

City of Fredericksburg

REGULAR CITY COUNCIL MEETING AGENDA MONDAY, MAY 6, 2019 ~ 6:00 P.M. LAW ENFORCEMENT CENTER ~ 1601 EAST MAIN STREET

Linda Langerhans, Mayor
Jerry Luckenbach, Councilmember
Tom Musselman, Councilmember

Gary Neffendorf, Councilmember
Charlie Kiehne, Councilmember
Kent Myers, City Manager

The City of Fredericksburg City Council will meet in a regular session on Monday, May 6, 2019 at 6:00 p.m. in the Law Enforcement Center, 1601 East Main Street, Fredericksburg, Texas. This is an open meeting, open to the public, subject to the Open Meetings Law of the State of Texas, and as required by law, notice is hereby posted on May 3, 2019 before 5:00 p.m., providing time, place, date and agenda thereof. The meeting facility is wheelchair accessible and accessible parking spaces are provided. Requests for accommodations or interpretative services must be made to the City Secretary 48 hours prior to this meeting.

(Please turn off all pagers and phones, except emergency on-call personnel.)

1. PLEDGE OF ALLEGIANCE

2. CALL TO ORDER

3. EMPLOYEE RECOGNITIONS – PROCLAMATIONS

A. Lions Club 90th Anniversary

B. Historic Preservation Month

4. PUBLIC COMMENTS

This time is for citizens to address the City Council on issues and items of concern not on this agenda. There will be no City Council action at this time.

5. CONSENT

THE FOLLOWING ITEMS MAY BE ACTED UPON IN A SINGLE MOTION. NO SEPARATE DISCUSSION OR ACTION ON ANY OF THESE ITEMS WILL BE HELD UNLESS PULLED AT THE REQUEST OF A MEMBER OF CITY COUNCIL.

A. Consider approval of the April 15, 2019 City Council Regular Meeting Minutes.
(Agenda Packet Pages 9-17)

6. ORDINANCES

A. Consider approval of Ordinance 2019-13 amending the Appendix B-Zoning Ordinance of the Code of Ordinances to establish a Mixed Use Infill Zoning District in the City; and providing for an effective date (Z-1906) (MU-1; Mixed Use – Infill).
(Agenda Packet Pages 19-27)

- B. Consider approval of Ordinance 2019-16 amending Article XV. Outdoor Lighting, of Chapter 5 - Buildings and Building Regulations - of the Code of Ordinances, clarifying definitions and establishing additional outdoor lighting requirements to meet minimum standards set forth in the International Dark Sky Association Community Guidelines.
(Agenda Packet Pages 28-42)

7. RESOLUTIONS – OTHER ACTION ITEMS - DISCUSSION ITEMS

- A. Receive and discuss the Annual Audit for the Fiscal Year ending September 30, 2018.
(Agenda Packet Pages 43-127)
- B. Consider the approval of the appointment of Bradley Bertrand to the Historical Review Board to fill a vacancy.
(Agenda Packet Pages 128-131)
- C. Consider approval of extending City's current electric power purchase agreement with AEP Energy.
(Agenda Packet Pages 133-134)
- D. Consider the approval of a License Agreement template for the Parks Department to authorize use of City park property for recreational programs and services provided by third party vendors.
(Agenda Packet Pages 135-142)
- E. Consider the approval of awarding the Friendship Ln. Phase III Mill and Overlay Project construction contract including alternate A1 (10% Contingency) in the total amount of \$494,717.58 to Allen Keller Company.
(Agenda Packet Pages 143-146)
- F. Receive a presentation and update on the City Water Supply.
(Agenda Packet Pages 147-162)

8. CITY MANAGER'S REPORT

- A. Legislative Update
- B. Sports Park Election

9. ITEMS FOR FUTURE AGENDA

(Agenda Packet Pages 163-164)

10. COUNCIL COMMENTS

Reports about items of community interest, which no action will be taken.

11. EXECUTIVE SESSION

The City Council will recess its open meeting and reconvene in Executive Session pursuant to Texas Government Code

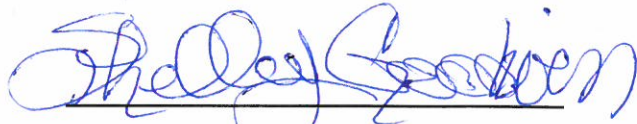
- A. Section 551.072 – Consider and discuss the purchase, exchange, lease or value of real property owned by the City located in the vicinity of Friendship Lane,
- B. Section 551.072 - Consider and discuss the purchase, exchange, lease, or value of real property owned by the City, located in the vicinity of Old San Antonio Road, and
- C. Section 551.086 - Consider and discuss future power purchases as a competitive matter related to the City's public power utility.

12. BUSINESS ITEM

The City Council will reconvene into Regular Session upon conclusion of the Executive Session, the City Council may take action on any item posted in Executive Session, as necessary.

13. ADJOURN

This is to certify that I, Shelley Goodwin, posted this Agenda at 11:56 p.m. on May 2, 2019 at the entrance and on the bulletin board of the City of Fredericksburg City Hall, 126 W. Main St., Fredericksburg, Texas.



Shelley Goodwin, TRMC
City Secretary

PROCLAMATION

WHEREAS, there are more than Eight Hundred and Fifty Lions Clubs in Texas and with over Twenty-Three Thousand members; and

WHEREAS, the Fredericksburg Lions Club received its charter from Lions Clubs International dated July 16, 1929; the Charter Members were W.L. Burke, C.J. Dooley, J.S. Heiner, William Habenicht, Alex E. Jung, Norman Keller, Albert Koennecke, R.L. Kott, Fred Mathiesen, Alfred Petsch, H.A. Ries, E. H. Riley, H. H. Sagebiel, Alfred Schmidt, John H. Stahl, Arthur Stehling, Felix Stehling, R. G. Striegler, Hugo A. Walter, and F.I. Wilke; and

WHEREAS, the founders of the Fredericksburg Lions Club worked to accomplish goals and the development of programs that would benefit citizens of the City of Fredericksburg, Gillespie County and the State of Texas; and

WHEREAS, the members of the local Lions Club unceasingly promote their community for quality of life through the Lions Club programs such as Lions KidSight, The Human Needs Board, Lions Sight Research Foundation, Mobile Eye Screening Unit, to name a few; and

WHEREAS, the Fredericksburg Lions Club and the Lions of Texas have sponsored over 74,000 children to Lions Camp which began in 1949 and is a driving force in enhancing and improving lives with a positive vision of the future for children with physical disabilities, Down Syndrome and Type-1 Diabetes; and

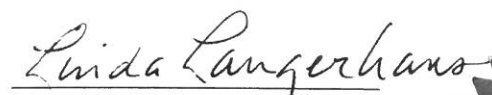
WHEREAS, it is a great year to be a Fredericksburg Lion Club member which is in keeping with the Lions District 2-A2 motto of "it's Great to be a Lion"; and

NOW, THEREFORE BE IT RESOLVED, that I, Linda Langerhans, Mayor of the City of Fredericksburg, Texas, State of Texas, do hereby proclaim 2019, as

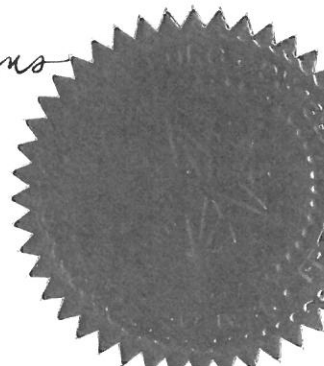
The Year of the Lion

in Fredericksburg, Texas, and ask that citizens honor the men and women who spend hours assisting others and congratulate them on their 90th Anniversary.

IN WITNESS WHEREOF, I hereunto set my hand and official Seal of the City of Fredericksburg this 6th day of May, 2019.


Linda Langerhans
Mayor

Attest: 
Shelley Goodwin
City Secretary



PROCLAMATION

WHEREAS, May is National Historic Preservation Month 2019; and

WHEREAS, the City of Fredericksburg has a number of properties on the National Register of Historic Places, a National Register Historic District and a Locally-Designated Historic District worth seeing, saving and celebrating; and

WHEREAS, historic preservation is an effective tool for managing growth and sustainable development, revitalizing neighborhoods, fostering local pride and maintaining community character while enhancing livability; and

WHEREAS, historic preservation is inherently economically, environmentally, and socially sustainable, fostering a culture of reuse and maximizing the life cycle of all resources through conservation; and

WHEREAS, historic preservation is relevant for communities across the nation, both urban and rural, and for Americans of all ages, all walks of life and all ethnic backgrounds; and

WHEREAS, it is important to celebrate the role of history in our lives and the contributions made by dedicated individuals in helping to preserve the tangible aspects of the heritage that has shaped us as a people; and

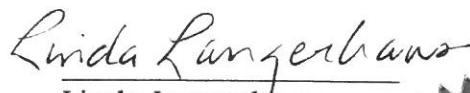
WHEREAS, many Fredericksburg residents, groups and organizations work hard to preserve Fredericksburg's past for future generations;

NOW, THEREFORE, I, Mayor Linda Langerhans, do proclaim May 2019 as

National Preservation Month

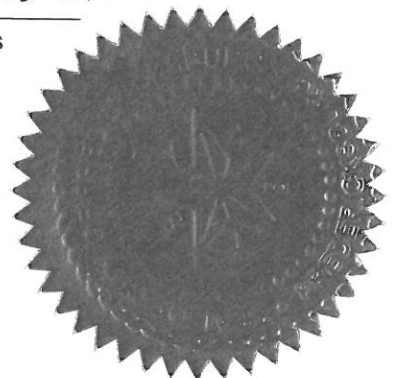
and call upon the people of Fredericksburg to join their fellow citizens across the United States in recognizing and participating in this special month through the many activities that are happening in our community during the month of May.

IN WITNESS WHEREOF, I hereunto set my hand and official Seal of the City of Fredericksburg this 6th day of May, 2019.


Linda Langerhans
Mayor

Attest:


Shelley Goodwin
City Secretary





CITY OF FREDERICKSBURG

MINUTES OF CITY COUNCIL REGULAR MEETING

APRIL 15, 2019

Members Present:

Mayor Linda Langerhans
Councilmember Charlie Kiehne
Councilmember Gary Neffendorf
Councilmember Tom Musselman

Members Absent:

Councilmember Jerry Luckenbach

City Staff Present:

Kent Myers, City Manager
Clinton Bailey, Assistant City Manager/Director Public Works and Utilities
Daniel Jones, City Attorney
Steve Wetz, Police Chief
Brian Jordan, Development Services Director
Andrea Schmidt, Park Department Director
Eric Whitting, Information Specialist
Kris Kneese, Assistant Director Public Works and Utilities
Garret Bonn, Assistant City Engineer
Shelley Goodwin, City Secretary

1. Pledge of Allegiance

Mayor Langerhans led the Pledge of Allegiance.

2. Call to Order

With a quorum of the City Council present, Mayor Langerhans called the regular meeting of the Fredericksburg City Council to order at 6:00 p.m. on Monday, April 15, 2019, in the Law Enforcement Center, 1601 East Main Street, Fredericksburg, Texas 78624.

3. Employee Recognitions

Kent Myers, City Manager, stated he received an email from an out of state visitor who thought she had lost her purse at McDonalds in Fredericksburg. She thanked Police Sgt. Lovelady for going above and beyond to help her with a Police Report so she could get back on the airplane.

4. Public Comments

Curtis Cameron, spoke in opposition to the 290 E. Annexation.

Richard Gray displayed the trash that he picked up on Lower Crabapple Road today and stated there is a need for Community pride. He also spoke to the maintenance of the proposed Sports Park.

Eric Mustard spoke in support of the new zoning district.

Gregory Kaderli spoke in support of the new zoning district and eliminating the Special Parking Regulations. He stated he lives in a residential neighborhood, but he is feeling the effects that the commercial districts.

5. CONSENT

- A. Consider approval of the April 1, 2019 City Council Regular Meeting Minutes.**
- B. Consider approval of a street closure request for the 10th annual Oktoberfest Kraut Run for W. Travis Street from N. Crockett to N. Adams beginning Saturday, October 5, 2019 from 6:30 a.m. - 12 p.m.**
- C. Consider approval of two street closure requests for Oktoberfest 2019 for Adams Street between Main and Austin on Wednesday, October 2, 2019 at 5 p.m. – Monday, October 7, 2019 at 3 p.m. and second closure at Austin Street between Crockett and Adams on Thursday, October 3, 2019 at 12 p.m. – Monday, October 7, 2019 at 12 p.m.**
- D. Consider approval of a street closure request for the 2019 Fredericksburg Food & Wine Fest for parking lane and one southbound lane of Adams Street adjacent to Marktplatz between Main Street and Austin Street beginning Thursday, October 24, 2019 at 3 p.m.- Monday, October 28, 2019 at 3 p.m.**

Motion: A motion was made by Councilmember Kiehne, seconded by Councilmember Neffendorf to approve Consent Agenda 5. A. -5. D. The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

6. PUBLIC HEARINGS

- A. Public hearing to receive comments on the annexation of approximately 213.64 acres of land situated in Gillespie County, Texas along U.S. Highway 290 East, consisting primarily of frontage properties located along U.S. Highway 290 East, extending from the existing City Limit line to the east approximately one (1) mile to the City's Extraterritorial Jurisdiction (ETJ). (2nd Public Hearing).**

Mayor Langerhans stated Agenda Items 6.A. and 8.D. are being pulled from the Agenda due to a Court Order.

Kent Myers stated Friday, April 12, 2019 an Addendum was added to the Agenda for an Executive Session pursuant to Texas Government Code Section 551.071 Consider and discuss 290 E. Owner's Coalition (an Unincorporated Non-Profit Association) vs. City of Fredericksburg, Texas.

- B. Public hearing to receive comments on request Z-190I to consider Ordinance 2019-10 amending Section 7.825 - Special Provisions Applicable to Central Fredericksburg – of Appendix B – Zoning Ordinance of the Code of Ordinances; to reduce the area along W. Main Street subject to Special Parking Regulations.**

Motion: A motion was made by Councilmember Neffendorf, seconded by Councilmember Kiehne, to go out of Regular Session into a Public Hearing at 6:18 p.m. The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

Brian Jordon, Development Services Director, reviewed the history of Ordinance 24-005 adopted in May 2014 and Ordinance 25-017 adopted in September 2015. He stated the lack of onsite parking created an issue and the City Council asked the Planning and Zoning Commission to review the parking. He received 11 letters from residents supporting the proposed change and several people

spoke in favor of this change at the Planning and Zoning Commission. The Planning and Zoning Commission voted unanimously to recommend the approval of the proposed ordinance.

Mayor Langerhans asked if anyone wished to speak during the public hearing. No one did.

Motion: A motion was made by Councilmember Musselman, seconded by Councilmember Neffendorf, to go out of the Public Hearing into Regular Session at 6:20 p.m. The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

Mayor Langerhans then moved to Agenda Item 7.A.

C. Public hearing to receive comments on request Z-1902 to consider Ordinance 2019-11 amending the Appendix B-Zoning Ordinance of the Code of Ordinances; to prohibit use of Outdoor Amplified Sound when adjacent to property zoned for Single Family Residential Use.

Motion: A motion was made by Councilmember Musselman, seconded by Councilmember Neffendorf, to go out of Regular Session into a Public Hearing at 6:24 p.m. The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

Brian Jordon, Development Services Director, reviewed the history of the initiation of ordinance to amend the Zoning Ordinance to prohibit outdoor amplified sound adjacent to single family residential zoning district. The Planning and Zoning Commission voted unanimously to recommend the approval of the proposed ordinance.

Mayor Langerhans asked if anyone wished to speak during the public hearing. No one did.

Motion: A motion was made by Councilmember Musselman, seconded by Councilmember Neffendorf, to go out of the Public Hearing into Regular Session at 6:26 p.m. The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

Mayor Langerhans then moved to Agenda Item 7.B.

D. Public hearing to receive comments on a request Z-1905 to consider Ordinance 2019-12 amending the Appendix B-Zoning Ordinance of the Code of Ordinances to establish an additional Commercial Zoning District in the City (C-1.5, Medium Commercial Zoning District).

Motion: A motion was made by Councilmember Musselman, seconded by Councilmember Neffendorf, to go out of Regular Session into a Public Hearing at 6:30 p.m. The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

Brian Jordan, Development Services Director, provided the history of the adoption of the Comprehensive Plan that established a Mixed Use Corridor Land Use Category. He stated the Planning and Zoning Commission has created a zoning district that would attempt to address several issues. The Planning and Zoning Commission voted unanimously to recommend the approval of the proposed ordinance.

Mayor Langerhans asked if anyone wished to speak during the public hearing. No one did.

Motion: A motion was made by Councilmember Musselman, seconded by Councilmember Kiehne, to go out of the Public Hearing into Regular Session at 6:35 p.m. The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

E. Public hearing to receive comments on request Z-1906 to consider Ordinance 2019-13 amending the Appendix B – Zoning Ordinance of the Code of Ordinances; to establish a Mixed Use Infill Zoning District in the City (MU-1; Mixed Use-Infill).

Motion: A motion was made by Councilmember Musselman, seconded by Councilmember Kiehne, to go out of Regular Session into a Public Hearing at 6:40 p.m. The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

Brian Jordan, Development Services Director, stated two different Mixed Use Districts have been created, one is for major corridors and the other is for infill development. The proposed Ordinance 2019-13 is for the infill development (MU-1), but previously several issues were addressed in a PUD. The Planning and Zoning Commission has voted to create this zoning district that would attempt to address several issues. He also stated the Ordinance in the Agenda Packet includes clarification to the maximum height allowed under the Special Site and Development Regulations of 4-stories above grade and 54', and that there will be a provision to allow a portion of the required parking to be located in front of the building. The Planning and Zoning Commission voted six (6) for and one (1) against to recommend the approval of the proposed ordinance.

Mayor Langerhans asked if anyone wished to speak during the public hearing.

Eric Mustard stated that the PUD process has allowed several zoning issues to be addressed, but this zoning will let the developers know upfront the categories that will be allowed in MU-1 District.

Motion: A motion was made by Councilmember Musselman, seconded by Councilmember Neffendorf, to go out of the Public Hearing into Regular Session at 6:55 p.m. The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

F. Public hearing to receive comments on a request Z-1907 to consider Ordinance 2019-14 amending the Appendix B-Zoning Ordinance of the Code of Ordinances to establish a Mixed Use Corridor Zoning District in the City (MU-2; Mixed Use – Corridor).

Motion: A motion was made by Councilmember Musselman, seconded by Councilmember Neffendorf, to go out of Regular Session into a Public Hearing at 7:07 p.m. The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

Brian Jordan, Development Services Director, stated this proposed zoning is different from the MU-1 (Infill) and provides zoning regulations for the Corridor. He also provided the intent and permitted uses allowed in the proposed zone. The Planning and Zoning Commission voted six (6) for and one (1) against to recommend the approval of the proposed ordinance.

Mayor Langerhans asked if anyone wished to speak during the public hearing.

Motion: A motion was made by Councilmember Musselman, seconded by Councilmember Neffendorf, to go out of the Public Hearing into Regular Session at 7:15 p.m. The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

7. ORDINANCES

A. Consider approval of Ordinance 2019-10 amending Section 7.825 - Special Provisions Applicable to Central Fredericksburg – of Appendix B – Zoning Ordinance, of the Code of Ordinances; to reduce the area along W. Main Street subject to special parking regulations, and providing for an effective date (Z-1901).

Motion: A motion was made by Councilmember Neffendorf, seconded by Councilmember Musselman, to approve Ordinance 2019-10 amending Section 7.825 - Special Provisions Applicable to Central Fredericksburg – of Appendix B – Zoning Ordinance, of the Code of Ordinances; to reduce the area along W. Main Street subject to special parking regulations, and providing for an effective date (Z-1901). The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

B. Consider approval of Ordinance 2019-11 amending the Appendix B-Zoning Ordinance of the Code of Ordinances; to prohibit use of Outdoor amplified sound when adjacent to property zoned for single family residential use, and providing for an effective date (Z-1902).

Motion: A motion was made by Councilmember Kiehne, seconded by Councilmember Neffendorf, to approve Ordinance 2019-11 amending the Appendix B-Zoning Ordinance of the Code of Ordinances; to prohibit use of Outdoor amplified sound when adjacent to property zoned for single family residential use, and providing for an effective date (Z-1902). The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

C. Consider approval of Ordinance 2019-12 amending the Appendix B-Zoning Ordinance of the Code of Ordinances to establish an additional Commercial Zoning District in the City; and providing for an effective date (Z-1905) (C-1.5, Medium Commercial Zoning District).

Motion: A motion was made by Councilmember Neffendorf, seconded by Councilmember Musselman, to approve Ordinance 2019-12 amending the Appendix B-Zoning Ordinance of the Code of Ordinances to establish an additional Commercial Zoning District in the City; and providing for an effective date (Z-1905) (C-1.5, Medium Commercial Zoning District). The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

D. Consider approval of Ordinance 2019-13 amending the Appendix B-Zoning Ordinance of the Code of Ordinances to establish a Mixed Use Infill Zoning District in the City; and providing for an effective date (Z-1906) (MU-1; Mixed Use – Infill).

The City Council discussed the use of MU-1 in the Historical District, height, line of site and parking.

Brian Jordan, Development Services Director, provided some examples and areas that MU-1 could be used.

Motion: A motion was made by Councilmember Musselman, seconded by Mayor Langerhans, to approve Ordinance 2019-13 amending the Appendix B-Zoning Ordinance of the Code of Ordinances to establish a Mixed Use Infill Zoning District in the City; and providing for an effective date (Z-1906) (MU-1; Mixed Use – Infill) and striking #10 from the Ordinance. The City Council voted two (2) for and two (2) opposed (Councilmembers Neffendorf and Kiehne). The motion failed.

Motion: A motion was made by Councilmember Neffendorf, seconded by Councilmember Kiehne, to approve Ordinance 2019-13 amending the Appendix B-Zoning Ordinance of the Code of Ordinances to establish a Mixed Use Infill Zoning District in the City; and providing for an effective date (Z-1906) (MU-1; Mixed Use – Infill) and reword #10 in the Ordinance to not allow four (4) stories downtown. The City Council voted two (2) for and two (2) opposed (Councilmember Musselman and Mayor Langerhans). The motion failed.

Mayor Langerhans asked that Ordinance 2019-13 be brought back to the May 6, 2019 City Council Regular Meeting.

E. Consider approval of Ordinance 2019-14 amending the Appendix B-Zoning Ordinance of the Code of Ordinances to establish a Mixed Use Corridor Zoning District in the City; and providing for an effective date (Z-1907) (MU-2; Mixed Use – Corridor).

The City Council discussed the building height and making it part of a conditional use permit.

Motion: A motion was made by Councilmember Musselman, seconded by Councilmember Kiehne, to approve Ordinance 2019-14 amending the Appendix B-Zoning Ordinance of the Code of Ordinances to establish a Mixed Use Corridor Zoning District in the City; and amend #10 to read heights above 3 stories be subject to a Conditional Use Permit. The City Council voted four (4) for and none (0) opposed. The motion passed unanimously.

F. Consider approval of Ordinance 2019-15 amending Article 16.500 – Impact Fees, of Appendix A – Fee Schedule, of the Code of Ordinances, to update and amend the Impact Fees assessed by the City.

Kris Kneese, Assistant Director Public Works and Utilities, reviewed the process of the Impact Fee Committee, public hearings and the timeline used to review fee schedule. He reviewed the effective date of July 1st and the \$1,000 increases every year for 3 years.

Motion: A motion was made by Councilmember Neffendorf, seconded by Councilmember Musselman, to approve Ordinance 2019-15 amending Article 16.500 – Impact Fees, of Appendix A – Fee Schedule, of the Code of Ordinances, to update and amend the Impact Fees assessed by the City. The City Council voted four (4) for and none (0) opposed. The motion passed unanimously.

8. RESOLUTIONS – OTHER ACTION ITEMS - DISCUSSION ITEMS

A. Consider the approval of Resolution 2019-03R opposing the routing of the proposed Permian Highway Pipeline through Gillespie County; requesting immediate action from the State Legislature; and providing an effective date.

Kent Myers, City Manager, stated Resolution 2019-03R is to signify the opposition to the Permian Highway Pipeline through Gillespie County. He also stated several local governments and other agencies have approved resolution opposing this pipeline.

Mayor Langerhans suggested changing the will cause in the sixth paragraph to may cause. The City Council choose to leave the wording to will cause.

Motion: A motion was made by Councilmember Kiehne, seconded by Councilmember Neffendorf, to approve Resolution 2019-03R opposing the routing of the proposed Permian

Highway Pipeline through Gillespie County; requesting immediate action from the State Legislature; and providing an effective date. The City Council voted four (4) for and none (0) opposed. The motion passed unanimously.

B. Consider the approval of a Lease Agreement with Fort Martin Scott Friends for the facilities they exclusively use at Fort Martin Scott.

Andrea Schmidt, Parks Department Director, stated City Staff has been working with the Fort Martin Scott Friends organization since December to create a lease agreement for the facilities they have exclusive use to at Fort Martin Scott. She reviewed the agreement and the use of the different buildings.

The City Council discussed the trails at Fort Martin Scott.

Motion: A motion was made by Councilmember Neffendorf, seconded by Councilmember Musselman, to approve the Lease Agreement with Fort Martin Scott Friends for the facilities they exclusively use at Fort Martin Scott. The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

C. Consider setting time and place to hold Special Meeting to canvas the May 4, 2019 City General and Special Election, Issue the Certificate of Elections, and administer the Oath of Offices.

