

# FY 2016-17

## Comprehensive Annual Financial Report



COMMUNITY RECREATION CENTER



CENTRAL TEXAS TECHNOLOGY CENTER





# Mission

*The City of New Braunfels will add value to our community by planning for the future, providing quality services, encouraging community involvement and being responsive to those we serve.*





# History of New Braunfels

Several Native American tribes inhabited the New Braunfels area because of the fresh spring water available. The expedition of Domingo Terán de los Ríos of 1691 followed the "El Camino Real" (today a National Historic Trail) which crossed the Guadalupe River near today's Faust Street Bridge. Subsequent French and Spanish expeditions, including those of the Marqués de Aguayo and Louis Juchereau de St. Denis, commonly passed through this area. In 1825, a Mexican land grant gave title of the area around the springs to Juan M. Veramendi. During the eighteenth century, the springs and river (which had been called Las Fontanas and the Little Guadalupe respectively) took the name Comal, Spanish for "flat dish" and Guadalupe.

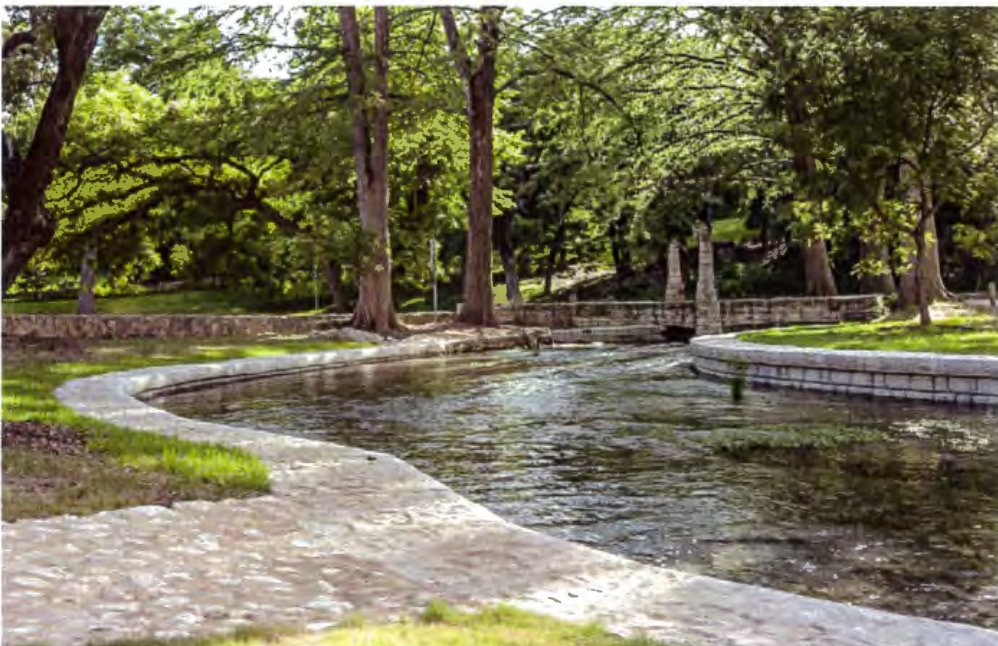
1836 saw the formation of the Republic of Texas after years of bloody battles with the Mexican Government who laid claim to this territory. To pay off war debt and weaken political ties with Mexico, the new nation of Texas offered public land to Americans and Europeans. This offer, in conjunction with political strife in their home country, enticed a group of German nobleman to form an immigration company named Adelsverein. German immigrants began to arrive in Indianola, Texas in December 1844 and make their way to San Antonio. On March 13, 1845, Prince Carl of Solms-Braunfels, Germany entered into an agreement with Maria Antonio Garza and her husband Rafael E. Garza for 1,265 acres of the Veramendi land grant for a sum of \$1,111.

The first wagon of German immigrants arrived on Good Friday, March 21, 1845. Prince Solms and his engineer, Nicholas Zink, selected a town site. The town had an open square with streets radiating out at right angles. The original town included 342 lots, each with a narrow street frontage so that the town could remain compact and defensible yet provide street frontage to as many lots as possible. This urban plan was popular in German scholarship of the nineteenth century, set New Braunfels apart from other Texas towns and is still evident today.



**Faust Street Bridge**





***COMPREHENSIVE  
ANNUAL FINANCIAL REPORT***

of the

**CITY OF NEW BRAUNFELS, TEXAS**

**For the Year Ended  
September 30, 2017**

**Prepared by  
Finance Department**

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# CITY OF NEW BRAUNFELS, TEXAS

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## ***INTRODUCTORY SECTION***



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## FINANCE DEPARTMENT

May 18, 2018

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

The Comprehensive Annual Financial Report for the City of New Braunfels, Texas ("City") for the fiscal year ended September 30, 2017, is hereby submitted. This report was prepared through the cooperative efforts of the Finance Department and the City's independent auditors. The purpose of the report is to provide the City Council, management, staff, the public, and other interested parties with detailed information reflecting the City's financial condition.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse; and to compile sufficient, reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed financial statements and schedules are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds, departments, and component units of New Braunfels, Texas.

The City Charter requires an independent auditing firm to annually complete an audit of the books and accounts of every City department. The City's financial statements have been audited by Belt Harris Pechacek, LLLP, a firm of licensed certified public accountants. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2017 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The basic financial statements, including the accompanying notes, represent the core of the financial section. These financial statements present the financial condition of the City as a single entity, as well as the individual funds that account for the City's various governmental and business-type activities. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.



## **PROFILE OF THE GOVERNMENT**

New Braunfels is a dynamic and historic Texas community of about 70,543 located on Interstate 35, 30 miles north of San Antonio and 45 miles south of Austin. The population in 2008 was 53,975 and the City has seen a 37 percent increase in population in the last ten years. New Braunfels is the largest city in Comal County and serves as the County seat. The City's geographic corporate boundaries encompass 45 square miles. The City's history is one of the richest in Texas and is cherished by its residents who strive to preserve and protect their heritage that reflects both strong German and Hispanic influences. Often referred to as the "City of a Prince" (because it was founded by Prince Carl of Solms Braunfels), early New Braunfels became an important part of Texas civilization and industry. In the 1960's, the community became more committed to preserving its rich history and this has tied into the emerging tourism industry, a major factor in the economy of today's New Braunfels. Visitor attractions abound in New Braunfels and the surrounding area. A city of tradition, New Braunfels today finds itself in a time of rapid changes. Its prime location between San Antonio and Austin drives rapidly increasing population.

As provided in its Home Rule Charter, a Mayor and a six-member City Council govern the City of New Braunfels. The Mayor is elected at large while the remaining City Council members represent the six City Council Districts of the City. All policy making decisions are vested in the City Council. Among other duties, the City Council appoints a City Manager who directs the day-to-day operations of the City under guidelines and policies of the City Charter and the City Council, and develops the annual budget. Each City Council member is elected for a three-year term on a staggered basis. The City Charter limits service to two consecutive terms of office, and not more than three total terms in a lifetime.

The City of New Braunfels is a full-service municipal organization with the organizational structure and divisions as depicted in the organizational chart. The City provides a full range of services that includes police and fire protection, emergency response services, solid waste service and recycling, maintenance of streets and infrastructure, recreational activities, library services, planning and development services, code enforcement and animal control, river management, golf course management, a municipal court, a system of municipal parks, and an airport.

The New Braunfels Industrial Development Corporation (NBIDC) was formed to administer a special 3/8 of one cent sales tax for economic development. It is a non-profit corporation. The City appoints all NBIDC board members, can remove board members at will, and must approve the NBIDC's budget and plan of work. Because of this, City management has included NBIDC in its financial reports as a discretely presented component unit. In addition, the New Braunfels Utility (NBU) is a City-owned water, wastewater, and electric utility serving the City of New Braunfels and some of the surrounding area. The City appoints these board members as well, and approves any proposed debt issuance. The City interacts or contracts with various other governmental and non-governmental entities (e.g. Comal County, the New Braunfels Housing Authority, and the New Braunfels Independent School District), but is not financially accountable for those entities.

The City of New Braunfels maintains a system of budgetary controls, the objective of which is to ensure compliance with the legal provisions of the annual appropriated budget approved by the City Council. The annual Operating Budget and Plan of Municipal Services is the basic budget document. It governs all expenditures within a certain fiscal year, which runs from October 1 to September 30. This annual budget serves as the foundation for the City's financial planning and management. The budget is proposed by the City Manager and adopted by the City Council in accordance with policies and procedures established by the City Charter, City Council ordinances, State requirements, and City policies. The budget is prepared and presented by fund (e.g., general fund), department (e.g., police), or function (e.g., debt service), and expenditure group (e.g., employee expenses, operations expenses, and capital expenses).

The budget, as adopted by City Council, controls expenditures by fund, department, and at the group level for all funds in these categories. These groups are: employee expenses, operations expenses, capital expenses, interfund transfers, debt service, and contingencies for the General Fund, enterprise funds, special revenue funds, and other funds.

This means that, although funds are allocated into individual line items in each budget and those line item

allocations are adopted as part of the budget, departments have some flexibility in expensing these funds within the group. As long as the total appropriation for a group (for example, employee expenses) is not exceeded, one or more line items in the group (for example, health insurance) may exceed its budget allocation. City Council action is required only if a group of expenditures will exceed the budget appropriation.

In the Community Development Block Grant, Special Revenue, and Grants Funds, and NBIDC Budget, appropriations are controlled at the project level. As the City Council accepts federal entitlements and grants, as donations are received from outside sources, and as projects are approved, those proceeds are appropriated and available to departments and to NBIDC to expend for identified City purposes and needs.

Capital improvement funds are also controlled at the project level. Expenditures within the individual projects may span fiscal years. However, budgetary control is not exercised by fiscal year; it is by the total project cost and total project expenditures. This provides a more realistic approach to budgetary control for these types of activities.

The City's budget staff prepares the revenue estimates and budget instructions and each City department completes expenditure estimates and budget requests. Estimates and requests are reviewed by the City Manager and evaluated within the total financial framework of the City. The City Manager makes final decisions as to what budget recommendations are submitted to the City Council. The City Council reviews the budget in a public process. The City Charter mandates that a proposed budget be presented to the City Council at least 45 days prior to the end of the fiscal year. Furthermore, the City Charter requires that a public hearing be held prior to the adoption of the budget.

Monthly reports are generated that allow management, the City Council, and citizens (as these reports are posted on the City's website) to monitor expenditures on a fund and departmental basis. Transfers of budget appropriations may occur with the approval of the City Council. This report includes all organizations and activities for which the elected officials exercise financial control.

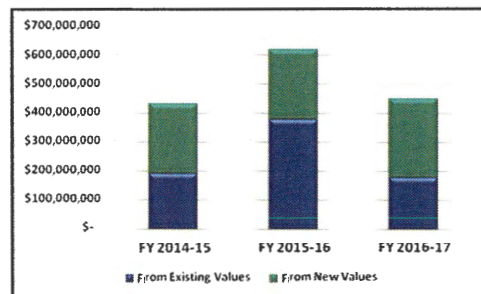
## **ECONOMIC CONDITION AND OUTLOOK**

In the ten years prior to fiscal year (FY) 2010-11, the City of New Braunfels enjoyed a very robust, high growth period. Population grew at an average annual rate of 3.6 percent. Property values increased an average of 7.3 percent annually. Sales tax growth averaged 13.9 percent annually over the same period, both from major new businesses attracted through economic development agreements, as well as general retail growth. The City, during that same time frame, attracted some major business generators, positively affecting the City's property tax revenue.

