\$25,250,793	\$ 37,233,211	67.8%	\$11,982,418	\$10,220,178	117.2%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

F. Commitments

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

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

The terms of the lease agreement with Albany Engineered Composites, Inc., dated April 1, 2001 include a commitment in the amount of \$416,740, payable over a 20-year period in equal monthly installments of \$1,736.41. The agreement includes a 0% interest rate as long as payments are current. For the year ended September 30, 2013, the City collected \$20,837 in lease payments, all of which have been remitted to the Texas Department of Rural Affairs. The remaining commitment at September 30, 2013 is \$156,278.

The terms of the first lease agreement with Stanbio Laboratory, Inc., dated August 1, 2001, include a commitment in the amount of \$508,885, payable over a 20-year period in equal monthly installments of \$2,120. The agreement includes a 0% interest rate as long as payments are current. For the year ended September 30, 2013, the City collected \$25,444 in lease payments, all of which have been remitted to the Texas Department of Rural Affairs. The remaining commitment at September 30, 2013 is \$199,315.

The terms of the second lease agreement with Stanbio Laboratory, Inc., dated August 21, 2006 include a commitment in the amount of \$700,000, payable over a 20-year period in equal monthly installments of \$2,916.67. The agreement includes a 0% interest rate as long as payments are current. For the year ended September 30, 2013, the City

City of Boerne, Texas
Notes to Financial Statements
September 30, 2013

collected \$35,000 in lease payments, all of which have been remitted. The remaining commitment at September 30, 2013 is \$504,583.

VI. Restatement

Prior Period Corrections

The adoption of GASB Statement No. 65 required a retroactive adjustment to recognize the costs associated with the bond issuance that were previously deferred and amortized. The tables below reflect the changes that need to be made.

Governmental Funds and Governmental Activities:				
	Governmental Activities			
Fund balance/net position, beginning as previously reported:	\$	<u>27,742,711</u>		
Adjustments:				
1. Cost of bonds		<u>171,570</u>		
Fund balance/net position, beginning as restated:	\$	<u>27,571,141</u>		
Business type activities:				
	Electric	Water	Wastewater	Gas
Fund balance/net position, beginning as previously reported:	\$ <u>13,739,475</u>	\$ <u>17,176,298</u>	\$ <u>15,709,970</u>	\$ <u>1,696,483</u>
Adjustments:				
1. Cost of bonds	<u>8,456</u>	<u>(3,500)</u>	<u>336,754</u>	<u>21,182</u>
Fund balance/net position, beginning as restated:	\$ <u>13,731,019</u>	\$ <u>17,179,798</u>	\$ <u>15,373,216</u>	\$ <u>1,675,301</u>

REQUIRED SUPPLEMENTARY
INFORMATION

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City of Boerne, Texas
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances-Budget and Actual
Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes (including interest and penalties)	\$ 1,869,240	\$ 1,869,240	\$ 1,891,238	\$ 21,998
Sales tax	4,725,000	4,756,463	5,243,148	486,685
Franchise fees	2,078,724	2,078,724	2,087,618	8,894
Licenses and permits	483,000	483,000	526,713	43,713
Fines	349,600	349,600	347,142	(2,458)
Rents	118,500	118,500	61,020	(57,480)
Grants	150,000	153,000	102,751	(50,249)
Contributions & donations	1,580,537	1,583,003	1,600,449	17,446
Miscellaneous	99,550	99,550	98,180	(1,370)
Interest earned	5,000	5,000	10,406	5,406
Total revenues	11,459,151	11,496,080	11,968,665	472,585
Expenditures:				
Current:				
Administration	1,456,244	1,579,244	1,504,673	74,571
Streets	1,404,213	1,435,676	1,408,011	27,665
Law enforcement	3,379,681	3,382,347	3,224,756	157,591
Municipal court	256,437	256,437	245,325	11,112
Animal control	183,328	183,328	162,745	20,583
Facilities and Emergency Operations	519,016	519,016	489,213	29,803
Planning/ Code enforcement	765,278	765,278	702,682	62,596
Convention/community center	302,072	302,072	280,266	21,806
Communications	860,070	860,070	807,659	52,411
Information Technology	396,049	396,049	369,861	26,188
Fire department	1,217,008	1,217,008	1,156,999	60,009
Capital outlay	1,571,844	1,574,644	928,646	645,998
Total expenditures	12,311,240	12,471,169	11,280,836	1,190,333
Excess(Deficiency) of revenues over(under) expenditures	(852,089)	(975,089)	687,829	1,662,918
Other financing sources (uses):				
Transfers from other funds	72,876	72,876	602,388	529,512
Transfers to other funds	(310,709)	(310,709)	(297,769)	12,940
Sale of capital assets	15,000	15,000	13,332	(1,668)
Total other financing sources (uses)	(222,833)	(222,833)	317,951	542,452
Excess(Deficiency) of revenues and other sources (uses), over(under) expenditures	(1,074,922)	(1,197,922)	1,005,780	2,205,370
Fund balance at October 1, 2012	6,091,886	6,091,886	6,091,886	-
Fund balance at September 30, 2013	\$ 5,016,964	\$ 4,893,964	\$ 7,097,666	\$ 2,205,370

Note 1 - Basis of Budgeting:

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

City of Boerne, Texas
Required Supplementary Information

Texas Municipal Retirement System
Schedule of Funding Progress
(unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (2)	Funded Ratio (3)	Unfunded AAL (UAAL) (4)	Covered Payroll (5)	UAAL as a % of Covered Payroll (6)
12/31/10	18,771,612	30,737,269	61.1%	11,965,657	9,465,537	126.4%
12/31/11	21,987,770	33,992,937	64.7%	12,005,167	9,891,209	121.4%
12/31/12	25,250,793	37,233,211	67.8%	11,982,418	10,220,178	117.2%

Other Postemployment Benefits Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	Ratio of UAAL to Annual Covered Payroll (b-a)/d
10/1/08	\$ -	\$ 500,795	\$ 500,795	0.0%	\$ 8,463,230	5.92%
12/31/11	-	195,611	195,611	0.0%	10,220,178	1.91%

Note: A valuation dated December 31, 2011 was completed which calculated the ARC and associated liabilities for the fiscal year beginning October 1, 2011. The ARC and associated liabilities are lower in the updated report primarily due to the participation assumption for future retirees. This assumption has been revised based on updated data.

OTHER SUPPLEMENTARY
INFORMATION

Nonmajor Governmental Funds Special Revenue Funds

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

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

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

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

Economic Development Fund – This fund is used to account for transfers of funds to be spent on economic development projects.

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, 2013

	SPECIAL REVENUE			CAPITAL PROJECTS		PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	HOTEL-MOTEL/CVB FUND	PARK FUND	LIBRARY FUND	ECONOMIC DEVL FUND	TOTAL			2009 G.O.
ASSETS								
Cash and cash equivalents	\$ 233,091	\$ 984,647	\$ 493,424	\$ 445,220	\$ 2,156,382	\$ 602,585	\$ 192,822	\$ 101,736
Receivables	62,836	20,963	10,778	-	94,577	-	-	1,861
Restricted - permanent fund	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	572,782
Total assets	<u>\$ 295,927</u>	<u>\$1,005,610</u>	<u>\$ 504,202</u>	<u>\$ 445,220</u>	<u>\$ 2,250,959</u>	<u>\$ 602,585</u>	<u>\$ 192,822</u>	<u>\$ 676,379</u>
LIABILITIES								
Accounts payable	\$ 5,264	\$ 15,049	\$ 5,745	\$ -	\$ 26,058	\$ -	\$ 6,766	\$ 519
Other payables	-	9,424	-	-	9,424	-	-	-
Deferred revenue	-	(2,298)	9,283	-	6,985	-	-	-
Total liabilities	<u>\$ 5,264</u>	<u>\$ 22,175</u>	<u>\$ 15,028</u>	<u>\$ -</u>	<u>\$ 42,467</u>	<u>\$ -</u>	<u>\$ 6,766</u>	<u>\$ 519</u>
FUND BALANCES								
Nonspendable:								
Permanent-Cemetery					\$ -			\$ 675,859
Restricted:					\$ 290,663			-
Hotel/Motel - Tourism promotion	290,663							
Capital Projects:								
Public Safety Center						106,537		
Parks Improvements/Trails						106,974		
Sidewalks						31,589	148,954	
Library						357,485		
Public Safety							37,102	
Assigned:								
Parks & recreation		983,435			\$ 983,435			-
Library			489,174		\$ 489,174			-
Economic Development				445,220	\$ 445,220			
Total fund balances	<u>\$ 290,663</u>	<u>\$ 983,435</u>	<u>\$ 489,174</u>	<u>\$ 445,220</u>	<u>\$ 2,208,492</u>	<u>\$ 602,585</u>	<u>\$ 186,056</u>	<u>\$ 675,859</u>
Total liabilities and fund balances	<u>\$ 295,927</u>	<u>\$1,005,610</u>	<u>\$ 504,202</u>	<u>\$ 445,220</u>	<u>\$ 2,250,959</u>	<u>\$ 602,585</u>	<u>\$ 192,822</u>	<u>\$ 676,379</u>