Shelley Goodwin, City Secretary, reviewed the timeframe provided by the Secretary of State for canvassing the May 4th Election. She recommended Tuesday, May 14th at 4:00 in the City Hall Conference Room.

The City Council discussed the timeframes of the Voter Registrar and the Ballot Board to reconvene if necessary. They also discussed doing a canvass for the City Council members and a separate canvass for the Bond proposal.

Motion: A motion was made by Councilmember Kiehne, seconded by Councilmember Musselman, to set a Special Meeting to canvas the May 4, 2019 City General and Special Election, Issue the Certificate of Elections, and administer the Oath of Offices on Tuesday, May 14, 2019 at 5 p.m. in the City Hall Conference Room. The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

D. Discussion on the annexation of approximately 213.64 acres of land situated in Gillespie County, Texas along U.S. Highway 290 East, consisting primarily of frontage properties located along U.S. Highway 290 East, extending from the existing City Limit line to the east approximately one (1) mile to the City's Extraterritorial Jurisdiction (ETJ).

See Agenda Item 6.A.

9. CITY MANAGER'S REPORT

A. Legislative Update

Kent Myers, City Manager, reviewed a Legislative Session handout on the six bills that the City is tracking.

B. Sports Park Election

Kent Myers, City Manager, stated City Staff continues to hold education sessions. He stated there will be an education presentation at the Rotary Club, Optimist Club, and a Public presentation on April 22nd

at 6 p.m. at the Law Enforcement Center. He also stated a Fact Sheet regarding the Bond will go in the utility bills this month.

9. ITEMS FOR FUTURE AGENDA

Kent Myers, City Manager, reviewed the Future Agenda items for the May 6, 2019 and May 20, 2019 City Council Regular Meetings.

10. COUNCIL COMMENTS

Mayor Langerhans stated that Councilmembers Musselman and Kiehne, and herself attended the fundraiser for the Nimitz Foundation where General Kelly spoke. She stated it was a great event.

11. EXECUTIVE SESSION

The City Council will recess its open meeting and reconvene in Executive Session pursuant to Texas Government Code Section 551.071 – Consider and discuss E. 290 Owner’s Coalition (an Unincorporated Non-Profit Association) vs. City of Fredericksburg, Texas.

Motion: A motion was made by Councilmember Neffendorf, seconded by Councilmember Musselman, to go out of Regular Session into Executive Session at 7:38 p.m. The motion carried unanimously.

Motion: A motion was made by Councilmember Kiehne, seconded by Councilmember Musselman, to go out of Executive Session into Regular Session at 8:30 p.m. The motion carried unanimously.

12. BUSINESS ITEMS

The City Council will reconvene into Regular Session upon conclusion of the Executive Session, the City Council may take action on any item posted in Executive Session, as necessary.

No action was taken following the Executive Session.

13. ADJOURN

Motion: A motion was made by Councilmember Neffendorf, seconded by Councilmember Musselman, to adjourn the Monday, April 15, 2019 City Council Regular Meeting at 8:31 p.m.. The City Council voted four (4) for and none (0) opposed. The motion carried unanimously.

Linda Langerhans
Mayor

ATTEST

Shelley Goodwin, TRMC
City Secretary

Sign In to Speak at the City Council Regular Meeting

4-15-19

The City Council welcomes citizen participation and comments at all City Council Meetings. The City Council offers citizens the opportunity to address them by signing up to speak prior to the meeting. If you speak, please follow these guidelines:

- State your name and address before your comments begin.
- Direct your comments to the entire City Council, not to an individual member, or to the audience.
- Complete your speaking at the allotted time (3 minutes).

Name	Address	Phone Number	Email Address	Agenda Item or Subject
Curtis Cameron	F&B	830-997-4625		6.A. Litter speaks
Richard Gray	208 Duvalley	830-45-6370	grayr@41@gmail.com	poet
Eric Mvstard	209 S LANDO ST	992-0237		M.V. ZONING
Gregory KADEALI	611 W. San Antonio	830 998 8737		Z-1901
				VZ-1902



CITY COUNCIL MEMO

DATE: April 30, 2019

TO: City Council

FROM: Brian Jordan, AICP

SUBJECT: (Z-1906), Amendment to the Zoning Ordinance to create an MU-1, Mixed Use Infill Zoning District.

Summary:

When the last Comprehensive Plan was adopted, a Mixed Use Corridor Land Use Category was established. The staff and the Planning and Zoning Commission have been working on the creation of a zoning district that would correspond with this category. Two Mixed Use Districts have been created, with one being for major corridors (MU-2) and the other for infill development (MU-1). The City Council adopted the MU-2 Mixed Use District for Corridors on March 18, 2019. There was significant discussion at the March 18 Council meeting concerning the allowable height proposed in the MU-1 District, and a decision was not made.

Recommendation:

The Planning and Zoning Commission voted 6-1 in favor of recommending approval of the proposed ordinance. Staff concurs with this recommendation.

Background / Analysis:

Included in the proposed MU-1 District is a list of principal permitted uses, uses permitted subject to a conditional use permit, site development regulations and special site and development regulations. The

The City of Fredericksburg

126 W. Main St. • Fredericksburg, Texas 78624-3708 • (830) 997-7521 • Fax (830) 997-1861

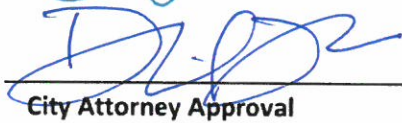
special site and development regulations were created from our discussion on the new districts and from the City's adopted Design Guidelines and Standards for entry corridors.

Attachments:

MU-1 District Ordinance



Department Approval



City Attorney Approval



City Manager Approval

The City of Fredericksburg

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ORDINANCE NO. 2019-13

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS, AMENDING APPENDIX B - ZONING ORDINANCE, OF THE CODE OF ORDINANCES; TO ESTABLISH A MIXED USE INFILL ZONING DISTRICT IN THE CITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, an application for a text amendment of the Zoning Ordinance, related to the creation of mixed use zoning district in the City, has been initiated by motion of the City Council; and

WHEREAS, public hearings before the Planning and Zoning Commission and the City Council of the City of Fredericksburg have been duly noticed and held regarding such application, as required by the City of Fredericksburg Zoning Ordinance; and

WHEREAS, the Planning and Zoning Commission has determined that such text amendment is in conformity with the uses established by the Comprehensive Land Use Plan of the City of Fredericksburg and is consistent with the objectives of the City of Fredericksburg Zoning Ordinance, and has recommended to the City Council of the City of Fredericksburg, based upon positive findings under the review and evaluation criteria established by such ordinance, that the text amendment be enacted; and

WHEREAS, the City Council has specifically found, following public hearing, that such text amendment is consistent with the objectives of the City of Fredericksburg Zoning Ordinance and Comprehensive Land Use Plan of the City of Fredericksburg and there has not been a protest against rezoning signed by owners of twenty per cent (20%) or more either of the area of the property included in the zoning text amendment, or of the area of the property immediately adjoining the same and extending two hundred feet (200') therefrom.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS:

Section 1. That, Appendix B - Zoning Ordinance, of the Code of Ordinances, is hereby amended by the addition of Section 3.800 – MU-1: Mixed Use - Infill as follows:

Sec. 3.800. – MU-1: MIXED USE - INFILL.

Intent

This zone represents an effort to provide a zoning category for properties outside of the main commercial area, which are large enough and located in proximity to the core of the city to provide for a mix of uses, and that are intended to be pedestrian and bicycle oriented. Features for consideration include a balanced mix of uses, connectivity of uses,

compactness, compatibility with town character or traditional context, reduced parking, good pedestrian and bicycle access.

Principal Permitted Uses

Building, structures and lands shall be used, and buildings and structures shall hereinafter be erected, altered or enlarged only for the following uses as the City Council, by resolution, may deem to be similar to those uses listed and not obnoxious or detrimental to the public health, safety and welfare:

Administrative and Business Office
Administrative Services
Arts and Crafts
Business Support Services
Club or Lodge
Cocktail Lounge
College or University Facilities
Community Recreation
Consumer Convenience Services
Consumer Repair Services
Convalescent Services
Cultural Services
Custom Manufacturing
Day Care Services
Financial Services
Food Sales
Group Residential
General Retail Sales
Hotel/Motel
Hospital Services (Limited)
Indoor Entertainment
Indoor Sports and Recreation
Kennels
Laundry Services
Liquor Sales
Local Utility Services
Medical Offices

Mobile Food Establishments
Outdoor Entertainment
Outdoor Sports and Recreation
Park and Recreation Services
Personal Improvement Services
Personal Services
Pet Services
Professional Offices
Religious Assembly
Restaurant - Drive-In/Fast Food
Restaurant - Limited
Retail Sales - Limited
Shopping Center
Single Family Residential (Detached)
Duplex Residential
Townhouse Residential
Condominium Residential
Multiple Family Residential

Uses Permitted Subject to Conditional Use Permit

The following uses may be permitted subject to a Conditional Use Permit as provided for in section 5.400.

Automobile Rentals
Business or Trade School
Convenience Storage
Outdoor Sports and Recreation
Drive through or Drive-in facilities associated with any use
Group Residential
Guidance Services

Private Primary Educational Facilities
Private Secondary Educational Facilities
Transportation Terminals

Property Development Standards

Except as hereinafter provided, no building or structure or part thereof shall be erected, altered or converted for any use permitted in this district unless it is in conformity with all the standards and regulations herein specified for lot area, lot width, lot depth, dwelling unit area, lot coverage, yards and building height. The following standards shall apply except in cases where a lot does not meet the standards herein required but was an official "lot of record" prior to the adoption of this ordinance. In such cases, the present dimension shall be maintained as a minimum standard until such time as the use is removed. The replacement shall meet the standards and regulations herein specified.

Site Development Regulations

Each site in the MU-1 District shall be subject to the following site development regulations:

<u>Feature</u>	<u>Regulation</u>
Lot Size	Minimum Lot Area, 7500 Square feet
Lot Width	Minimum Lot Width, 75 feet
Height	Maximum Building Height, 3 stories, 38 feet
Front Yard	Minimum Required Setback, 15 feet
Street Side Yard	Minimum Required Setback, 15 feet
Interior Side Yard	Minimum Required Setback, 0 feet*
Rear Yard	Minimum Required Setback, 0 feet*
Maximum Impervious Coverage	80%

Maximum Building Coverage	Percent of Lot Area, 75%
Residential Density	Section 3.120
Nonconforming Uses	Section 6.100
Site Development Regulations	Section 7.000 and 7.100
Yard Regulations	Section 7.300
Height Regulations	Section 7.510
Fences, Walls and Visibility	Section 7.530
Parking	Section 7.800
Landscaping and Screening Regulations	Section 7.900
Temporary/Accessory Building	Section 8.100
Signs	Sign Ordinance
*25 feet when adjacent to residential zoning district	

Additional Special Site and Development Regulations:

1. All Entry Corridor Standards and Guidelines shall apply to development within the MU-1 District, with the following modifications:
 - a. New designs shall be compatible with the design traditions of the established neighborhoods and regional Texas Hill Country aesthetic. It is not the intent of these guidelines to require that new buildings copy older building styles. Therefore, use traditional building forms and broader similarities of design in order to be compatible with existing buildings in the area that reflect the traditional context.
 - b. If a shed roof or flat roof design is used, a parapet wall shall be added to screen the roof.

- c. When making transitions to lower density areas, modulate the mass of the building to relate to smaller buildings.
 - d. Faux windows and similar details are not appropriate articulation.
 - e. Signs shall integrate into building and site design so they do not appear as an afterthought.
 - f. Attached signs shall be located above the building entrance, storefront opening, or at other locations that are compatible with the architectural features of the building.
 - g. The front door shall connect to the sidewalk along the entry corridor.
 - h. Light fixture style and location shall be compatible with the building's architecture, site design and landscape design. Decorative fixtures are highly recommended and where warranted, may be required. Light fixture style shall be consistent throughout the project.
 - i. Light fixtures shall be located facing away from adjacent sites (particularly residential parcels) so that the light does not spill-over onto abutting properties. Parking and building light fixtures shall be cut-off luminaries that have less than 90 degree cut-off so that the light is not emitted horizontally or upward.
 - j. All roof-top equipment shall be screened from entry corridors, side streets, plazas and parks.
 - k. Parking shall be located behind buildings or on the side. Parking in front of buildings may be permitted, subject to a Conditional Use Permit as provided for in section 5.400.
2. Shared access for pedestrians and vehicles shall be provided between properties and uses.
 3. Pedestrian circulation will be given priority over vehicular access.
 4. A drive-thru associated with any use shall be oriented away from any adjacent residential.
 5. Exterior amplified sound associated with any use shall be prohibited when adjacent to single family residential use.
 6. Required parking may be reduced by up to 25% if development can demonstrate that the mix of uses do not conflict with one another.
 7. Residential density for townhomes, condominiums and multi-family dwellings may be increased by 25% if utilized above the ground floor level and combined with other permitted uses.
 8. Outdoor storage shall be prohibited.
 9. Outdoor display of merchandise shall be limited to 10% of the lot area, and shall be maintained in a neat and orderly manner.

10. Height may be increased to four (4) stories above grade, with a maximum height of fifty-four feet (54'), if a minimum of three (3) different uses are included and structured parking is proposed within a single development.
11. Screening shall be required where parking is located adjacent to a residential use.
12. Building setbacks may be reduced by 25% when a minimum of three (3) different uses are included, provided that one of the uses is residential.

{End of code text}

Section 2. That all references in City of Fredericksburg Code of Ordinances to the Zoning Ordinance shall henceforth refer to such as is amended hereby.

Section 3. That this Ordinance shall take effect upon the date of its passage.

PASSED AND APPROVED on this the ____ day of _____, 20____.

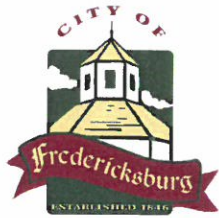
Linda Langerhans, Mayor
City of Fredericksburg, Texas

ATTEST:

Shelley Goodwin, City Secretary

APPROVED AS TO FORM:

Daniel Jones, City Attorney



CITY COUNCIL MEMO

DATE: April 29, 2019

TO: Mayor and City Council

FROM: Kent Myers, City Manager

SUBJECT: Amendment to City Lighting Ordinance

Summary:

We are proposing changes to the City lighting ordinance will allow us to meet the requirements of the International Dark Sky Association. Attached is a copy of the proposed new ordinance and a marked version of the previous ordinance so that the Council is aware of the changes that are being proposed, If approved, we will then submit this revised ordinance as part of our application for recognition by the Association as a Dark Sky community.

Recommendation:

It is recommended that the attached revised ordinance be approved.

Background / Analysis:

For the past six months, Daniel, Brian and I have been working on proposed changes to our lighting regulations that will comply with the Dark Sky Association. This effort took longer than anticipated due to the technical language that needed to be included in the ordinance. About two months ago we enlisted a lighting consultant, Andrew Gauld, to help us understand terms such as "lumens per net acre." Andrew will be at Monday's Council meeting in case the Council would like an explanation of any of the technical language included in the revised ordinance.

The proposed revisions should be acceptable to local developers. It should not require any significant increases in the cost for lighting for either residential or commercial projects.

Attachments:


Department Approval


City Manager Approval


City Attorney Approval

ORDINANCE NO. 2019-16

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS, AMENDING ARTICLE XV. OUTDOOR LIGHTING, OF CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS - OF THE CODE OF ORDINANCES, CLARIFYING DEFINITIONS AND ESTABLISHING ADDITIONAL OUTDOOR LIGHTING REQUIREMENTS TO MEET MINIMUM STANDARDS SET FORTH IN THE INTERNATIONAL DARK SKY ASSOCIATION COMMUNITY GUIDELINES.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS:

Section 1. That, SECTION 5-502. - Definitions, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby amended by addition of the following definitions:

Fixture means the complete assembly that holds or contains a lamp, including any elements designed to provide light output control such as a reflector or refractor, the ballast and housing.

Fully shielded fixtures means fixtures, as installed, that are designed or shielded in such a manner that all light rays emitted by the fixture, either directly from the luminaires or indirectly from the fixture, are not permitted to project above a horizontal plane running through the lowest point on the fixture where light is emitted. See Figures A and C for examples of acceptable lighting fixtures, and Figure B for examples of unacceptable fixtures.

Net acre means the unit of land area which comprises an acre, less that portion of land area covered by any building.

Section 2. That, SECTION 5-502. - Definitions, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby amended by deletion of the following definition:

Full cut-off fixtures means fixtures, as installed, that are designed or shielded in such a manner that all light rays emitted by the fixture, either directly from the luminaires or indirectly from the fixture, are not permitted to project above a horizontal plane running through the lowest point on the fixture where light is emitted. See Figures A, D and E for examples of acceptable lighting fixtures, and Figures C and F for examples of unacceptable fixtures.

Section 3. That, SECTION 5-504. – Nonconforming existing lighting, of ARTICLE XV.

OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby deleted in its entirety, and the following substituted therefore:

Sec. 5-504. - Nonconforming existing lighting.

All existing Outdoor lighting that was legally installed before the effective date of this Article, and that does not comply with the standards, rules and regulations established by this Article shall be deemed nonconforming. Nonconforming existing Outdoor lighting shall be brought into compliance with this Article upon the earlier of:

- (a) All nonconforming existing Outdoor lighting located on a property for which an application for a conditional use permit, subdivision approval, building permit for construction of a new building or site plan permit, is made shall be brought into compliance with this Article before final inspection, issuance of a certificate of occupancy, final plat recordation, or occupancy of the improvement, whichever is applicable.
- (b) All maintenance of nonconforming existing Outdoor lighting, such as repairs that do not include replacement of the fixture part of the light, changing bulbs and the like is exempt from the provisions of this ordinance. Any other repairs or replacements are required to comply with the provisions of this Article.
- (c) All existing nonconforming Outdoor Lighting, including City streetlights, shall be brought into compliance with the requirements of this Article on or before May 1, 2029. The City Manager shall have discretion to grant exemptions for existing nonconforming Outdoor Lighting of church steeples after May 1, 2029, based upon preservation of the City's historic steeple architecture and cityscape.

Section 4. That, SECTION 5-505. – Full cut-off, shielding and total outdoor light output standards, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby deleted in its entirety and the following substituted therefore:

Sec. 5-505. – General Outdoor Lighting Standards

- (a) Streetlights installed, repaired, or replaced on and after the effective date shall be Fully shielded fixtures in order to limit light trespass (See Figure A) and shall have a correlated color temperature of 3000K or less. City streetlights installed before the effective date of this Ordinance shall be brought into compliance with the requirements of this Article on or before May 1, 2029, including but not limited to the installation of Fully shielded fixtures in order to limit light trespass (See Figure A) and having a correlated color temperature of 3000K or less.

- (b) All Outdoor lighting, except streetlights and as otherwise specifically permitted by this Article, shall be (1) Fully shielded fixtures, (2) the Luminous elements of the fixture shall not be visible from any other property and the fixture shall have a correlated color temperature of 3000K or less. (See Figure C for examples of acceptable light fixtures. See Figure B for examples of unacceptable light fixtures. See Figure A for shielding illustration.)
- (c) Outdoor lighting fixtures with a maximum output of 300 lumens per fixture, regardless of the number of bulbs, may be left unshielded, provided that the fixture has an opaque top to prevent light from shining directly up and the source of the light is not visible from any other property. Outdoor lighting fixtures with a maximum output of 600 lumens per fixture, regardless of the number of bulbs, may be shielded with a colored lens, provided such lens reduces the lumen output in half, the fixture has an opaque top to prevent light from shining directly up, and the source of the light is not visible from any other property. The aggregate lumen output from all fixtures set forth in this Section 5-505(c) shall not exceed twenty percent (20%) of the allowable aggregate total Outdoor lighting set forth in Section 5-505(d).
- (d) The aggregate total Outdoor lighting on any residential property shall not exceed 17,500 lumens per net acre. The aggregate total Outdoor lighting on any non-residential property shall not exceed 75,000 lumens per net acre, unless approved in writing by the City Manager.
- (e) Outdoor lighting at public and private outdoor recreational facilities, including but not limited to playing fields, arenas, tracks, and swimming pools: (1) shall be Fully shielded fixtures, (2) the Luminous elements of the fixture shall not be visible from any adjacent property, and (3) shall comply with the levels of illumination consistent with the IESNA "Recommended Practice for Sports and Recreational Area Lighting" (IESNA RP-6-10) or successor recommendations for the class of play appropriate for the kinds of facilities in the City.

Section 5. That, SECTION 5-508 – Lighting curfews, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby amended by addition of the following subsection (c):

Sec. 5-508 – Lighting curfews

- (c) The City Manager shall have discretion to determine when and under what circumstances new public outdoor lighting is warranted and will be permitted, based upon public safety hazards or concerns that can only be mitigated by additional public outdoor lighting. The City Manager shall have discretion to determine the adaptive controls or curfews to be employed in all future installations of public outdoor lighting, considering the circumstances indicating the need for said public outdoor lighting based on the presence or absence of citizens on public property or rights of way. For the

purposes of this subsection, “public outdoor lighting” shall be defined as all City public street lighting and outdoor lighting on other City property and City owned rights-of-way.

Section 6. That, SECTION 5-509(b) – a subsection of SECTION 5-509 – Prohibitions, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby deleted in its entirety and the following substituted therefore:

Sec. 5-509 – Prohibitions

(b) The installation of any wall pack style fixture for use as Outdoor lighting is prohibited unless the fixture is rated by the manufacturer as Fully shielded. Examples of acceptable wall packs, when mounted with light directed downward only are shown in Figure C.

Section 7. That, SECTION 5-509(c) – a subsection of SECTION 5-509 – Prohibitions, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby deleted in its entirety and the following substituted therefore:

Sec. 5-509 – Prohibitions

(c) The installation of any barn-light style fixture for use as Outdoor lighting is prohibited unless the fixture includes a full opaque reflector instead of the standard translucent lens and otherwise complies with the shielding requirements of this Article. An example of barn-light style with and without the required opaque reflector is shown in Figure C.

Section 8. That, SECTION 5-511(a) – a subsection of SECTION 5-511 – Exemptions, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby deleted in its entirety.

Section 9. That, SECTION 5-511(b) – a subsection of SECTION 5-511 – Exemptions, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby deleted in its entirety.

Section 10. That FIGURES A, B, C, D, E, F, and G, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, are hereby deleted in their entirety, and the FIGURES A, B, and C attached hereto are substituted therefore.

{End of code text}

Section 11. Severability or Invalidity. If any provision of this ordinance or the application hereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without defeating the purpose or objective of the provisions, and to this end, the provisions of this ordinance are declared to be severable.

Section 12. Repealer. All ordinances and parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

Section 13. Effective Date. This ordinance shall be effective on and after June 1, 2019.

PASSED AND APPROVED on this the ____ day of _____, 20____.