Between cultural tourism and tourist visits to the Comal River, it is estimated that New Braunfels receives approximately 3.2 million visitors a year. A 2013 economic impact analysis found that the tourism industry accounted for approximately \$531.5 million in 2013 – an increase of 13 percent from 2009. In 2013, the hospitality industry employed 5,662 direct workers and supported another 1,659 indirect workers in spinoff jobs in the community. The tourism and accommodation industry does not, however, provide a majority of the jobs in New Braunfels. Exclusive of government, the City's three largest industries in the value of goods and services provided are manufacturing, health care and social assistance, and retail trade. The governmental (school district, local, state, and federal), retail trade, health care and social assistance, accommodation and food services, and finance and insurance industries, respectively, provide the greatest number of jobs in the community.

As with most areas around the country, New Braunfels was impacted by the significant economic downturn. The City's sales tax revenue has grown annually, with the exception of FY 2014-15 – 4.5 percent in FY 2009-10, 7.6 percent in FY 2010-11, 10.2 percent in FY 2011-12, 12.6 percent in FY 2012-13, 10.3 percent in FY 2013-14, decreased 0.5 percent in FY 2014-15, and 7.3 percent in FY 2015-16. In FY 2016-17, sales tax revenue increased by 4.8 percent.

While existing taxable property values dropped slightly in FY 2009-10, new property gave the City an overall growth in property values of 2.9 percent that year. For FY 2010-11, taxable property values showed an overall decline of just less than one percent. However, in FY 2011-12, property values began to rebound showing overall growth of 2.2 percent. In FY 2012-13, the rebound continued, with a growth rate of 3.7 percent. In FY 2013-14, the City saw growth of 5.5 percent. In FY 2014-15, the City experienced a growth rate of 11.1 percent (freeze adjusted). In FY 2015-16, the City experienced a growth rate of 14.8 percent (freeze adjusted), the largest level of growth experienced since the economic downturn. In FY 2016-17, the City experienced a growth rate of 12.7 percent (freeze adjusted). The figures previously mentioned demonstrate that New Braunfels is recovering at a faster rate when compared to other communities. The growth in values has been driven both by new values added to the rolls and increases to existing properties. To illustrate this, the graph below breaks down gross increases in assessed valuation for the past three years by new values and increases to existing values:



The City also recognizes the value of commercial development to its economic base and continues to encourage commercial growth that will be beneficial to the tax base and support the citizens' needs. The community invests in a business development and primary job recruitment program that has created 9,798 new jobs since 2003. Ashley Furniture located and then expanded a distribution center (adding 150 jobs to the existing 200) in the City and Home Depot Supply located a sales facility within the City. These developments had a very positive impact on the City's sales tax revenue. In 2007, the City established a tax increment financing district to facilitate the development of a 400-acre master planned, mixed use development. The original value of all property within that district was \$3.4 million. Today, the development integrates over 1 million square feet of retail with a 130-bed hospital, two multi-family developments, and an entertainment complex. The total taxable values of all improvements in the district exceed \$348 million (2017 values), and the development generates approximately \$3 million in annual sales tax revenue to the City of New Braunfels and Comal County.

Infrastructure investments and property acquisition from state and local governments totaling more than \$20 million has created significant operational, financial, and safety enhancements at the City's regional airport. A recently completed runway extension, new taxiway and apron construction, and hangar and lighting enhancements have led the airport to be nominated for the Most Improved General Aviation Airport by the Aviation Division of the Texas Department of Transportation. As a consequence of these investments, the airport has seen major new developments with two new hangars being constructed in the last three years. These hangars have helped multiple new aircraft base at the airport. These new aircraft have increased fuel sales and property tax revenue, and generated new operations at the airport. The City's industrial development corporation has a dedicated funding source and is able to offer incentives for businesses to choose New Braunfels, which is a large differentiator in today's competitive economy.

The long-term economic outlook for the New Braunfels area is positive. Advantages for the community's economic stability and growth include: the close proximity to both San Antonio and Austin, the IH 35 Corridor, the availability of choice industrial sites throughout the City, and the strong tourism sector of the economy. The City expects tourism to remain strong because New Braunfels offers great attractions at reasonable prices. Visitors can enjoy local dining, shopping, the "world's best" water park (Schlitterbahn), and river activities in and along the two rivers running through the heart of the community.



## **MAJOR INITIATIVES**

Since 2004, the City has completed \$122 million in capital improvement projects. Streets and drainage improvements make up a large portion of that amount and include projects such as the Walnut Avenue Widening project, South Tributary Drainage improvements, the extension of Walnut Avenue to Klein Road, and the Church Hill road drainage improvements, among others. Parks and recreation improvements include the development of Fischer Park, the Landa Park riverfront rehabilitation project, a new irrigation system in Landa Park, and improvements to the Landa Park Aquatic Complex. The remaining investments are made up of various municipal improvement projects such as the renovations to the Civic and Convention Center, and the construction of two fire stations, Downtown Pedestrian Improvements, and the North Tributary Flood Control Project.

Approximately \$31 million of capital improvement projects are in progress or nearing completion. This includes projects such as the Airport Improvements Project, the North Tributary Flood Control Project, and the Downtown Improvements Project, among others.

Also in progress are the 2013 bond program projects. The citizens approved an \$86 million bond program that includes four propositions: street improvements (\$37.5 million for four projects), drainage improvements (\$24.5 million for five projects), parks improvements (\$20 million for four projects), and expansion of a major education facility in the community (\$4 million). The street projects include \$10 million for City-wide street improvements, as well as a major investment in a growing area of the community. The drainage funds will complete four projects and design a fifth in a critical intersection in the City. The parks projects include a recreation center, expansion of a hike and bike trail, development of a neighborhood park, and acquisition of land for a new youth sports complex.

In addition to these various capital improvements, the City has increased its police sworn officer workforce by 37 percent since FY 2006-07. This was accomplished within the context of an operating and maintenance property tax rate lower than the rate of ten years ago.

## **FINANCIAL INFORMATION**

The General Fund ended the year with total fund balance of \$19.1 million. This balance provides adequate protection against unforeseen occurrences and fluctuations in revenue sources. The City's financial policies require fund balance of at least 25 percent of operating expenditures and the City has maintained a minimum of a 30 percent balance to protect our strong bond rating. The City receives a significant portion (about 38 percent) of its General Fund revenue from sales tax, a source sensitive to economic fluctuations. Therefore, the City has worked to maintain a minimum operating reserve of at least 110 days.

The City's commitment to sound financial management and strong reserves paid dividends in FY 2015-16 as Standard and Poor's raised the City's bond rating from AA- to AA. Moody's maintained its rating of Aa2 for the City.

The City maintains a five-year capital improvement program (CIP), with all planned capital projects reviewed annually by the City staff and City Council. This annual review allows the City to change and adjust priorities by responding to changing growth patterns, economic conditions, and federal and state mandates. The five-year CIP is used exclusively as a planning tool and, therefore, does not commit the City to any project or project funding. The intent of the CIP is for the City staff to identify specific capital improvements needed during the subsequent five years and prioritize those projects. Recommended improvements are not approved until official action has been taken by the City Council. As stated, in May 2013, the citizens of New Braunfels approved an \$86 million bond program that includes streets and drainage improvements; park improvements; and expansion of the Central Texas Technology Center, an education facility.

The updated CIP is shown below. It identified \$537.0 million in unfunded, needed capital improvements during the next ten years (through 2022). These recommended improvements are identified by the following activities:

Street Improvements	\$170,461,100	32%
Drainage Improvements	\$118,032,000	22%
Parks and Park Facilities	\$105,351,800	20%
Airport	\$21,377,000	4%
Municipal Improvements	\$121,745,900	22%
Total	\$536,967,800	100%

These improvements provide for new facilities and facilities expansion, airport improvements, equipment acquisition and replacement, roads and storm water drainage systems, park land acquisition, parks and recreation facilities, and public safety facilities.

Annually, the City Council also adopts a CIP with the annual operating budget and work plan, authorizing funding for and directing staff to initiate certain projects. Over the last five years, the City has maintained an aggressive program to meet long-standing infrastructure needs in streets, drainage, parks, and fire stations. The approval of the bond program helps further this program.

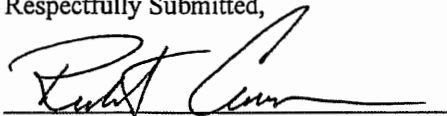
#### AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of New Braunfels for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the ninth year that the government has achieved this prestigious award (in recent history). In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

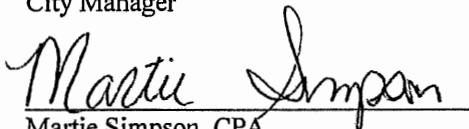
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis requires a great deal of cooperation. In recognition of that, the Finance Department gratefully acknowledges the leadership and support of the City Council and City Manager. Also, the efforts of our Finance staff and external audit firm were invaluable.

Respectfully Submitted,



Robert Camareno  
City Manager



Martie Simpson, CPA  
Director of Finance

**CITY OF NEW BRAUNFELS, TEXAS**

***CERTIFICATE OF ACHIEVEMENT FOR  
EXCELLENCE IN FINANCIAL REPORTING***



**Government Finance Officers Association**

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

**Presented to**

**City of New Braunfels  
Texas**

**For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended**

**September 30, 2016**

*Christopher P. Morill*

**Executive Director/CEO**

# CITY OF NEW BRAUNFELS, TEXAS

## ORGANIZATIONAL CHART

September 30, 2017

The following page contains the organization chart for the City of New Braunfels. Department directors are as follows:

**City Attorney (Legal Services)** – Is the City’s legal division and provides legal representation and advice to all City departments. Attorneys also review all proposed City ordinances and contracts and provide prosecutorial and other support to municipal court.

**Police (Law Enforcements Services)** – Is responsible for police protection and crime prevention throughout the City.

**Fire** – Is responsible for fire inspection, fire suppression, fire prevention education, and emergency response services (including ambulance response).

**Public Works** – Is responsible for providing services for solid waste collection and recycling, maintenance and improvements of City streets and drainage infrastructure and facilities, plats and plans review for new developments in the City limits, water quality and storm water management, and maintenance of City facilities.

**Finance** – Is responsible for all City financial and accounting functions, including centralized purchasing, grant coordination, coordination and completion of the City’s Comprehensive Annual Financial Report, and completion of the annual operating and capital budget.

**Human Resources** – Is a full service human resources function for civil service and non-civil service employees. This department manages the employee compensation programs, all employee benefits including a wellness program, employee training and development, recruitment, and risk management.

**Information Technology** – Is responsible for designing, deploying, and maintaining modern technology solutions that facilitate and enhance the City’s effectiveness in service to the citizens of New Braunfels.