City of Boerne, Texas
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2013

	HOTEL- MOTEL/CVB		PARK		SPECIAL REVENUE		ECONOMIC DEVELOPMENT		CAPITAL PROJECTS		PERMANENT FUND		TOTAL NONMAJOR GOVERNMENTAL FUNDS	
					LIBRARY				2009 G.O.	2012 TAX NOTE	CEMETERY			
REVENUES														
Ad valorem taxes	\$ -	\$ 1,155,413	\$ 597,629	\$ 1,753,042					\$ -	\$ -	\$ -	\$ -	\$ 1,753,042	
Hotel-Motel taxes	468,556	-	-	468,556					-	-	-	-	468,556	
Special revenues	-	461,054	36,964	498,018					-	-	77,250	-	575,268	
Grants	-	-	2,343	2,343					-	-	-	-	2,343	
Contributions	-	12,682	194,277	206,959					-	-	-	-	206,959	
Other	110	23,466	880	24,456					-	-	23,627	-	48,083	
Interest	158	1,331	192	1,826			145		704	630	2,334	-	5,494	
Total revenues	468,824	1,653,946	832,285	2,955,200			145		704	630	103,211	-	3,059,745	
EXPENDITURES														
Current:														
Public Safety	-	-	-	-					-	-	56,052	-	56,052	
Culture and recreation	-	1,525,328	850,051	2,375,379					-	-	-	-	2,375,379	
Economic development	417,866	-	-	422,791			4,925		-	-	-	-	422,791	
Capital outlay:														
Highways and streets	-	-	-	-					-	178,942	-	-	178,942	
Public Safety	-	-	-	-					84,373	630,780	6,157	-	721,310	
Culture and recreation	-	20,171	18,412	38,583					147,134	-	-	-	185,717	
Economic development	9,824	-	-	9,824					-	-	-	-	9,824	
Bond Issuance Costs	-	-	-	-					-	15,340	-	-	15,340	
Total expenditures	427,690	1,545,499	868,463	2,846,577			4,925		231,507	825,062	62,209	-	3,965,355	
Excess (Deficiency) of revenues over/ (under) expenditures	41,134	108,447	(36,178)	108,623			(4,780)		(230,803)	(824,432)	41,002	-	(905,610)	
OTHER FINANCING SOURCES (USES)														
Transfers in:														
General fund	-	50,000	-	50,000					-	-	-	-	50,000	
Electric fund	-	-	-	225,000			225,000		-	-	-	-	225,000	
Water fund	-	-	-	225,000			225,000		-	-	-	-	225,000	
Transfers out:														
General fund	(20,000)	-	-	(20,000)					-	(529,512)	-	-	(549,512)	
Parks fund	-	-	-	-					-	-	-	-	-	
Sale of Assets	-	4,627	525	5,152					-	-	-	-	5,152	
Tax Note Proceeds	-	-	-	-					-	1,540,000	-	-	1,540,000	
Total other financing sources and (uses)	(20,000)	54,627	525	485,152			450,000		-	1,010,488	-	-	1,495,640	
Net change in fund balances	21,134	163,074	(35,653)	593,775			445,220		(230,803)	186,056	41,002	-	590,030	
Fund balances - beginning	269,529	820,361	524,827	1,614,717			-		833,388	-	634,857	-	3,082,962	
Fund balances - ending	\$ 290,663	\$ 983,435	\$ 489,174	\$ 2,208,492			\$ 445,220		\$ 602,585	\$ 186,056	\$ 675,859	-	\$ 3,672,992	

City of Boerne, Texas
2009 General Obligation Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
From Inception and for the Year Ended September 30, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
REVENUES				
G.O. Bond proceeds - General Fund	\$ 3,051,400	-	\$ 3,051,400	\$ 3,051,400
G.O. Bond proceeds - Parks Fund	2,276,200	-	2,276,200	2,276,200
G.O. Bond proceeds - Library Fund	4,612,400	-	4,612,400	4,612,400
Contributions/Donations - Library	1,557,701	-	1,557,701	2,000,000
Interest on investments	25,203	704	25,907	25,203
Total revenues	<u>11,522,904</u>	<u>704</u>	<u>11,523,608</u>	<u>11,965,203</u>
EXPENDITURES				
Bond Issuance Costs	282,266	-	282,266	282,266
Engineering - General Fund	127,178	-	127,178	-
Engineering - Parks Fund	166,177	15,572	181,749	-
Engineering - Library Fund	106,940	-	106,940	-
Engineering - Sidewalks	85,303	2,314	87,617	-
Capital outlay:				
General Government - Public Safety	2,792,002	82,059	2,874,061	3,070,000
General Government - Culture & Recreation	8,731,327	131,562	8,862,889	10,212,890
Total expenditures	<u>12,291,194</u>	<u>231,507</u>	<u>12,522,701</u>	<u>13,565,156</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>(768,290)</u>	<u>(230,803)</u>	<u>(999,093)</u>	<u>(1,599,953)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,259,412	\$ -	\$ 1,259,412	\$ 1,259,412
Transfers out	(3,023)	-	(3,023)	(3,023)
Premium on General Obligation bonds issued	345,289	-	345,289	345,289
Total other financing sources (uses)	<u>1,601,678</u>	<u>-</u>	<u>1,601,678</u>	<u>1,601,678</u>
Net change in fund balances	<u>\$ 833,388</u>	<u>(230,803)</u>	<u>\$ 602,585</u>	<u>\$ 1,725</u>
Fund balances - beginning		<u>833,388</u>		
Fund balances - ending		<u>\$ 602,585</u>		

City of Boerne, Texas
2012 Tax Notes Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
From Inception and for the Year Ended September 30, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Year to Date</u>	<u>Project Authorization</u>
REVENUES				
Tax Notes proceeds	\$ -	\$ 1,540,000	\$ 1,540,000	\$ 1,529,500
Interest on investments	-	630	630	2,000
Total revenues	<u>-</u>	<u>1,540,630</u>	<u>1,540,630</u>	<u>1,531,500</u>
 EXPENDITURES				
Bond Issuance costs	-	15,340	15,340	2,000
Capital outlay:				
General government	-	-	-	-
Highways and Streets	-	178,942	178,942	180,000
Public Safety	-	630,780	630,780	814,500
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>825,062</u>	<u>825,062</u>	<u>996,500</u>
Excess of revenues over expenditures	-	715,568	715,568	535,000
 Other Financing uses:				
Transfers out	<u>-</u>	<u>(529,512)</u>	<u>-</u>	<u>(535,000)</u>
Net change in fund balances	<u>\$ -</u>	<u>186,056</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances - beginning		<u>-</u>		
Fund balances - ending		<u>\$ 186,056</u>		

City of Boerne, Texas
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2013

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES			
Ad valorem taxes	\$ 1,871,140	\$ 1,903,732	\$ 32,592
Interest	2,000	1,478	(522)
Total revenues	<u>1,873,140</u>	<u>1,905,210</u>	<u>32,070</u>
EXPENDITURES			
Debt service:			
Principal	965,000	965,000	-
Interest	1,158,232	1,132,997	25,235
Paying agent fees	4,100	1,575	2,525
Total expenditures	<u>2,127,332</u>	<u>2,099,572</u>	<u>27,760</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>(254,192)</u>	<u>(194,362)</u>	<u>59,830</u>
OTHER FINANCING SOURCES			
Transfers in	195,709	251,209	55,500
Transfers out	-	(55,500)	(55,500)
Total other financing sources	<u>195,709</u>	<u>195,709</u>	<u>-</u>
Net change in fund balances	(58,483)	1,347	59,830
Fund balances - beginning	770,881	770,881	-
Fund balances - ending	<u>\$ 712,398</u>	<u>\$ 772,228</u>	<u>\$ 59,830</u>