Linda Langerhans, Mayor
City of Fredericksburg, Texas

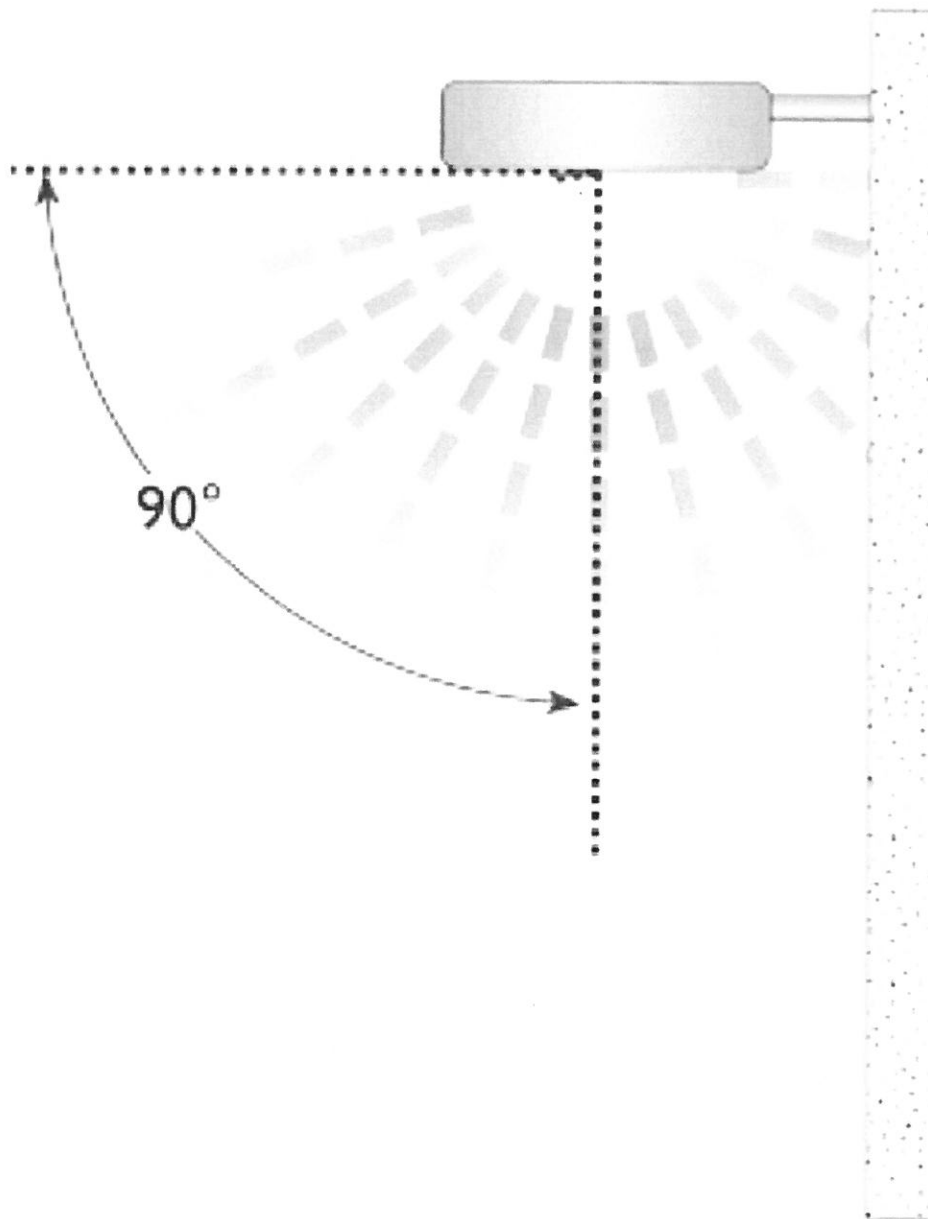
ATTEST:

Shelley Goodwin, City Secretary

APPROVED AS TO FORM:

Daniel Jones, City Attorney

FIGURE A



Examples of Acceptable & Unacceptable Lighting Fixtures

Unacceptable/Not Compliant

Fixtures that produce glare and light trespass

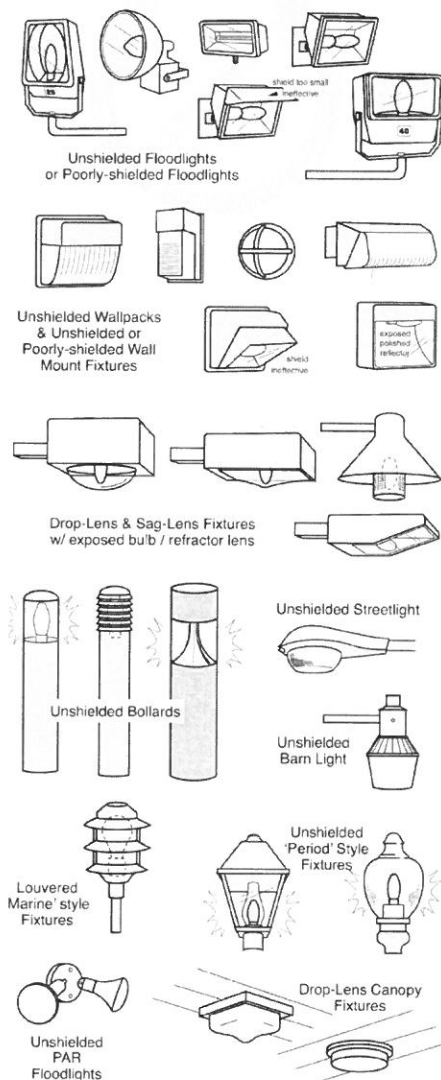


FIGURE B

Acceptable/Compliant

Fixtures that shield the light source to minimize glare and light trespass and to facilitate better vision at night



FIGURE C

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS, AMENDING ARTICLE XV. OUTDOOR LIGHTING, OF CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS - OF THE CODE OF ORDINANCES, CLARIFYING DEFINITIONS AND ESTABLISHING ADDITIONAL OUTDOOR LIGHTING REQUIREMENTS TO MEET MINIMUM STANDARDS SET FORTH IN THE INTERNATIONAL DARK SKY ASSOCIATION COMMUNITY GUIDELINES.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS:

Section 1. That, SECTION 5-502. - Definitions, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby amended by addition of the following definitions:

Fixture means the complete assembly that holds or contains a lamp, including any elements designed to provide light output control such as a reflector or refractor, the ballast and housing.

Fully shielded fixtures means fixtures, as installed, that are designed or shielded in such a manner that all light rays emitted by the fixture, either directly from the luminaires or indirectly from the fixture, are not permitted to project above a horizontal plane running through the lowest point on the fixture where light is emitted. See Figures A, ~~D~~ and ~~E~~ for examples of acceptable lighting fixtures, and ~~Figures C and F~~ Figure B for examples of unacceptable fixtures.

Net acre means the unit of land area which comprises an acre, less that portion of land area covered by any building.

Section 2. That, SECTION 5-502. - Definitions, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby amended by deletion of the following definition:

Full cut-off fixtures means fixtures, as installed, that are designed or shielded in such a manner that all light rays emitted by the fixture, either directly from the luminaires or indirectly from the fixture, are not permitted to project above a horizontal plane running through the lowest point on the fixture where light is emitted. See Figures A, D and E for examples of acceptable lighting fixtures, and Figures C and F for examples of unacceptable fixtures.

Section 3. That, SECTION 5-504. – Nonconforming existing lighting, of ARTICLE XV.

OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby deleted in its entirety, and the following substituted therefore:

Sec. 5-504. - Nonconforming existing lighting.

All existing Outdoor lighting that was legally installed before the effective date of this Article, and that does not comply with the standards, rules and regulations established by this Article shall be deemed nonconforming. Nonconforming existing Outdoor lighting shall be brought into compliance with this Article upon the earlier of:

- (a) All nonconforming existing Outdoor lighting located on a property for which an application for a conditional use permit, subdivision approval, building permit for construction of a new building or site plan permit, is made shall be brought into compliance with this Article before final inspection, issuance of a certificate of occupancy, final plat recordation, or occupancy of the improvement, whichever is applicable.
- (b) All maintenance of nonconforming existing Outdoor lighting, such as repairs that do not include replacement of the fixture part of the light, changing bulbs and the like is exempt from the provisions of this ordinance. Any other repairs or replacements are required to comply with the provisions of this Article.
- (c) All existing nonconforming Outdoor Lighting, ~~other than~~including City streetlights, shall ~~comply be brought into compliance~~ with the requirements of this Article ~~by July on or before May 1, 2028~~2029. The City Manager shall have discretion to grant exemptions for existing nonconforming Outdoor Lighting of church steeples after May 1, 2029, based upon preservation of the City's historic steeple architecture and cityscape.

Section 4. That, SECTION 5-505. – Full cut-off, shielding and total outdoor light output standards, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby deleted in its entirety and the following substituted therefore:

Sec. 5-505. – General Outdoor Lighting Standards

- (a) Streetlights installed, repaired, or replaced on and after the effective date shall be Fully shielded fixtures in order to limit light trespass (See Figure A) and shall have a correlated color temperature of 3000K or less. City streetlights installed before the effective date of this Ordinance shall be brought into compliance with the requirements of this Article on or before May 1, 2029, including but not limited to the installation of Fully shielded fixtures in order to limit light trespass (See Figure A) and having a correlated color temperature of 3000K or less.

- (b) All Outdoor lighting, except streetlights and as otherwise specifically permitted by this Article, shall be (1) Fully shielded fixtures, (2) the Luminous elements of the fixture shall not be visible from any other property and the fixture shall have a correlated color temperature of 3000K or less. (See ~~Figures B, D and E~~Figure C for examples of acceptable light fixtures. See ~~Figures C and F~~Figure B for examples of unacceptable light fixtures. See Figure ~~B~~A for shielding illustration.)
- ~~(e)~~(c) Outdoor lighting fixtures with a maximum output of 300 lumens per fixture, regardless of the number of bulbs, may be left unshielded, provided that the fixture has an opaque top to prevent light from shining directly up and the source of the light is not visible from any other property. Outdoor lighting fixtures with a maximum output of 600 lumens per fixture, regardless of the number of bulbs, may be shielded with a colored lens, provided such lens reduces the lumen output in half, the fixture has an opaque top to prevent light from shining directly up, and the source of the light is not visible from any other property. The aggregate lumen output from all fixtures set forth in this Section 5-505(c) shall not exceed twenty percent (20%) of the allowable aggregate total Outdoor lighting set forth in Section 5-505(d).
- (d) The aggregate total Outdoor lighting on any residential property shall not exceed ~~40,000~~17,500 lumens per net acre. The aggregate total Outdoor lighting on any non-residential property shall not exceed ~~50~~75,000 lumens per net acre, unless approved in writing by the City Manager.
- ~~(d)~~(e) Outdoor lighting at public and private outdoor recreational facilities, including but not limited to playing fields, arenas, tracks, and swimming pools: (1) shall be Fully shielded fixtures, (2) the Luminous elements of the fixture shall not be visible from any adjacent property, and (3) shall comply with the levels of illumination consistent with the IESNA "Recommended Practice for Sports and Recreational Area Lighting" (IESNA RP-6-10) or successor recommendations for the class of play appropriate for the kinds of facilities in the City.

Section 5. That, SECTION 5-508 – Lighting curfews, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby amended by addition of the following subsection (c):

Sec. 5-508 – Lighting curfews

- (c) The City Manager shall have discretion to determine when and under what circumstances new public outdoor lighting is warranted and will be permitted, based upon public safety hazards or concerns that can only be mitigated by additional public outdoor lighting. The City Manager shall have discretion to determine the adaptive controls or curfews to be employed in all future installations of public outdoor lighting, considering the circumstances indicating the need for said public outdoor lighting based on the presence or absence of citizens on public property or rights of way. For the

purposes of this subsection, “public outdoor lighting” shall be defined as all City public street lighting and outdoor lighting on other City property and City owned rights-of-way.

Section 6. That, SECTION 5-509(b) – a subsection of SECTION 5-509 – Prohibitions, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby deleted in its entirety and the following substituted therefore:

Sec. 5-509 – Prohibitions

- (b) The installation of any wall pack style fixture for use as Outdoor lighting is prohibited unless the fixture is rated by the manufacturer as Fully shielded. Examples of acceptable wall packs, when mounted with light directed downward only are shown in Figure ~~DC~~.

Section 7. That ~~FIGURE G: Outdoor Recreation Lighting~~, SECTION 5-509(c) – a subsection of SECTION 5-509 – Prohibitions, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby deleted in its entirety and the following substituted therefore:

Sec. 5-509 – Prohibitions

- (c) The installation of any barn-light style fixture for use as Outdoor lighting is prohibited unless the fixture includes a full opaque reflector instead of the standard translucent lens and otherwise complies with the shielding requirements of this Article. An example of barn-light style with and without the required opaque reflector is shown in Figure C.

Section 8. That, SECTION 5-511(a) – a subsection of SECTION 5-511 – Exemptions, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby deleted in its entirety.

Section 9. That, SECTION 5-511(b) – a subsection of SECTION 5-511 – Exemptions, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, is hereby deleted in its entirety.

Section 10. That FIGURES A, B, C, D, E, F, and G, of ARTICLE XV. OUTDOOR LIGHTING, of CHAPTER 5 - BUILDINGS AND BUILDING REGULATIONS, of the Code of Ordinances, are hereby deleted in their entirety, and the FIGURES A, B, and C attached hereto are substituted therefore.

{End of code text}

Section 811. Severability or Invalidity. If any provision of this ordinance or the application hereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without defeating the purpose or objective of the provisions, and to this end, the provisions of this ordinance are declared to be severable.

Section 912. Repealer. All ordinances and parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

Section 1013. Effective Date. This ordinance shall be effective on and after ~~the date of passage~~ June 1, 2019.

PASSED AND APPROVED on this the ____ day of _____, 20____.

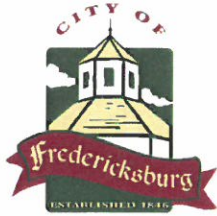
Linda Langerhans, Mayor
City of Fredericksburg, Texas

ATTEST:

Shelley ~~Britton~~ Goodwin, City Secretary

APPROVED AS TO FORM:

Daniel Jones, City Attorney



CITY COUNCIL MEMO

DATE: May 6, 2019

TO: Mayor and City Council

FROM: Laura Hollenbeak, Director of Finance

SUBJECT: Audited Financial Statements and Independent Auditors Report

Summary:

The accounting firm of ABIP, P. C. has performed an audit of the City's Annual Financial Statements for the fiscal year ended September 30, 2018. The financial statements are the responsibility of the City's administration. The auditor's responsibility is to express an opinion on the financial results presented based on their audit. At Monday's City Council meeting our auditing firm will present a summary report on our Annual Financial Statements for the period ending September 30, 2018.

Michael Del Toro, CPA, will be present to give an overview of the City's financials and to answer questions regarding the audit and the financial statements. The presentation will be approximately ten minutes. If you have any questions after reviewing the audit report, please email your questions to me by Thursday, May 1 at 5:00 p.m. so I can forward to Michael in time to research prior to Monday's meeting.

Recommendation:

It is recommended that the Financial Statements be accepted into the records of the City as presented. If the Council wishes to discuss the financial statements in greater detail, staff suggests that we do so as part of a Council Retreat, a separate workshop, or on a one-on-one basis.

The City of Fredericksburg

126 W. Main St. • Fredericksburg, Texas 78624-3708 • (830) 997-7521 • Fax (830) 997-1861

Background / Analysis:

The City Charter requires an annual audit and examination of the City records and accounts of each department of the City. A complete audit in accordance with standards set by the American Institute of Certified Public Accountants shall be made at the end of each fiscal year by an Independent Certified Public Accountant approved by the City Council.

Attachments:

Annual Financial Report for the Year Ended September 30, 2018

Department Approval


City Manager Approval

The City of Fredericksburg

126 W. Main St. • Fredericksburg, Texas 78624-3708 • (830) 997-7521 • Fax (830) 997-1861

FINAL DRAFT

CITY OF FREDERICKSBURG, TEXAS

ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2018



CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**



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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Fredericksburg, Texas, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, GASB No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of changes in other postemployment benefits (OPEB) liability and related ratios, and related schedules of contributions for net pensions and OPEB liabilities be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

San Antonio, Texas
May 6, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Fiscal year ended September 30, 2018

As management of the City of Fredericksburg, Texas, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ❖ The assets of the City of Fredericksburg exceeded its liabilities as of September 30, 2018 by \$56,190,943 (net position). Of this amount, \$6,704,597 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- ❖ The City's total net position increased by \$3,062,159 before the restatement.
- ❖ As of the close of the current fiscal year, the City of Fredericksburg's governmental funds reported combined fund balances of \$7,749,252 of which \$6,364,125 was unassigned and is available for spending at the City's discretion.
- ❖ As of September 30, 2018, unreserved fund balance for the General Fund was \$6,364,125 or 38% of the current year's total General Fund expenditures of \$16,567,743. The City's fund balance policy is to carry a 25% reserve of the General Fund's expenditures. At the end of the fiscal year the City exceeded this policy by \$2,222,219.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The **statement of net position** presents information on all of the City's assets and liabilities, with the difference between the two 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 when 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 earned and unused compensation absences).

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 administration, public safety, streets, parks and recreation, and health services. The business-type activities of the City include electric, water, waste water, storm water drainage, solid waste, emergency medical services (EMS), and golf operations. The government-wide financial statements can be found on pages 12-15 of this report.

Fund Financial Statements

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

The **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 current sources and uses 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 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 statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Beginning on page 16 of this report, information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be the major fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the annual appropriated budget.

The **proprietary funds** provide the same type of information as the government-wide financial statements only in more detail. The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses the enterprise funds to account for electric, water, wastewater, storm water drainage, solid waste, emergency medical services, and golf operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the employee health insurance program. The internal service function has been included within governmental activities in the government-wide financial statements. The internal service fund is reported in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 20-29 of this report.

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. The notes to the financial statements can be found on pages 33-64 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budgetary comparison schedule for the general fund and the schedules of changes in net pension liability and related ratios and schedule of contributions for TMRS and TESRS and changes in other postemployment benefit (OPEB) liability and related ratios and schedule of contributions for OPEB. Required supplementary information can be found on pages 67-75 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Fredericksburg, assets exceeded liabilities by \$56,190,943 as of September 30, 2018, compared to \$51,569,934 as of September 30, 2017.

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 9,143,171	\$ 8,859,195	\$ 17,304,087	\$ 15,350,430	\$ 26,447,258	\$ 24,209,625
Capital assets	23,877,805	24,245,885	33,680,787	33,926,679	57,558,592	58,172,564
Total assets	33,020,976	33,105,080	50,984,874	49,277,109	84,005,850	82,382,189
Deferred outflows of resources	693,220	9,505	534,173	(6,845)	1,227,393	2,660
Liabilities:						
Current liabilities	1,173,575	1,597,419	4,498,516	5,374,981	5,672,091	6,972,400
Net pension liability	1,459,855	3,422,112	1,035,196	1,134,879	2,495,051	4,556,991
OPEB liability	303,315	-	241,237	-	544,552	-
Noncurrent liabilities	9,307,771	9,707,868	9,729,426	9,539,710	19,037,197	19,247,578
Total liabilities	12,244,516	14,727,399	15,504,375	16,049,570	27,748,891	30,776,969
Deferred inflows of resources	724,506	183,176	568,903	(145,230)	1,293,409	37,946
Net Position:						
Net investment in capital assets	15,583,126	15,330,455	27,333,064	26,485,171	42,916,190	41,815,626
Restricted for long-term debt	235,791	52,606	48,920	36,894	284,711	89,500
Restricted for capital projects	-	335,147	5,301,442	3,685,278	5,301,442	4,020,425
Restricted for other	984,003	-	-	-	984,003	-
Unrestricted	3,942,254	2,485,802	2,762,343	3,158,581	6,704,597	5,644,383
Total net position	\$ 20,745,174	\$ 18,204,010	\$ 35,445,769	\$ 33,365,924	\$ 56,190,943	\$ 51,569,934

By far, the largest portion of the City's net position (76.4%) reflects its investments in capital assets (land, buildings, equipment, and infrastructure), less any outstanding debt used to acquire those assets. 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.

The remaining balance of unrestricted net position \$6,704,597, may be used to meet the government's ongoing obligation to citizens and creditors.

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2018. Governmental activities increased the City's net position by \$673,549, accounting for 22% of the total growth in net position. Business-type activities increased the City's net position by \$2,388,610, accounting for 78% of total growth in net position.

STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 1,340,459	\$ 1,139,381	\$ 24,088,770	\$ 22,349,751	\$ 25,429,229	\$ 23,489,132
Operating grants and contributions	901,681	1,388,757	-	-	901,681	1,388,757
General Revenues:						
Property taxes	4,134,724	3,872,168	-	51,586	4,134,724	3,923,754
Sales taxes	5,987,378	5,529,686	-	-	5,987,378	5,529,686
Hotel occupancy taxes	3,242,427	2,951,899	-	-	3,242,427	2,951,899
Other taxes	805,675	765,652	-	-	805,675	765,652
Miscellaneous	204,049	219,952	142,849	1,276,925	346,898	1,496,877
Investment earnings	118,613	53,687	155,627	64,543	274,240	118,230
Total revenues	<u>16,735,006</u>	<u>15,921,182</u>	<u>24,387,246</u>	<u>23,742,805</u>	<u>41,122,252</u>	<u>39,663,987</u>
Expenses:						
Administration	1,765,997	1,384,733	-	-	1,765,997	1,384,733
Police	4,979,794	4,654,035	-	-	4,979,794	4,654,035
Fire	1,496,734	1,143,275	-	-	1,496,734	1,143,275
Streets	2,255,601	2,506,890	-	-	2,255,601	2,506,890
Parks and recreation	2,010,831	2,002,652	-	-	2,010,831	2,002,652
Tourism	3,041,300	2,923,008	-	-	3,041,300	2,923,008
Health	198,269	195,040	-	-	198,269	195,040
Food and wine festival	151,916	185,192	-	-	151,916	185,192
Emergency management	165,588	93,520	-	-	165,588	93,520
Development services	660,144	521,749	-	-	660,144	521,749
Municipal court	179,186	164,388	-	-	179,186	164,388
Engineering	233,895	231,593	-	-	233,895	231,593
Electric	-	-	11,006,786	10,682,680	11,006,786	10,682,680
Water and sewer	-	-	4,799,785	4,411,696	4,799,785	4,411,696
Golf	-	-	703,690	1,548,705	703,690	1,548,705
Landfill	-	-	2,601,572	2,283,266	2,601,572	2,283,266
EMS	-	-	2,358,974	2,296,081	2,358,974	2,296,081
Drainage utilities	-	-	336,069	290,826	336,069	290,826
Total expenses	<u>17,139,255</u>	<u>16,006,075</u>	<u>21,806,876</u>	<u>21,513,254</u>	<u>38,946,131</u>	<u>37,519,329</u>
Increase (decrease) in net position before transfers	(404,249)	(84,893)	2,580,370	2,229,551	2,176,121	2,144,658
Gain on retirement of assets	729,321	135,417	156,717	177,346	886,038	312,763
Transfers	<u>348,477</u>	<u>503,240</u>	<u>(348,477)</u>	<u>(503,240)</u>	<u>-</u>	<u>-</u>
Change in net position	673,549	553,764	2,388,610	1,903,657	3,062,159	2,457,421
Net position:						
Net position - beginning	18,204,009	17,722,752	33,365,924	31,462,267	51,569,933	49,185,019
Prior period adjustment	<u>1,867,616</u>	<u>(72,507)</u>	<u>(308,765)</u>	<u>-</u>	<u>1,558,851</u>	<u>(72,507)</u>
Net position - ending	<u>\$ 20,745,174</u>	<u>\$ 18,204,009</u>	<u>\$ 35,445,769</u>	<u>\$ 33,365,924</u>	<u>\$ 56,190,943</u>	<u>\$ 51,569,933</u>

At the end of the current fiscal year, the City 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.

As a whole, the government's net position increased by \$3,062,159 during the current fiscal year before restatements.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,749,252. Refer to page 16 of this report for a more detailed presentation of governmental fund balances.

The general fund is the primary operating fund of the City. The total fund balance of the general fund was \$7,348,128 of which \$6,364,125 is unassigned. Unassigned fund balance are the amounts available for any purpose.

The fund balance of the City's general fund increased by \$572,948 during the current fiscal year. The budget estimated a net change in fund balance of \$59,348 a positive variance of \$513,600.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the City's enterprise funds at the end of the year amounted to \$2,762,343. Net position of the City's enterprise funds increased by \$2,388,610 in the current year before the restatement. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business type activities as of September 30, 2018, amounts to \$57,558,592 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities and infrastructure.

Major capital asset acquisitions occurring during the current fiscal year included the following:

Land purchases	\$ 14,350
Police vehicles	276,743
Animal shelter construction	25,904
Fire department brush truck and SCBA equipment	17,008
Street department equipment	299,595
Street improvements / sidewalks	615,964
Cross Mountain Park facility	139,795
Park improvements	29,168
Engineering improvements	10,981
Emergency management improvements	5,650
Electric machine and equipment	43,551
Electric system improvements	155,071
Waste water treatment plant office /lab /workshop	115,462
Water department machinery/ equipment	235,993
Water /wastewater system improvements	1,658,929
Stone Ridge Water tank site	28,282
Solid waste department machinery /equipment	23,076
EMS ambulance remount	282,748
Totals	<u>\$ 3,978,270</u>

Additional information on the City's capital assets can be found on pages 43-45 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had a total outstanding bonded debt of \$13,460,000. The entire amount is debt backed in full faith and credit of the City.

The City carries bond ratings from Standards and Poor's of AA and from Moody's Investors Service of Aa3.

Additional information on the City's long-term debt can be found on pages 48-50 of this report.

PROPERTY TAXES

General Fund Property Tax Rate

In the budget for fiscal year-end September 30, 2018, the adopted property tax rate decreased from \$.2400 to \$.2256 per \$100 of assessed valuation.

Tax Rate, Levy and Collection History

Fiscal Year Ended September 30,	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	Percentage of Current Collections	Percentage of Collections
2018	0.2256	0.1627	0.0629	\$ 4,255,938	93.94%	99.20%
2017	0.2400	0.2025	0.0375	3,893,409	92.87%	99.71%
2016	0.2313	0.1761	0.0552	3,545,858	92.65%	99.79%
2015	0.2482	0.1992	0.0490	3,495,943	93.40%	99.85%
2014	0.2600	0.1879	0.0721	3,439,885	92.52%	99.87%
2013	0.2647	0.1940	0.0707	3,420,570	92.03%	99.87%
2012	0.2444	0.1917	0.0527	3,172,700	92.20%	99.85%
2011	0.2365	0.1794	0.0571	3,059,441	91.92%	99.87%
2010	0.2319	0.4130	0.0906	3,040,062	90.48%	99.87%
2009	0.2350	0.1608	0.0742	2,996,658	91.52%	99.92%

CITY OF FREDERICKSBURG, TEXAS

BUDGET COMPARISON

Fiscal years 2019 and 2018

	Budget Year		Increase	Increase
	2018-2019	2017-2018	(Decrease)	(Decrease)
Revenues:				
General fund	\$ 18,090,508	\$ 16,675,738	\$ 1,414,770	8.48%
Electric	12,069,600	11,530,070	539,530	4.68%
Water and sewer	26,841,560	6,389,010	20,452,550	320.12%
Golf	145,938	1,294,220	(1,148,282)	-88.72%
Landfill	2,679,675	2,651,775	27,900	1.05%
EMS	2,725,610	2,542,347	183,263	7.21%
Drainage	524,410	438,900	85,510	19.48%
Emergency management	186,024	170,980	15,044	8.80%
Debt service	697,550	881,000	(183,450)	-20.82%
Internal Service fund	<u>1,878,976</u>	<u>1,895,820</u>	<u>(16,844)</u>	-0.89%
Total revenues	<u>65,839,851</u>	<u>44,469,860</u>	<u>21,369,991</u>	48.05%
Expenditures:				
General Fund:				
Administrative	5,391,093	5,300,475	90,618	1.71%
Police	5,218,180	4,926,852	291,328	5.91%
Fire	1,386,836	1,273,985	112,851	8.86%
Street	2,680,114	2,502,523	177,591	7.10%
Park	2,442,369	1,780,685	661,684	37.16%
Development services	750,117	666,709	83,408	12.51%
Health	215,247	208,809	6,438	3.08%
Municipal court	181,037	186,786	(5,749)	-3.08%
Engineering	263,843	248,849	14,994	6.03%
Food and wine festival	<u>181,040</u>	<u>193,900</u>	<u>(12,860)</u>	-6.63%
Total general fund expenditures	<u>18,709,876</u>	<u>17,289,573</u>	<u>1,420,303</u>	8.21%
Electric	12,597,804	11,519,364	1,078,440	9.36%
Water and sewer	28,019,453	9,112,161	18,907,292	207.50%
Golf	145,938	1,494,216	(1,348,278)	-90.23%
Landfill	2,783,118	2,298,842	484,276	21.07%
EMS	2,725,610	2,542,347	183,263	7.21%
Drainage	477,607	344,000	133,607	38.84%
Emergency management	187,523	170,897	16,626	9.73%
Debt service	876,100	873,500	2,600	0.30%
Internal Service fund	<u>2,069,000</u>	<u>1,997,200</u>	<u>71,800</u>	3.60%
Total expenditures	<u>68,592,029</u>	<u>47,642,100</u>	<u>20,949,929</u>	43.97%
Budgeted revenues in excess (deficiency) of expenditures	<u>\$ (2,752,178)</u>	<u>\$ (3,172,240)</u>	<u>\$ 420,062</u>	

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Laura Hollenbeak, Director of Finance, 126 West Main, Fredericksburg, Texas 78264 or call (830) 997-7521.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Government Accounting Standards Board (GASB).