**Planning and Community Development** – Is responsible for overseeing those activities that ensure appropriate enforcement of the City’s building and environmental codes, historic preservation, and animal control. Staff also is responsible for code compliance and reviews building plans and plats for compliance with regulations. Staff works on all aspects of zoning and annexation issues.

**Parks and Recreation** – Is responsible for the provision of parks and recreation services and facilities. This includes park development and management, program development and administration, special events coordination, management of a spring-fed and Olympic-size pool, and efforts to provide a safe and enjoyable environment for citizens and tourists partaking in river-related activities. The department also manages the City’s golf course.

**Library** – Is responsible for providing access to books and materials, information and reference services, and programs and computers for the general public. Staff also develops and conducts adult and children’s programs to foster literacy and learning.

**Airport** – Is responsible for maintaining a safe and efficient air transportation portal for the area, as well as planning for future airport development and infrastructure projects.

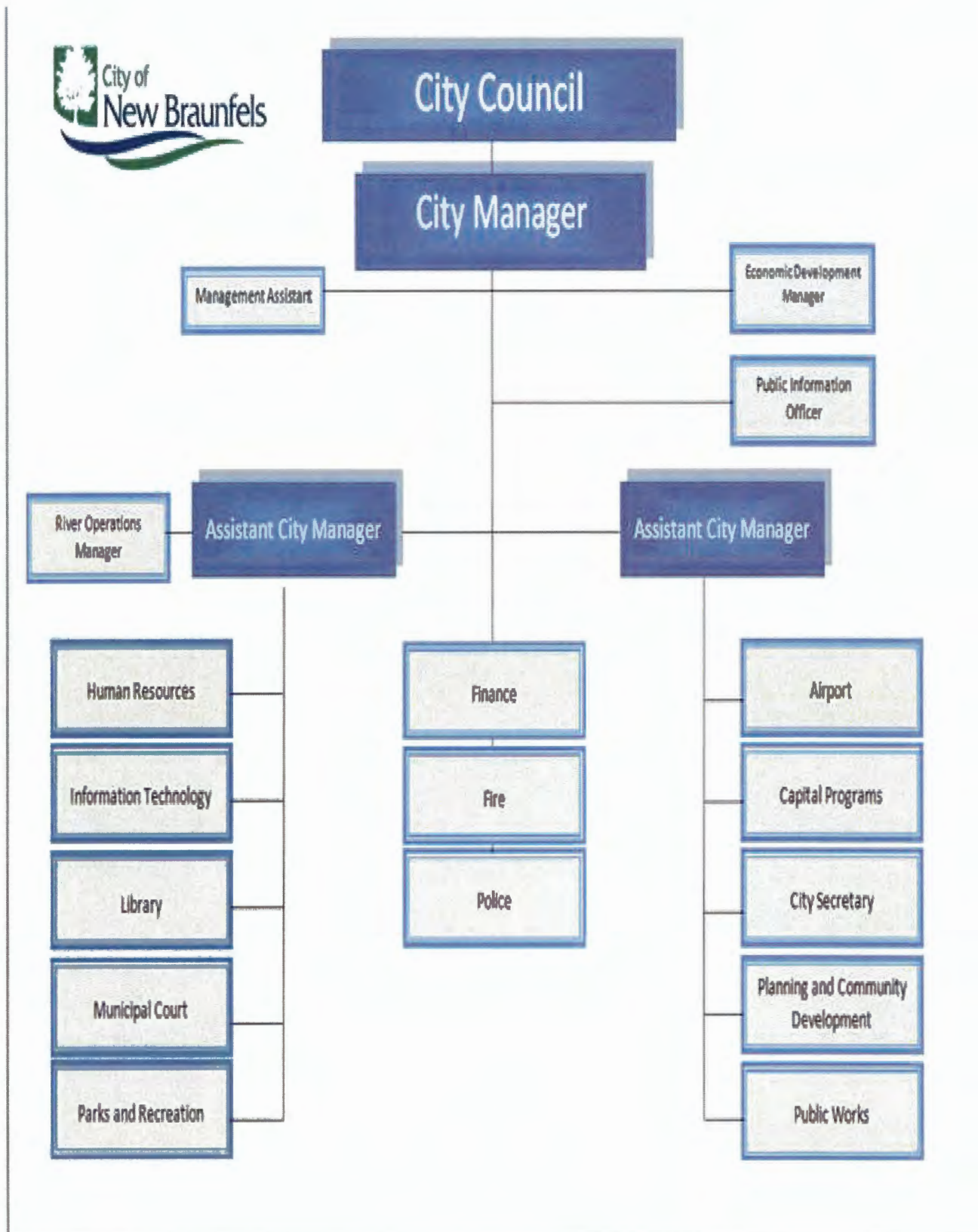
**City Secretary’s Office** – Is responsible for minutes of meetings of the governing body of the City and its boards and commissions, coordinating City elections, and City-wide records management.



# CITY OF NEW BRAUNFELS, TEXAS

## ORGANIZATIONAL CHART

September 30, 2017





# CITY OF NEW BRAUNFELS, TEXAS

## *LIST OF ELECTED AND APPOINTED OFFICIALS*

<b>Elected Officials</b>	<b>Position</b>
Barron Casteel	Mayor
George Green	Council Member, District 1
Justin Meadows	Council Member, District 2
Ron Reaves	Council Member, District 3
Chris Monceballez	Council Member, District 4
Wayne Peters	Council Member, District 5
Leah A. Garcia	Council Member, District 6
<b>Appointed Officials</b>	<b>Position</b>
Robert Camareno	City Manager
Valeria Acevedo	City Attorney
Rose Zamora	Municipal Court Judge
<b>Department Directors</b>	<b>Position</b>
Kristi Aday	Assistant City Manager
Thomas Wibert	Police Chief
Kenneth Jacks	Fire Chief
Greg Malatek	Public Works Director
Martie Simpson	Finance Director
Jared Werner	Human Resources Director
Christopher Looney	Planning and Community Development Director
Stacey Dicke	Parks and Recreation Director
Gretchen Pruett	Library Director
Travis Cochrane	Information Technology Director
Robert Lee	Airport Director





## ***FINANCIAL SECTION***

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## ***INDEPENDENT AUDITORS' REPORT***

To the Honorable Mayor and  
Members of the City Council of the  
City of New Braunfels, Texas:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Braunfels, Texas (the "City"), as of and for the year ended September 30, 2017, 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 did not audit the financial statements of New Braunfels Utilities, a discretely presented component unit, which financial statements reflect total assets of \$541,639,549 and total revenues of \$163,224,375 for the fiscal year. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for New Braunfels Utilities is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are

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

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

## **Opinions**

In our opinion, based on our audit and the report of other auditors, 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 units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017, 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.

## **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 contributions, and schedule of funding progress, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements



themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

 BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP  
*Certified Public Accountants*  
Houston, Texas  
May 18, 2018



***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***



# CITY OF NEW BRAUNFELS, TEXAS

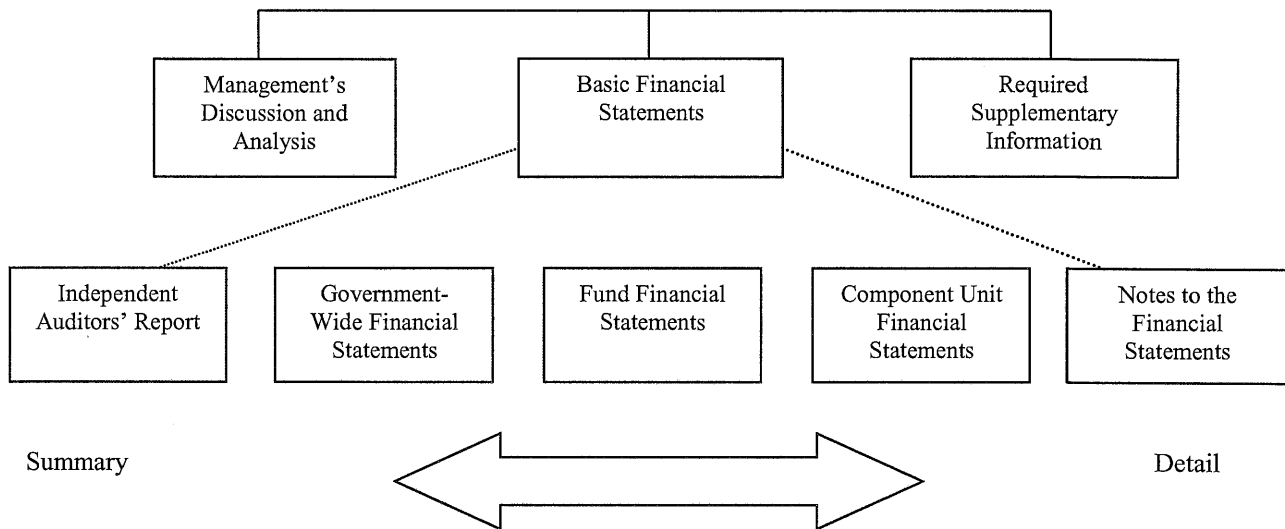
## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2017

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of New Braunfels, Texas (the "City") for the year ending September 30, 2017. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

### THE STRUCTURE OF OUR ANNUAL REPORT

#### Components of the Financial Section



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

#### Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.



**CITY OF NEW BRAUNFELS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2017

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – The City's tax-supported services are reported here including police and fire protection (public safety), streets and drainage (public works), public improvements, parks and recreation, planning and development, and general administrative services (general government). Interest payments on the City's tax-supported debt are also reported here. Property tax, sales tax, franchise taxes, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's airport, solid waste, golf course, and civic center services, as well as interest payments on debt issued for equipment financing.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate industrial development corporation and a legally separate utilities entity for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Tax Increment Reinvestment Zone No. 1 and the New Braunfels Development Authority, although also legally separate, function for all practical purposes as departments of the City and, therefore, have been included as an integral part of the primary government.

The government-wide financial statements can be found after the MD&A.

## **FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

### **Governmental Funds**

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

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2017**

The City maintains 35 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, hotel/motel tax, debt service, and general obligation funds, which are considered to be major funds for reporting purposes.

The City adopts an annual appropriated budget for its general fund, debt service fund, and select special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

**Proprietary Funds**

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airport, solid waste, golf course, and civic center services. The proprietary fund financial statements provide separate information for the airport, solid waste, golf course, and civic center operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The City also uses an internal service fund to account for its self-funded health plan. This internal service fund has been included within governmental activities in the government-wide financial statements.

**Notes to Financial Statements**

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

**Other Information**

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general and hotel/motel tax funds, a schedule of changes in net pension liability and related ratios for the Texas Municipal Retirement System (TMRS), schedule of contributions for TMRS, and schedule of funding progress for post employment healthcare benefits. RSI can be found after the notes to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$41,110,396 as of September 30, 2017 for the primary government. This compares with \$35,754,559 from the prior fiscal year. The largest portion of the City's net position, \$36,495,164, reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, construction in progress, 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 assets themselves cannot be used to liquidate these liabilities.