City of Boerne, Texas
Hotel-Motel/Convention/Visitors Bureau - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2013

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES			
Hotel-motel taxes	\$ 400,000	\$ 466,190	\$ 66,190
Penalties	1,200	2,366	1,166
Miscellaneous Revenues	2,275	110	(2,165)
Interest on investments	200	158	(42)
Total revenues	<u>403,675</u>	<u>468,824</u>	<u>65,149</u>
EXPENDITURES			
Current:			
Economic development	433,006	417,866	15,140
Capital outlay:			
Economic development	9,840	9,824	16
Total expenditures	<u>442,846</u>	<u>427,690</u>	<u>15,156</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>(39,171)</u>	<u>41,134</u>	<u>80,305</u>
OTHER FINANCING (USES)			
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other financing (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balances	(59,171)	21,134	80,305
Fund balances - beginning	269,529	269,529	-
Fund balances - ending	<u>\$ 210,358</u>	<u>\$ 290,663</u>	<u>\$ 80,305</u>

City of Boerne, Texas
Park Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2013

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES			
Ad valorem taxes	\$ 1,138,389	\$ 1,155,413	\$ 17,024
Special revenues	441,250	461,054	19,804
Contributions	12,500	12,682	182
Other	34,500	23,466	(11,034)
Interest	1,200	1,331	131
Total revenues	<u>1,627,839</u>	<u>1,653,946</u>	<u>26,107</u>
EXPENDITURES			
Current:			
Culture and recreation	1,608,100	1,525,328	82,772
Capital outlay:			
Culture and recreation	104,700	20,171	84,529
Total expenditures	<u>1,712,800</u>	<u>1,545,499</u>	<u>167,301</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(84,961)</u>	<u>108,447</u>	<u>193,408</u>
OTHER FINANCING SOURCES			
Transfers in	50,000	50,000	-
Transfers out	-	-	-
Sale of Capital Assets	-	4,627	4,627
Total Other Financing Sources	<u>50,000</u>	<u>54,627</u>	<u>4,627</u>
Net change in fund balances	(34,961)	163,074	198,035
Fund balances - beginning	820,361	820,361	-
Fund balances - ending	<u>\$ 785,400</u>	<u>\$ 983,435</u>	<u>\$ 198,035</u>

City of Boerne, Texas
Library Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2013

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES			
Ad valorem taxes	\$ 588,651	\$ 597,629	\$ 8,978
Special revenues	43,500	36,964	(6,536)
Grants	-	2,343	2,343
Contributions	227,772	194,277	(33,495)
Other	4,500	880	(3,620)
Interest on investments	800	192	(608)
Total revenues	<u>865,223</u>	<u>832,285</u>	<u>(32,938)</u>
EXPENDITURES			
Current:			
Culture and recreation	846,768	850,051	(3,283)
Capital outlay:			
Culture and recreation	18,455	18,412	43
Total expenditures	<u>865,223</u>	<u>868,463</u>	<u>(3,240)</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(36,178)</u>	<u>(36,178)</u>
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Transfers out	-	-	-
Sale of Assets	-	525	525
Total Other Financing Sources	<u>-</u>	<u>525</u>	<u>525</u>
Net change in fund balances	-	(35,653)	35,653
Fund balances - beginning	524,827	524,827	-
Fund balances - ending	<u>\$ 524,827</u>	<u>\$ 489,174</u>	<u>\$ 35,653</u>

City of Boerne, Texas
Economic Development - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2013

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES			
Miscellaneous Revenues	\$ -	\$ -	\$ -
Interest on investments	-	145	145
Total revenues	<u>-</u>	<u>145</u>	<u>145</u>
EXPENDITURES			
Current:			
Economic development	5,000	4,925	75
Capital outlay:			
Economic development	445,000	-	445,000
Total expenditures	<u>450,000</u>	<u>4,925</u>	<u>445,075</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>(450,000)</u>	<u>(4,780)</u>	<u>445,220</u>
OTHER FINANCING (USES)			
Transfers in	450,000	450,000	-
Total other financing (uses)	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Net change in fund balances	-	445,220	445,220
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 445,220</u>	<u>\$ 445,220</u>

City of Boerne, Texas
Cemetery Permanent Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year Ended September 30, 2013

	<u>FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u>
REVENUES:			
Special revenues			
Lot sales	\$ 57,727	\$ 75,825	\$ 18,098
Urn Garden sales	7,500	1,425	(6,075)
Contributions/Donations	-	-	-
Other - Endowment revenue	200	23,627	23,427
Endowment interest	500	408	(92)
Interest	60	1,926	1,866
Total revenues	<u>65,987</u>	<u>103,211</u>	<u>37,224</u>
EXPENDITURES:			
Personnel	46,187	46,142	45
Supplies	3,050	3,015	35
General	1,000	238	762
Maintenance	2,775	1,940	835
Contractual	6,275	4,717	1,558
Capital outlay	6,700	6,157	543
Total expenditures	<u>65,987</u>	<u>62,209</u>	<u>3,778</u>
Excess of revenues over expenditures	-	41,002	41,002
Fund balances - beginning	634,857	634,857	-
Fund balances - ending	<u>\$ 634,857</u>	<u>\$ 675,859</u>	<u>\$ 41,002</u>

City of Boerne, Texas
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund
Year Ended September 30, 2013

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Assets:				
Cash and cash equivalents	\$ 1,288	\$ 1,777	\$ (923)	\$ 2,142
Total Assets	<u>\$ 1,288</u>	<u>\$ 1,777</u>	<u>\$ (923)</u>	<u>\$ 2,142</u>
Liabilities:				
Accounts payable	\$ 1,288	\$ 2,831	\$ (1,977)	\$ 2,142
Total Liabilities	<u>\$ 1,288</u>	<u>\$ 2,831</u>	<u>\$ (1,977)</u>	<u>\$ 2,142</u>

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STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	95
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the Electric Utility Sales revenue.	103
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	108
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.	113
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	115

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 *
Governmental activities										
Net investment in capital assets	\$ 9,110,735	\$ 10,978,077	\$ 12,146,641	\$ 13,869,142	\$ 16,273,769	\$ 15,846,052	\$ 18,000,161	\$ 19,450,251	\$ 19,571,756	\$ 18,157,123
Restricted	744,679	736,563	854,883	1,055,492	1,141,717	1,181,650	1,566,068	1,645,612	1,829,410	1,972,707
Unrestricted	3,253,904	3,067,931	4,258,455	5,232,395	5,609,828	6,991,345	8,173,245	5,338,306	6,341,545	6,738,731
Total governmental activities net position	\$ 13,109,318	\$ 14,782,571	\$ 17,259,979	\$ 20,157,029	\$ 23,025,314	\$ 24,019,047	\$ 27,739,474	\$ 26,434,169	\$ 27,742,711	\$ 26,868,561
Business-type activities										
Net investment in capital assets	\$ 16,059,419	\$ 16,399,643	\$ 20,565,320	\$ 24,431,090	\$ 28,765,087	\$ 29,968,615	\$ 29,313,411	\$ 27,450,008	\$ 19,244,222	\$ 26,963,246
Restricted	563,448	543,743	1,206,047	1,404,804	1,516,531	1,407,517	1,764,788	2,388,744	2,778,849	3,118,441
Unrestricted	5,858,210	7,675,766	6,411,229	6,702,365	7,719,283	9,650,484	12,765,404	15,299,718	26,491,187	18,557,728
Total business-type activities net position	\$ 22,481,077	\$ 24,619,152	\$ 28,182,596	\$ 32,538,259	\$ 38,000,901	\$ 41,026,616	\$ 43,843,603	\$ 45,138,470	\$ 48,514,258	\$ 48,639,415
Primary government										
Net investment in capital assets	\$ 25,170,154	\$ 27,377,720	\$ 32,711,961	\$ 38,300,232	\$ 45,038,856	\$ 45,814,667	\$ 47,313,572	\$ 46,900,259	\$ 38,815,978	\$ 45,120,369
Restricted	1,308,127	1,280,306	2,060,930	2,460,296	2,658,248	2,589,167	3,330,856	4,034,356	4,608,259	5,091,148
Unrestricted	9,112,114	10,743,697	10,669,684	11,934,760	13,329,111	16,641,829	20,938,649	20,638,024	32,832,732	25,296,459
Total primary government net position	\$ 35,590,395	\$ 39,401,723	\$ 45,442,575	\$ 52,695,288	\$ 61,026,215	\$ 65,045,663	\$ 71,583,077	\$ 71,572,639	\$ 76,256,969	\$ 75,507,976