The sets of statements include:

- Government–Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Proprietary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

STATEMENT OF NET POSITION

September 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Busines-Type Activities	Total	Fredericksburg Convention and Visitor's Bureau
Assets:				
Cash and cash equivalents	\$ 6,933,228	\$ 11,813,013	\$ 18,746,241	\$ 873,284
Investments - current	-	650,000	650,000	-
Tax receivables (net of allowances for uncollectibles):	827,290	-	827,290	-
Internal balances	224,500	1,548,119	1,772,619	-
Intergovernmental receivable	1,085,548	30,333	1,115,881	-
Due from others	72,605	2,289,962	2,362,567	-
Inventories	-	972,660	972,660	-
Prepaid expenses	-	-	-	66,110
Property and equipment (net of depreciation):				
Land	7,583,656	1,126,948	8,710,604	-
Buildings	4,804,354	1,813,439	6,617,793	-
Improvements	9,808,134	6,562,590	16,370,724	11,561
Machinery and equipment	1,681,661	24,177,810	25,859,471	51,111
Total assets	<u>33,020,976</u>	<u>50,984,874</u>	<u>84,005,850</u>	<u>1,002,066</u>
Deferred Outflows of Resources:				
Deferred outflow related to TMRS pension	642,440	510,951	1,153,391	-
Deferred outflow related to TESRS pension	21,584	-	21,584	-
Deferred outflow related to TMRS OPEB	29,196	23,222	52,418	-
Total deferred outflows of resources	<u>693,220</u>	<u>534,173</u>	<u>1,227,393</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 33,714,196</u>	<u>\$ 51,519,047</u>	<u>\$ 85,233,243</u>	<u>\$ 1,002,066</u>

	Primary Government			Component Unit
	Governmental Activities	Busines-Type Activities	Total	Fredericksburg Convention and Visitor's Bureau
Liabilities and Net Position:				
Liabilities:				
Accounts payable	\$ 539,887	\$ 1,755,732	\$ 2,295,619	\$ 53,696
Accrued payroll	223,950	205,224	429,174	29,493
Intergovernmental payable	77,253	124,175	201,428	-
Accrued interest payable	74,263	28,719	102,982	-
Internal balances	-	1,772,619	1,772,619	-
Unearned revenues	258,222	-	258,222	-
Other current liabilities	-	612,047	612,047	-
Net pension liability - TMRS	1,301,590	1,035,196	2,336,786	-
Net pension liability - TESRS	158,265	-	158,265	-
Total OPEB liability	303,315	241,237	544,552	-
Noncurrent liabilities:				
Due within one year	1,212,192	507,120	1,719,312	-
Due in more than one year	8,095,579	9,222,306	17,317,885	-
Total liabilities	<u>12,244,516</u>	<u>15,504,375</u>	<u>27,748,891</u>	<u>83,189</u>
Deferred Inflows of Resources:				
Deferred inflow related to TMRS pension	715,303	568,903	1,284,206	-
Deferred inflow related to TESRS	9,203	-	9,203	-
Total deferred inflows of resources	<u>724,506</u>	<u>568,903</u>	<u>1,293,409</u>	<u>-</u>
Net Position:				
Net investment in capital assets	15,583,126	27,333,064	42,916,190	-
Restricted for:				
Long term debt	235,791	48,920	284,711	-
Capital projects	-	5,301,442	5,301,442	-
Tourism	967,077	-	967,077	-
Court technology	16,926	-	16,926	-
Unrestricted	<u>3,942,254</u>	<u>2,762,343</u>	<u>6,704,597</u>	<u>918,877</u>
Total net position	<u>20,745,174</u>	<u>35,445,769</u>	<u>56,190,943</u>	<u>918,877</u>
Total liabilities, deferred inflows of resources and net position				
	<u>\$ 33,714,196</u>	<u>\$ 51,519,047</u>	<u>\$ 85,233,243</u>	<u>\$ 1,002,066</u>

STATEMENT OF ACTIVITIES

For the year ended September 30, 2018

Functions / Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
Municipal court	\$ 179,186	\$ -	\$ -
Administration	1,765,997	19,945	-
Tourism	3,041,300	-	42,500
Engineering	233,895	-	-
Police	4,979,794	93,076	104,227
Fire	1,496,734	-	537,616
Emergency management	165,588	-	167,988
Streets	2,255,601	-	-
Parks	2,010,831	746,726	-
Health	198,269	106,285	41,950
Food and wine festival	151,916	155,000	7,400
Development services	660,144	219,427	-
Total government activities	<u>17,139,255</u>	<u>1,340,459</u>	<u>901,681</u>
Business-Type Activities:			
Electric	11,006,786	12,092,233	-
Water	4,799,785	7,125,967	-
Golf	703,690	192,459	-
Landfill	2,601,572	2,744,827	-
EMS	2,358,974	1,776,109	-
Drainage	336,069	157,175	-
Total business-type activities	<u>21,806,876</u>	<u>24,088,770</u>	<u>-</u>
Total primary government	<u>\$ 38,946,131</u>	<u>\$ 25,429,229</u>	<u>\$ 901,681</u>
Component Unit:			
Fredericksburg Convention and Visitor's Bureau	<u>\$ 2,488,210</u>		

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

Changes in Net Position			Component Unit Fredericksburg Convention and Visitor's Bureau	
Primary Government				
Governmental Activities	Business-Type Activities	Total		
\$ (179,186)	\$ -	\$ (179,186)		
(1,746,052)	-	(1,746,052)		
(2,998,800)	-	(2,998,800)		
(233,895)	-	(233,895)		
(4,782,491)	-	(4,782,491)		
(959,118)	-	(959,118)		
2,400	-	2,400		
(2,255,601)	-	(2,255,601)		
(1,264,105)	-	(1,264,105)		
(50,034)	-	(50,034)		
10,484	-	10,484		
(440,717)	-	(440,717)		
(14,897,115)	-	(14,897,115)		
-	1,085,447	1,085,447		
-	2,326,182	2,326,182		
-	(511,231)	(511,231)		
-	143,255	143,255		
-	(582,865)	(582,865)		
-	(178,894)	(178,894)		
-	2,281,894	2,281,894		
(14,897,115)	2,281,894	(12,615,221)		
			\$ (2,488,210)	
General Revenues:				
Taxes:				
Property taxes	4,134,724	-	4,134,724	-
Sales tax	5,987,378	-	5,987,378	-
Hotel occupancy tax	3,242,427	-	3,242,427	-
Other taxes	805,675	-	805,675	-
Miscellaneous revenue	204,049	142,849	346,898	2,675,181
Investment earnings	118,613	155,627	274,240	-
Transfers in (out)	348,477	(348,477)	-	-
Gain on retirement of capital assets	729,321	156,717	886,038	-
Total general revenues	15,570,664	106,716	14,170,204	2,675,181
Change in net position	673,549	2,388,610	3,062,159	186,971
Net position - beginning of year	18,204,009	33,365,924	51,569,933	701,749
Prior period adjustment	1,867,616	(308,765)	1,558,851	30,157
Net position - end of year	\$ 20,745,174	\$ 35,445,769	\$ 56,190,943	\$ 918,877

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2018

	Major Funds	Nonmajor Funds		Total
	General Fund	Capital Projects Fund	Debt Service Fund	Governmental Funds
Assets:				
Cash and cash equivalents	\$ 6,262,598	\$ 162,833	\$ 256,588	\$ 6,682,019
Taxes receivable (net of allowances for uncollectible)	827,290	-	-	827,290
Receivable (net of allowances)	72,605	-	-	72,605
Intergovernmental receivables	1,085,548	-	-	1,085,548
Due from other funds	243,055	2,500	-	245,555
Total assets	<u>\$ 8,491,096</u>	<u>\$ 165,333</u>	<u>\$ 256,588</u>	<u>\$ 8,913,017</u>
Liabilities:				
Accounts payable	\$ 483,106	\$ -	\$ -	\$ 483,106
Wages and salaries payable	223,950	-	-	223,950
Compensated absences	16,634	-	-	16,634
Intergovernmental payable	77,253	-	-	77,253
Due to other funds	259	-	20,797	21,056
Deferred revenues	258,222	-	-	258,222
Total liabilities	<u>1,059,424</u>	<u>-</u>	<u>20,797</u>	<u>1,080,221</u>
Deferred inflows of resources:				
Unearned revenue - property taxes	<u>83,544</u>	<u>-</u>	<u>-</u>	<u>83,544</u>
Fund balances:				
Reserved for:				
Debt service	-	-	235,791	235,791
Capital improvements	-	165,333	-	165,333
Court technology	16,926	-	-	16,926
Tourism	967,077	-	-	967,077
Unassigned	<u>6,364,125</u>	<u>-</u>	<u>-</u>	<u>6,364,125</u>
Total fund balances	<u>7,348,128</u>	<u>165,333</u>	<u>235,791</u>	<u>7,749,252</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,491,096</u>	<u>\$ 165,333</u>	<u>\$ 256,588</u>	<u>\$ 8,913,017</u>

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

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

September 30, 2018

TOTAL FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 7,749,252

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

The City uses an internal service fund for health self insurance.

The assets and liabilities are included in the governmental activities. 194,428

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

23,877,805

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

83,544

Accrued vacation leave payable is not due and payable in the
current period and, therefore not reported in the funds.

(831,124)

Long-term liabilities, which includes certificates of obligation
bonds, general obligation bonds, premiums and capital lease
payable, are not due and payable in the current period and,
therefore, not reported in the funds.

(8,460,012)

Net pension liability, other postemployment benefit liability, and
related deferred inflows and outflows of resources are not due and
payable in the current period and, therefore, not reported in the funds.

(1,794,456)

Accrued interest payable on general obligation bonds are not due
and payable in the current period and, therefore, not reported in
the funds.

(74,263)

NET POSITION OF GOVERNMENTAL ACTIVITIES -
STATEMENT OF NET POSITION

\$ 20,745,174

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

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

Fiscal year ended September 30, 2018

	Major Funds	Nonmajor Funds		Total
	General Fund	Capital Projects Fund	Debt Service Fund	Governmental Funds
Revenues:				
General property taxes	\$ 3,047,913	\$ -	\$ 1,071,122	\$ 4,119,035
General sales and use taxes	5,987,378	-	-	5,987,378
Hotel occupancy taxes	3,242,427	-	-	3,242,427
Other taxes	488,920	-	-	488,920
Franchise fees	316,755	-	-	316,755
License and permits	219,427	-	-	219,427
Fines	93,076	-	-	93,076
Pavilion and camping fees	588,956	-	-	588,956
Rentals	112,445	-	-	112,445
Intergovernmental revenue	609,566	-	-	609,566
Grants	104,227	-	-	104,227
Investment earnings	110,289	115	320	110,724
Other revenues	718,491	-	-	718,491
Total revenues	<u>15,639,870</u>	<u>115</u>	<u>1,071,442</u>	<u>16,711,427</u>
Expenditures:				
Current:				
Municipal court	178,779	-	-	178,779
Administration	1,383,672	-	-	1,383,672
Tourism	3,040,761	-	-	3,040,761
Police	4,605,105	-	-	4,605,105
Fire	1,118,086	-	-	1,118,086
Emergency management	162,809	-	-	162,809
Streets	1,469,324	-	-	1,469,324
Parks and recreation	1,592,594	-	-	1,592,594
Health	195,011	-	-	195,011
Food and wine festival	151,916	-	-	151,916
Development services	653,095	-	-	653,095
Engineering	217,400	-	-	217,400
Debt service:				
Principal	381,859	-	610,015	991,874
Interest	8,078	-	263,191	271,269
Capital outlays	<u>1,409,254</u>	<u>25,904</u>	<u>-</u>	<u>1,435,158</u>
Total expenditures	<u>16,567,743</u>	<u>25,904</u>	<u>873,206</u>	<u>17,466,853</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(927,873)</u>	<u>(25,789)</u>	<u>198,236</u>	<u>(755,426)</u>
Other Financing Sources (uses):				
Sale of real and personal property	726,104	-	-	726,104
Transfers in	1,785,600	-	-	1,785,600
Transfers out	(1,437,123)	-	-	(1,437,123)
Capital leases	<u>426,240</u>	<u>-</u>	<u>-</u>	<u>426,240</u>
Total other financing sources (uses)	<u>1,500,821</u>	<u>-</u>	<u>-</u>	<u>1,500,821</u>
Net change in fund balances	572,948	(25,789)	198,236	745,395
Fund balances at beginning of year	<u>6,775,180</u>	<u>191,122</u>	<u>37,555</u>	<u>7,003,857</u>
Fund balances at end of year	<u>\$ 7,348,128</u>	<u>\$ 165,333</u>	<u>\$ 235,791</u>	<u>\$ 7,749,252</u>

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

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

Fiscal year ended September 30, 2018

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 745,395

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

The City uses an internal service fund to charge the cost of health insurance. The net income (loss) of this fund is consolidated into governmental activities. (189,298)

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. This is the amount by which depreciation expense (\$1,803,238) exceeded capital outlay (\$1,435,158). (368,080)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 15,688

The repayment and issuance of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net position. 565,634

The amortization of bond premium and losses on refunding do not require the use of current financial resources, and therefore, are not reported in the funds. 9,185

Change in net pension liability, other postemployment benefits liability, and related deferred inflows and outflows do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (66,289)

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. (38,686)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 673,549

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

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

September 30, 2018

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Golf
Current Assets:			
Cash and cash equivalents	\$ 2,118,356	\$ 7,569,095	\$ (97,500)
Investments	-	400,000	-
Due from other funds	773,930	-	-
Intergovernmental receivable	2,332	2,332	19
Accounts receivable (net of allowance)	1,056,429	577,571	11,201
Inventory	<u>735,092</u>	<u>237,568</u>	<u>-</u>
Total current assets	<u>4,686,139</u>	<u>8,786,566</u>	<u>(86,280)</u>
Noncurrent Assets:			
Property and equipment:			
Land	89,475	522,525	305,399
Buildings	2,039,886	2,801,241	1,753,473
Improvements	-	-	3,206,159
Machinery and equipment	10,053,452	37,844,229	634,608
Less: accumulated depreciation	<u>(9,924,128)</u>	<u>(16,730,347)</u>	<u>(2,831,069)</u>
Total noncurrent assets	<u>2,258,685</u>	<u>24,437,648</u>	<u>3,068,570</u>
Deferred Outflow of Resources:			
Deferred outflow - TMRS pension	111,879	145,327	27,681
Deferred outflow - OPEB	<u>5,085</u>	<u>6,605</u>	<u>1,258</u>
Total deferred outflow of resources	<u>116,964</u>	<u>151,932</u>	<u>28,939</u>
Total assets and deferred outflow of resources	<u>\$ 7,061,788</u>	<u>\$ 33,376,146</u>	<u>\$ 3,011,229</u>

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

Business-Type Activities - Enterprise Funds				Governmental Activities
Landfill	EMS	Drainage	Enterprise Fund Total	Internal Service Fund
\$ 1,950,249	\$ 82,940	\$ 189,873	\$ 11,813,013	\$ 251,209
250,000	-	-	650,000	-
773,930	-	259	1,548,119	-
-	25,650	-	30,333	-
226,302	411,438	7,021	2,289,962	-
-	-	-	972,660	-
<u>3,200,481</u>	<u>520,028</u>	<u>197,153</u>	<u>17,304,087</u>	<u>251,209</u>
209,549	-	-	1,126,948	-
107,770	368,666	-	7,071,036	-
5,274,854	9,023	5,187,959	13,677,995	-
4,002,428	1,571,955	2,330	54,109,002	-
(7,948,060)	(1,273,142)	(3,597,448)	(42,304,194)	-
<u>1,646,541</u>	<u>676,502</u>	<u>1,592,841</u>	<u>33,680,787</u>	<u>-</u>
107,265	118,799	-	510,951	-
4,875	5,399	-	23,222	-
<u>112,140</u>	<u>124,198</u>	<u>-</u>	<u>534,173</u>	<u>-</u>
<u>\$ 4,959,162</u>	<u>\$ 1,320,728</u>	<u>\$ 1,789,994</u>	<u>\$ 51,519,047</u>	<u>\$ 251,209</u>

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

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

September 30, 2018

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Golf
Liabilities and Net Position:			
Current Liabilities:			
Accounts payable	\$ 722,868	\$ 956,802	\$ 2,035
Accrued payroll	43,789	61,168	747
Intergovernmental payable	33,877	-	-
Accrued interest payable	-	23,490	-
Due to other funds	77,300	44,100	1,547,860
Other current liabilities	387,077	210,470	-
Capital leases payable	-	183,903	-
Bonds payable - current maturity:			
General obligation bonds	-	-	-
Revenue bonds	-	-	-
Total current liabilities	<u>1,264,911</u>	<u>1,479,933</u>	<u>1,550,642</u>
Noncurrent Liabilities:			
Bonds payable:			
Noncurrent general obligation bonds	-	-	-
Revenue bonds	-	5,650,000	-
Net pension liability - TMRS	226,668	294,435	56,083
Total OPEB liability	52,822	68,614	13,069
Unamortized charge - refunding bond	-	(49,892)	-
Unamortized premiums (discount) on bonds	-	-	-
Compensated absences	140,715	152,522	4,427
Closure and post closure liability	-	-	-
Total noncurrent liabilities	<u>420,205</u>	<u>6,115,679</u>	<u>73,579</u>
Total liabilities	<u>1,685,116</u>	<u>7,595,612</u>	<u>1,624,221</u>
Deferred Inflows of Resources:			
Deferred inflow - TMRS pension	124,568	161,810	30,821
Net Position:			
Net investment in capital assets	2,258,686	18,603,745	3,043,856
Restricted for long term debt	-	32,322	-
Restricted for capital projects	-	5,290,956	-
Unrestricted	<u>2,993,418</u>	<u>1,691,701</u>	<u>(1,687,669)</u>
Total net position	<u>5,252,104</u>	<u>25,618,724</u>	<u>1,356,187</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 7,061,788</u>	<u>\$ 33,376,146</u>	<u>\$ 3,011,229</u>

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

Business-Type Activities - Enterprise Funds				Governmental Activities
Landfill	EMS	Drainage	Enterprise Fund Total	Internal Service Fund
\$ 35,153	\$ 32,621	\$ 6,253	\$ 1,755,732	\$ 56,781
46,357	53,164	-	205,225	-
6,235	84,063	-	124,175	-
2,193	2,806	230	28,719	-
19,300	84,058	-	1,772,618	-
14,500	-	-	612,047	-
217,319	210,470	-	611,692	-
-	-	-	-	-
-	-	-	-	-
<u>341,057</u>	<u>467,182</u>	<u>6,483</u>	<u>5,110,208</u>	<u>56,781</u>
-	-	61,318	61,318	-
-	-	-	5,650,000	-
217,321	240,689	-	1,035,196	-
50,643	56,089	-	241,237	-
-	-	(2,495)	(52,387)	-
-	-	746	746	-
124,693	140,552	-	562,909	-
<u>2,895,148</u>	<u>-</u>	<u>-</u>	<u>2,895,148</u>	<u>-</u>
<u>3,287,805</u>	<u>437,330</u>	<u>59,569</u>	<u>10,394,167</u>	<u>-</u>
-	-	-	-	-
<u>3,628,862</u>	<u>904,512</u>	<u>66,052</u>	<u>15,504,375</u>	<u>56,781</u>
119,431	132,273	-	568,903	-
1,429,222	466,032	1,531,523	27,333,064	-
-	-	16,598	48,920	-
10,486	-	-	5,301,442	-
<u>(228,839)</u>	<u>(182,089)</u>	<u>175,821</u>	<u>2,762,343</u>	<u>194,428</u>
<u>1,210,869</u>	<u>283,943</u>	<u>1,723,942</u>	<u>35,445,769</u>	<u>194,428</u>
\$ <u>4,959,162</u>	\$ <u>1,320,728</u>	\$ <u>1,789,994</u>	\$ <u>51,519,047</u>	\$ <u>251,209</u>

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

Fiscal year ended September 30, 2018

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Golf
Operating Revenues:			
Electric sales	\$ 11,830,863	\$ -	\$ -
Water sales	-	3,510,426	-
Sewer sales	-	2,983,940	-
Golf course fees	-	-	190,529
Garbage collection and tipping fees	-	-	-
EMS fees	-	-	-
Drainage utilities	-	-	-
Licenses and permits	15,879	21,596	-
Property taxes	-	-	-
Rents and royalties	37,676	2,061	450
Other revenue	207,815	607,944	1,480
Total operating revenues	<u>12,092,233</u>	<u>7,125,967</u>	<u>192,459</u>
Operating Expenses:			
Salaries and wages	955,958	1,246,083	242,798
Employee benefits	272,719	474,686	70,039
Contracted services	110,864	51,850	86
Other operating expenses	9,355,085	1,575,858	206,753
Amortization of bond costs	-	5,220	-
Depreciation	312,160	1,263,824	166,509
Total operating expenses	<u>11,006,786</u>	<u>4,617,521</u>	<u>686,185</u>
Operating income (loss)	<u>1,085,447</u>	<u>2,508,446</u>	<u>(493,726)</u>
Nonoperating Revenues (Expenses):			
Investment income	34,638	90,099	8
Gain on transfer to Touchstone Golf	-	-	142,849
Interest expense	-	(182,264)	(17,505)
Transfers to other funds	(974,100)	(585,500)	-
Transfers from other funds	-	-	796,727
Gain on sale of fixed assets	13,050	119,885	-
Total nonoperating revenues (expenses)	<u>(926,412)</u>	<u>(557,780)</u>	<u>922,079</u>
Changes in net position	159,035	1,950,666	428,353
Total net position - beginning	<u>5,373,531</u>	<u>23,998,231</u>	<u>1,085,012</u>
Prior period adjustment	<u>(280,462)</u>	<u>(330,173)</u>	<u>(157,178)</u>
Total net position - beginning restated	<u>5,093,069</u>	<u>23,668,058</u>	<u>927,834</u>
Total net position - ending	<u>\$ 5,252,104</u>	<u>\$ 25,618,724</u>	<u>\$ 1,356,187</u>

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

Business-Type Activities - Enterprise Funds				Governmental Activities
Landfill	EMS	Drainage	Enterprise Fund Total	Internal Service Fund
\$ -	\$ -	\$ -	\$ 11,830,863	\$ -
-	-	-	3,510,426	-
-	-	-	2,983,940	-
-	-	-	190,529	-
2,744,058	-	-	2,744,058	-
-	1,290,889	-	1,290,889	-
-	-	79,095	79,095	-
-	-	-	37,475	-
-	-	78,080	78,080	-
-	-	-	40,187	-
769	485,220	-	1,303,228	1,786,483
<u>2,744,827</u>	<u>1,776,109</u>	<u>157,175</u>	<u>24,088,770</u>	<u>1,786,483</u>
923,636	1,144,420	-	4,512,895	-
353,090	357,581	-	1,528,115	-
6,482	5,451	48,564	223,297	-
720,685	704,002	106	12,562,489	1,983,670
-	-	1,749	6,969	-
<u>597,679</u>	<u>144,448</u>	<u>282,236</u>	<u>2,766,856</u>	<u>-</u>
<u>2,601,572</u>	<u>2,355,902</u>	<u>332,655</u>	<u>21,600,621</u>	<u>1,983,670</u>
<u>143,255</u>	<u>(579,793)</u>	<u>(175,480)</u>	<u>2,488,149</u>	<u>(197,187)</u>
23,887	51	6,944	155,627	7,889
-	-	-	142,849	-
-	(3,072)	(3,414)	(206,255)	-
(226,000)	-	-	(1,785,600)	-
-	640,396	-	1,437,123	-
<u>15,353</u>	<u>8,429</u>	<u>-</u>	<u>156,717</u>	<u>-</u>
<u>(186,760)</u>	<u>645,804</u>	<u>3,530</u>	<u>(99,539)</u>	<u>7,889</u>
(43,505)	66,011	(171,950)	2,388,610	(189,298)
<u>1,498,886</u>	<u>510,865</u>	<u>1,895,892</u>	<u>34,362,417</u>	<u>383,726</u>
<u>(244,512)</u>	<u>(292,933)</u>	<u>-</u>	<u>(1,305,258)</u>	<u>-</u>
<u>1,254,374</u>	<u>217,932</u>	<u>1,895,892</u>	<u>33,057,159</u>	<u>383,726</u>
<u>\$ 1,210,869</u>	<u>\$ 283,943</u>	<u>\$ 1,723,942</u>	<u>\$ 35,445,769</u>	<u>\$ 194,428</u>