**CITY OF NEW BRAUNFELS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2017

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 85,349,560	\$ 98,309,547	\$ 3,742,645	\$ 3,768,549	\$ 89,092,205	\$ 102,078,096
Capital assets, net	165,549,656	153,097,649	31,206,074	33,856,285	196,755,730	186,953,934
<b>Total Assets</b>	<b>250,899,216</b>	<b>251,407,196</b>	<b>34,948,719</b>	<b>37,624,834</b>	<b>285,847,935</b>	<b>289,032,030</b>
Deferred charge on refunding	2,114,149	1,746,049	-	-	2,114,149	1,746,049
Deferred outflows - pensions	9,083,955	9,447,750	930,328	965,248	10,014,283	10,412,998
<b>Total Deferred Outflows of Resources</b>	<b>11,198,104</b>	<b>11,193,799</b>	<b>930,328</b>	<b>965,248</b>	<b>12,128,432</b>	<b>12,159,047</b>
Long-term liabilities	240,027,245	247,942,045	4,914,296	4,835,394	244,941,541	252,777,439
Other liabilities	10,499,128	11,520,747	609,804	429,739	11,108,932	11,950,486
<b>Total Liabilities</b>	<b>250,526,373</b>	<b>259,462,792</b>	<b>5,524,100</b>	<b>5,265,133</b>	<b>256,050,473</b>	<b>264,727,925</b>
Deferred inflows - pensions	736,840	641,105	78,658	67,488	815,498	708,593
<b>Total Deferred Inflows of Resources</b>	<b>736,840</b>	<b>641,105</b>	<b>78,658</b>	<b>67,488</b>	<b>815,498</b>	<b>708,593</b>
<b>Net Position:</b>						
Net investment in capital assets	5,470,679	2,127,016	31,024,485	33,493,108	36,495,164	35,620,124
Restricted	21,268,918	16,400,436	-	-	21,268,918	16,400,436
Unrestricted	(15,905,490)	(16,030,354)	(748,196)	(235,647)	(16,653,686)	(16,266,001)
<b>Total Net Position</b>	<b>\$ 10,834,107</b>	<b>\$ 2,497,098</b>	<b>\$ 30,276,289</b>	<b>\$ 33,257,461</b>	<b>\$ 41,110,396</b>	<b>\$ 35,754,559</b>

A portion of the primary government's net position, \$21,268,918, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$16,653,686.

The City's total net position increased by \$5,355,837 during the current fiscal year. This included an increase of \$8,337,009 in the governmental activities, which primarily was a result of an increase tax revenues, along with capital grants and contributions. Business-type activities net position decreased by \$2,981,172, which was primarily a result of decreased capital grants and contributions revenue.

**CITY OF NEW BRAUNFELS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2017

**Statement of Activities:**

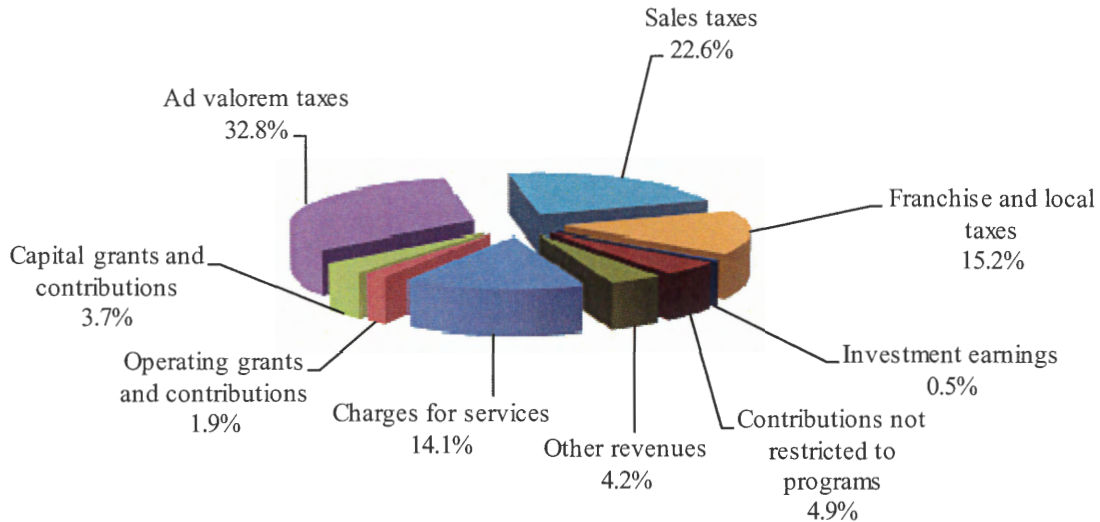
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 13,152,170	\$ 13,468,658	\$ 12,948,685	\$ 12,279,199	\$ 26,100,855	\$ 25,747,857
Operating grants and contributions	1,758,775	2,377,394	396,551	50,000	2,155,326	2,427,394
Capital grants and contributions	3,459,563	-	-	2,263,413	3,459,563	2,263,413
General revenues:						
Ad valorem taxes	30,499,340	25,823,173	-	-	30,499,340	25,823,173
Sales taxes	21,007,931	19,076,944	-	-	21,007,931	19,076,944
Franchise and local taxes	14,099,076	13,142,275	-	-	14,099,076	13,142,275
Investment earnings	471,299	241,907	17,184	7,801	488,483	249,708
Contributions not restricted to programs	4,569,922	2,892,343	-	-	4,569,922	2,892,343
Other revenues	3,948,192	4,989,704	320,282	82,876	4,268,474	5,072,580
<b>Total Revenues</b>	<b>92,966,268</b>	<b>82,012,398</b>	<b>13,682,702</b>	<b>14,683,289</b>	<b>106,648,970</b>	<b>96,695,687</b>
<b>Expenses</b>						
General government	11,764,095	21,964,759	-	-	11,764,095	21,964,759
Finance and tax	1,268,615	690,463	-	-	1,268,615	690,463
Planning and environmental development	4,526,748	2,771,682	-	-	4,526,748	2,771,682
Public safety	43,327,850	30,029,933	-	-	43,327,850	30,029,933
Public works	11,857,970	15,313,473	-	-	11,857,970	15,313,473
Parks and recreation	6,356,643	4,597,430	-	-	6,356,643	4,597,430
Civic/convention center	-	49,223	979,636	885,573	979,636	934,796
Library	2,664,469	1,660,092	-	-	2,664,469	1,660,092
Interest and fiscal agent fees	5,752,596	6,757,332	-	-	5,752,596	6,757,332
Airport	15,252	1,492,594	3,220,532	2,968,294	3,235,784	4,460,888
Solid waste	-	-	7,720,622	7,270,906	7,720,622	7,270,906
Golf course	-	-	1,838,105	1,938,245	1,838,105	1,938,245
<b>Total Expenses</b>	<b>87,534,238</b>	<b>85,326,981</b>	<b>13,758,895</b>	<b>13,063,018</b>	<b>101,293,133</b>	<b>98,389,999</b>
<b>Increase (Decrease) in Net Position Before Transfers</b>	<b>5,432,030</b>	<b>(3,314,583)</b>	<b>(76,193)</b>	<b>1,620,271</b>	<b>5,355,837</b>	<b>(1,694,312)</b>
Transfers	2,904,979	3,436,008	(2,904,979)	(3,436,008)	-	-
<b>Change in Net Position</b>	<b>8,337,009</b>	<b>121,425</b>	<b>(2,981,172)</b>	<b>(1,815,737)</b>	<b>5,355,837</b>	<b>(1,694,312)</b>
Beginning net position	2,497,098	2,375,673	33,257,461	35,073,198	35,754,559	37,448,871
<b>Ending Net Position</b>	<b>\$ 10,834,107</b>	<b>\$ 2,497,098</b>	<b>\$ 30,276,289</b>	<b>\$ 33,257,461</b>	<b>\$ 41,110,396</b>	<b>\$ 35,754,559</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2017

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

**Governmental Activities - Revenues**



For the year ended September 30, 2017, revenues from governmental activities totaled \$89,506,705, excluding \$3,459,563 in capital grants and contributions, compared with \$82,012,398 in the prior year. This \$7,494,307 increase occurred primarily as the result of \$1,930,987 in additional sales tax revenue, \$4,676,167 in additional property tax revenue, and \$1,677,579 in contributions not restricted to programs, offset by slight increases/decreases in other revenues.

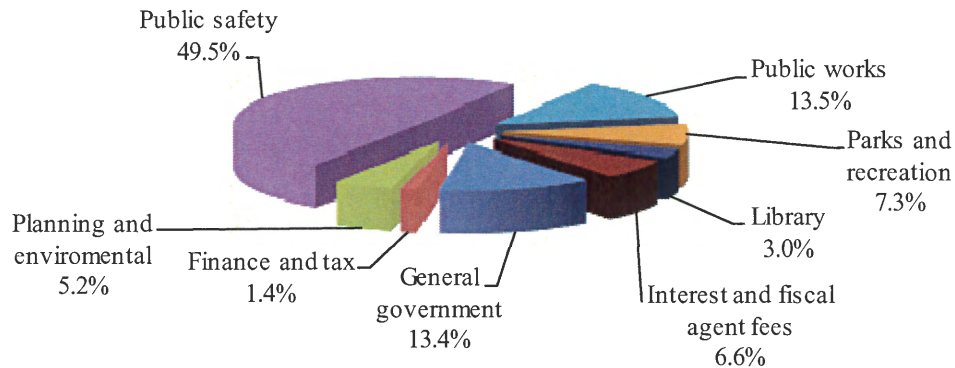
Sales tax revenue increased as a result of a boost in sales throughout the City. Property tax revenue increased due to the rise of property valuations. The increase in contributions not restricted to programs increased mostly due to increases in roadway impact fees.

Capital grants and contributions increased for governmental activities by \$3,459,563 due to an increase in contributions from the Industrial Development Corporation.



**CITY OF NEW BRAUNFELS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2017

**Governmental Activities - Expenses**



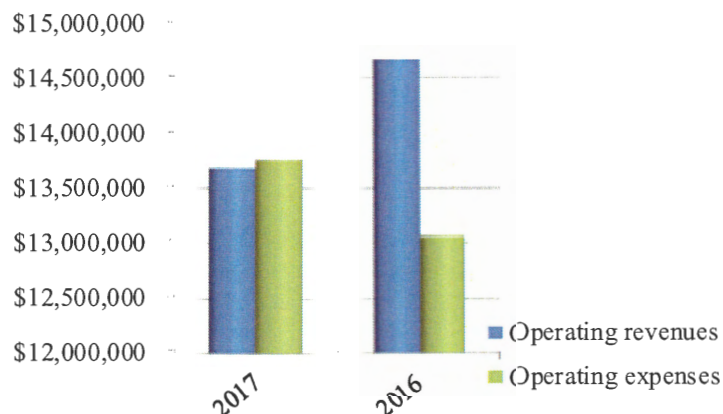
Governmental expenses increased by \$2,207,257, or three percent. This increase is primarily due to increases in expenses related to public safety, planning and environmental development, and parks and recreation of \$13,297,917, \$1,755,066, and \$1,759,213, respectively; offset by decreases in general government, public works, and interest expense of \$10,200,664, \$3,455,503, and \$1,004,736, respectively.