* Restated for the implementation of GASB 65

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 1,284,153	\$ 1,329,529	\$ 1,746,401	\$ 2,678,132	\$ 2,131,444	\$ 1,971,855	\$ 2,530,904	\$ 2,453,996	\$ 2,604,602	\$ 2,510,530
Public safety	3,056,547	3,416,563	3,835,578	4,503,790	4,892,745	5,798,082	6,308,002	7,310,411	7,323,674	7,869,498
Highways & streets	1,629,728	1,663,321	1,638,797	1,602,576	2,001,546	1,927,992	2,006,388	2,216,205	2,158,471	2,266,961
Economic Development	289,765	273,982	270,647	251,445	279,057	375,069	406,730	396,847	409,890	436,306
Culture & recreation	1,373,418	1,509,010	1,711,859	1,850,645	2,168,831	2,396,489	2,421,140	3,170,061	3,000,519	4,340,210
Interest on long term debt	298,620	270,160	252,638	231,234	987,906	900,390	1,320,546	1,293,803	1,121,400	1,131,656
Total government activities expenses	\$ 7,932,231	\$ 8,462,565	\$ 9,455,920	\$ 11,117,822	\$ 12,461,529	\$ 13,369,877	\$ 14,993,710	\$ 16,841,323	\$ 16,618,556	\$ 18,555,161
Business-type activities:										
Electric	\$ 7,709,203	\$ 8,682,647	\$ 10,904,849	\$ 10,240,412	\$ 12,598,026	\$ 12,502,141	\$ 12,369,579	\$ 12,861,039	\$ 12,593,722	\$ 12,262,199
Water	1,675,231	1,874,706	2,088,213	2,397,117	3,183,931	3,664,574	4,077,894	4,569,970	4,624,902	4,572,830
Wastewater	1,498,617	1,392,131	1,463,584	1,709,502	2,101,301	2,261,011	2,708,628	3,775,324	4,262,799	5,182,105
Gas	1,150,403	1,309,958	1,372,846	1,640,516	1,796,011	1,720,871	2,155,397	1,679,275	1,632,058	1,659,027
Garbage	292,155	325,085	362,108	381,482	444,013	486,104	498,007	536,432	568,090	586,371
Total business-type activities expenses	\$ 12,325,609	\$ 13,584,527	\$ 16,191,600	\$ 16,369,029	\$ 20,123,282	\$ 20,634,701	\$ 21,809,505	\$ 23,422,040	\$ 23,681,571	\$ 24,262,532
Total primary government expenses	\$ 20,257,840	\$ 22,047,092	\$ 25,647,520	\$ 27,486,851	\$ 32,584,811	\$ 34,004,578	\$ 36,803,215	\$ 40,263,363	\$ 40,300,127	\$ 42,817,693
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 323,966	\$ 368,151	\$ 665,473	\$ 1,187,301	\$ 765,420	\$ 520,576	\$ 526,149	\$ 533,006	\$ 537,833	\$ 554,101
Public safety	750,163	1,491,647	1,606,713	1,828,392	1,959,546	1,736,155	1,809,486	1,782,195	1,901,382	2,137,987
Highways & streets	845,696	965,598	984,758	1,113,795	1,208,548	1,424,739	1,436,637	1,503,413	1,503,413	1,594,537
Culture & recreation	769,900	443,337	477,922	629,094	487,010	483,361	463,942	527,594	489,884	498,018
Total charges for services	2,689,725	3,268,733	3,734,866	4,758,582	4,420,524	4,164,831	4,236,214	4,349,882	4,432,512	4,784,643
Operating grants and contributions	-	-	-	-	164,904	460,728	461,943	523,219	587,686	579,134
Capital grants and contributions	725,780	695,435	1,034,447	1,272,209	1,959,145	196,322	3,978,553	347,907	252,050	534,403
Total governmental activities program revenues	\$ 3,415,505	\$ 3,964,168	\$ 4,769,313	\$ 6,030,791	\$ 6,544,573	\$ 4,821,881	\$ 8,676,710	\$ 5,221,008	\$ 5,272,248	\$ 5,898,180
Business-type activities:										
Charges for services:										
Electric	\$ 8,178,416	\$ 9,395,939	\$ 11,131,645	\$ 10,785,574	\$ 13,334,922	\$ 14,105,684	\$ 13,542,999	\$ 13,721,849	\$ 14,331,712	\$ 13,571,874
Water	1,426,093	1,911,308	2,641,718	2,368,181	2,990,178	3,336,403	3,287,331	4,198,571	4,087,670	4,271,406
Wastewater	1,384,164	1,296,961	1,473,423	1,568,758	2,074,367	2,651,909	3,230,305	3,439,563	3,767,118	3,748,289
Gas	1,135,489	1,227,711	1,418,348	1,465,137	1,680,600	1,528,691	1,866,484	1,634,740	1,523,688	1,513,893
Garbage	322,187	354,508	398,221	434,375	475,735	513,080	526,885	549,714	583,393	624,917
Total charges for services	12,446,349	14,186,427	17,063,355	16,622,025	20,555,802	22,135,767	22,454,004	23,544,437	24,273,581	23,730,379
Operating grants and contributions	-	-	-	-	4,612	-	62,611	95,550	212,916	23,537
Capital grants and contributions	2,447,382	1,347,874	2,340,939	3,216,124	4,508,717	1,394,783	2,093,451	1,157,061	2,659,318	1,380,320
Total business-type activities program revenues	\$ 14,893,731	\$ 15,534,301	\$ 19,404,294	\$ 19,838,149	\$ 25,069,131	\$ 23,530,550	\$ 24,610,066	\$ 24,797,048	\$ 27,145,815	\$ 25,134,236
Total primary government program revenues	\$ 18,309,236	\$ 19,498,469	\$ 24,173,607	\$ 25,868,940	\$ 31,613,704	\$ 28,352,431	\$ 33,286,776	\$ 30,018,056	\$ 32,418,063	\$ 31,032,416
Net (expense)/revenue	\$ (4,516,726)	\$ (4,498,397)	\$ (4,686,607)	\$ (5,087,031)	\$ (5,916,956)	\$ (8,547,996)	\$ (6,317,000)	\$ (11,620,315)	\$ (11,346,308)	\$ (12,656,981)
Governmental activities	2,568,122	1,949,774	3,212,694	3,469,120	4,945,849	2,895,849	2,800,561	1,375,008	3,464,244	871,704
Business-type activities	\$ (1,948,604)	\$ (2,548,623)	\$ (1,473,913)	\$ (1,617,911)	\$ (971,107)	\$ (5,652,147)	\$ (3,516,439)	\$ (10,245,307)	\$ (7,882,064)	\$ (11,785,277)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,057,879	\$ 2,322,815	\$ 2,616,369	\$ 3,021,235	\$ 3,718,880	\$ 4,546,162	\$ 4,904,034	\$ 4,834,525	\$ 5,065,159	\$ 5,546,182
Sales taxes	2,892,247	3,188,112	3,600,998	3,831,390	4,194,543	4,368,109	4,474,155	4,832,704	4,739,388	5,313,433
Other taxes	193,218	237,287	273,511	319,351	346,290	356,673	377,530	379,218	420,617	468,556
Unrestricted Grants and contributions	1,547,117	217,143	244,885	255,452	-	-	-	-	-	-
Unrestricted investment earnings	62,102	130,549	257,392	358,582	225,597	93,482	24,553	11,443	6,112	17,378
Miscellaneous	73,290	75,744	70,860	148,071	247,055	124,427	204,279	104,244	2,272,313	158,036
Transfers	253,067	-	100,000	50,000	52,876	52,876	52,876	152,876	151,261	450,816
Total governmental activities	\$ 7,078,920	\$ 6,171,650	\$ 7,164,015	\$ 7,984,081	\$ 8,785,241	\$ 9,541,729	\$ 10,037,427	\$ 10,315,010	\$ 12,664,850	\$ 11,954,401
Business-type activities:										
Unrestricted Grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted investment earnings	113,644	188,301	450,750	936,543	569,669	182,742	69,302	72,735	51,865	45,063
Miscellaneous	-	-	-	-	-	-	-	-	10,940	22,097
Transfers	(253,067)	-	(100,000)	(50,000)	(52,876)	(52,876)	(52,876)	(152,876)	(151,261)	(450,816)
Total business-type activities	(139,423)	188,301	350,750	886,543	516,793	129,866	16,426	(80,141)	(88,456)	(383,656)
Total primary government	\$ 6,939,497	\$ 6,359,951	\$ 7,514,765	\$ 8,870,624	\$ 9,302,034	\$ 9,671,595	\$ 10,053,853	\$ 10,234,869	\$ 12,566,394	\$ 11,570,745
Change in Net Position										
Governmental activities	\$ 2,562,194	\$ 1,673,253	\$ 2,477,408	\$ 2,897,050	\$ 2,868,285	\$ 993,733	\$ 3,720,427	\$ (1,305,305)	\$ 1,308,542	\$ (702,580)
Business-type activities	2,428,699	2,138,075	3,563,444	4,355,663	5,462,642	3,025,715	2,816,987	1,294,867	3,375,788	488,048
Total primary government	\$ 4,990,893	\$ 3,811,328	\$ 6,040,852	\$ 7,252,713	\$ 8,330,927	\$ 4,019,448	\$ 6,537,414	\$ (10,438)	\$ 4,684,330	\$ (214,532)