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Fiscal year ended September 30, 2018

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Golf
Cash Flows from Operating Activities:			
Cash received from customers	\$ 12,135,224	\$ 7,181,906	\$ 181,239
Cash payments to employees for services	(1,230,558)	(1,633,424)	(337,657)
Cash payments for suppliers	(9,571,630)	(1,040,283)	(335,971)
Net cash provided (used) by operating activities	<u>1,333,036</u>	<u>4,508,199</u>	<u>(492,389)</u>
Cash Flows from Noncapital Financing Activities:			
Operating transfers out	(974,100)	(585,500)	-
Operating transfers in	<u>-</u>	<u>-</u>	<u>796,727</u>
Net cash provided (used) by noncapital financing activities	<u>(974,100)</u>	<u>(585,500)</u>	<u>796,727</u>
Cash Flows from Capital and related Financing Activities:			
Acquisition of capital assets	(198,622)	(2,038,666)	-
Capital lease proceeds	-	-	-
Principal paid on capital debt	-	(737,315)	(1,855)
Interest paid on capital debt	-	(184,864)	(17,619)
Proceeds from the sale of capital assets	<u>13,050</u>	<u>131,786</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(185,572)</u>	<u>(2,829,059)</u>	<u>(19,474)</u>
Cash Flows from Investing Activities			
Interest received on investments	34,638	90,099	8
Net increase (decrease) in cash and cash equivalents	208,002	1,183,739	284,872
Cash and cash equivalents, beginning	<u>1,910,354</u>	<u>6,785,356</u>	<u>(382,372)</u>
Cash and cash equivalents, ending	<u>\$ 2,118,356</u>	<u>\$ 7,969,095</u>	<u>\$ (97,500)</u>

SCHEDULE OF NONCASH ACTIVITIES

Change in net pension liabilities	\$ (218,184)	\$ (253,756)	\$ (217,336)
Change in postemployment benefit liability	3,522	4,575	871
Disposal of operations	-	-	142,849

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

Business-Type Activities - Enterprise Funds				Governmental Activities
Landfill	EMS	Drainage	Enterprise Fund Total	Internal Service Fund
\$ 2,872,454	\$ 1,749,209	\$ 157,117	\$ 24,277,149	\$ 1,789,222
(1,234,402)	(1,463,258)	-	(5,899,299)	-
(455,829)	(651,026)	(42,417)	(12,097,156)	(2,023,040)
<u>1,182,223</u>	<u>(365,075)</u>	<u>114,700</u>	<u>6,280,694</u>	<u>(233,818)</u>
(226,000)	-	-	(1,785,600)	-
<u>-</u>	<u>640,396</u>	<u>-</u>	<u>1,437,123</u>	<u>-</u>
<u>(226,000)</u>	<u>640,396</u>	<u>-</u>	<u>(348,477)</u>	<u>-</u>
(23,076)	(282,748)	-	(2,543,112)	-
-	240,000	-	240,000	-
(375,692)	(220,111)	(59,985)	(1,394,958)	-
(2,817)	(2,154)	(3,639)	(211,093)	-
<u>15,353</u>	<u>18,674</u>	<u>-</u>	<u>178,863</u>	<u>-</u>
<u>(386,232)</u>	<u>(246,339)</u>	<u>(63,624)</u>	<u>(3,730,300)</u>	<u>-</u>
23,887	51	6,944	155,627	7,889
593,878	29,033	58,020	2,357,544	(225,929)
<u>1,606,371</u>	<u>53,907</u>	<u>131,853</u>	<u>10,105,469</u>	<u>477,138</u>
<u>\$ 2,200,249</u>	<u>\$ 82,940</u>	<u>\$ 189,873</u>	<u>\$ 12,463,013</u>	<u>\$ 251,209</u>

\$ (188,002)	\$ (227,443)	\$ -	\$ (1,104,721)	\$ -
3,377	3,740	-	16,085	-
-	-	-	142,849	-

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Fiscal year ended September 30, 2018

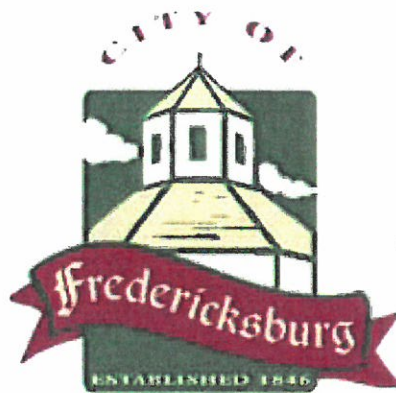
	Business-Type Activities - Enterprise Funds		
	Electric	Water	Golf
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 1,085,447	\$ 2,508,446	\$ (493,726)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	312,160	1,263,824	166,509
Amortization	-	5,220	942
(Increase) decrease in operating assets:			
Accounts receivable	42,688	55,636	(11,201)
Interfund receivables	45,933	-	-
Due from other governments	303	303	(19)
Inventories	24,907	14,149	-
Increase (decrease) in operating liabilities:			
Accounts payable	(88,008)	644,750	(6,869)
Wages payable	11,568	59,372	(25,762)
Interest payable	-	-	-
Due to other funds	(12,822)	(25,179)	(97,597)
Due to other governments	(83,835)	-	(7,410)
Compensated absences payable	(13,449)	27,973	-
Landfill closure liability	-	-	-
Other current liabilities	<u>8,144</u>	<u>(46,295)</u>	<u>(17,256)</u>
Net cash provided by operating activities	<u>\$ 1,333,036</u>	<u>\$ 4,508,199</u>	<u>\$ (492,389)</u>

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

Business-Type Activities - Enterprise Funds				Governmental Activities
Landfill	EMS	Drainage	Enterprise Fund Total	Internal Service Fund
\$ 143,255	\$ (579,793)	\$ (175,480)	\$ 2,488,149	\$ (197,187)
597,679	144,448	282,236	2,766,856	-
-	-	1,749	7,911	-
127,627	(30,022)	(58)	184,670	2,739
45,933	-	-	91,866	-
-	3,122	-	3,709	-
-	-	-	39,056	-
13,089	16,966	6,253	586,181	(39,370)
41,723	25,639	-	112,540	-
(25,095)	-	-	(25,095)	-
(13,513)	2,673	-	(146,438)	-
-	38,788	-	(52,457)	-
601	13,104	-	28,229	-
250,324	-	-	250,324	-
600	-	-	(54,807)	-
<u>\$ 1,182,223</u>	<u>\$ (365,075)</u>	<u>\$ 114,700</u>	<u>\$ 6,280,694</u>	<u>\$ (233,818)</u>



NOTES TO BASIC FINANCIAL STATEMENTS



NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(1) Summary of significant accounting policies

The City of Fredericksburg, Texas, (the City), is a municipal corporation incorporated under Article XI, Section 4 of the Constitution of the State of Texas. The City operates under a Council-Manager form of government and provides such services as are authorized by its code of ordinances and its inhabitants. The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable.

Reporting entityComponent unit

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units, if any existed, would be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The City of Fredericksburg has a component unit displayed as a discretely presented component unit. The Fredericksburg Convention and Visitor Bureau (the "Bureau") is governed by a Board of Directors comprised of 11 members. Each member is appointed by the City Council of the City of Fredericksburg. The Bureau also provides the City with financial information, as required by City Council. In addition, the annual budget for the Bureau must be approved by City Council. These facts distinguish the Bureau as a discretely presented component unit of the City.

The Bureau's mission is to create a positive business environment, take a leadership role in community affairs, be an information resource for its members, help in providing a better quality of life for its citizens and increase growth of the overnight tourism and meeting industry in Fredericksburg.

Complete financial statements for the component unit may be obtained at the Fredericksburg Convention and Visitor Bureau's administrative office, which is located at 302 E. Austin Street, Fredericksburg, Texas 78624.

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City and its component unit. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The primary government is reported separately from the component unit within the government-wide statements.

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(1) Summary of significant accounting policies (continued)Government-wide and fund financial statements (continued)

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges of customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 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 as general revenues.

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

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund level financial statements are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(1) Summary of significant accounting policies (continued)Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund type) are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position, rather than upon net income determination.

The City reports the following major governmental fund:

The general fund is the general operating fund of the City and is always classified as a major fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance.

The City reports the following major proprietary funds:

The electric fund is used to account for electrical operations that are intended to be self-supporting.

The water and sewer fund is used to account for operations that are intended to be self-supporting water and sewer services through user charges.

The golf course fund is used to account for the golf course operations that are intended to be self-supporting through user charges.

The solid waste fund is used to account for the sanitary landfill operations that are intended to be self-supporting.

The emergency medical service (EMS) fund is used to account for the joint EMS services with the County of Gillespie. The operations are intended to be self-supporting.

The drainage fund is used to account for the drainage services that are intended to be self-supporting.

Additionally, the City reports an internal service fund to account for health insurance services provided to the departments of the government on a cost reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(1) Summary of significant accounting policies (continued)Measurement focus, basis of accounting, and financial statement presentation (continued)

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

Cash and investments

Cash and temporary investments consist of demand deposits, and balances in public funds investment pools. Short-term investments are stated at cost.

For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement Number 31, the City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

Investments are stated at fair value and categorized by using the fair value hierarchy established by generally accepted accounting principles. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(1) Summary of significant accounting policies (continued)Cash and investments (continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Accounts receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of the interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). There were no balances that were considered "advanced to/from other funds" at September 30, 2018. All other 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".

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is based on historical collection rates.

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Gillespie Central Appraisal District ("GCAD") establishes appraised values. Taxes are levied by the City Council based on the appraised values received from the GCAD. The Gillespie Central Appraisal District Tax Assessor performs billings and collection of tax levies.

Inventories and prepaid items

The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Inventories in the proprietary funds are valued at cost (first-in, first-out method).

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(1) Summary of significant accounting policies (continued)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 such as equipment are defined as assets with an individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 – 50 years
Improvements other than buildings	10 – 50 years
Equipment	5 - 15 years
Infrastructure	30 years

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused personal time off (PTO). Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Employees may only carry 480 hours of PTO over into the next calendar year. Expenditures are reported for these amounts.

Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund statements, long-term debt and other long-term obligations are reported as liabilities in the 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.

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(1) Summary of significant accounting policies (continued)Long-term obligations (continued)

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

Fund balance

The City implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose, positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is delegated by the City Council to the City Manager.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City's council or its designated official has provided otherwise in its commitments or assignment actions.

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(1) Summary of significant accounting policies (continued)Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

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

Other postemployment benefits

During the fiscal year 2018, the City changed accounting policies related to the total other postemployment benefit (OPEB) liability, deferred outflows of resources, and deferred inflows of resources in the statement of net position by adopting GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. Accordingly, the effect of the accounting change is reported in the statement of net position and statement of activities for the current year. The OPEB position has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation. The reclassifications did not change total assets, total liabilities, total fund equity, total revenue of funds and total expense/expenditures.

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(2) Stewardship, compliance and accountabilityBudgetary information

The City Council follows the following procedures in establishing the budgetary data reflected in the financial statements:

- At least 30 days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The proposed budget includes estimated revenue and proposed expenditures for the General Fund.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is legally adopted on a fund basis by the City Council.
- The City Council can adjust the budget during its formal City Council meetings.
- Actual expenditures cannot exceed the legally-adopted budget.
- Appropriations lapse at the end of the year.
- Budgets are adopted on a basis consistent with generally accepted accounting principles.

(3) Deposits and investments

As of September 30, 2018, the City had the following investments:

Investment Type	Fair Value	Weighted Avenue Maturity (Days)
Investments recorded as cash equivalents		
Texpool - valued at amortized cost	\$ 460,981	3
US Treasury notes - Level 2 investment	10,504,865	64
Total investments recorded as cash equivalents	10,965,846	
Cash at bank	7,780,395	
Total cash and cash equivalents	\$ 18,746,241	
Investments		
Certificates of deposits - valued at amortized cost	\$ 650,000	300
Portfolio weighted average maturity		75

The City's investment pools are 2a7-like pools. A 2a7 like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(3) Deposits and investments (continued)

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair market values by maintaining a weighted average days to maturity for the operating fund portfolio of less than 360 days. The maximum allowable maturity for any investment is 3 years.

Custodial credit risk. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2018, the City had cash deposits of \$8,013,306. The total fair market value of pledged securities held as collateral amounted to \$17,904,991. In addition, \$250,000 of the deposits are covered by FDIC coverage.

Credit risk. It is the City's policy to limit its investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The City's investments as of September 30, 2018, were rated as follows:

Investment Type	Rating	Rating Agency
TexPool	AAAm	Standard and Poor's

Under provisions of state and local statutes, the City's investment policies, and provisions of the City's depository contracts with an area financial institution, the City is authorized to place available deposits and investments in the following:

- Obligations of the U.S., its agencies and instrumentalities;
- Certificates of deposit issued by state and national banks or savings or loan associations domiciled in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation or collateralized in accordance with Section 2256.010, the Texas Government Code, in face amount not to exceed \$250,000;
- No load money market mutual funds; and
- TexPool, Lone Star Investment Pool and MBIA Class.

The City Council has adopted a written investment policy regarding the investments of its funds as defined by the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The investments of the City are in compliance with the Council's investment policies. The City did not have any derivative investment products during the current year. All significant legal and contractual provisions for investments were complied with during the year. Investments at year end are representative of the types of investments maintained by the City during the year.

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(4) Receivables

Receivables as of year end for the government's individual major funds, nonmajor funds and enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

	Government Funds	Enterprises Funds						
	General	Electric	Water	Golf	Landfill	EMS	Other Fund	Totals
Taxes	\$ 839,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 839,431
Due from other governments	1,085,548	2,332	2,332	19	-	25,650	-	1,115,881
Customer accounts	68,954	1,064,722	582,031	11,201	227,060	483,832	7,075	2,444,875
Notes	12,251	-	-	-	-	-	-	12,251
Interest	-	-	33	-	92	-	-	125
								-
Gross receivables	2,006,184	1,067,054	584,396	11,220	227,152	509,482	7,075	4,412,563
Less: allowance for uncollectibles	20,741	8,293	4,493	-	850	72,394	54	106,825
Net total receivables	<u>\$ 1,985,443</u>	<u>\$ 1,058,761</u>	<u>\$ 579,903</u>	<u>\$ 11,220</u>	<u>\$ 226,302</u>	<u>\$ 437,088</u>	<u>\$ 7,021</u>	<u>\$ 4,305,738</u>

(5) Capital assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities:				
<u>Capital assets, not being depreciated:</u>				
Land	\$ 7,583,656	\$ -	\$ -	\$ 7,583,656
Total capital assets, not being depreciated	<u>7,583,656</u>	<u>-</u>	<u>-</u>	<u>7,583,656</u>
Capital assets, being depreciated:				
Buildings	9,718,455	27,043	-	9,745,498
Improvements other than buildings	20,731,702	656,114	-	21,387,816
Equipment	<u>7,332,037</u>	<u>752,001</u>	<u>(241,650)</u>	<u>7,842,388</u>
Total capital assets, being depreciated	<u>37,782,194</u>	<u>1,435,158</u>	<u>(241,650)</u>	<u>38,975,702</u>
Less accumulated depreciation:				
Buildings	(4,632,320)	(308,824)	-	(4,941,144)
Improvements other than buildings	(10,725,810)	(853,872)	-	(11,579,682)
Equipment	<u>(5,761,835)</u>	<u>(640,342)</u>	<u>241,450</u>	<u>(6,160,727)</u>
Total accumulated depreciation	<u>(21,119,965)</u>	<u>(1,803,038)</u>	<u>241,450</u>	<u>(22,681,553)</u>
Total capital assets being depreciated, net	<u>16,662,229</u>	<u>(367,880)</u>	<u>(200)</u>	<u>16,294,149</u>
Governmental activities capital assets, net	<u>\$ 24,245,885</u>	<u>\$ (367,880)</u>	<u>\$ (200)</u>	<u>\$ 23,877,805</u>

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(5) Capital assets (continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,098,666	\$ 28,282	\$ -	\$ 1,126,948
Total capital assets, not being depreciated	<u>1,098,666</u>	<u>28,282</u>	<u>-</u>	<u>1,126,948</u>
Capital assets, being depreciated:				
Buildings and improvements	6,996,152	115,462	(40,578)	7,071,036
Improvements other than buildings	13,677,995	-	-	13,677,995
Equipment	<u>53,024,945</u>	<u>2,399,368</u>	<u>(1,315,311)</u>	<u>54,109,002</u>
Total capital assets, being depreciated	<u>73,699,092</u>	<u>2,514,830</u>	<u>(1,355,889)</u>	<u>74,858,033</u>
Less accumulated depreciation:				
Buildings and improvements	(4,995,076)	(262,521)	-	(5,257,597)
Improvements other than buildings	(7,621,401)	(787,168)	1,293,164	(7,115,405)
Equipment	<u>(28,254,603)</u>	<u>(1,717,167)</u>	<u>40,578</u>	<u>(29,931,192)</u>
Total accumulated depreciation	<u>(40,871,080)</u>	<u>(2,766,856)</u>	<u>1,333,742</u>	<u>(42,304,194)</u>
Total capital assets being depreciated, net	<u>32,828,012</u>	<u>(252,026)</u>	<u>(22,147)</u>	<u>32,553,839</u>
Business-type capital assets, net	<u>\$ 33,926,678</u>	<u>\$ (223,744)</u>	<u>\$ (22,147)</u>	<u>\$ 33,680,787</u>

Depreciation expense was charged to the governmental functions as follows:

Governmental Activities:

Administration	\$ 124,570
Police	322,333
Fire	161,090
Streets	785,465
Parks	394,931
Health	743
Engineering	13,341
Emergency management	<u>565</u>

Total depreciation expense - governmental activities \$ 1,803,038

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(5) Capital assets (continued)

Business-Type Activities

Electric	\$ 312,160
Water and sewer	1,263,824
Golf	166,509
Landfill	597,679
EMS	144,448
Drainage utilities	<u>282,236</u>

Total depreciation expense - business-type activities \$ 2,766,856

(6) Interfund receivables, payables and transfers

	<u>Due To</u>	<u>Due From</u>
General Fund:		
Electric - in lieu of taxes	\$ -	\$ 140,700
EMS	-	84,058
Drainage	259	-
Debt service	-	18,297
Electric Fund:		
General fund - in lieu of taxes	77,300	-
Golf	-	773,930
Water and Sewer Fund:		
General fund - in lieu of taxes	44,100	-
Golf Fund:		
Electric	773,930	-
Landfill	773,930	-
Landfill:		
General fund - in lieu of taxes	19,300	-
Golf	-	773,930
EMS:		
General fund	84,058	-
Drainage Fund:		
General fund	-	259
Debt Service:		
General fund	18,297	-
Capital projects	2,500	-
Capital Projects:		
Debt service	<u>-</u>	<u>2,500</u>
Total due to / due from	<u>\$ 1,793,674</u>	<u>\$ 1,793,674</u>

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(6) Interfund receivables, payables and transfers (continued)

The balances of \$773,930 due to the electric fund and the solid waste fund represent amounts that were lent to the golf course to fund 2011-12 renovations to the golf course. The note's terms include a 1% annual interest rate and a twenty year amortization period with a 10/1/2034 maturity date.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and payments between funds are made.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Electric	\$ 974,100	\$ -
Water and sewer	585,500	-
Landfill	226,000	-
EMS	-	640,396
Golf	-	796,727
Electric Fund:		
General fund	-	974,100
Water and Sewer Fund:		
General fund	-	585,500
Landfill:		
General fund	-	226,000
EMS:		
General fund	640,396	-
Golf:		
General fund	<u>796,727</u>	<u>-</u>
Total transfers	<u>\$ 3,222,723</u>	<u>\$ 3,222,723</u>

Transfers are used (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as the debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(6) Interfund receivables, payables and transfers (continued)

In the year ended September 30, 2018. The City made payments from various funds to the general fund in lieu of taxes. GASB 34 requires that these payments be treated as transfers. Transfers were made from the following funds:

Electric	\$	974,100
Water and sewer		585,500
Landfill		<u>226,000</u>
Total	\$	<u><u>1,785,600</u></u>

(7) Capital leases

The government has acquired certain capital assets for governmental and business-type activities through the use of lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018 were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2019	\$ 332,132	\$ 539,246
2020	214,763	81,344
2021	<u>70,296</u>	<u>-</u>
Total minimum lease payments	617,191	620,590
Less: amount representing interest	<u>16,077</u>	<u>8,898</u>
Present value of minimum lease payments	<u><u>\$ 601,114</u></u>	<u><u>\$ 611,692</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(8) Long-term liabilities

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

	Outstanding October 1, 2017	Increases	Decreases	Balance September 30, 2018	Amounts Due in One Year
Governmental Activities:					
General obligation bonds	\$ 3,353,697	\$ -	\$ (530,015)	\$ 2,823,682	\$ 543,682
Unlimited tax notes	5,005,000	-	(80,000)	4,925,000	125,000
Add: unamortized premiums	119,401	-	(9,185)	110,216	9,185
Total bonds payable	8,478,098	-	(619,200)	7,858,898	677,867
Capitalized leases	556,733	426,240	(381,859)	601,114	322,385
Compensated absences	792,438	253,431	(198,110)	847,759	211,940
Total governmental activities	9,827,269	679,671	(1,199,169)	9,307,771	1,212,192
Business-Type Activities:					
General obligation bonds:					
General obligation bonds	376,303	-	(314,985)	61,318	61,318
Less: unamortized issuance costs	(5,410)	3,652	-	(1,758)	1,758
Add: unamortized premiums	2,006	(1,003)	-	1,003	(1,003)
Less: deferred amount on refundings	(1,988)	994	-	(994)	994
Total bonds payable	370,911	3,643	(314,985)	59,569	63,067
Revenue bonds and notes:					
Revenue bonds	5,940,000	-	(290,000)	5,650,000	300,000
Less: unamortized issuance costs	(53,218)	3,326	-	(49,892)	3,326
Total revenue bonds and notes	5,886,782	3,326	(290,000)	5,600,108	303,326
Capitalized leases	1,184,524	240,000	(812,832)	611,692	531,700
Compensated absences	637,193	85,014	(159,298)	562,909	140,727
Total business-type activities	8,079,410	91,983	(764,283)	6,834,278	507,120
Total long-term liabilities	\$ 17,906,679	\$ -	\$ (1,963,452)	\$ 16,142,049	\$ 1,719,312

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(8) Long-term liabilities (continued):

Governmental activities long-term liabilities at September 30, 2018, consisted of the following:

Series	Governmental Activities		
	Original Issue	Interest Rate	Debt Outstanding
2010 general obligation refunding bonds	\$ 3,604,164	1.00 to 3.00%	\$ 398,682
2012 general obligation bonds	3,200,000	2.88%	2,425,000
2016 limited tax notes	1,530,000	1.39%	1,425,000
2017 tax and limited pledge rev CO's	3,530,000	3.00%	3,500,000
Totals	<u>\$ 11,864,164</u>		<u>\$ 7,748,682</u>

Compensated absences are generally liquidated by the general fund. The funds utilized for the repayment of long-term liabilities for governmental activities are the debt service fund and the general fund.

Business-type activities long-term liabilities at September 30, 2018, consisted of the following:

Series	Business-Type Activities		
	Original Issue	Interest Rate	Debt Outstanding
2010 general obligation refunding bonds	\$ 2,465,836	1.00 to 3.00%	\$ 61,318
2013 revenue bonds	6,500,000	3.097%	5,650,000
Totals	<u>\$ 10,450,836</u>		<u>\$ 5,711,318</u>

The annual debt service requirements to be paid on governmental activities long-term debt outstanding at September 30, 2018, are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2019	\$ 668,682	\$ 201,285	\$ 869,967
2020	625,000	185,644	810,644
2021	640,000	172,839	812,839
2022	655,000	159,252	814,252
2023	670,000	144,780	814,780
2024-2028	1,750,000	614,436	2,364,436
2029-2033	1,805,000	343,390	2,148,390
2034-2037	935,000	66,937	1,001,937
Totals	<u>\$ 7,748,682</u>	<u>\$ 1,888,563</u>	<u>\$ 9,637,245</u>

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(8) Long-term liabilities (continued):

The annual debt service requirements to be paid on business-type activities long-term debt outstanding at September 30, 2018, are as follows:

Fiscal Year	Business-Type Activities		
	Principal	Interest	Total
2019	\$ 361,318	\$ 172,175	\$ 533,493
2020	310,000	160,889	470,889
2021	320,000	151,134	471,134
2022	330,000	141,068	471,068
2023	340,000	130,693	470,693
2024-2028	1,865,000	486,306	2,351,306
2029-2033	2,185,000	173,355	2,358,355
Totals	<u>\$ 5,711,318</u>	<u>\$ 1,415,620</u>	<u>\$ 7,126,938</u>

(9) Retirement planPlan description

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

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

Benefits provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(9) Retirement plan (continued)

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	95
Inactive employees entitled to but not yet receiving benefits	55
Active employees	<u>169</u>
	<u>319</u>

Contributions

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

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.52% and 9.60% in calendar years 2017 and 2018 respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$958,161, and were equal to the required contributions.