The increase in public safety expenses can be partially attributed to increase in wages due to more officers and public safety officials, as well as an increase in expenses related to the City's pension plan. The increase in planning and environmental development, as well as parks and recreation, are primarily due to planned projects to meet the needs of the City. The decreases in general government can be partially attributed to a decrease in consulting service expenses, along with less grant-related expenses. Expenses in public works decreased mostly due to more capitalized costs incurred in the current year related to ongoing construction in progress. The change in interest expense is primarily a result of amortized charges related to the City's long-term debt.

**CITY OF NEW BRAUNFELS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2017

Business-type activities are shown comparing operating costs to revenue generated by related services.

**Business-Type Activities - Revenues and Expenses**



Overall, business-type activity revenues decreased by \$1,000,587 from the prior period, including a \$2,263,413 decline in capital grants due to fewer contributions of assets from developers, offset by an increase in charges for services of \$669,486. The latter increase is mostly due to increased fuel sales in the airport fund and increased collection fees in the solid waste fund.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, fund accounting is used to demonstrate and ensure 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 the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$74,948,434. Of this, \$28,920 is nonspendable, \$50,200,343 is restricted for various purposes, \$5,652,169 is committed, \$1,367,650 is assigned, and \$17,699,352 is unassigned.

There was a decrease in the combined fund balance of \$13,374,436 over the prior year. This is largely attributable to increased capital outlay expenditures reported in the general obligations fund.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$17,699,352, while total fund balance reached \$19,067,647. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30 percent of total general fund expenditures, while total fund balance represents 32 percent of that same amount.

The general fund reported an ending fund balance this year of \$19,067,647. It is important to note that this fund balance includes all of the fund balance in the general fund, equipment replacement fund, and the facilities

**CITY OF NEW BRAUNFELS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2017**

maintenance fund. The equipment replacement fund contributes \$1,367,650 to this stated fund balance. This fund allows the City to account for equipment replacement and improvements in a separate fund and not include these activities in the general operating fund. Fund balance in the general fund increased by \$455,945, net of transfers to other funds. This increase can be partially attributed to the increase in tax revenue, which was offset by increases in expenditures across all functions.

The hotel/motel tax fund experienced an increase of \$278,594, which was a result of the net effect of an increase in tax revenues, along with a decrease in overall expenditures.

Fund balance in the debt service fund experienced an increase of \$162,128, most of which was a result of a transfer from other funds to assist with principal and interest payments, as well as the net effect of the long-term refunding debt issuance.

The fund balance in the general obligation capital projects fund had a decrease in fund balance of \$17,596,924, which was primarily a result of ongoing costs related to the City's recreation center.

**Proprietary Funds** – The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The amended budget included a planned decrease in fund balance in the amount of \$945,680. This budgeted decrease was largely attributable to the use of \$962,700 of fund balance for equipment replacement. The actual fund balance for the year increased by \$455,945. Actual revenues exceeded the amended budget by \$258,021 spread across various revenue lines. The largest positive variances were in licenses and permits and fines and forfeitures, which were offset by negative variances for sales and franchise taxes.

Actual expenditures were under the amended budget by \$838,496. The majority of this positive variance from the amended budget was a result of under runs in projected expenditures across various departments.

#### **CAPITAL ASSETS**

At the end of fiscal year 2017, the City's governmental activities had invested \$165,549,656 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$12,452,007.

Major capital asset events during the year included the following:

- Various land acquisitions in the amount of \$2,871,593
- Paved surface improvements, including the Downtown Improvements project, in the amount of \$1,936,417
- Construction in progress of the recreation center in the amount of \$13,227,334
- Completion of Morningside Park Development in the amount of \$1,306,930
- Various City vehicles in the amount of \$1,680,218

More detailed information about the City's capital assets is presented in note III. C. to the financial statements.

**CITY OF NEW BRAUNFELS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2017

**LONG-TERM DEBT**

At the end of the current year, the City had total general obligation bonds and certificates of obligation outstanding of \$154,335,000. Of this amount, \$91,205,000 was general obligation debt and \$63,130,000 was certificates of obligation. This includes an increase for a long-term refunding debt issuance of \$5,255,000.

More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

The City's bonds presently carry an AA rating from Standard and Poor's and an Aa2 rating from Moody's Investor Service.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City reduced its total ad valorem property tax rate from \$0.425614 per \$100 of valuation in fiscal year (FY) 2005-06 to \$0.409862. That rate was maintained through FY 2010-11. During that time, the debt service tax rate increased to fully fund all debt service payments while the general fund portion of the rate decreased by an equal amount. \$0.10763 cents in tax rate shifted from debt service to the general fund in that period. Property values for the ten years prior to FY 2009-10 showed an average annual growth rate of 11.7 percent. With the economic downturn, this robust growth came to a rather abrupt end. FY 2009-10 had growth in values of 2.9 percent and FY 2010-11 values declined by 0.9 percent overall, then rebounded slightly in FY 2011-12, showing a 2.2 percent growth. In FY 2011-12, the City increased the overall tax rate for the first time since FY 2005-06 with a \$0.0385 increase, all in the debt service rate. The general fund tax rate was held at \$0.261362. For FY 2013-14, the City saw property value increases of 5.5 percent and again increased the overall tax rate to \$0.49823, increasing both the debt service component (by \$0.021371) and the general fund component (by \$0.009515). For FY 2014-15 adopted budget, the tax rate was held flat. This was achieved due to a 11.1 percent increase in taxable assessed valuation. For the FY 2015-16 budget, the tax rate was once again held flat, driven in large part due to an even higher increase in freeze adjusted taxable assessed valuation in the amount of 14.8 percent. For the FY 2016-17 budget, the tax rate was held flat, driven in large part to an 9.2 percent increase in freeze adjusted taxable assessed valuation. The FY 2017-18 budgeted tax rate actually decreased to \$0.4822, again due to a 6.6 percent increase in freeze adjusted taxable assessed value.

The City of New Braunfels sits in an excellent geographic position – on the main transportation corridor between Austin and San Antonio. It attracts businesses and residents interested in living in a smaller city. However, it offers the advantage of proximity to big city attractions and opportunities. This positioning is contributing to the City's strong population and economic growth. This resulted in the City's revenues and tax base remaining stable, even through the recession; revenues have begun to once again show growth.

The City, prior to FY 2008-09, enjoyed a very robust, high growth period. Population during that time grew at an average annual rate of 5.4 percent. The City, during that same time frame, attracted some major business generators, affecting the City's property and sales tax revenues. Ashley Furniture located a distribution center in the City and Home Depot sited a new contractor sales facility within the City. Both these developments had a very positive impact on the City's sales tax revenue. More recently, a million plus square foot retail facility opened the first phase of that development. The City created a tax increment financing zone (TIRZ) to provide economic development assistance to that development. A pool manufacturer moved its headquarters to the City and another major mixed use (retail, residential and office space) project began development. The retail developments were impacted by the economic downturn; however, the projections are for the ultimate build out to be achieved, but in a longer time frame than originally planned. The development now includes a major

**CITY OF NEW BRAUNFELS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2017**

department store and a hospital complex, a movie theater, shops, restaurants, multi-family homes and single-family home developments.

Sales tax revenue declined in FY 2008-09 for the first time in eight years. However, sales tax rebounded in FY 2009-10 to finish the year at 4.5 percent above the prior twelve months and FY 2010-11 finished at 7.6 percent above FY 2009-10. FY 2011-12 and FY 2012-13 saw a continuation of the positive trend, with sales tax growing 10.2 percent and 12.6 percent, respectively. FY 2013-14 saw 10.3 percent overall growth. In FY 2014-15, sales tax revenue actually decreased by 0.5 percent. This was entirely driven by the loss of sales tax from a furniture distribution company within the City limits, stemming from new state legislation. Effective September 2014, sales tax allocation was changed to the point of sale as opposed to point of distribution. In FY 2016-17, sales tax grew 4.8 percent. It is predicted to grow 4 percent for FY 2017-18.

The City weathered the economic downturn by holding positions open, delaying salary increases, and postponing expenditures whenever possible. No layoffs were required to keep the City's budget balanced. In FY 2012-13, revenues actually exceeded budget estimates in some areas, particularly sales tax. This is a very positive sign for the City's economy and for City revenues. The FY 2013-14 adopted budget focused on and succeeded in bringing recurring expenditures in line with recurring revenues. This was achieved by funding very few new positions in the general fund, minimal salary increases and suspending the City's vehicle replacement program (both contributions into the fund and current year purchases of vehicles). In FY 2014-15, several challenges were addressed – the loss of sales tax revenue from an economic development agreement (impacted by legislative changes); the vehicle replacement program can be reinstituted; addressing salaries City-wide to remain market competitive; and meeting the continued increasing demand for services. In FY 2014-15, revenue growth afforded the opportunity to fund compensation increases for all City employees. The compensation increases in FY 2015-16 are part of a compensation plan update. The final phase of the 2013 compensation study will be implemented in FY 2016-17. The FY 2015-16 budget also included a total of 15 new positions to support existing and growing demands for services. In FY 2016-17, the City began work on the next phase of the compensation plan study and added positions to support infrastructure, public safety, growth and development as well as administration (IT and Finance). In the FY 2017-18 budget, 18 new positions were included to support public safety, infrastructure, growth and development and administration.

General fund operating expenditures and transfers out were \$58.8 million in FY 2016-17 (this amount reflects only the general fund, not the equipment replacement and facilities maintenance funds). The general fund (stand alone) expenditure budget for FY 2016-17 is \$59.7 million; the increase is driven by the programs described above i.e. compensation plan implementation and additional positions

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of the finances of the City. For questions concerning this report, separately issued statements for New Braunfels Utilities or the Housing Authority, or for additional financial information, contact the City's Finance Department, 550 Landa Street, New Braunfels, TX, 78130; telephone 830-221-4000; or for general City information, visit the City's website at [www.nbtexas.org](http://www.nbtexas.org).