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

Fiscal Year	Ad Valorem Tax	Sales Tax	Franchise Tax	Total
2004	2,057,879	2,892,247	1,035,278	5,985,404
2005	2,322,815	3,188,112	1,188,271	6,699,198
2006	2,616,369	3,600,998	1,263,181	7,480,548
2007	3,021,235	3,831,390	1,430,770	8,283,395
2008	3,718,880	4,194,543	1,562,623	9,476,046
2009	4,546,162	4,368,109	1,804,527	10,718,798
2010	4,825,698	4,135,773	1,827,711	10,789,182
2011	4,768,108	4,447,723	1,929,954	11,145,785
2012	5,040,616	4,765,341	1,966,300	11,772,257
2013	5,548,012	5,243,148	2,087,618	12,878,778

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund	-	-	-	-	-	-	-	-	\$ 154,143	\$ 233,957
Restricted	2,892,121	2,834,533	3,943,717	4,976,203	5,548,186	5,762,758	5,416,495	4,742,104	5,937,743	6,863,709
Unassigned	\$ 2,892,121	\$ 2,834,533	\$ 3,943,717	\$ 4,976,203	\$ 5,548,186	\$ 5,762,758	\$ 5,416,495	\$ 4,742,104	\$ 6,091,886	\$ 7,097,666
Total general fund										
All other government funds	\$ 1,199,010	\$ 868,222	\$ 448,893	\$ 11,709,231	\$ 11,631,396	\$ 6,958,652	\$ 10,334,535	\$ 3,894,842	\$ 1,873,798	\$ 1,851,532
Restricted	431,047	304,662	383,412	408,809	468,657	783,360	1,106,521	1,305,767	1,345,188	1,917,829
Assigned	473,350	531,147	536,518	530,817	561,294	504,380	545,176	608,629	634,857	675,859
Nonspendable	\$ 2,103,407	\$ 1,704,031	\$ 1,368,823	\$ 12,648,857	\$ 12,661,347	\$ 8,246,392	\$ 11,986,232	\$ 5,809,238	\$ 3,853,843	\$ 4,445,220
Total all other government funds										

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Ad valorem taxes	\$ 2,057,879	\$ 2,322,815	\$ 2,616,369	\$ 3,021,235	\$ 3,718,880	\$ 4,446,346	\$ 4,825,698	\$ 4,768,108	\$ 5,040,616	\$ 5,548,012
Sales tax	2,892,247	3,188,112	3,600,998	3,831,390	4,194,543	4,053,884	4,135,773	4,447,723	4,765,341	5,243,148
Hotel-Motel tax	193,218	237,287	273,511	319,351	346,290	356,673	377,530	379,218	420,617	468,556
Library, parks & swimming revenues	156,500	163,510	272,090	295,434	375,370	435,973	447,425	520,690	545,624	575,268
Franchise fees	1,035,278	1,188,271	1,263,181	1,430,770	1,562,623	1,804,527	1,827,711	1,929,954	1,966,300	2,087,618
Licenses & permits	374,451	392,645	610,397	577,948	471,065	276,536	333,791	404,746	451,526	526,713
Fines	249,646	313,704	304,178	338,196	352,402	315,780	374,193	334,505	287,541	347,142
Rents	153,456	168,448	152,868	119,330	124,651	132,811	130,542	107,419	72,854	61,020
Grants	620,514	133,535	324,051	1,058,694	63,476	119,107	350,981	53,364	9,093	105,094
Contributions & donations	1,547,117	1,029,513	1,031,958	1,165,166	1,394,326	1,535,676	2,806,287	1,879,470	1,685,023	1,807,408
Miscellaneous	130,369	158,725	62,519	124,448	230,159	115,670	185,382	104,244	306,170	146,263
Interest earned	90,980	141,367	278,420	387,078	626,984	237,738	56,981	24,054	12,341	17,378
Total revenues	\$ 9,501,655	\$ 9,437,932	\$ 10,790,540	\$ 12,669,040	\$ 13,460,769	\$ 13,830,721	\$ 15,952,294	\$ 14,953,495	\$ 15,563,146	\$ 16,933,620
Expenditures:										
General government	\$ 1,062,702	\$ 1,042,526	\$ 1,484,043	\$ 2,434,201	\$ 1,935,132	\$ 1,706,485	\$ 1,843,755	\$ 1,884,531	\$ 2,155,208	\$ 2,154,800
Public safety	2,808,067	3,091,327	3,410,325	3,982,619	4,330,994	5,206,189	5,786,130	6,116,646	6,472,489	6,845,431
Highways & streets	812,718	914,948	976,597	926,341	1,142,966	1,140,925	1,171,132	1,286,214	1,236,591	1,408,011
Economic development	287,186	270,281	260,997	250,219	279,057	375,069	394,149	393,428	405,257	422,791
Culture & recreation	1,029,388	1,150,855	1,306,018	1,406,399	1,615,509	1,892,255	1,924,468	2,029,605	2,252,021	2,375,379
Capital outlay	3,253,864	2,542,146	1,656,390	6,610,963	1,836,295	5,979,088	9,494,253	8,256,048	3,874,870	2,024,439
Debt service										
Principal	695,000	1,100,000	770,000	805,000	800,000	885,000	650,000	715,000	950,000	965,000
Interest and fees	299,318	274,764	260,535	166,327	1,006,115	907,726	1,551,892	1,293,047	1,163,324	1,149,912
Total expenditures	\$ 10,248,243	\$ 10,386,847	\$ 10,124,905	\$ 16,562,069	\$ 12,946,068	\$ 18,092,737	\$ 22,815,779	\$ 21,974,519	\$ 18,509,760	\$ 17,345,763
Excess of revenues over (under) expenditures	\$ (746,588)	\$ (948,915)	\$ 665,635	\$ (3,893,029)	\$ 514,701	\$ (4,262,016)	\$ (6,963,485)	\$ (7,021,024)	\$ (2,946,614)	\$ (412,143)
Other financing sources (uses):										
Issuance of Bonds/Notes	\$ 1,000,000	\$ 489,500	\$ -	\$ 16,131,926	\$ -	\$ -	\$ 10,285,289	\$ -	\$ 40,714	\$ 1,540,000
Transfers from other funds	706,794	734,000	470,100	298,265	701,385	374,231	329,138	1,485,164	501,767	1,353,597
Transfers to other funds	(453,727)	(734,000)	(370,100)	(248,265)	(648,509)	(321,355)	(276,262)	(1,332,288)	(348,891)	(902,781)
Sale of capital assets	19,405	2,451	8,341	23,623	16,896	8,757	18,897	16,763	2,147,411	18,484
Total other financing sources (uses)	\$ 1,253,067	\$ 489,500	\$ 100,000	\$ 16,181,926	\$ 52,876	\$ 52,876	\$ 10,338,165	\$ 169,639	\$ 2,341,001	\$ 2,009,300
Net change in fund balances	\$ 506,479	\$ (459,415)	\$ 765,635	\$ 12,288,897	\$ 567,577	\$ (4,209,140)	\$ 3,374,680	\$ (6,851,385)	\$ (605,613)	\$ 1,597,157
Debt service as a percentage of non-capital expenditures	14.22%	17.11%	11.90%	9.54%	16.26%	14.75%	19.73%	14.64%	14.33%	13.60%

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

Fiscal Year	Ad Valorem Taxes	City Sales Tax	Franchise Tax	Total
2004	521,578	2,892,247	1,035,278	4,449,103
2005	542,690	3,188,112	1,188,271	4,919,073
2006	778,012	3,600,998	1,263,181	5,642,191
2007	900,009	3,831,390	1,430,770	6,162,169
2008	845,019	4,194,543	1,562,623	6,602,185
2009	1,155,771	4,053,884	1,804,527	7,014,182
2010	1,197,187	4,135,773	1,827,711	7,160,671
2011	1,268,845	4,447,723	1,929,954	7,646,522
2012	1,488,223	4,765,341	1,966,300	8,219,864
2013	1,891,238	5,243,148	2,087,618	9,222,004

Note: The above figures are for the General Fund.