Net pension liability

The City's net pension liability (NPL) was measured as of December 31, 2017, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(9) Retirement plan (continued)Net pension liability (continued)

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(9) Retirement plan (continued)Net pension liability (continued)

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

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

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(9) Retirement plan (continued)Net pension liability (continued)*Changes in the net pension liability*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2016	\$ 39,742,157	\$ 35,185,166	\$ 4,556,991
Changes for the year:			
Service cost	1,074,769	-	1,074,769
Interest	2,674,435	-	2,674,435
Changes in current period benefits	-	-	-
Difference between expected and actual experience	301,986	-	301,986
Changes of assumptions	-	-	-
Contributions - employer	-	931,010	(931,010)
Contributions - employee	-	488,976	(488,976)
Net investment income	-	4,877,963	(4,877,963)
Benefit payments, including refunds of employee contributions	(1,316,569)	(1,316,569)	-
Administrative expense	-	(25,273)	25,273
Other changes	-	(1,281)	1,281
Net changes	<u>2,734,621</u>	<u>4,954,826</u>	<u>(2,220,205)</u>
Balance at December 31, 2017	<u>\$ 42,476,778</u>	<u>\$ 40,139,992</u>	<u>\$ 2,336,786</u>

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(9) Retirement plan (continued)Net pension liability (continued)*Sensitivity of the net pension liability to changes in the discount rate*

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 7,936,822	\$ 2,336,786	\$ (2,303,943)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the year ended September 30, 2018, the City recognized pension expense of \$949,566.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 242,539	\$ (261,368)
Changes in actuarial assumptions	224,583	-
Difference between projected and actual investment earnings	-	(1,022,838)
Contributions subsequent to the measurement date	686,269	-
Total	<u>\$ 1,153,391</u>	<u>\$ (1,284,206)</u>

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(9) Retirement plan (continued)Net pension liability (continued)

The City reported \$686,269 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Pension Expense</u>
2019	\$ 67,786
2020	2,471
2021	(449,493)
2022	(442,604)
2023	4,756
Thereafter	-
Total	<u>\$ (817,084)</u>

(10) Texas Emergency Services Retirement SystemBackground and reporting entity

The Texas Emergency Services Retirement System (TESRS) is an agency of the State of Texas and its financial records comply with state statutes and regulations. The nine member Board of Trustees, appointed by the Governor, establishes policy for the administration of the Texas Emergency Services Retirement System.

The TESRS was created as a standalone agency by the 83rd Legislature via the passage of HB 220, effective September 1, 2013, to assume the functions of the abolished Office of the Fire Fighter's Pension Commissioner. While the agency is new, the System has been in existence since 1977. TESRS, which is under the authority of Title 8 Subtitle H, Chapters 861-865 of the Texas Government Code, provides death and disability benefits to active volunteer fire fighters and first responders, and a pension to members with vested services, as well as their survivor/beneficiaries. For financial reporting purposes, the State of Texas is considered the primary reporting government. TESRS' financial statements are included in the State's Comprehensive Annual Financial Report. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org. The separately issued actuarial valuation which may be of interest are also available at the same link.

Information that is available in the annual financial report is not repeated in the allocation schedules and related notes.

The preparation of the schedules of participating department allocations and collective pension amounts in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates and assumptions that affect the reported amounts during the reporting period. Actual results could differ from those estimates.

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(10) Texas Emergency Services Retirement System (continued)Schedule of participating department allocations

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate.

Participating department contributions for the fiscal year ended August 31, 2018 were used for purposes of preparing the allocation schedule. Adjustments were made in the following circumstances, with the treatment detailed below:

- For newly participating departments, lump sum contributions were eliminated and contributions were annualized;
- MTES contributions for legacy departments were eliminated;
- Interest on contributions was eliminated;
- 13th checks, which are passed directly through to the participants, were eliminated.

TESRS has prepared the schedule of collective pension amounts. The collective pension expense based on TESRS' fiscal year ended August 31, 2017 is shown in the following table:

Service cost	\$ 11,648
Interest	72,399
Projected earnings on pension plan investments	(58,995)
Amortization of differences between projected and actual earnings on plan investments	1,399
Amorization of changes of assumptions	1,971
Amortizations of differences between expected and actual experience	(62)
Pension plan administrative expense	1,156
Changes in benefit provisions	-
Total pension expense	<u>\$ 29,516</u>

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(10) Texas Emergency Services Retirement System (continued)Schedule of participating department allocations (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 43	\$ (456)
Changes in actuarial assumptions	591	-
Difference between projected and actual investment earnings	-	(8,747)
Contributions subsequent to the measurement date	20,950	-
Total	<u>\$ 21,584</u>	<u>\$ (9,203)</u>

Amounts reported a deferred outflows of resources related to pensions will be recognized in pension expense in future years as follows:

<u>Fiscal Year Ended August 31,</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 10,196
2020	(5,674)
2021	(8,350)
2022	(4,741)
Total	<u>\$ (8,569)</u>

Each participating department will need to calculate two additional types of deferred outflows of resources and deferred inflows of resources, which are participating department specific amounts. These amounts relate to differences between actual contributions made by a participating department and their proportionate share of total contributions calculated based on the allocation percentage.

The participating department's proportionate share of the collective pension expense for its fiscal year ended between September 1, 2017 and August 31, 2018 is equal to the collective pension expense multiplied by the participating department's allocation percentage for TESRS's fiscal year ended August 31, 2018 as shown in the schedule of participating department allocations. The City's allocation percentage is 0.731%. The proportionate share of the City's net pension liability at September 30, 2018 was \$158,265.

Contributions of fiscal year August 31, 2018 were \$55,956.

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(11) Other postemployment benefit planPlan description

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

Benefit payments

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

Contributions

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

The City contribution rate is equal to the cost of providing one-year term life insurance. The contribution rate for the City was 0.22% and 0.23% for calendar years 2018 and 2017, respectively. The City's contributions to TMRS were \$22,286 and \$22,277 for the fiscal year ended September 30, 2018 and 2017, respectively, and were equal to the required contributions.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	68
Inactive employees entitled to but not yet receiving benefits	30
Active employees	<u>169</u>
Total	<u>267</u>

OPEB liability

The City's OPEB liability of \$544,552 was measured as of December 31, 2017, and was determined by an actuary valuation as of that date.

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(11) Other postemployment benefit plan (continued)

Actuary assumptions

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(11) Other postemployment benefit plan (continued)

Changes in the total OPEB liability:

Balance at December 31, 2016	\$ 468,990
Changes for the year:	
Service cost	18,581
Interest on the total OPEB liability	17,987
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	43,885
Benefit payments	<u>(4,891)</u>
Net changes	<u>75,562</u>
Balance at December 31, 2017	<u>\$ 544,552</u>

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

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

<u>1% Decrease in</u> <u>Discount Rate (2.31%)</u>	<u>Discount Rate (3.31%)</u>	<u>1% Increase in</u> <u>Discount Rate (4.31%)</u>
\$ 657,273	\$ 544,552	\$ 456,959

OPEB expenses, deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$43,762.

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

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Changes in actuarial assumptions	\$ 36,691	\$ -
Contributions subsequent to the measurement date	<u>15,727</u>	<u>-</u>
Total	<u>\$ 52,418</u>	<u>\$ -</u>

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(11) Other postemployment benefit plan (continued)

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

The City reported \$15,727 as deferred outflows of resources related to the OPEB liability resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to the OPEB liability will be recognized in OPEB expenses as follows:

Year Ended September 30,	Amortization Expense
2019	\$ 7,194
2020	7,194
2021	7,194
2022	7,194
2023	7,194
Thereafter	721
Total	<u>\$ 36,691</u>

(12) 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; and natural disasters for which the City participates in the Texas Municipal League's General Liability Fund. In addition, the City participates in the Texas Municipal League's Workers' Compensation Fund to insure the City for workers' compensation claims. The City has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts in the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgements is only reported in the government-wide financial statements because it is not expected to be liquidated with expendable available financial resources. However, none are reported at September 30, 2018.

(13) Contingent liabilities

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(14) Closure and post-closure care costs

State and federal laws and regulations require that the City of Fredericksburg place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability must be recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill capacity used to date. Estimated liability for landfill closure and post-closure care costs has a balance of \$2,895,148 at September 30, 2018, which is based on 90.54% usage of current open cells and 40.77% usage of the entire landfill. The landfill is expected to be filled to capacity in 2043. The estimated total current cost of the landfill closure and post-closure care is based on a third party completing the actual work. The amount includes costs for equipment, facilities, and services required to close, monitor, and maintain the landfill as if purchased at September 30, 2018. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

(15) Prior period adjustment

During fiscal year 2018, the City adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." With the adoption of this standard, the City must assume their net other postemployment benefit liability related to the supplemental death benefit fund held with TMRS. Also, during the fiscal year, it was noted that the City did not properly allocate the net pension liabilities and related deferred inflows of resources and deferred outflows of resources between governmental activities and business type activities. In addition, the City did not record a net pension liability for their allocated portion of the TESRS retirement plan. Below is a table reflecting the changes in beginning net position:

	Governmental Activities	Business type Activities	Proprietary Funds				
			Electric	Water	Golf	Landfill	EMS
Beginning net position	\$ 18,204,009	\$ 33,365,924	\$ 5,373,531	\$ 23,998,231	\$ 1,085,012	\$ 1,498,886	\$ 510,865
Restatement for GASB 75, OPEB	(252,254)	(200,626)	(43,929)	(57,063)	(10,869)	(42,118)	(46,647)
Restatement for allocation change of TMRS net pension liability	2,261,934	(108,139)	(236,533)	(273,110)	(146,309)	(202,394)	(246,286)
Restatement for recognition of TESRS net pension liability	(142,064)	-	-	-	-	-	-
Beginning net position, restated	<u>\$ 20,071,625</u>	<u>\$ 33,057,159</u>	<u>\$ 5,093,069</u>	<u>\$ 23,668,058</u>	<u>\$ 927,834</u>	<u>\$ 1,254,374</u>	<u>\$ 217,932</u>

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(16) Golf course fund

During the current fiscal year the City changed the management of the golf course from city employees to contracted services of Touchstone. Accordingly the related assets and liabilities have been transferred to the records of Touchstone.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered a part of the basic financial statements



GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Fiscal year ended September 30, 2018

	Budget Amounts		GAAP Basis	Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
General property taxes	\$ 3,229,500	\$ 3,229,500	\$ 3,047,913	\$ (181,587)
General sales and use taxes	5,600,000	5,600,000	5,987,378	387,378
Hotel occupancy tax	3,262,000	3,262,000	3,242,427	(19,573)
Other taxes	491,900	491,900	488,920	(2,980)
Franchise fees	277,000	277,000	316,755	39,755
License and permits	125,900	125,900	219,427	93,527
Charges for services	-	-	-	-
Fines	90,350	90,350	93,076	2,726
Pavilion and camping fees	497,000	497,000	588,956	91,956
Rentals	81,800	81,800	112,445	30,645
Intergovernmental revenue	631,100	631,100	609,566	(21,534)
Grants	87,049	87,049	104,227	17,178
Investment earnings	35,350	35,350	110,289	74,939
Other revenues	757,700	757,700	718,491	(39,209)
Total revenues	15,166,649	15,166,649	15,639,870	473,221
Expenditures:				
Municipal court	186,786	186,786	178,779	8,007
Engineering	237,849	237,849	217,400	20,449
Administration	1,778,302	1,778,302	1,383,672	394,630
Tourism	3,159,673	3,159,673	3,040,761	118,912
Police	4,696,902	4,696,902	4,605,105	91,797
Fire	1,177,085	1,177,085	1,118,086	58,999
Emergency management	165,247	165,247	162,809	2,438
Streets	1,644,191	1,644,191	1,469,324	174,867
Parks	1,623,835	1,623,835	1,592,594	31,241
Health	208,809	208,809	195,011	13,798
Food and wine festival	193,900	193,900	151,916	41,984
Development services	666,709	666,709	653,095	13,614
Debt service:				
Principal	379,682	379,682	381,859	(2,177)
Interest and fiscal charges	9,250	9,250	8,078	1,172
Capital outlays	994,750	994,750	1,409,254	(414,504)
Total expenditures	17,122,970	17,122,970	16,567,743	555,227

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Fiscal year ended September 30, 2018

	Budget Amounts		GAAP Basis	Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,956,321)</u>	<u>\$ (1,956,321)</u>	<u>\$ (927,873)</u>	<u>\$ 1,028,448</u>
Other financing sources (uses):				
Sale of real and personal property	32,500	32,500	726,104	693,604
Transfers in	1,645,669	1,645,669	1,785,600	139,931
Transfers out	337,500	337,500	(1,437,123)	(1,774,623)
Proceeds from issuance of debt	<u>-</u>	<u>-</u>	<u>426,240</u>	<u>426,240</u>
Total other financing sources (uses)	<u>2,015,669</u>	<u>2,015,669</u>	<u>1,500,821</u>	<u>(514,848)</u>
Net change in fund balance	<u>59,348</u>	<u>59,348</u>	<u>572,948</u>	<u>513,600</u>
Fund balance - beginning of year	<u>6,775,180</u>	<u>6,775,180</u>	<u>6,775,180</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 6,834,528</u></u>	<u><u>\$ 6,834,528</u></u>	<u><u>\$ 7,348,128</u></u>	<u><u>\$ 513,600</u></u>

TMRS NET PENSION LIABILITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

For the measurement year ended December 31,

	Measurement Year	
	2017	2016
Total Pension Liability		
Service cost	\$ 1,074,769	\$ 1,004,489
Interest (on the total pension liability)	2,674,435	2,528,093
Changes of benefit terms	-	-
Difference between expected and actual experience	301,986	(47,068)
Change of assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(1,316,569)</u>	<u>(1,388,695)</u>
Net change in total pension liability	2,734,621	2,096,819
Total pension liability - beginning	<u>39,742,157</u>	<u>37,645,338</u>
Total pension liability - ending (a)	<u><u>\$ 42,476,778</u></u>	<u><u>\$ 39,742,157</u></u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 931,010	\$ 843,151
Contributions - employee	488,976	455,757
Net investment income	4,877,963	2,235,297
Benefit payments, including refunds of employee contributions	(1,316,569)	(1,388,695)
Administrative expense	(25,272)	(25,238)
Other	<u>(1,282)</u>	<u>(1,360)</u>
Net change in plan fiduciary net position	4,954,826	2,118,912
Plan fiduciary net position - beginning	<u>35,185,166</u>	<u>33,066,254</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 40,139,992</u></u>	<u><u>\$ 35,185,166</u></u>
Net pension liability (a) - (b)	<u><u>\$ 2,336,786</u></u>	<u><u>\$ 4,556,991</u></u>
Plan fiduciary net position as a percentage of total pension liability	94.50%	88.53%
Covered payroll	<u><u>\$ 9,779,519</u></u>	<u><u>\$ 9,115,142</u></u>
Net pension liability as a percentage of total covered payroll	23.89%	49.99%

*GASB 68 requires 10 fiscal years of data to be provided in this schedule. The City will develop the schedule prospectively.

**TMRS NET PENSION LIABILITY
SCHEDULE OF CONTRIBUTIONS***

For the fiscal year ended September 30,

	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ 958,161	\$ 914,856
Contributions in relation to the actuarially determined contributions	<u>958,161</u>	<u>914,856</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 10,003,972</u>	<u>\$ 9,685,874</u>
Contributions as a percentage of covered payroll	9.58%	9.45%

*GASB 68 requires 10 fiscal years of data to be provided in this schedule. The City will develop the schedule prospectively.

**SCHEDULE OF CHANGES IN TESRS NET PENSION
LIABILITY AND RELATED RATIOS***

For the measurement year ended August 31,

	Measurement Year	
	2017	2016
Total Pension Liability		
City's proportion of the net pension liability	0.731%	0.716%
City's proportionate share of net pension liability	<u>\$ 158,265</u>	<u>\$ 171,852</u>
Plan fiduciary net position as a percentage of the total pension liability	84.26%	81.40%

*GASB 68 requires 10 fiscal years of data to be provided in this schedule. The City will develop the schedule prospectively.

**TESRS NET PENSION LIABILITY
SCHEDULE OF CONTRIBUTIONS*****For the fiscal year ended September 30,**

	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ 55,956	\$ 45,710
Contributions in relation to the actuarially determined contributions	<u>55,956</u>	<u>45,710</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>

*GASB 68 requires 10 fiscal years of data to be provided in this schedule. The City will develop the schedule prospectively.

**SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT
BENEFIT LIABILITY AND RELATED RATIOS***

For the measurement year ended December 31,

	Measurement Year <u>2017</u>
Total OPEB liability	
Service cost	\$ 18,581
Interest (on the total OPEB liability)	17,987
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	43,885
Benefit payments **	<u>(4,891)</u>
Net change in total OPEB liability	75,562
Total OPEB liability - beginning	<u>468,990</u>
Total OPEB liability - ending	<u><u>\$ 544,552</u></u>
Covered payroll	<u><u>\$ 9,779,519</u></u>
OPEB liability as a percentage of total covered payroll	5.57%

*GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the first year of implementation of GASB 75. The City will develop the schedule prospectively.

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

**OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY
SCHEDULE OF CONTRIBUTIONS*****For the fiscal year ended September 30,**

	<u>2018</u>
Actuarially determined contributions	\$ 22,286
Contributions in relation to the actuarially determined contributions	<u>22,286</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	<u>\$ 10,003,972</u>
Contributions as a percentage of covered payroll	0.22%

*GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the first year of implementation of GASB 75. The City will develop the schedule prospectively.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2018

(1) Budget information

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. The City Manager may transfer budgeted amounts within departments within any fund; however, transfers between departments and funds must be approved by City Council.

(2) Schedule of contributions – net pension liability**Valuation date:**

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	10 year smoothed market, 15% soft corridor
Inflation	2.50%
Salary increases	3.5% to 10.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other information:

There were no benefit changes during the year.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2018

(3) Schedule of contributions – other postemployment benefit liability**Valuation date:**

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

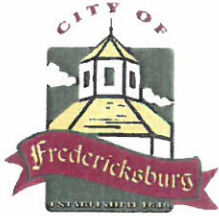
Methods and assumptions used to determine Contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	2.50%
Salary increases	3.5% to 10.50% including inflation
Discount rate *	3.31%
Retiree' share of benefit related costs	\$-0-
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68`
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by and are projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both male and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

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

Other information:

There were no benefit changes during the year.



CITY COUNCIL MEMO

DATE: May 6, 2019

TO: Mayor and City Council

FROM: Anna Hudson, Historic Preservation Officer

SUBJECT: Appointment of Brad Bertrand, AIA, to Historic Review Board

Summary:

An alternate position on the Historic Review Board has been opened by the resignation of a member. Brad Bertrand, a local architect with training in historic preservation, has expressed interest in filling the open position.

Recommendation:

Staff recommends approval of the appointment of Mr. Bertrand to the HRB. Mr. Bertrand is a local architect and brings relevant expertise and experience that will benefit the historic review board. The HRB is required to have an architect and Mr. Bertrand will fill this requirement.

Background / Analysis:

The Historic Review Board meets once monthly to review requests for Certificates of Appropriateness for changes to properties in the historic district and individual landmarks. The board is made up of 7 members and 3 alternates.

Attachments:

HRB application

The City of Fredericksburg

126 W. Main St. • Fredericksburg, Texas 78624-3708 • (830) 997-7521 • Fax (830) 997-1861

Resume



Department Approval



City Manager Approval

The City of Fredericksburg

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City of Fredericksburg Application for Consideration of Appointment

Board / Commission / Committee You Are Applying For: (Check all that may apply)

- ☐ Planning & Zoning ☒ Historic Review Board ☐ Board of Adjustment
☐ G.C. Economic Development Commission ☐ City/County Health Board
☐ Other _____

Name: _____ Date: 03.11.19
(Title) (First) (M.I.) (Last)

Home Address: 901 N MILAM 940-300-7540
(Street) (Home Phone Number)

Mailing Address: _____
(Street or Post Office Box #) (Business Phone Number)

Fax Number: _____ E-mail Address: bbertrand@mustarddesign.net

Employer: MUSTARD DESIGN
(Name / Address)

Occupation: ARCHITECT

Are you a qualified voter of the City of Fredericksburg? ☒ Yes ☐ No

Are you a City of Fredericksburg resident? ☒ Yes ☐ No How Long? _____

So the council may know more about you, please complete the following:

Education: MASTER OF ARCHITECTURE w/ HISTORIC PRESERVATION CERTIFICATE

Volunteer Experience / Community Service: _____

Areas of Interest: ARCHITECTURE, DESIGN, MID-CENTURY RESIDENTIAL, HISTORIC ARCHITECTURE

Please specify membership on any other governmental or community board/commission/committee:

N/A

Please provide a brief narrative outlining your reasons for seeking appointment to a board or commission.
(Resumé or additional information may be attached.)

I WOULD LIKE TO FIND WAYS TO USE MY BACKGROUND IN DESIGN/ARCHITECTURE TO SERVE THE COMMUNITY

BRAD BERTRAND
Signature

03.11.19
Date

Please return the completed form to the City Manager's office for processing. Your application will be kept on file for 12 months.

Bradley G. Bertrand

Registered Architect

Experience:

01.2014-Present

Mustard Design Architects - Fredericksburg, Tx - Architect

Participate on a variety of projects including breweries, wine tasting rooms, event facilities, corporate office buildings, residences and many other project types. Work in tandem with Senior Architects to design and manage a project from conceptual design through contract administration. Responsible for developing the office's Revit template and assist office staff with Revit training. Produce marketing renderings with rendering software, and Photoshop.

12.2011-12.2013

Hensley Lamkin Rachel, Inc. - Dallas, Tx - Architectural Intern II/Designer

Involved in the design and production of multi-family residential projects. Served as lead graphics team member. Responsible for 3D modeling and rendering. Developed office wide 3d modeling methods and standards, including real time modeling with client and supervisor involvement. Produced 2D and 3D conceptual designs and studies for clients on a tight schedule. Participated in all phases of the production process, schematic design through construction documentation. Involved in marketing efforts such as developing web site content, community outreach and design competitions.

05.2010-05.2011

Office of the Dean of Architecture - Graduate Assistant

Graduate assistant to the Dean of Architecture at Texas A&M. Research activities included investigation into sustainable housing and net-zero communities. Organized net-zero housing conference charrette. Teaching assistant to a study abroad Creativity and Innovation class taught in Costa Rica.

02.2008-02.2009

Three Architecture Inc. - Dallas, TX - Architectural Coordinator I

Participated in the design and production of Senior Living and Hospitality projects. Generated three-dimensional digital models for client and interoffice presentations. Assisted senior architects throughout the production process including conceptual design and construction documentation. Generated marketing material for use in promotional publications.

05.2007-02.2008

The Arkitex Studio, Inc. - Bryan, TX - Architectural Intern

02.2006-08.2006

Fitzpatrick Architects, Inc. - Tyler, TX - Internship

Education:

Master of Architecture: Graduated May 2011 - Magna Cum Laude
Texas A&M University, College Station, TX

Graduate certificate in: Historic Preservation

Bachelor's of Environmental Design (Architectural Studies): December 2007
Texas A&M University, College Station, TX

Career Skills:

Autodesk Revit
Autodesk AutoCAD
Graphisoft Archicad
Artlantis Studio (3-D rendering)
Sketchup
Various Sketchup Renderers
Adobe Photoshop
Adobe Illustrator

901 N. Milam, Fredericksburg, TX 7862
940-300-7540 - bbertrand2006@gmail.com



CITY COUNCIL MEMO

DATE: April 29, 2019

TO: Mayor and City Council

FROM: Kent Myers, City Manager

SUBJECT: Extension of Purchase of Public Power with AEP Energy

Summary:

Due to the purchase of public power being a competitive matter, this item will be discussed in executive session.

Recommendation:

It is recommended that the City Council consider taking action following the executive session.

Background / Analysis:

Attachments:


Department Approval


City Manager Approval

The City of Fredericksburg

Agenda Packet Page 131

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City Attorney Approval



CITY COUNCIL MEMO

DATE: May 6, 2019

TO: Mayor and City Council

FROM: Andrea Schmidt, Director of Parks and Recreation

SUBJECT: Generic Program License Agreement for City Parks

Summary:

Over the last year staff has been approached by outside vendors to host programs in the City Parks. These have included Camp Gladiator and Mad Science Camp. Rather than bring an agreement to Council each time, we would like to use a generic agreement. Each camp using a city park will be required to complete one of these agreements, obtain insurance and provide a percentage of their total revenue for the program to the City. The City typically has been receiving 20% of the total revenue generated by the programs.

Recommendation:

Receive and consider generic license agreement for programs in City Parks.

Background / Analysis:

Some other camps using City Parks at this time include Tinkergarten Classes, Fort Martin Scott Summer Camps, Dog Obedience classes, Wellness Center Summer Camps, etc. All future programs, including those listed above, will also be required to complete one of these agreements.

Attachments:

Generic license agreement for programs within City Parks



Department Approval



City Manager Approval



City Attorney Approval

NON-EXCLUSIVE LICENSE AGREEMENT
BETWEEN THE
CITY OF FREDERICKSBURG AND PROGRAM PROVIDER
FOR PROGRAMS WITHIN CITY PARKS

This Non-Exclusive License Agreement ("License") is made and entered into by and between the CITY OF FREDERICKSBURG, TEXAS ("City"), a political subdivision of the State of Texas, and _____ ("Program Provider").