## ***BASIC FINANCIAL STATEMENTS***

# CITY OF NEW BRAUNFELS, TEXAS

## STATEMENT OF NET POSITION (page 1 of 2)

September 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Assets</u></b>			
Cash and equity in pooled cash and investments	\$ 66,748,552	\$ 2,704,763	\$ 69,453,315
Pooled and temporary investments	8,936,858	-	8,936,858
Receivables, net	9,229,941	179,620	9,409,561
Due from other governments	23,025	-	23,025
Internal balances	(791,720)	791,720	-
Inventories	645	66,542	67,187
Prepaid items	-	-	-
Other current assets	-	-	-
Generation and transmission cost recovery under collection	-	-	-
Restricted assets			
Cash and cash equivalents	1,202,259	-	1,202,259
Investments	-	-	-
	<u>85,349,560</u>	<u>3,742,645</u>	<u>89,092,205</u>
Capital assets:			
Nondepreciable	51,010,441	2,540,961	53,551,402
Depreciable, net	114,539,215	28,665,113	143,204,328
Investments:			
Restricted	-	-	-
Unrestricted	-	-	-
Other noncurrent assets	-	-	-
Deposit - Headwaters at the Comal - restricted	-	-	-
	<u>165,549,656</u>	<u>31,206,074</u>	<u>196,755,730</u>
<b>Total Assets</b>	<u>250,899,216</u>	<u>34,948,719</u>	<u>285,847,935</u>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred charge on refunding	2,114,149	-	2,114,149
Deferred outflows - pensions	9,083,955	930,328	10,014,283
<b>Total Deferred Outflows of Resources</b>	<u>11,198,104</u>	<u>930,328</u>	<u>12,128,432</u>
<b><u>Liabilities</u></b>			
Accounts payable	8,021,106	496,608	8,517,714
Deposit payable	-	113,196	113,196
Accrued expenses payable	2,478,022	-	2,478,022
	<u>10,499,128</u>	<u>609,804</u>	<u>11,108,932</u>
Noncurrent liabilities:			
Due within one year:			
Bonds payable	10,125,000	-	10,125,000
Loan payable	66,788	181,589	248,377
Capital lease payable	260,585	-	260,585
Accrued compensated absences	5,438,135	255,239	5,693,374
Due in more than one year:			
Bonds payable	179,200,674	-	179,200,674
Loan payable	400,725	-	400,725
Capital lease payable	683,049	-	683,049
Net pension liability	32,836,623	3,398,024	36,234,647
Net OPEB obligation	10,411,429	1,051,084	11,462,513
Accrued compensated absences	604,237	28,360	632,597
Other noncurrent liability	-	-	-
	<u>240,027,245</u>	<u>4,914,296</u>	<u>244,941,541</u>
<b>Total Liabilities</b>	<u>250,526,373</u>	<u>5,524,100</u>	<u>256,050,473</u>

<b>Component Units</b>			
<b>Industrial Development Corporation</b>		<b>New Braunfels Utilities</b>	
\$	13,090,161	\$	12,169,838
	-		19,178,586
	1,304,520		20,190,883
	-		-
	-		-
	-		2,255,188
	-		459,937
	2,455		2,461,901
	-		1,278,642
	-		34,638,008
	-		2,000,000
	<u>14,397,136</u>		<u>94,632,983</u>
	-		55,441,839
	-		367,697,704
	-		850,000
	-		17,569,531
	-		3,031,819
	-		2,415,673
	-		447,006,566
	<u>14,397,136</u>		<u>541,639,549</u>
	-		-
	-		4,037,747
	-		4,037,747
	255,858		23,934,386
	-		5,328,677
	5,055		338,558
	<u>260,913</u>		<u>29,601,621</u>
	-		2,320,000
	-		-
	-		-
	-		859,048
	-		112,227,558
	-		-
	-		-
	-		9,148,546
	-		-
	-		660,757
	-		189,325
	-		125,405,234
	<u>260,913</u>		<u>155,006,855</u>

# CITY OF NEW BRAUNFELS, TEXAS

## STATEMENT OF NET POSITION (page 2 of 2)

September 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Deferred Inflows of Resources</u></b>			
Deferred inflows - pensions	\$ 736,840	\$ 78,658	\$ 815,498
<b><u>Net Position</u></b>			
Net investment in capital assets	5,470,679	31,024,485	36,495,164
Restricted for:			
Debt service	1,877,188	-	1,877,188
Capital projects	11,193,814	-	11,193,814
Cemetery perpetual care (nonexpendable)	28,275	-	28,275
Grants	412,192	-	412,192
Impact fees	-	-	-
Municipal court	351,399	-	351,399
Library	1,134	-	1,134
Public safety	322,722	-	322,722
Governmental programming	233,889	-	233,889
Tourism	2,237,261	-	2,237,261
Other special projects	4,611,044	-	4,611,044
Deposit - Headwaters at the Comal	-	-	-
Unrestricted	(15,905,490)	(748,196)	(16,653,686)
<b>Total Net Position</b>	<b>\$ 10,834,107</b>	<b>\$ 30,276,289</b>	<b>\$ 41,110,396</b>

See Notes to Financial Statements.



Component Units	
Industrial Development Corporation	New Braunfels Utilities
\$ -	\$ 619,023
-	338,420,078
-	210,473
-	-
-	-
-	-
-	5,764,334
-	-
-	-
-	-
-	-
-	-
-	2,415,673
14,136,223	43,240,860
<u>\$ 14,136,223</u>	<u>\$ 390,051,418</u>

# CITY OF NEW BRAUNFELS, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 11,764,095	\$ 163,630	\$ 218,634	\$ 3,403,647
Finance and tax	1,268,615	-	-	-
Planning and environmental	4,526,748	-	634,956	-
Public safety	43,327,850	6,502,791	651,208	-
Public works	11,857,970	4,162,918	253,977	55,916
Parks and recreation	6,356,643	2,226,247	-	-
Library	2,664,469	96,584	-	-
Airport	15,252	-	-	-
Interest and fiscal agent fees	5,752,596	-	-	-
<b>Total Governmental Activities</b>	<u>87,534,238</u>	<u>13,152,170</u>	<u>1,758,775</u>	<u>3,459,563</u>
<b>Business-Type Activities</b>				
Airport	3,220,532	2,398,310	50,000	-
Solid waste	7,720,622	8,664,002	-	-
Golf course	1,838,105	1,436,493	346,551	-
Civic center	979,636	449,880	-	-
<b>Total Business-Type Activities</b>	<u>13,758,895</u>	<u>12,948,685</u>	<u>396,551</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 101,293,133</u>	<u>\$ 26,100,855</u>	<u>\$ 2,155,326</u>	<u>\$ 3,459,563</u>
<b>Component Units</b>				
Industrial Development Corporation	\$ 8,003,915	\$ -	\$ -	\$ -
New Braunfels Utilities	<u>137,027,636</u>	<u>132,827,046</u>	<u>-</u>	<u>29,780,326</u>
<b>Total Component Units</b>	<u>\$ 145,031,551</u>	<u>\$ 132,827,046</u>	<u>\$ -</u>	<u>\$ 29,780,326</u>

### General Revenues and Transfers:

Taxes  
     Property  
     Sales  
     Hotel/motel occupancy  
     Franchise  
     Mixed beverages  
 Investment income  
 Contributions not restricted to programs  
 Miscellaneous  
 Transfers

### Total General Revenues and Transfers

### Change in Net Position

Beginning net position

### Ending Net Position

See Notes to Financial Statements.

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Industrial Development Corporation</b>	<b>New Braunfels Utilities</b>
\$ (7,978,184)	\$ -	\$ (7,978,184)	\$ -	\$ -
(1,268,615)	-	(1,268,615)	-	-
(3,891,792)	-	(3,891,792)	-	-
(36,173,851)	-	(36,173,851)	-	-
(7,385,159)	-	(7,385,159)	-	-
(4,130,396)	-	(4,130,396)	-	-
(2,567,885)	-	(2,567,885)	-	-
(15,252)	-	(15,252)	-	-
(5,752,596)	-	(5,752,596)	-	-
<u>(69,163,730)</u>	<u>-</u>	<u>(69,163,730)</u>	<u>-</u>	<u>-</u>
-	(772,222)	(772,222)	-	-
-	943,380	943,380	-	-
-	(55,061)	(55,061)	-	-
-	(529,756)	(529,756)	-	-
-	(413,659)	(413,659)	-	-
<u>(69,163,730)</u>	<u>(413,659)</u>	<u>(69,577,389)</u>	<u>-</u>	<u>-</u>
-	-	-	(8,003,915)	-
-	-	-	-	25,579,736
-	-	-	(8,003,915)	25,579,736
30,499,340	-	30,499,340	-	-
21,007,931	-	21,007,931	6,204,062	-
3,994,002	-	3,994,002	-	-
9,589,598	-	9,589,598	-	-
515,476	-	515,476	-	-
471,299	17,184	488,483	89,188	617,003
4,569,922	-	4,569,922	-	-
3,948,192	320,282	4,268,474	202,217	-
2,904,979	(2,904,979)	-	-	-
<u>77,500,739</u>	<u>(2,567,513)</u>	<u>74,933,226</u>	<u>6,495,467</u>	<u>617,003</u>
8,337,009	(2,981,172)	5,355,837	(1,508,448)	26,196,739
2,497,098	33,257,461	35,754,559	15,644,671	363,854,679
<u>\$ 10,834,107</u>	<u>\$ 30,276,289</u>	<u>\$ 41,110,396</u>	<u>\$ 14,136,223</u>	<u>\$ 390,051,418</u>

# CITY OF NEW BRAUNFELS, TEXAS

## BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2017

	General	Hotel/Motel Tax	Debt Service	General Obligations
<b><u>Assets</u></b>				
Cash and equity in pooled cash and investments	\$ 16,753,249	\$ 2,100,109	\$ 1,766,860	\$ 25,830,119
Investments	-	-	-	8,936,858
Receivables, net of allowance:				
Taxes	275,123	164,656	212,935	-
Accounts	6,092,224	648,816	105,483	-
Due from other governments	15,304	-	7,721	-
Due from other funds	1,298,090	-	-	-
Inventory	645	-	-	-
Restricted cash	-	-	-	-
<b>Total Assets</b>	<b>\$ 24,434,635</b>	<b>\$ 2,913,581</b>	<b>\$ 2,092,999</b>	<b>\$ 34,766,977</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 4,272,125	\$ 676,320	\$ 2,876	\$ 2,590,313
Due to other funds	-	-	-	8,320,025
Accrued wages payable	819,740	-	-	-
<b>Total Liabilities</b>	<b>5,091,865</b>	<b>676,320</b>	<b>2,876</b>	<b>10,910,338</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	275,123	-	212,935	-
<b><u>Fund Balances</u></b>				
Nonspendable	645	-	-	-
Restricted	-	2,237,261	1,877,188	23,856,639
Committed	-	-	-	-
Assigned	1,367,650	-	-	-
Unassigned	17,699,352	-	-	-
<b>Total Fund Balances</b>	<b>19,067,647</b>	<b>2,237,261</b>	<b>1,877,188</b>	<b>23,856,639</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 24,434,635</b>	<b>\$ 2,913,581</b>	<b>\$ 2,092,999</b>	<b>\$ 34,766,977</b>

See Notes to Financial Statements.