City of Boerne, Texas
Business-type Activities - Electric Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Residential Sales	Commercial Sales	Total Electric Sales	Primary Extensions	Penalties	Connection fees	Other	Total Revenues
2004	3,141,594	4,759,800	7,901,394	1,500	78,687	92,051	104,784	8,178,416
2005	3,539,058	5,411,519	8,950,577	212,060	90,952	22,072	120,278	9,395,939
2006	4,245,213	6,480,440	10,725,653	165,619	100,799	5,766	133,808	11,131,645
2007	3,809,328	6,294,991	10,104,319	399,006	104,331	2,143	175,775	10,785,574
2008	4,868,280	7,802,033	12,670,313	292,411	118,088	8,867	245,243	13,334,922
2009	5,398,123	8,144,584	13,542,707	176,569	129,076	1,439	255,893	14,105,684
2010	5,079,463	7,779,938	12,859,401	327,665	125,792	2,102	520,497	13,835,457
2011	5,247,193	8,036,841	13,284,034	89,869	118,134	1,303	255,529	13,748,869
2012	5,260,906	8,535,408	13,796,314	136,890	122,186	1,976	296,426	14,353,792
2013	4,977,063	8,063,997	13,041,060	119,890	120,164	3,041	370,521	13,654,676

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

Fiscal Year Ended September 30	Real Property		Personal Property Assessed Value	Less:		Taxable Assessed Value	Direct Tax Rate (1)	Actual Taxable Value	Percentage of Assessed to Actual Value (2)
	Residential Assessed Value	Commercial Assessed Value		Tax Exempt Real Property	Tax Exempt Property				
2004	292,529,896	192,640,941	56,551,192	93,495,223	448,226,806	0.4522	448,226,806	100.00	
2005	330,926,663	258,630,854	62,129,428	133,632,607	518,054,338	0.4422	518,054,338	100.00	
2006	424,384,354	241,839,121	65,319,221	141,724,523	589,818,173	0.4422	589,818,173	100.00	
2007	493,632,512	269,087,685	65,082,640	151,736,960	676,065,877	0.4422	676,065,877	100.00	
2008	639,451,065	310,416,827	65,865,630	196,736,874	818,996,648	0.4422	818,996,648	100.00	
2009	772,507,102	363,532,754	85,509,980	229,124,788	992,425,048	0.4422	992,425,048	100.00	
2010	849,104,764	418,215,780	95,938,380	280,198,433	1,083,060,491	0.4422	1,083,060,491	100.00	
2011	823,207,597	425,211,568	90,414,470	260,206,640	1,078,626,995	0.4422	1,078,626,995	100.00	
2012	933,608,580	459,605,741	97,593,970	393,317,887	1,097,490,404	0.4520	1,097,490,404	100.00	
2013	1,002,271,614	493,407,834	125,695,330	382,442,497	1,238,932,281	0.4720	1,238,932,281	100.00	

The above information was obtained from the Kendall Appraisal District.

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

(2) Excludes tax-exempt property.

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

Fiscal Year	City of Boerne						Overlapping Rates						Total Direct & Overlapping Rates
	City of Boerne			School District			County			County			
	Operating Rate	Debt Service Rate	Total City Rate	Operating Rate	Debt Service Rate	Total School Rate	Operating Rate	Debt Service Rate	Total County Rate	Operating Rate	Debt Service Rate	Total County Rate	
2004	0.2614	0.1908	0.4522	1.4750	0.1850	1.6650	0.3564	0.0236	0.3800	0.3564	0.0236	0.3800	2.4972
2005	0.2778	0.1644	0.4422	1.4550	0.1650	1.6600	0.3501	0.0199	0.3700	0.3501	0.0199	0.3700	2.4822
2006	0.2850	0.1572	0.4422	1.4550	0.2850	1.7400	0.3401	0.0299	0.3700	0.3401	0.0299	0.3700	2.5522
2007	0.3007	0.1415	0.4422	1.3300	0.2900	1.6200	0.3443	0.0257	0.3700	0.3443	0.0257	0.3700	2.4322
2008	0.2541	0.1881	0.4422	1.0400	0.2900	1.3300	0.3393	0.0307	0.3700	0.3393	0.0307	0.3700	2.1422
2009	0.2587	0.1835	0.4422	1.0400	0.2900	1.3300	0.3420	0.0280	0.3700	0.3420	0.0280	0.3700	2.1422
2010	0.2518	0.1904	0.4422	1.0400	0.2900	1.3300	0.3432	0.0268	0.3700	0.3432	0.0268	0.3700	2.1422
2011	0.2451	0.1971	0.4422	1.0400	0.2740	1.3140	0.3434	0.0266	0.3700	0.3434	0.0266	0.3700	2.1262
2012	0.2647	0.1873	0.4520	1.0400	0.2740	1.3140	0.3434	0.0266	0.3700	0.3434	0.0266	0.3700	2.1360
2013	0.2925	0.1795	0.4720	1.0400	0.2540	1.2940	0.3687	0.0263	0.3950	0.3687	0.0263	0.3950	2.1610

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

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

<u>Taxpayer</u>	2013			2004		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Wal-Mart Real Estate Business, TR	\$ 17,733,960	1	1.4%	\$ 16,990,803	1	3.8%
H.E.B. Grocery Co.	17,169,630	2	1.4%	6,629,180	3	1.5%
Heller Property LP	12,317,480	3	1.0%	-	-	-
Carrington Place I & 11, LP	9,795,330	4	0.8%	-	-	-
Home Depot	8,623,030	5	0.7%	9,315,247	2	1.1%
Miller Balous	8,442,630	6	0.7%	-	-	-
Cambridge-Boerne Partners, LP	8,333,780	7	0.7%	-	-	-
VBM Acquisition LLC	8,271,290	8	0.7%	-	-	-
Presenzia Investment Properties LLC	7,132,880	9	0.6%	-	-	-
Albany Engineered Composites	6,079,298	10	0.5%	-	-	-
Jennings Anderson Ford Sales LTD	-	-	-	5,716,095	4	1.0%
Duran Paul Simon II	-	-	-	3,800,000	5	0.5%
Boerne Arbors Apartments LTD	-	-	-	2,764,400	6	0.8%
Cusick Consulting LTD	-	-	-	2,319,280	7	0.6%
Karnes Associates LP	-	-	-	2,210,990	8	0.6%
Summit Care - Texas No. 2	-	-	-	2,091,410	9	0.6%
Boerne Heritage Place LP	-	-	-	2,066,450	10	0.5%
	<u>\$ 103,899,308</u>		<u>9.6%</u>	<u>\$ 53,903,855</u>		<u>8.9%</u>

Source: Kendall Appraisal District

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

Fiscal Year Ended September 30	Tax Roll Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
			Current Taxes Collected	Percent of Levy		Total Tax Collections	Percentage of Levy
2004	2003	2,030,246	2,002,647	98.6%	27,513	2,030,160	100.0%
2005	2004	2,293,061	2,262,890	98.7%	30,356	2,293,246	100.0%
2006	2005	2,591,044	2,560,685	98.8%	31,660	2,592,345	100.1%
2007	2006	2,985,270	2,933,757	98.3%	53,855	2,987,612	100.1%
2008	2007	3,708,084	3,668,742	98.9%	47,215	3,715,957	100.2%
2009	2008	4,431,905	4,346,628	98.1%	89,199	4,435,827	100.1%
2010	2009	4,753,703	4,662,552	98.1%	75,510	4,738,062	99.7%
2011	2010	4,756,326	4,705,125	98.9%	56,490	4,761,615	100.1%
2012	2011	4,975,957	4,915,337	98.8%	60,616	4,975,953	100.0%
2013	2012	5,510,736	5,429,178	98.5%	-	5,429,178	98.5%