NOW, THEREFORE, the City and Program Provider hereby agree as follows:

1. Grant of Non-Exclusive License. In consideration of and subject to the terms, provisions, and covenants herein contained, City hereby grants to Program Provider a license to use and occupy locations within the City property checked below:

- | | |
|---|---|
| ☐ Cross Mountain Park | ☐ Marktplatz (Market Square) |
| ☐ Elementary School Park | ☐ Town Pool |
| ☐ Ft. Martin Scott | ☐ Oak Crest Park |
| ☐ Frantzen Park | ☐ Old Fair Park |
| ☐ Lady Bird Johnson Municipal Park | ☐ All park locations listed herein |

(to be known collectively the "Licensed Premises"), in the City of Fredericksburg, Gillespie County, Texas, for Program Provider's programs at specific dates, times, and locations as agreed upon by the parties, during the term of this License. Prior to any use of the Licensed Premises, Program Provider shall notify the City's Director of Parks and Recreation (or his/her designee) of Program Provider's program schedule, including the dates, times, and specific areas within the Licensed Premises that Program Provider will utilize. Program Provider shall have a continuing duty, during the term of this License, to notify City of any amendments to Program Provider's proposed program schedule related to use of the Licensed Premises.

2. Term. The term of this License shall begin upon execution of this License and end on _____. The license granted in this License is revoked upon termination of this License.

3. License Fee. Program Provider shall pay to City a license fee, calculated as _____ percent (____%) of total revenue generated from all programs held by Program Provider on the Licensed Premises during the term of this License. Any fees due to City under this License shall be remitted to the City on or before the tenth (10th) business day following the last day of each program held by Program Provider during the term of this License.

4. Termination Election. City and Program Provider each shall have the right, either with or without cause and at any time, to terminate this License upon not less than sixty (60) days

prior written notice to the other party. Upon such termination, City and Program Provider shall be relieved of all further obligations hereunder except only for obligations accruing prior to the effective date of termination. Paragraph 14 (Indemnification) of this License shall survive the termination of this License.

5. Use. Program Provider's use of the Licensed Premises shall comply with the following:

a. Program Provider may use the Licensed Premises for pre-approved programs and for no other purpose;

b. Program Provider shall ensure that each program participant executes a waiver and release of liability prior to said participant's participation in a program on the Licensed Premises, said waiver and release of liability being in a form substantially similar to form set forth in Exhibit A, a copy of which is attached hereto and incorporated herein by reference;

c. Program Provider shall inspect the areas within the Licensed Premises that Program Provider intends to use, prior to each use of the Licensed Premises, to ensure that the premises are safe for the intended use;

d. Program Provider shall provide or require that its trainers, employees, agents, and program participants use all appropriate safety equipment;

e. Program Provider shall ensure that all persons and activities are adequately supervised by a trained adult at all times during use;

f. Program Provider shall maintain the areas used by Program Provider within the Licensed Premises in a neat and orderly condition and remove any trash generated by Program Provider's program ; and

g. Program Provider shall not install, place, or use any signage without the prior written consent of the City, and in conformance with the City's sign ordinance.

6. Other Users. Program Provider acknowledges and agrees that City may periodically authorize other users to use the Licensed Premises, including but not limited to special events or activities, which may impact Program Provider's use of the Licensed Premises, to include modification of the areas Program Provider uses within the Licensed Premises or preventing Program Provider from using portions of the Licensed Premises at certain times.

7. No Warranties; Interruption of Business. City makes no warranty or representation concerning the condition of the Licensed Premises or its suitability for any use. The Licensed Premises are accepted "AS IS". In addition, City shall not be liable or responsible to Program Provider in any manner for any interruption, or adverse impact on, Program Provider's business as a result of casualty, flooding, acts of God, utility failure, or other occurrence.

8. Insurance. Program Provider shall purchase and maintain a commercial general liability insurance policy from an insurance company licensed to do business in the State of Texas. The policy limits shall be at or above \$500,000.00 per person and \$1,000,000.00 per occurrence, and shall cover Program Provider's use of the Licensed Premises. Upon execution of this License, Program Provider shall provide the City Manager or designee with a copy of the insurance policies required hereby. In the event of failure by Program Provider to keep such insurance in effect, the License shall terminate immediately without notice. The public liability and casualty insurance policies shall name City as an "additional insured". All policies shall include a waiver of subrogation provision in favor of City. The policy and any renewal certificate shall provide that the City be notified thirty (30) days prior to cancellation or modification of any coverage. Program Provider shall provide renewal certificates to the City at least ten (10) days prior to expiration date. Policies required under this Paragraph shall be in effect for the entire term of this License.

9. Alterations and Improvements. Program Provider shall not make any alterations, additions, or improvements to the Licensed Premises, without the prior written approval of the City's Director of Parks and Recreation.

10. Access. City shall maintain its access to and use of the Licensed Premises at all times for any purpose, provided that City shall not unreasonably interfere with Program Provider's use of the Licensed Premises for programs.

11. Unsafe Conditions. The City may restrict access to the Licensed Premises for health or safety reasons at any time and without notice to Program Provider. An example of such an event is inclement weather, flooding, or potential flooding. If the City determines that access to the Licensed Premises should be restricted, then the City shall attempt to notify Program Provider as soon as is practicable. Program Provider shall remain alert as to changing weather conditions that may impact the safety of participants and use of the Licensed Premises.

12. Termination for Safety Violation or Unlawful Use. Program Provider shall not use or occupy the Licensed Premises, nor permit the Licensed Premises or any part thereof to be used or occupied for any unlawful purpose. Program Provider shall comply with all Federal, state, and local laws, ordinances, orders, rules and regulations relating to the use, condition, or occupancy of the Licensed Premises. Notwithstanding any other provision of this License, the City may terminate this License immediately upon any violation of this Paragraph, or any gross violation of any safety-related provision set forth in this License.

13. Intentionally Deleted.

14. **INDEMNIFICATION. PROGRAM PROVIDER AGREES TO INDEMNIFY, DEFEND, AND HOLD CITY, INCLUDING CITY OFFICIALS, OFFICERS, EMPLOYEES, AND AGENTS, HARMLESS OF AND FROM ALL CLAIMS, INJURIES INCLUDING DEATH, DEMANDS, LIABILITY, LOSS,**

COST AND EXPENSES (INCLUDING ATTORNEY'S FEES AND COST OF LITIGATION) IN ANY MATTER ARISING OUT OF OR RESULTING FROM PROGRAM PROVIDER'S USE OF THE LICENSED PREMISES, INCLUDING BUT NOT LIMITED TO ANY AND ALL LIABILITY, LOSS, COST AND EXPENSE ARISING FROM CLAIMS OR DEMANDS BY PROGRAM PROVIDER'S INSTRUCTORS, AGENTS, PARTICIPANTS, AND VOLUNTEERS, EXCEPT FOR LOSSES, DAMAGES, OR INJURIES CAUSED BY THE SOLE GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT OF THE CITY.

15. Assignment or Sublicense. Program Provider shall not assign or sublicense the Licensed Premises or any of its rights hereunder, in whole or in part, without the express prior written consent of the City Manager.

16. Casualty. In the event of property damage to the Licensed Premises caused by Program Provider or its instructors, agents, participants, or volunteers, Program Provider shall immediately notify the City of the specifics of such occurrence and shall restore all damaged improvements within thirty (30) days.

17. No Other Relationship. This License constitutes the entire agreement between City and Program Provider. Nothing contained herein shall be construed to create any principal/agent, employer/employee, joint venture, partnership, or other arrangement between City and Program Provider.

18. Default. If either party hereto shall fail to perform any duty or obligation under this License, and such failure shall continue for a period of (10) days after written notice of default, except for Program Provider's insurance obligations or for safety-related reasons provided in this License for which no notice or opportunity to cure shall be given, the party not in default shall have the right, at such party's option, and in addition to any other remedies available at law or in equity, to terminate this License by notice to the party in default. The failure of either party to declare any default immediately upon the occurrence thereof or delay in taking any action in connection therewith shall not waive such default, but such party shall have the right to declare any such default at any time and take such action as might be authorized hereunder or that may be available at laws or in equity.

19. Notice. Any notice or document required or permitted to be delivered hereunder shall be deemed to be delivered, whether or not actually received, when deposited in the United States mail, postage prepaid, by certified mail, return receipt requested, addressed to the parties hereto at their respective addresses as set forth below:

To CITY:
City of Fredericksburg
Attention: City Manager
126 W. Main St.
Fredericksburg, TX 78624

To PROGRAM PROVIDER:

20. Intentionally Deleted.

21. Accounting and Records. Program Provider shall keep records pursuant to generally accepted accounting principles, concerning the fees received and any expenditures made related to Program Provider's use of the Licensed Premises.

22. Warrant of Capacity. Each individual and entity executing this License hereby represents and warrants that he, she, or it has the capacity set forth on the signature page hereof with full power and authority to bind the party on whose behalf he, she, or it is executing this License to the terms hereof.

23. Approval Authority. In this License, wherever an act requires approval by or consent of the City, such approval or consent may be obtained from the City Manager, or designee.

24. Governing Law and Enforcement. This License shall be governed by the laws of the State of Texas and shall be performable in Gillespie County. Venue for any dispute arising between the parties to this License shall be in Gillespie County, Texas.

IN WITNESS WHEREOF, each of the parties hereto has executed this License, or caused the same to be executed by its duly authorized representative.

PROGRAM PROVIDER

By: _____ Date: _____
Printed Name and Title: _____

CITY OF FREDERICKSBURG, TEXAS

By: _____ Date: _____
Kent Myers, City Manager

EXHIBIT A
SAMPLE PARTICIPANT'S WAIVER OF LIABILITY

I, the undersigned Participant, understand and agree that in consideration for my voluntary participation in a _____(insert description of program)_____ program provided by _____(insert Program Provider name)_____ ("Program Provider"), I voluntarily and knowingly assume all risks associated with my participation in the Program Provider's program, and on behalf of myself and my heirs, executors, and administrators, I voluntarily and knowingly **waive all claims against, and release and hold harmless, the City of Fredericksburg, Texas,** and its officials, officers, agents, and employees, from and against any and all claims, damages, liabilities, causes of actions, losses, costs and expenses, including reasonable attorney's fees, arising out of or in connection with my participation in the Program Provider's program held on City of Fredericksburg property, **including without limitation, personal injuries, death, or loss of use of personal property.**

Participant Signature: _____

Date: _____

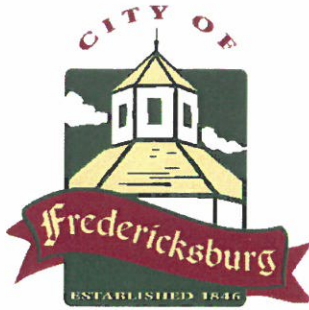
PARENT/LEGAL GUARDIAN CONSENT
(REQUIRED FOR PARTICIPANT UNDER 18 YEARS OF AGE)

I, the undersigned Parent or Legal Guardian of the above Participant, understand and agree that participation in the above referenced program may result in personal injury, death, or personal property damage. My son/daughter has my permission to participate in the above referenced program. I understand and agree to the assumption of risk and waiver of claims set forth above.

Parent/ Legal Guardian Name: _____

Parent/ Legal Guardian Signature: _____

Date: _____



CITY COUNCIL MEMO

DATE: May 6, 2019

TO: Mayor and City Council

FROM: Garret Bonn, P.E., CFM – Assistant City Engineer

SUBJECT: Friendship Lane Phase III Mill and Overlay Project Construction Contract Award

Summary:

Receive construction bids for the Friendship Lane Phase III Mill and Overlay Project.

Recommendation:

City staff recommends award of the construction contract including alternate A1 (10% Contingency) in the total amount of \$494,717.58 to Allen Keller Company.

Background / Analysis:

The Friendship Lane Phase III Mill and Overlay Project is a FY 2019 Capital Improvement Project with an approved budget amount of \$550,000. The project includes a 1-1/2" mill and overlay (hot mix asphalt) of Friendship Lane from S. Washington (US 87S) to SH 16 South. Similar to the Phase I and II projects that were completed last year, the project will address asphalt deterioration and failures along Friendship Lane that would continue to worsen and could lead to failure of the roadway if not addressed, requiring a more costly full reconstruction project. In preparation for the project, the City's Street Department has repaired

known areas of concern with the aid of the asphalt zipper milling machine to allow the contractor to complete the work in a timely manner and to ensure the project remains within budget.

Restoration of all pavement markings and raised pavement markers, base repair, traffic control, and erosion control is included in the base bid. The bid documents also include alternates such as contingency (10%) to address unforeseen issues during the construction process and alternative paving materials. The contract documents include 30 calendar days for substantial completion of the project and 45 calendar days for final completion with liquidated damages set at \$500 per day.

After public advertisement, two (2) secure bids were received at the bid opening on March 20, 2019. Allen Keller Company submitted the low bid, including alternates. The bid has been reviewed by City staff and has been found to be complete and competitive.

The following table provides a summary of the recommended base bid and alternate for the project:

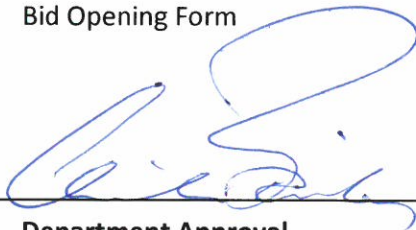
Contractor	Base Bid	Alt A1 – 10% Contingency	Recommended Total Bid Award Amount
Allen Keller Co.	\$449,743.25	\$44,974.33	\$494,717.58

A copy of the project map and bid opening form is attached for your reference.

Attachments:

Project Map

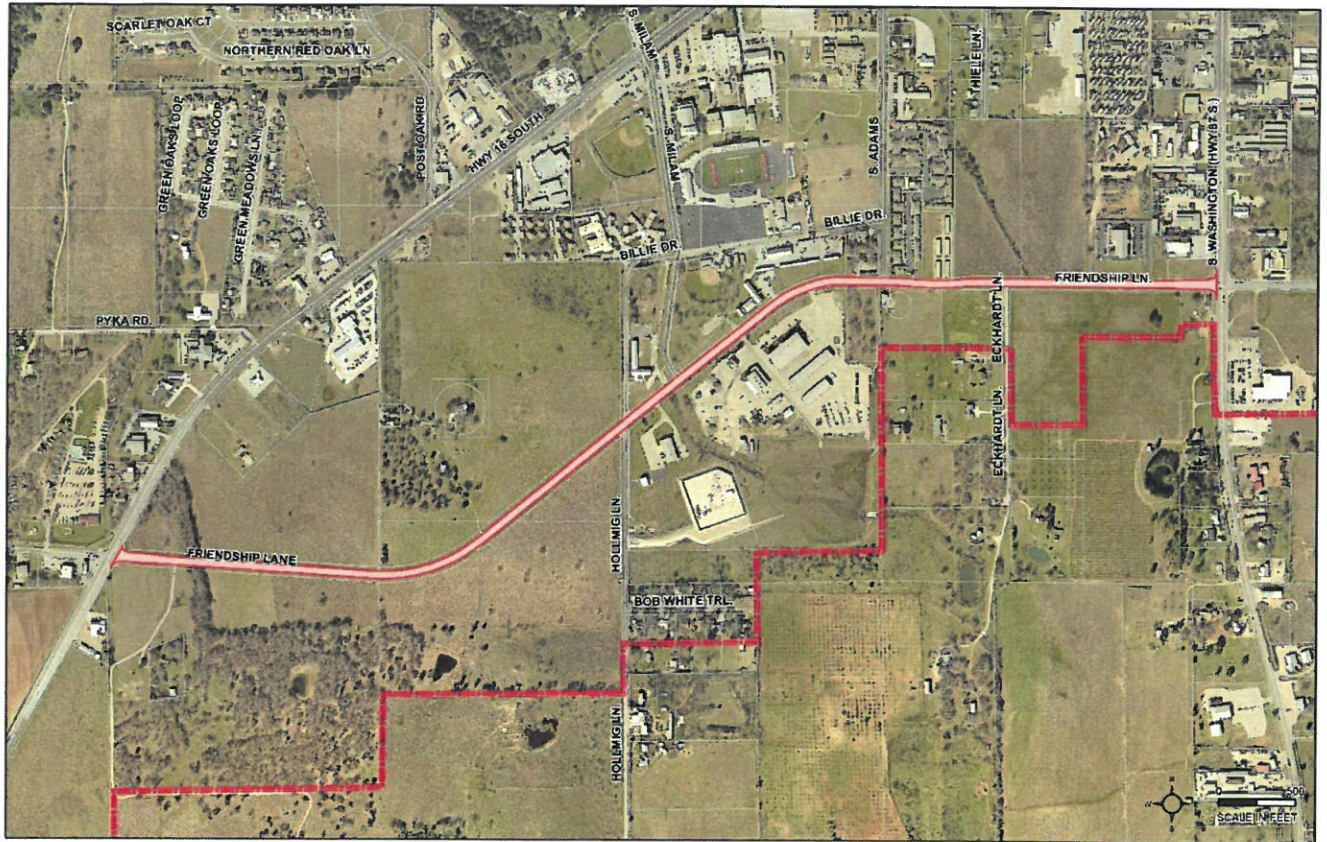
Bid Opening Form



Department Approval



City Manager Approval



BID OPENING FORM
City of Fredericksburg - Friendship Lane Phase III Mill & Overlay Project
3/20/19 2:00:00 PM

Contractor	Bid Bond	Acknowledgement of Addenda	Contractor's Qualification Statement	Total Base Bid Amount	Alt A1 - 10% Cont.	Alt A2 - Add/Deduct HMA PG76-22 in place of PG70-22	Alt A3 - Add/Deduct Prime (Tack) Coat CSS-1H in place of SS-1H
Allen Keller Co.	X	X	X	\$ 449,743.25	\$ 44,974.33	\$ 1,300.00	\$ (322.50)
Asphalt Inc, dba Lone Star Paving	X	X	X	\$ 458,775.00	\$ 45,877.50	\$ 7,150.00	\$ 645.00

The City of Fredericksburg

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CITY COUNCIL MEMO

DATE: May 6, 2019
TO: Mayor and City Council
FROM: Clinton Bailey, P.E., Assistant City Manager/Director of Public Works and Utilities
SUBJECT: City of Fredericksburg Water Supply Update

Summary:

This agenda item will include a joint presentation and discussion by City Staff and Hill Country Underground Water Conservation District Manager Paul Tybor regarding the City of Fredericksburg Water Supply.

Recommendation:

n/a

Background / Analysis:

City Staff will provide brief presentation on the status of the City of Fredericksburg water supply including:

1. Local rainfall update
2. Current water well levels, trends and history

The City of Fredericksburg

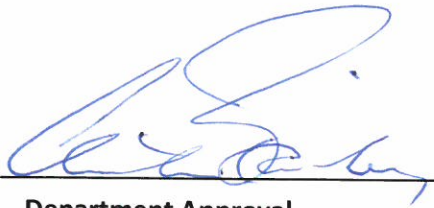
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3. Watering restrictions

Paul Tybor will provide history and background on the creation of the Hill Country Underground Water Conservation District (HCUWCD) including its purpose and function followed by a discussion of the following:

1. New water well permits
2. Short and long term weather forecast

Attachments: none



Department Approval



City Manager Approval

The City of Fredericksburg

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City of Fredericksburg Water Supply Update

May 6, 2019

Today's Presentation



City of Fredericksburg

1. Local Rainfall Update
2. Current Water Well Levels, Trends and History
3. Watering Restrictions
4. Major Water Distribution System Projects

Hill Country Underground Water Conservation District

1. Water Well Permits
2. Short and Long Term Weather Forecast

City of Fredericksburg 2018 Rainfall



Through July, 2018

- Rainfall total through July: 9.90 inches
 - 2011 through July: 4.76 inches
 - 2011 total: 12.63 inches
- 6.33 inches below the average of 16.59 inches for this time of year
- 1.11 inches below average for July (2.61 inches)

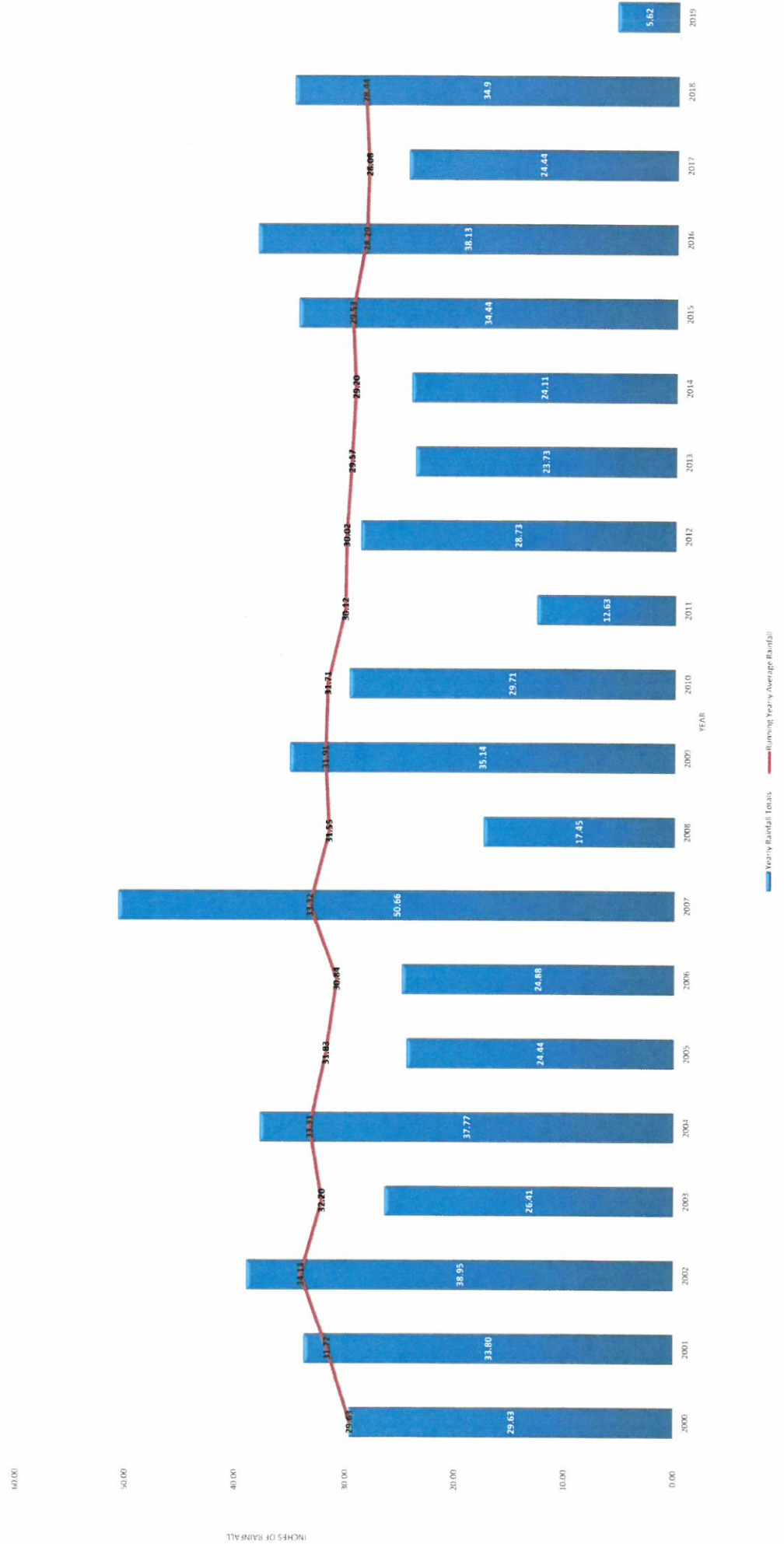
Through April 26, 2019

- 2 inches below the average of 7.23 inches for this time of year
- 0.50 inches above average for April (2.54 inches)