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 20,277,793	\$ 66,728,130
-	8,936,858
-	652,714
1,678,130	8,524,653
-	23,025
6,485,069	7,783,159
-	645
1,202,259	1,202,259
<u>\$ 29,643,251</u>	<u>\$ 93,851,443</u>
\$ 479,472	\$ 8,021,106
1,254,080	9,574,105
-	819,740
1,733,552	18,414,951
-	488,058
28,275	28,920
22,229,255	50,200,343
5,652,169	5,652,169
-	1,367,650
-	17,699,352
27,909,699	74,948,434
<u>\$ 29,643,251</u>	<u>\$ 93,851,443</u>

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**CITY OF NEW BRAUNFELS, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2017**

Total fund balances for governmental funds		\$ 74,948,434
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - nondepreciable	51,010,441	
Capital assets - depreciable	<u>114,539,215</u>	
		165,549,656
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		488,058
Some liabilities, including bonds payable, are not reported as liabilities in the governmental funds.		
Accrued interest	(1,261,099)	
Noncurrent liabilities due in one year	(10,125,000)	
Noncurrent liabilities due in more than one year	<u>(168,535,000)</u>	
		(179,921,099)
Premium on bond issuance and deferred loss on bond refunding are recorded as other financing sources and uses in the fund financial statements, but are capitalized and amortized in the government-wide financial statement over the life of the bond.		
Premiums	(10,665,674)	
Deferred charge on refunding	<u>2,114,149</u>	
		(8,551,525)
Net pension liability and other postemployment benefit obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet		
Net pension liability	(32,836,623)	
Net OPEB obligation	<u>(10,411,429)</u>	
		(43,248,052)
Deferred outflows and inflows of resources related to the net pension liability are not reported in the funds.		
Deferred outflows - pensions	9,083,955	
Deferred inflows - pensions	<u>(736,840)</u>	
		8,347,115
Accrued liabilities for compensated absences are not due and payable in the current period and, therefore, have not been included in the fund financial statements.		(6,042,372)
Loans payable and capital leases are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(1,411,147)
The City uses internal service funds to charge the costs of certain activities to individual funds. Assets and liabilities of the internal service funds are included in governmental activities.		<u>675,039</u>
<b>Net Position of Governmental Activities</b>		<u><u>\$ 10,834,107</u></u>

See Notes to Financial Statements.

# CITY OF NEW BRAUNFELS, TEXAS

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

For the Year Ended September 30, 2017

	General	Hotel/Motel Tax	Debt Service	General Obligations
<b><u>Revenues</u></b>				
Taxes	\$ 45,754,035	\$ 3,994,002	\$ 12,434,498	\$ -
Licenses and permits	3,935,381	-	-	-
Intergovernmental	218,634	-	-	-
Fines and forfeitures	1,674,452	-	-	-
Interest	98,450	11,296	2,770	228,448
Parks and recreation	1,335,326	-	-	-
Miscellaneous	2,073,838	50	-	-
Other contributions	-	-	1,683,081	-
Charges for services	4,143,073	-	-	-
<b>Total Revenues</b>	<u>59,233,189</u>	<u>4,005,348</u>	<u>14,120,349</u>	<u>228,448</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	7,682,485	2,737,859	-	-
Finances and tax	1,011,213	-	-	-
Planning and environmental	3,179,607	-	-	-
Public safety	33,600,032	-	-	-
Public works	6,440,684	-	-	19,325,372
Parks and recreation	5,071,756	-	-	-
Library	2,082,414	-	-	-
Airport	-	-	-	-
<b>Debt Service:</b>				
Principal	255,294	-	9,065,000	-
Interest	18,736	-	6,389,446	-
Bond insurance costs and fees	-	-	97,345	-
<b>Total Expenditures</b>	<u>59,342,221</u>	<u>2,737,859</u>	<u>15,551,791</u>	<u>19,325,372</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(109,032)</u>	<u>1,267,489</u>	<u>(1,431,442)</u>	<u>(19,096,924)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	823,729	-	1,503,547	1,500,000
Transfers (out)	(715,372)	(988,895)	-	-
Sale of capital assets	81,685	-	-	-
Refunding bonds issued	-	-	5,255,000	-
Capital lease	374,935	-	-	-
Payments to escrow agent for refunding	-	-	(5,164,977)	-
<b>Total Other Financing Sources (Uses)</b>	<u>564,977</u>	<u>(988,895)</u>	<u>1,593,570</u>	<u>1,500,000</u>
<b>Net Change in Fund Balances</b>	455,945	278,594	162,128	(17,596,924)
Beginning fund balances	<u>18,611,702</u>	<u>1,958,667</u>	<u>1,715,060</u>	<u>41,453,563</u>
<b>Ending Fund Balances</b>	<u>\$ 19,067,647</u>	<u>\$ 2,237,261</u>	<u>\$ 1,877,188</u>	<u>\$ 23,856,639</u>

See Notes to Financial Statements.

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 3,552,435	\$ 65,734,970
8,175	3,943,556
1,540,141	1,758,775
250,433	1,924,885
127,330	468,294
880,776	2,216,102
1,716,713	3,790,601
2,886,841	4,569,922
924,554	5,067,627
<u>11,887,398</u>	<u>89,474,732</u>
1,173,924	11,594,268
-	1,011,213
615,897	3,795,504
1,478,410	35,078,442
3,198,640	28,964,696
402,129	5,473,885
53,918	2,136,332
273	273
1,230,000	10,550,294
866,262	7,274,444
-	97,345
<u>9,019,453</u>	<u>105,976,696</u>
<u>2,867,945</u>	<u>(16,501,964)</u>
4,008,232	7,835,508
(3,626,262)	(5,330,529)
75,906	157,591
	5,255,000
-	374,935
-	(5,164,977)
<u>457,876</u>	<u>3,127,528</u>
3,325,821	(13,374,436)
<u>24,583,878</u>	<u>88,322,870</u>
<u>\$ 27,909,699</u>	<u>\$ 74,948,434</u>

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**CITY OF NEW BRAUNFELS, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2017**

Net changes in fund balances - total governmental funds \$ (13,374,436)

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

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.

Depreciation	(11,890,773)
Capital outlay	20,883,217
Capital contributions	3,459,563

The City uses internal service funds to charge the costs of certain activities to individual funds. Net change in net position of the internal service funds is reported with governmental activities.

862,352

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

(128,623)

The issuance of long-term debt (e.g., bonds, leases, and certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

General obligation bonds issued	(5,255,000)
Principal repayments	10,295,000
Payment of refunding bond	4,955,000
Amortization of deferred charge on refunding	368,100
Amortization of premium on bonds	1,655,730
Accrued interest on long-term debt	(194,662)
Capital lease issued	(374,935)
Capital lease principal payment	188,508
Loan principal payment	66,788

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

Change in claim liability	897,000
Compensated absences	(913,381)
Change in net pension liability	(1,162,948)
Change in OPEB obligation	(1,539,961)
Change in deferred outflows - pensions	(679,325)
Change in deferred inflows - pensions	219,795

<b>Change in Net Position of Governmental Activities</b>	<b>\$ 8,337,009</b>
--	---------------------

See Notes to Financial Statements.

# CITY OF NEW BRAUNFELS, TEXAS

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

September 30, 2017

	Business-Type Activities			
	Airport	Solid Waste	Golf Course	Civic Center
<b><u>Assets</u></b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ -	\$ 2,536,056	\$ 5,618	\$ 163,089
Receivables, net	115,592	23,599	33,939	6,490
Due from other funds	568,570	267,160	-	-
Inventories	-	66,542	-	-
<b>Total Current Assets</b>	<b>684,162</b>	<b>2,893,357</b>	<b>39,557</b>	<b>169,579</b>
Noncurrent assets:				
Capital assets:				
Nondepreciable	2,405,961	-	135,000	-
Net depreciable capital assets	12,484,635	3,347,099	6,168,537	6,664,842
<b>Total Capital Assets,</b>				
<b>Net of Accumulated Depreciation</b>	<b>14,890,596</b>	<b>3,347,099</b>	<b>6,303,537</b>	<b>6,664,842</b>
<b>Total Noncurrent Assets</b>	<b>14,890,596</b>	<b>3,347,099</b>	<b>6,303,537</b>	<b>6,664,842</b>
<b>Total Assets</b>	<b>15,574,758</b>	<b>6,240,456</b>	<b>6,343,094</b>	<b>6,834,421</b>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred outflows - pensions	94,120	619,477	152,715	64,016
<b>Total Deferred Outflows of Resources</b>	<b>94,120</b>	<b>619,477</b>	<b>152,715</b>	<b>64,016</b>
<b><u>Liabilities</u></b>				
Current liabilities:				
Accounts payable	187,114	244,283	38,115	27,096
Due to other funds	44,010	-	-	-
Deposits payable	51,729	-	-	61,467
Accrued expenses payable	-	-	-	-
Current portion of long-term liabilities:				
Accrued compensated absences	8,214	213,697	21,355	11,973
Loan payable	-	-	181,589	-
<b>Total Current Liabilities</b>	<b>291,067</b>	<b>457,980</b>	<b>241,059</b>	<b>100,536</b>
Noncurrent liabilities:				
Compensated absences	913	23,744	2,372	1,331
Net OPEB obligation	102,734	709,280	153,846	85,224
Net pension liability	340,495	2,261,051	550,815	245,663
<b>Total Noncurrent Liabilities</b>	<b>444,142</b>	<b>2,994,075</b>	<b>707,033</b>	<b>332,218</b>
<b>Total Liabilities</b>	<b>735,209</b>	<b>3,452,055</b>	<b>948,092</b>	<b>432,754</b>
<b><u>Deferred Inflows of Resources</u></b>				
Deferred inflows - pension	7,762	52,283	12,496	6,117
<b><u>Net Position</u></b>				
Net investment in capital assets	14,890,596	3,347,099	6,121,948	6,664,842
Unrestricted	35,311	8,496	(586,727)	(205,276)
<b>Total Net Position</b>	<b>\$ 14,925,907</b>	<b>\$ 3,355,595</b>	<b>\$ 5,535,221</b>	<b>\$ 6,459,566</b>

See Notes to Financial Statements.

<b>Business-Type Activities</b>	<b>Governmental Activities</b>
<b>Total</b>	<b>Internal Service Fund</b>
\$ 2,704,763	\$ 20,422
179,620	52,574
835,730	999,226
66,542	-
<u>3,786,655</u>	<u>1,072,222</u>
2,540,961	-
<u>28,665,113</u>	<u>-</u>
31,206,074	-
<u>31,206,074</u>	<u>-</u>
<u>34,992,729</u>	<u>1,072,222</u>
930,328	-
<u>930,328</u>	<u>-</u>
496,608	-
44,010	-
113,196	-
-	397,183
255,239	-
181,589	-
<u>1,090,642</u>	<u>397,183</u>
28,360	-
1,051,084	-
3,398,024	-
<u>4,477,468</u>	<u>-</u>
<u>5,568,110</u>	<u>397,183</u>
78,658	-
31,024,485	-
(748,196)	675,039
<u>\$ 30,276,289</u>	<u>\$ 675,039</u>



**CITY OF NEW BRAUNFELS, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**

For the Year Ended September 30, 2017

	Buisness-Type Activities			
	Airport	Solid Waste	Golf Course	Civic Center
<b><u>Operating Revenues</u></b>				
Charges for services	\$ 2,398,310	\$ 8,664,002	\$ 1,436,493	\$ 449,880
Miscellaneous	4,744	232,575	79,050	3,913
<b>Total Operating Revenues</b>	<b>2,403,054</b>	<b>8,896,577</b>	<b>1,515,543</b>	<b>453,793</b>
<b><u>Operating Expenses</u></b>				
Insurance premiums	-	-	-	-
Claims	-	-	-	-
Personnel	505,001	3,560,004	759,020	406,311
Fuel and oil for resale	1,075,787	-	-	-
Purchased services	323,502	1,787,850	124,658	176,413
Professional services	37,493	127,392	-	6,491
Supplies	59,323	883,543	249,253	42,774
Depreciation and amortization	1,219,426	1,361,833	701,305	347,647
<b>Total Operating Expenses</b>	<b>3,220,532</b>	<b>7,720,622</b>	<b>1,834,236</b>	<b>979,636</b>
<b>Operating Income (Loss)</b>	<b>(817,478)</b>	<b>1,175,955</b>	<b>(318,693)</b>	<b>(525,843)</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Investment earnings	-	17,184	-	-
Interest expense	-	-	(3,869)	-
Intergovernmental	50,000	-	-	-
<b>Total Nonoperating Revenue (Expenses)</b>	<b>50,000</b>	<b>17,184</b>	<b>(3,869)</b>	<b>-</b>
<b>Income Before Contributions and Transfers</b>				
<b>Contributions and Transfers</b>	<b>(767,478)</b>	<b>1,193,139</b>	<b>(322,562)</b>	<b>(525,843)</b>
Contributions	-	-	346,551	-
Transfers in	157,370	-	-	278,995
Transfers (out)	(508,553)	(2,313,004)	(487,218)	(32,569)
<b>Change in Net Position</b>	<b>(1,118,661)</b>	<b>(1,119,865)</b>	<b>(463,229)</b>	<b>(279,417)</b>
Beginning net position	16,044,568	4,475,460	5,998,450	6,738,983
<b>Ending Net Position</b>	<b>\$ 14,925,907</b>	<b>\$ 3,355,595</b>	<b>\$ 5,535,221</b>	<b>\$ 6,459,566</b>

See Notes to Financial Statements.