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

<u>Utility Customer</u>	<u>2013</u>			<u>2004</u>		
	<u>Electric Sales</u>		<u>Percentage of</u>	<u>Electric Sales</u>		<u>Percentage of</u>
	<u>Revenue</u>	<u>Rank</u>	<u>Total Electric</u>	<u>Revenue</u>	<u>Rank</u>	<u>Total Electric</u>
			<u>Sales</u>			<u>Sales</u>
			<u>Revenues</u>			<u>Revenues</u>
Boerne Independent School District	\$ 938,468	1	25.7%	\$ 416,949	2	21.5%
City of Boerne	646,841	2	17.7%			
Wal-Mart	468,652	3	12.8%	430,827	1	22.2%
Morningside Ministries	462,315	4	12.7%	150,401	5	
H.E. Butt Supermarket	420,992	5	11.5%	331,560	3	17.1%
The Home Depot	221,483	6	6.1%	201,698	4	10.4%
Healthcare Reit Inc	154,238	7	4.2%			
Alamo Fiesta RV Resort	123,940	8	3.4%	90,957	7	4.7%
Kendall County Auditor	115,674	9	3.2%	73,657	8	3.8%
First Baptist Church	101,722	10	2.8%			
Benefit Planners	-	-	-	128,485	6	6.6%
Town & Country Manor	-	-	-	55,165	10	2.8%
Kendall Inn Hotel Partners	-	-	-	61,179	9	3.2%
	<u>\$ 3,654,325</u>		<u>100.0%</u>	<u>\$ 1,940,878</u>		<u>100.0%</u>

Source: City of Boerne Utilities

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Household Income (1)	Per Capita (1)
	General Obligation Bonds	Tax Notes	Certificates of Obligation	Revenue Bonds	Certificate of Obligation			
2004	4,090,000	1,410,000	1,395,000	7,015,000	25,000	13,935,000	3.9%	1,645.41
2005	3,745,000	1,695,000	855,000	6,665,000	-	12,960,000	3.4%	1,447.56
2006	3,410,000	1,405,000	710,000	13,800,000	-	19,325,000	4.1%	2,110.87
2007	14,535,000	5,795,000	560,000	13,370,000	-	34,260,000	6.9%	3,585.18
2008	14,210,000	5,480,000	400,000	12,870,000	-	32,960,000	6.4%	3,337.38
2009	14,110,000	5,095,000	-	18,730,000	-	37,935,000	7.1%	3,709.30
2010	23,830,000	4,665,000	-	17,990,000	-	46,485,000	7.9%	4,439.40
2011	23,395,000	4,385,000	-	47,120,000	-	74,900,000	12.1%	7,010.48
2012	26,840,000	-	-	46,145,000	-	72,985,000	10.9%	6,570.49
2013	25,875,000	1,540,000	-	45,045,000	-	72,460,000	8.9%	5,767.27

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

- (1) Income statistics are only available for census years, between census years estimates are used.
See Schedule of Demographic and Economic Statistics on page 93 for population data.

City of Boerne, Texas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Gross Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita(2)
2004	6,895,000	77,188	6,817,812	1.52%	805.03
2005	6,295,000	76,676	6,218,324	1.20%	694.55
2006	5,525,000	106,206	5,418,794	0.92%	591.89
2007	20,890,000	249,975	20,640,025	3.05%	2,159.90
2008	20,090,000	253,889	19,836,111	2.42%	2,008.52
2009	19,205,000	394,333	18,810,667	1.90%	1,839.31
2010	28,495,000	703,138	27,791,862	2.57%	2,654.17
2011	27,780,000	727,129	27,052,871	2.51%	2,532.09
2012	26,840,000	770,881	26,069,119	2.38%	2,346.88
2013	27,415,000	772,228	26,642,772	2.15%	2,120.56

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

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 83 for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 93.

City of Boerne, Texas
Direct and Overlapping Governmental Activities Debt
September 30, 2013

	<u>Net Debt</u>	<u>Percentage Applicable to City (1)</u>	<u>City's Share of Debt</u>
Kendall County	(1) \$ 16,203,284	31.52%	\$ 51,073
Boerne Ind. School District	(1) 161,148,089	26.69%	430,141
Total overlapping debt			<u>481,213</u>
City of Boerne	(1) 27,415,000	100.00%	<u>27,415,000</u>
Total direct and overlapping debt			<u><u>\$ 27,896,213</u></u>

(1) As of September 30, 2013

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$44,822,681	\$51,805,434	\$58,981,817	\$67,606,588	\$81,899,665	\$99,242,505	\$108,306,049	\$107,862,700	\$ 109,749,040	\$ 123,893,228
Total net debt applicable to limit	6,817,812	6,218,324	5,418,794	20,640,025	19,836,111	18,810,667	27,791,862	27,052,871	26,069,119	26,642,772
Legal debt margin	\$38,004,869	\$45,587,110	\$53,563,023	\$46,966,563	\$62,063,554	\$80,431,838	\$80,514,187	\$80,809,829	\$83,679,921	\$97,250,456
Total net debt applicable to the limit as a percentage of debt limit	15.21%	12.00%	9.19%	30.53%	24.22%	18.95%	25.66%	25.08%	23.75%	21.50%

Legal Debt Margin Calculation for Fiscal Year 2013

Total assessed value	\$ 1,238,932,281
Debt limit (10% of total assessed value)	123,893,228
Debt applicable to limit:	
General bonded debt	27,415,000
Less: Amount set aside for repayment of general bonded debt	<u>772,228</u>
Total net debt applicable to limit	<u>26,642,772</u>
Legal debt margin	<u>\$ 97,250,456</u>

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

Utility	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Electric:										
Revenues	\$ 8,203,333	\$ 9,450,788	\$ 11,252,689	\$ 10,970,496	\$ 13,443,285	\$ 14,134,635	\$ 13,558,392	\$ 13,741,179	\$ 14,346,832	\$ 13,592,854
Less: Operating Expenses	(7,413,913)	(8,388,421)	(10,560,701)	(9,856,284)	(12,321,471)	(12,136,454)	(11,964,106)	(12,450,289)	(12,132,292)	(11,698,252)
Net Available Revenue	\$ 789,420	\$ 1,111,417	\$ 691,988	\$ 1,114,212	\$ 1,121,814	\$ 1,998,181	\$ 1,594,286	\$ 1,290,890	\$ 2,214,540	\$ 1,894,602
Water:										
Revenues	\$ 1,862,329	\$ 1,976,311	\$ 2,768,690	\$ 2,576,020	\$ 3,135,571	\$ 3,394,259	\$ 3,367,539	\$ 4,207,917	\$ 4,075,525	\$ 4,283,577
Less: Operating Expenses	(1,082,399)	(1,393,534)	(1,652,473)	(1,976,087)	(2,445,934)	(2,862,068)	(2,760,467)	(2,947,661)	(2,846,182)	(2,925,133)
Net Available Revenue	\$ 779,930	\$ 582,777	\$ 1,116,217	\$ 599,933	\$ 689,637	\$ 532,191	\$ 607,072	\$ 1,260,256	\$ 1,229,343	\$ 1,358,444
Wastewater:										
Revenues	\$ 1,494,214	\$ 1,345,113	\$ 1,618,654	\$ 1,944,945	\$ 2,303,613	\$ 2,734,151	\$ 3,264,502	\$ 3,482,521	\$ 3,795,316	\$ 3,759,661
Less: Operating Expenses	(784,235)	(948,702)	(982,731)	(1,084,586)	(1,222,499)	(1,403,009)	(1,432,880)	(1,498,255)	(1,525,010)	(1,572,710)
Net Available Revenue	\$ 709,979	\$ 396,411	\$ 635,923	\$ 860,359	\$ 1,081,114	\$ 1,331,142	\$ 1,831,622	\$ 1,984,266	\$ 2,270,306	\$ 2,186,951
Natural Gas:										
Revenues	\$ 1,144,039	\$ 1,244,915	\$ 1,468,690	\$ 1,622,887	\$ 1,761,178	\$ 1,541,175	\$ 1,868,336	\$ 1,715,100	\$ 1,524,222	\$ 1,514,274
Less: Operating Expenses	(1,115,349)	(1,274,704)	(1,307,860)	(1,347,104)	(1,541,040)	(1,490,342)	(1,816,636)	(1,467,841)	(1,321,356)	(1,330,473)
Net Available Revenue	\$ 28,690	\$ (19,788)	\$ 160,830	\$ 275,783	\$ 220,138	\$ 50,833	\$ 51,700	\$ 247,259	\$ 202,866	\$ 183,801
Total Utility Systems Revenues	\$ 12,703,915	\$ 14,017,127	\$ 17,108,723	\$ 17,114,348	\$ 20,643,647	\$ 21,804,220	\$ 22,058,769	\$ 23,146,717	\$ 23,741,895	\$ 23,150,366
Less: Total Utility Systems Operating Expenses	(10,395,896)	(12,005,361)	(14,503,765)	(14,264,061)	(17,530,944)	(17,891,873)	(17,974,089)	(18,364,046)	(17,824,840)	(17,526,568)
Total Utility Systems Net Revenue Available	\$ 2,308,019	\$ 2,011,766	\$ 2,604,958	\$ 2,850,287	\$ 3,112,703	\$ 3,912,347	\$ 4,084,680	\$ 4,782,671	\$ 5,917,055	\$ 5,623,798
Annual Debt Service	\$ 646,368	\$ 642,559	\$ 972,491	\$ 1,019,949	\$ 1,015,979	\$ 1,132,435	\$ 1,112,931	\$ 2,850,118	\$ 2,841,379	\$ 2,828,657
Coverage	3.57	3.13	2.68	2.79	3.06	3.45	3.67	1.68	2.08	1.99