City of Fredericksburg

Historical Rainfall: 2000-2019

YEARLY RAINFALL AMOUNTS & AVERAGES



City of Fredericksburg

Historical Rainfall: 2000-2019

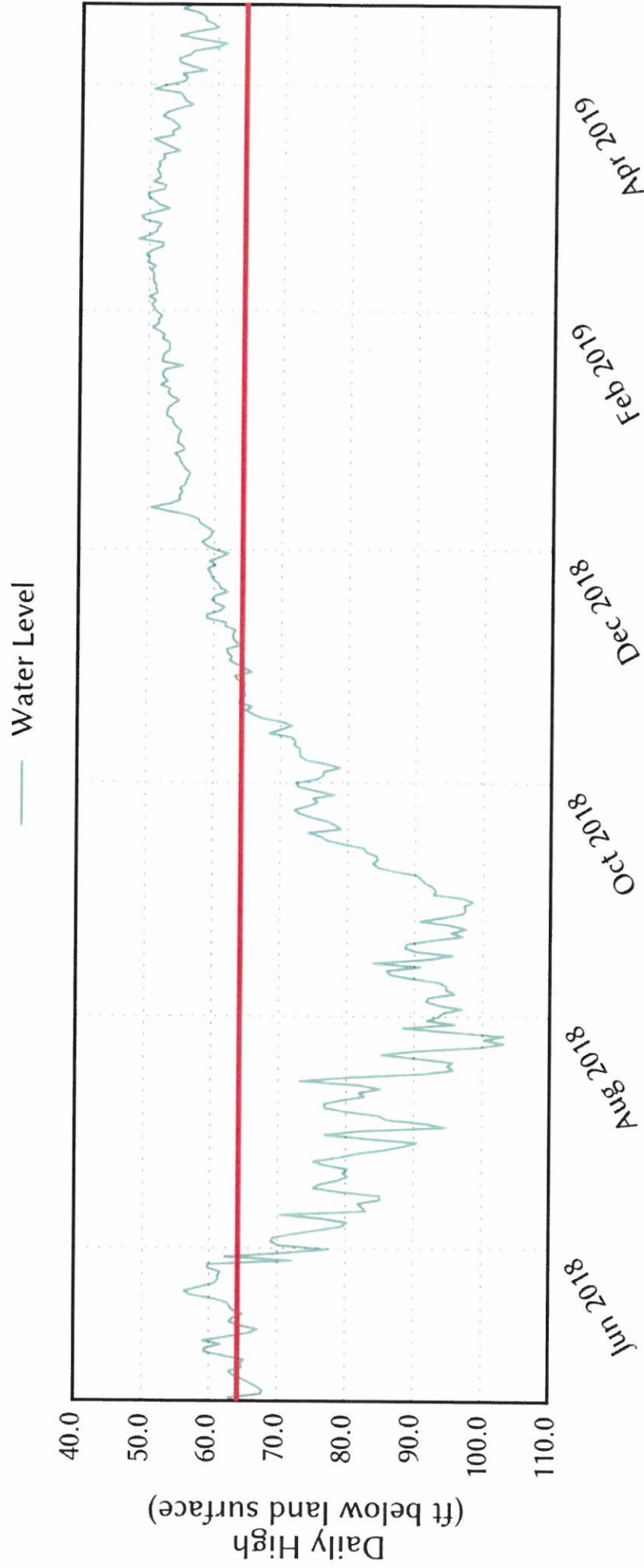
RAINFALL 2000 through December 31, 2018

Lady Bird Johnson Park Weather Station

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2000 - Current Average
JANUARY (snow)	0.79	4.25	0.38	0.61	2.46	2.58	1.25	2.69	0.56	0.66	2.94	1.25	1.35	2.74	0.00	2.04	0.57	1.00	0.15	1.85	1.51
FEBRUARY (snow)	3.47	1.41	0.63	3.87	1.63	2.79	0.75	0.03	0.25	0.07	4.15	0.02	2.82	0.27	0.12	0.42	1.30	4.05	3.01	0.25	1.57
MARCH	0.89	3.29	0.91	1.35	2.60	4.05	1.29	8.33	1.95	3.85	3.34	1.45	4.21	1.22	0.44	1.92	4.04	1.14	0.83	0.59	2.38
APRIL	1.72	0.86	1.56	0.19	7.08	0.76	5.13	1.85	1.21	4.08	3.79	0.70	0.05	1.19	1.06	4.05	10.22	1.54	0.75	2.93	2.54
MAY	4.33	3.61	2.12	0.96	0.88	5.06	5.73	9.19	2.17	2.55	2.24	1.00	5.70	2.12	6.17	9.27	6.40	2.02	3.41		3.94
JUNE	2.53	0.63	5.01	4.83	6.08	0.04	1.34	7.72	0.90	0.80	2.46	0.15	1.35	2.02	1.61	2.73	1.18	3.33	0.25		2.37
JULY	0.39	0.35	13.79	6.19	1.72	2.19	0.58	7.43	2.05	0.56	4.21	0.19	3.88	2.15	0.50	0.00	0.13	0.66	1.50		2.55
AUGUST	0.04	5.60	0.56	2.60	3.47	2.85	0.31	8.05	4.75	2.58	0.05	0.05	3.61	0.40	0.95	1.49	4.17	4.31	0.66		2.45
SEPTEMBER	3.61	3.37	2.93	2.14	1.40	0.49	4.60	3.46	0.24	9.02	5.65	1.15	4.07	2.69	6.07	0.08	4.03	4.00	8.64		3.56
OCTOBER	4.80	3.69	7.53	2.54	5.45	2.01	2.84	0.55	2.98	6.53	0.10	1.13	1.49	5.85	3.02	5.28	0.05	0.17	8.76		3.41
NOVEMBER	5.86	5.29	1.05	0.97	4.61	1.61	0.13	1.19	0.12	2.98	0.03	1.97	0.05	2.06	3.69	5.03	2.96	0.46	1.45		2.18
DECEMBER	1.20	1.45	2.48	0.16	0.39	0.01	0.93	0.17	0.27	1.46	0.75	3.57	0.15	1.02	0.48	2.13	3.08	1.76	5.49		1.42
TOTAL	29.63	33.80	38.95	26.41	37.77	24.44	24.88	50.66	17.45	35.14	29.71	12.63	28.73	23.73	24.11	34.44	38.13	24.44	34.90	5.62	29.87

City of Fredericksburg

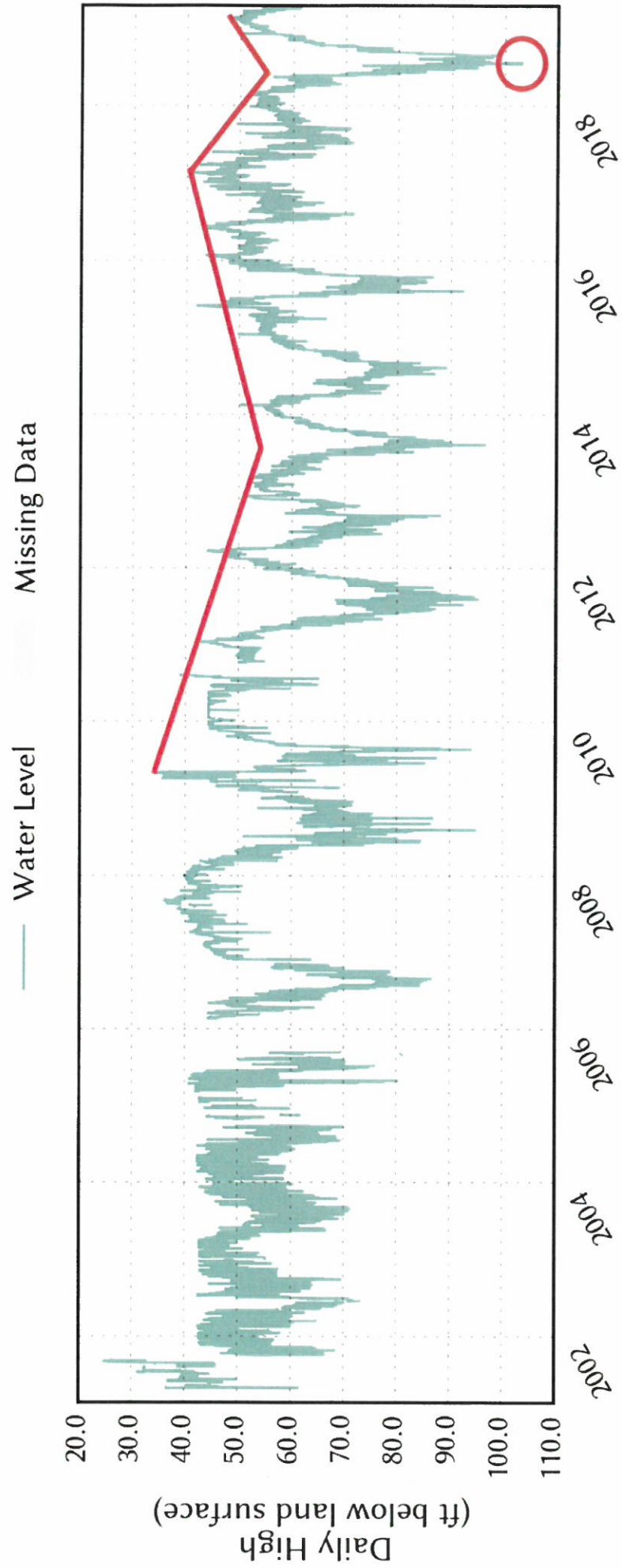
Knauth Wellfield – 1 Year



* Knauth Wellfield approximately 50% of City's water supply

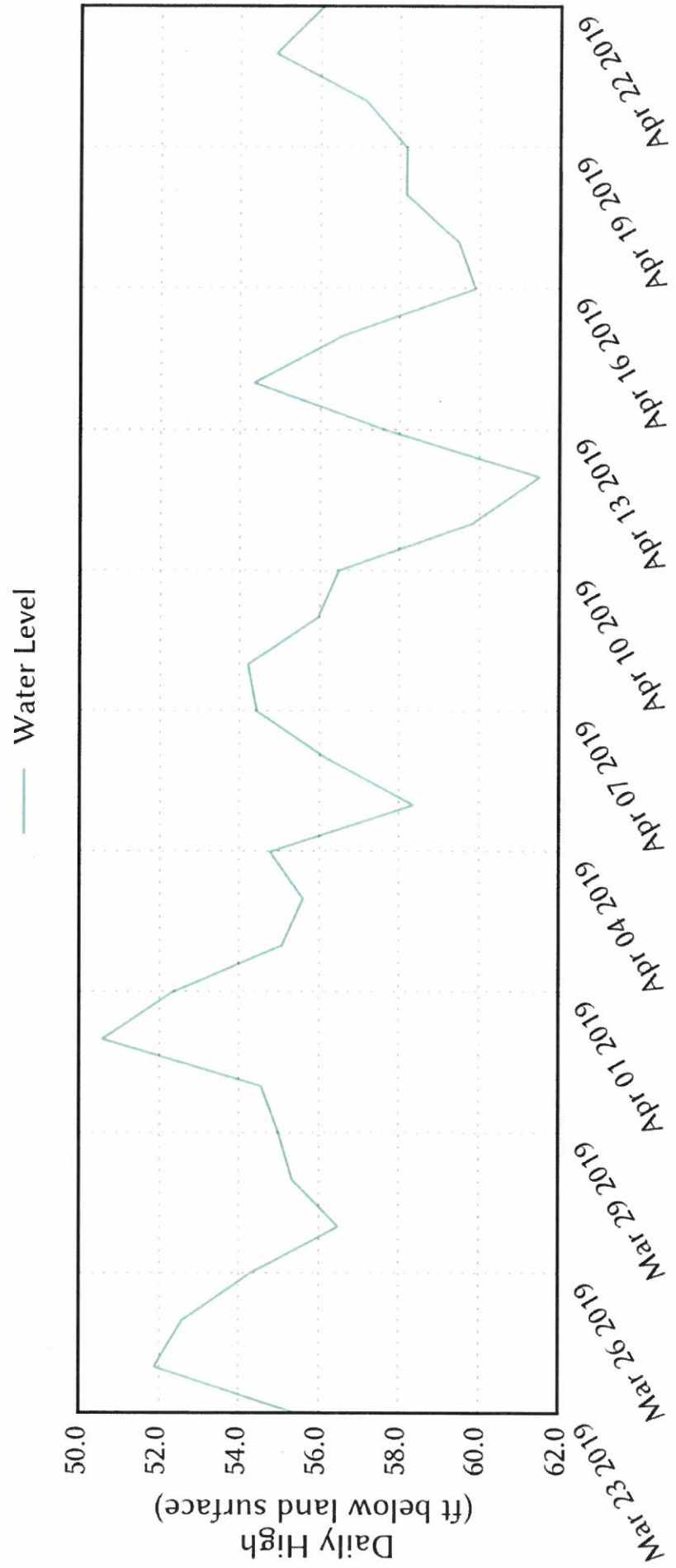
City of Fredericksburg

Knauth Wellfield – Period of Record



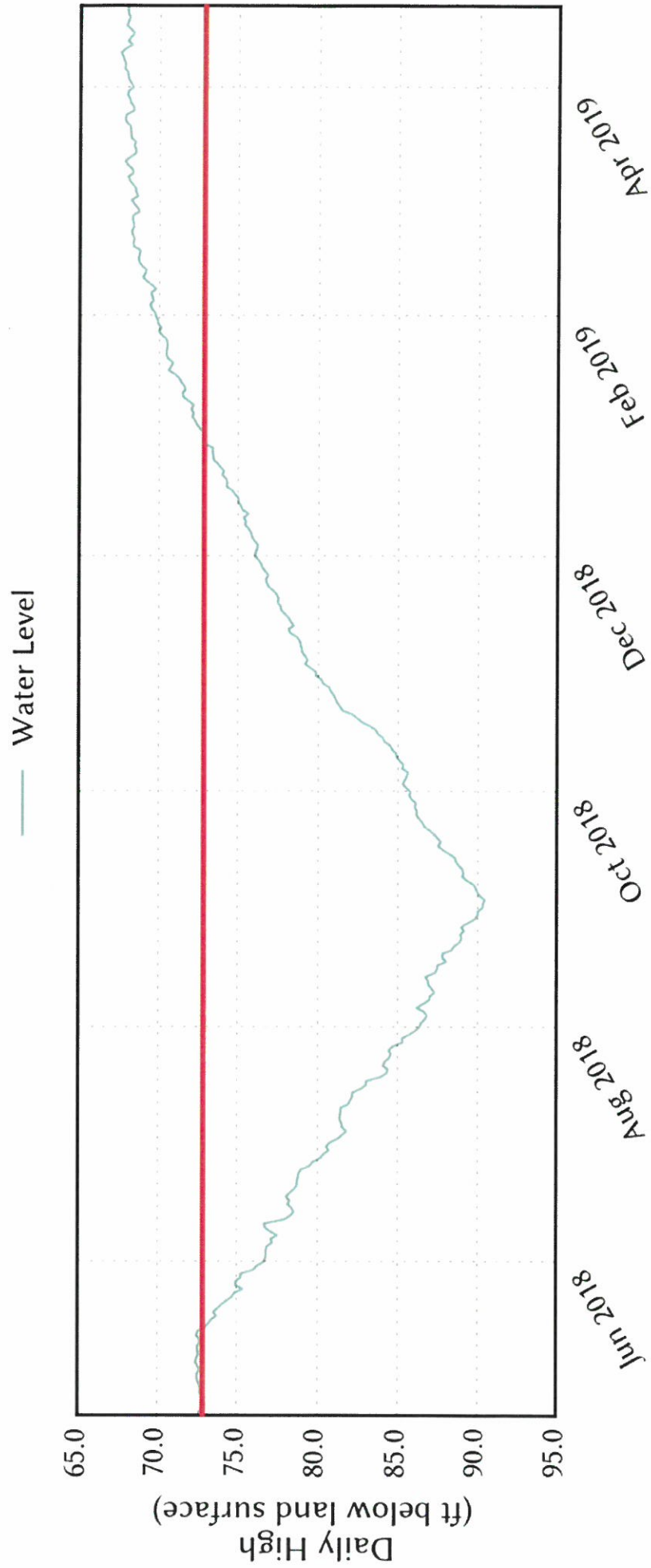
City of Fredericksburg

Knauth Wellfield – Last 30 days



City of Fredericksburg

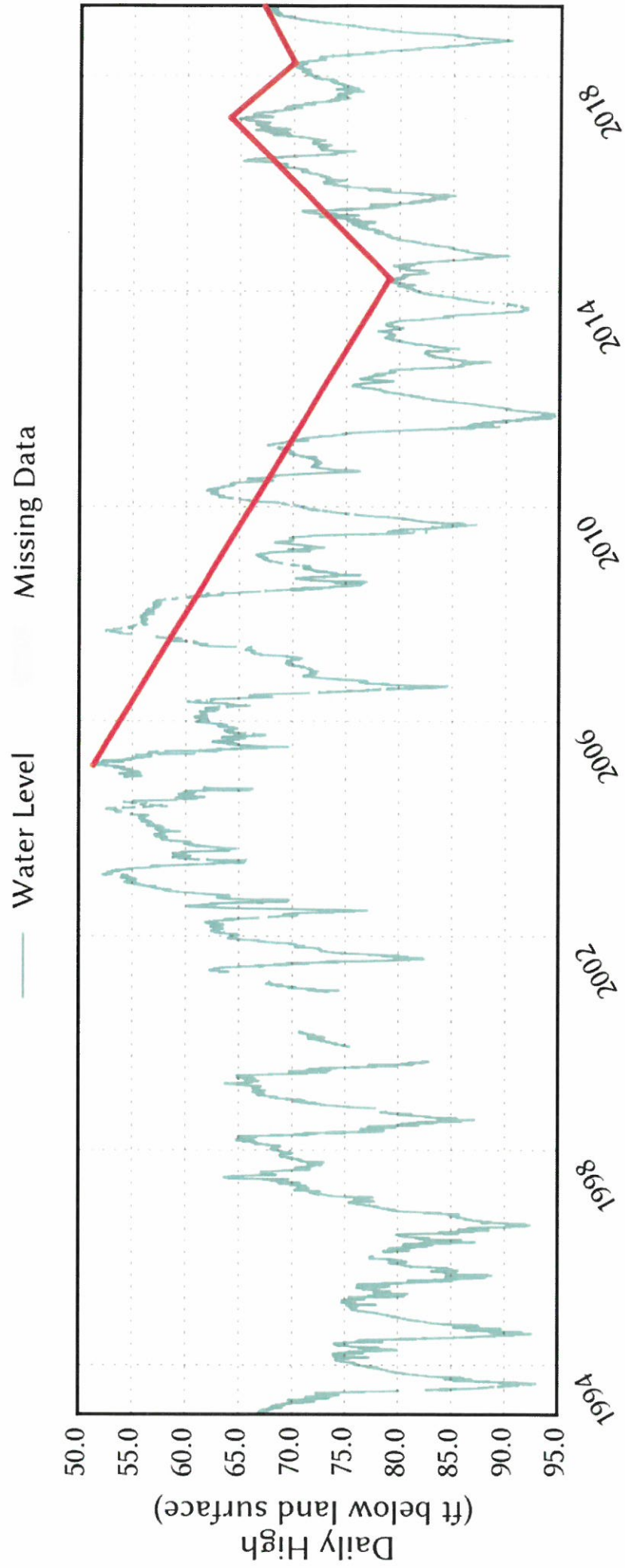
Boerner Wellfield – 1 Year



* Boerner Wellfield approximately 50% of City's water supply

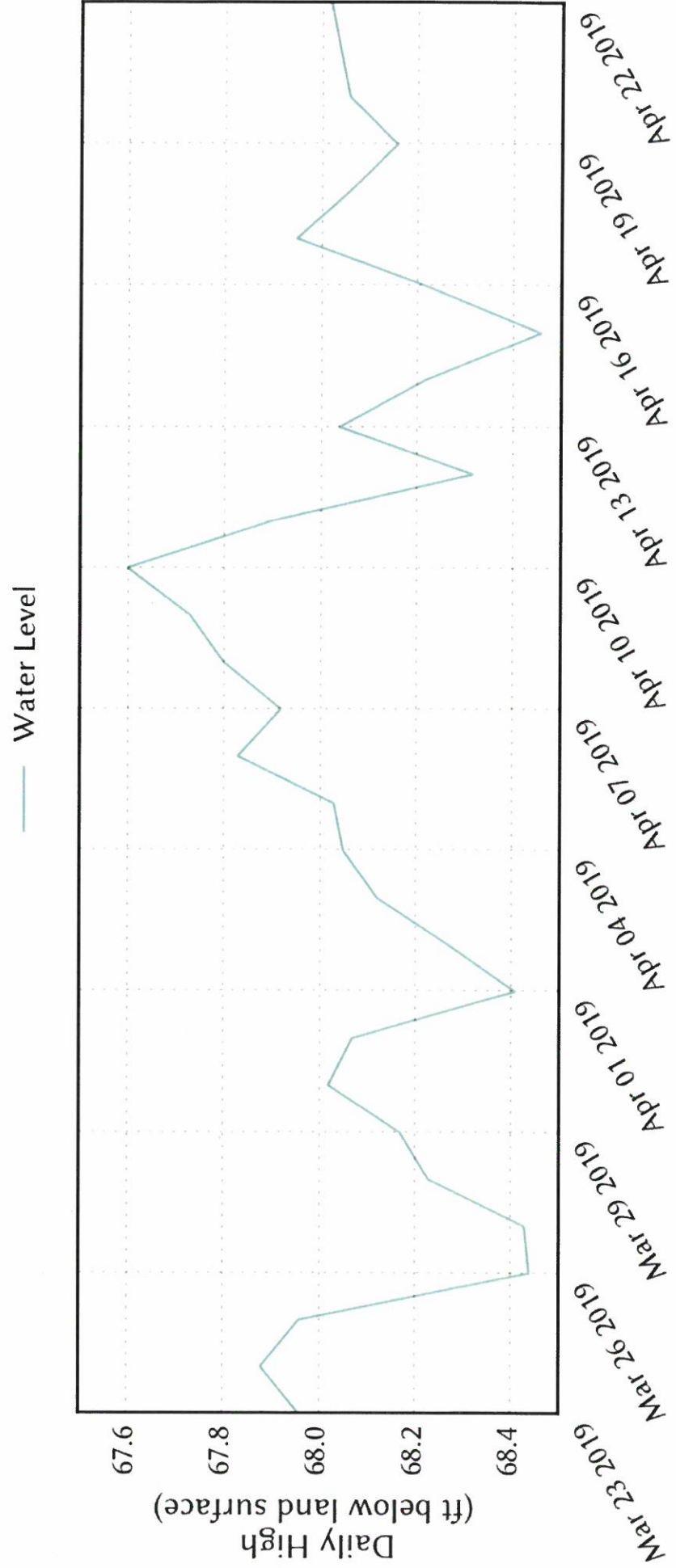
City of Fredericksburg

Boerner Wellfield – Period of Record



City of Fredericksburg

Boerner Wellfield – 30 Days



Watering Restrictions

- New watering restrictions went into effect May 1, 2014
 - 5 stages of watering restrictions
 - Goal of each stage is to reduce demand of water

Trigger Conditions

1. Stage of the “Local Drought Index” based on local drought sensitive parameters
 1. Daily Average water levels from two Ellenburger aquifer wells
 2. Average daily flow of the Pedernales River
 3. Prior 10-month cumulative rainfall amount
 4. Palmer Drought Index
2. Pumping capacity of pumps that transfer water into the City’s distribution system
3. Decrease in well field production capacity
 - Initiation and Termination of Stages by City Manager proclamation

Stage	Last Digit of Address	Watering Day	Weekends	Watering Times
1	All	Mon. – Sun.	Yes	5-9 a.m. 7-11 p.m.
2	1 or 2 3 or 4 5 or 6 7 or 8 9 or 0	Mon & Sat Tues & Sat Wed & Sun Thurs & Sun Fri & Sun	Yes	5-9 a.m. 7-11 p.m.
3	1 or 2 3 or 4 5 or 6 7 or 8 9 or 0	Mon Tues Wed Thurs Fri	Yes but with handheld hose, bucket or drip only	5-9 a.m. 7-11 p.m.
4	1 or 2 3 or 4 5 or 6 7 or 8 9 or 0	Mon Tues Wed Thurs Fri	Yes but with handheld hose, bucket or drip only	7-11 p.m.
5	All	None	No	None

Major Water System Projects

1. Pump Station, Water Storage Tank and 16" Water Main

- New Pump Station located at Knauth Wellfield
- New Water Storage Tank located at Knauth Wellfield
- 16" Water Main along 290 E from Knauth Wellfield to City Limits

2. Two Additional Water Storage Tanks

- North Tank
- Cross Mountain

* All projects are currently in the engineering design stage and are tentatively scheduled to be completed and operational by Oct, 2020

Future Agenda Items

City Council

May 14, 2019 Special Meeting 4:00 p.m. City Hall Conference Room

Canvass the May 5, 2019 Election and administer the Oath of Offices.

May 20, 2019 Regular Meeting

City Council = Red

Planning & Zoning = Green

Historic Review Board = Purple

Board of Adjustment = Blue

City Events=

May 4th Election Day for General and Special (Bond) Election.

May 24th Council Retreat

May 27th Memorial Holiday

Sun	Mon	Tues	Wed	Thur	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Recognitions:

Consent

1. 5-2-19 City Council Special Meeting Minutes
2. 5-6-19 City Council Regular Meeting Minutes.
3. 5-14-19 City Council Special Meeting Minutes.

Public Hearing

1. # Z-1904 to change the zoning from R1, Single Family Residential, to R2, Mixed Residential, on lots 149, 150, 151 and 152 of the Walch Terrace Addition Block T located at 314 W. Park Street.
2. #Z-1908 to change the zoning from R1, Single Family Residential, to R1-a, Single Family Small Lot on 16.04 acres of land located West of Hollmig Lane and South of Friendship Lane.
3. #Z-1910 by City of Fredericksburg to expand the local Historic District through a Zoning Overlay "H"

Ordinances

1. Apply new (Zoning District MU 1, Zoning District MU 2, Zoning District C 1.5) to annex property
2. Calling for a November 5th Special Election-Charter Amendment)
3. # Z-1904 to change the zoning from R1, Single Family Residential, to R2, Mixed Residential, on lots 149, 150, 151 and 152 of the Walch Terrace Addition Block T located at 314 W. Park Street.
4. #Z-1908 to change the zoning from R1, Single Family Residential, to R1-a, Single Family Small Lot on 16.04 acres of land located West of Hollmig Lane and South of Friendship Lane.

Resolutions:

1. Fort Martin Scott Friends Master Plan

Approvals-Misc.

1. Approval of HRB landmarking 705 N. Elk

Presentations, Discussions and Updates:

June 3, 2019 Regular Meeting

Sun	Mon	Tues	Wed	Thur	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Recognitions:**Consent**

1. 5-20-19-19 City Council Regular Meeting Minutes.

Public Hearing

1. #Z-1910 by City of Fredericksburg to expand the local Historic District through a Zoning Overlay "H"

Ordinances

1. Approving the Heather Glen Annexation
2. #Z-1910 by City of Fredericksburg to expand the local Historic District through a Zoning Overlay "H"

Resolutions:**Approvals-Misc.****Presentations, Discussions and Updates:****Executive Session**