*Note: Excludes depreciation and amortization

**City of Boerne, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population(1)	Median Household Income(2)	Persons Per Household(1)	School Enrollment (3)	Unemployment Rate(4)
2004	8,469	42,009	2.62	5,380	2.2
2005	8,953	42,009	2.62	5,602	3.6
2006	9,155	51,879	2.62	6,030	3.7
2007	9,556	51,879	2.62	6,188	3.8
2008	9,876	51,879	2.62	6,250	3.4
2009	10,227	51,879	2.62	6,300	6.0
2010*	10,471	56,350	2.47	6,637	5.7
2011	10,684	58,175	2.23	6,754	6.6
2012	11,108	60,060	2.23	7,095	5.3
2013	12,564	66,655	2.47	7,206	6.0

Note:

- (1) City Administration on non-census years
- (2) Only available for census years - other years are estimates
- (3) Boerne Independent School District
- (4) Texas Workforce Commission
- * Revised to 2010 Census data

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

<u>Employer</u>	<u>2013</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Principal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Principal Employment</u>
Boerne Independent School District	997	1	32.04%	550	1	33.95%
H E Butt Grocery Store	385	2	12.37%	213	3	13.15%
Mission Pharmacal	362	3	11.63%	199	4	12.28%
WalMart Stores	293	4	9.42%	234	2	14.44%
Kendall County	225	5	7.23%	152	5	9.38%
Albany Engineered Composites	223	6	7.17%	133	7	8.21%
City of Boerne	220	7	7.07%	139	6	8.58%
Mercedes Benz of Boerne	147	8	4.72%	-	-	-
Toyota of Boerne	145	9	4.66%	-	-	-
Cibolo Creek Health and Rehab	115	10	3.70%	-	-	-

Source: City of Boerne Study

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

<u>Function:</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government	19	21	22	25	27	27	18	20	20	21
Public Safety:										
Police	30	29	30	32	33	35	35	34	35	34
Animal Control	3	3	3	3	3	3	3	3	3	3
Municipal Court	3	2	3	3	3	3	3	3	3	3
Emergency & Risk	2	3	3	5	5	5	5	6	7	8
Code Enforcement	3	4	4	4	4	4	8	7	7	7
Communications	11	12	12	12	12	12	12	12	12	13
Fire	1	2	4	5	7	7	13	11	12	12
Highways & Streets	16	16	16	16	18	18	18	18	18	18
Culture & Recreation	26	30	31	33	36	38	39	39	40	37
Cemetery	2	1	1	1	1	1	1	1	1	1
Electric	13	13	17	21	21	21	21	20	20	20
Water	11	12	14	13	16	18	14	13	13	15
Sewer	11	11	11	10	11	13	14	13	13	13
Gas	6	6	5	3	3	3	8	6	6	6
Total	157	165	176	186	200	208	212	206	210	211

Source: City of Boerne Personnel Department

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

<u>Function:</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police										
Physical Arrests	435	329	458	417	531	459	309	333	362	373
Parking Violations	166	143	102	95	84	32	38	27	32	11
Traffic Violations	3,550	2,316	3,214	3,374	4,014	3,110	2427	2,498	1,943	2,583
Fire										
Number of calls (In City)	159	152	210	251	249	228	295	372	348	271
Inspections	289	356	786	473	1234	1191	1804	1586	1457	2102
Code Enforcement										
Permits issued	2219	1891	2542	2249	1900	1019	1247	1664	1699	1909
Highways & streets										
Streets resurfaced(miles)	4.17	2.34	1.93	1.00	2.00	2.00	5.9	2.9	3	4
Other street repairs (hours)	18,033	17,574	16,533	16,827	17,835	17,095	10,072	16,006	16,558	16,839
Culture & recreation										
Athletic field revenues	\$ 27,446	\$36,071	\$ 43,195	\$ 54,389	\$ 49,581	\$ 31,141	\$ 33,811	\$ 28,333	\$ 25,910	\$ 22,647
Community Center events	778	668	667	696	743	624	574	442	432	371
Electric										
New connections	102	93	81	138	272	49	71	80	102	75
Average daily consumptions (kilowatt hours)	286,261	305,007	305,127	309,762	323,077	326,890	342,077	354,182	347,317	339,886
Water										
New connections	270	247	271	321	267	103	127	112	168	167
Average daily consumptions (thousands of gallons)	94,229	113,074	129,017	102,792	137,850	140,354	125,796	168,722	161,389	163,363
Wastewater										
New connections	281	220	277	280	284	100	113	90	145	148
Average daily treatment (thousands of gallons)	90,052	80,917	79,754	86,332	90,382	100,205	99,069	107,293	107,217	101,182
Natural Gas										
New connections	8	0	0	23	123	59	58	58	54	68
Average daily consumptions (thousands of cubic feet)	291	283	277	323	320	319	455	402	397	386

Sources: Various City of Boerne departments

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

(1) Reporting parameters changed for 2008 to include re-inspections; plan reviews; and public education.

City of Boerne, Texas
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function:	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	13	13	13	12	14	14	15	15	15
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	4	5	6	6	8	8	8	8	8	8
Highways & streets										
Streets (miles)	41.35	43.69	46.02	46.02	49.25	49.25	52.7	52.7	52.7	55.4
Streetlights	399	424	440	500	550	550	559	613	613	613
Culture & recreation										
Parks	10	10	10	11	11	12	12	12	12	12
Parks acreage	302.6	302.6	302.6	311.6	361.6	401.6	401.6	401.6	401.6	401.6
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	8	8	8	8	8	8	8	8	8	8
Convention/Community centers	1	1	1	1	1	1	1	1	1	1
Electric										
Number of distribution stations	1	1	1	2	2	2	2	2	2	2
Capacity sold (mega-watt hours)	99.8	106.5	111.4	113.0	117.9	119.3	124.9	129.3	126.8	124.1
Water										
Treatment plants	1	1	1	1	1	1	1	1	1	2
Capacity produced (thousands of gallons)	434,280	532,119	560,478	487,316	631,614	600,138	553,636	752,281	676,762	691,667
Wastewater										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Capacity treated (thousands of gallons)	328,691	415,070	291,102	497,579	329,892	314,498	479,507	340,377	361,646	364,256
Natural Gas										
Gas mains (miles)	40	41	43	44.6	50.43	54.65	55.23	55.23	54.35	56.65
Capacity sold (thousands of cubic feet)	106,152	103,167	101,144	117,883	116,779	116,383	165,970	146,786	145,038	140,711

Sources: Various City of Boerne departments.

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

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