<b>Business-Type Activites</b>	<b>Governmental Activities</b>
<b>Total</b>	<b>Internal Service Fund</b>
\$ 12,948,685	\$ 7,053,206
320,282	61,340
<u>13,268,967</u>	<u>7,114,546</u>
-	1,147,759
-	5,444,117
5,230,336	-
1,075,787	-
2,412,423	-
171,376	63,323
1,234,893	-
3,630,211	-
<u>13,755,026</u>	<u>6,655,199</u>
<u>(486,059)</u>	<u>459,347</u>
17,184	3,005
(3,869)	-
50,000	-
<u>63,315</u>	<u>3,005</u>
(422,744)	462,352
346,551	-
436,365	400,000
<u>(3,341,344)</u>	<u>-</u>
(2,981,172)	862,352
<u>33,257,461</u>	<u>(187,313)</u>
<u>\$ 30,276,289</u>	<u>\$ 675,039</u>

# CITY OF NEW BRAUNFELS, TEXAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2) For the Year Ended September 30, 2017

	Business-Type Activities			
	Airport	Solid Waste	Golf Course	Civic Center
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers	\$ 2,302,305	\$ 8,890,289	\$ 1,498,309	\$ 453,440
Receipts from interfund services provided and used	-	-	-	-
Payments to suppliers	(1,902,765)	(2,962,481)	(444,048)	(213,945)
Payments for premiums, claims, and administrative charges	-	-	-	-
Payments for personnel services	(481,086)	(3,333,605)	(722,568)	(386,496)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(81,546)</b>	<b>2,594,203</b>	<b>331,693</b>	<b>(147,001)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Transfers in from other funds	157,370	-	-	278,995
Cash contribution received	-	-	346,551	-
Transfers (out) to other funds	(508,553)	(2,313,004)	(487,218)	(32,569)
Intergovernmental revenue	50,000	-	-	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(301,183)</b>	<b>(2,313,004)</b>	<b>(140,667)</b>	<b>246,426</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Acquisition and construction of capital assets	(213,038)	(685,976)	-	(80,987)
Principal payments on debt	-	-	(181,589)	-
Interest paid on debt	-	-	(3,869)	-
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(213,038)</b>	<b>(685,976)</b>	<b>(185,458)</b>	<b>(80,987)</b>
<b><u>Cash Flows from Investing Activities</u></b>				
Interest on investments	-	17,184	-	-
<b>Net Cash Provided by Investing Activities</b>	<b>-</b>	<b>17,184</b>	<b>-</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments</b>	<b>(595,767)</b>	<b>(387,593)</b>	<b>5,568</b>	<b>18,438</b>
Beginning cash and equity in pooled cash and investments	595,767	2,923,649	50	144,651
<b>Ending Cash and Equity in Pooled Cash and Investments</b>	<b>\$ -</b>	<b>\$ 2,536,056</b>	<b>\$ 5,618</b>	<b>\$ 163,089</b>

<b>Business-Type Activities</b>	<b>Governmental Activities</b>
<b>Total</b>	<b>Internal Service Fund</b>
\$ 13,144,343	\$ -
-	7,118,219
(5,523,239)	
-	(8,003,592)
(4,923,755)	-
<u>2,697,349</u>	<u>(885,373)</u>
436,365	400,000
346,551	-
(3,341,344)	-
50,000	-
<u>(2,508,428)</u>	<u>400,000</u>
(980,001)	-
(181,589)	-
(3,869)	-
<u>(1,165,459)</u>	<u>-</u>
17,184	3,005
<u>17,184</u>	<u>3,005</u>
(959,354)	(482,368)
<u>3,664,117</u>	<u>502,790</u>
<u>\$ 2,704,763</u>	<u>\$ 20,422</u>

# CITY OF NEW BRAUNFELS, TEXAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2) For the Year Ended September 30, 2017

	Business-Type Activities			
	Airport	Solid Waste	Golf Course	Civic Center
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ (817,478)	\$ 1,175,955	\$ (318,693)	\$ (525,843)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,219,426	1,361,833	701,305	347,647
<b>Changes in Operating Assets and Liabilities:</b>				
<b>(Increase) Decrease in:</b>				
Accounts receivable	(96,539)	(6,288)	(17,234)	965
Inventories	-	(22,693)	-	-
Due from other funds	(568,570)	(267,160)	-	-
Deferred outflows - pensions	3,645	23,307	5,971	1,997
<b>Increase (Decrease) in:</b>				
Accounts payable	117,900	126,157	(31,212)	11,733
Accrued expenses	-	-	(3,722)	-
Due to other funds	44,010	-	(35,203)	-
Net other post employment benefits obligation	18,446	73,025	2,796	5,862
Net pension liability	12,000	77,763	19,569	7,309
Accrued compensated absences	(11,272)	44,882	6,355	3,756
Customer deposits	(4,210)	-	-	(1,318)
Deferred inflows - pensions	1,096	7,422	1,761	891
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (81,546)</b>	<b>\$ 2,594,203</b>	<b>\$ 331,693</b>	<b>\$ (147,001)</b>

See Notes to Financial Statements.

<b>Business-Type Activities</b>	<b>Governmental Activities</b>
<b>Total</b>	<b>Internal Service Fund</b>
\$ (486,059)	\$ 459,347
3,630,211	-
(119,096)	3,673
(22,693)	-
(835,730)	(999,226)
34,920	-
224,578	-
(3,722)	63,276
8,807	(412,443)
100,129	-
116,641	-
43,721	-
(5,528)	-
11,170	-
<u>\$ 2,697,349</u>	<u>\$ (885,373)</u>





# **CITY OF NEW BRAUNFELS, TEXAS**

## ***NOTES TO FINANCIAL STATEMENTS***

**For the Year Ended September 30, 2017**

### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

The City of New Braunfels, Texas (the “City”) was founded in 1845. It has adopted a “Home Rule Charter”, which provides for a “Mayor-Council” form of government. A Mayor and seven Council members are elected by voters of the City at large for three-year terms.

The City Council is the principal legislative and administrative body of the City. The Mayor is the presiding officer of the City Council and does not vote except in the case of a tie vote.

The City Manager is the head of the administrative departments of the City and is the supervisor of all administrative officers, employees, directors, and department heads. Departments and agencies of the City submit budget requests to the City Manager.

The City provides the following services: public safety (police, fire, and EMS), public works, parks and recreation, library, airport, solid waste collection, community services, and general government.

The accounting and reporting policies of the City conform to generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and those principles prescribed by the American Institute of Certified Public Accountants.

The City is an independent political subdivision of the State of Texas governed by an elected Council and a Mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The component units, as listed below, although legally separate, are considered part of the reporting entity. No other entities have been included in the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

# **CITY OF NEW BRAUNFELS, TEXAS**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For the Year Ended September 30, 2017**

### **Discretely Presented Component Units**

#### **Industrial Development Corporation**

The New Braunfels Industrial Development Corporation (the "Corporation") is a legally separate nonprofit entity which was organized under the laws of the State of Texas to provide economic development benefits for the City. The Corporation is presented as a governmental component unit. City Council appoints the Board of Directors and approves expenditures. Separate financial statements are not prepared.

#### **New Braunfels Utilities**

New Braunfels Utilities (NBU) is a legally separate entity which provides waterworks, sanitary sewer, and electric services in the New Braunfels area. City Council appoints the NBU Board of Trustees, and approves utility rates and the issuance of debt. The NBU is presented as an enterprise component unit. Complete financial statement for the NBU may be obtained at the NBU's administrative offices at 263 Main Plaza, New Braunfels, Texas 78130. The NBU's financial statements are presented on a July 31 fiscal year end.

### **Blended Component Units**

#### **Tax Increment Reinvestment Zone No. 1**

During fiscal year 2007, the City passed a resolution creating a Tax Increment Reinvestment Zone No. 1 (TIRZ), in accordance with Section 311 of the Texas Tax Code, for the purpose of financing public improvements in support of the Creekside Town Center Development. The TIRZ includes participation by a developer and by other governmental entities, the Industrial Development Corporation (the "Corporation") and Comal County, Texas (the "County"). Under this arrangement, a certain percentage of the incremental ad valorem tax revenue collected by the City and the County and one-half cent of sales taxes collected by the City and the Corporation will be utilized to pay for certain infrastructure costs. Such tax revenue is controlled by the Board of Directors managing the TIRZ and are accounted for in a special revenue fund with the City's financial oversight. The Board of Directors is made up of seven members, five of which are appointed by the City Council.

#### **New Braunfels Development Authority**

During fiscal year 2007, the City passed a resolution creating the New Braunfels Development Authority (NBDA) in accordance with Section 394 of the Texas Local Government Code. The NBDA has been included in the reporting entity as a blended component unit. The NBDA was created to assist and act on behalf of the City in the performance of the City's governmental functions to promote the common good and general welfare of the TIRZ and to promote, develop, encourage, and maintain employment, commerce, and economic development in the City. During fiscal year 2007, the City passed an agreement (the "Agreement") between the City, the NBDA, and the TIRZ in which the NBDA will facilitate the implementation of the TIRZ plan and assist the City with reimbursement to the developer participating in the TIRZ. Reimbursement to the developer will be made through the issuance of bonds, notes, or other obligations available to the NBDA but only after consent of the City Council. Efforts of the NBDA will be financed using the TIRZ tax increment as outlined in the Agreement. Such taxes and payment of debt service activity are controlled by the Board of Directors managing the NBDA and are accounted for in a special

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

revenue fund with the City's financial oversight. The Board of Directors is made up of seven members, five of which are appointed by the City Council.

Separate financial statements for the TIRZ and NBDA funds are not prepared.

The City also has the following related organization:

The Housing Authority of the City of New Braunfels (the "Authority") is a nonprofit entity, which was organized under the laws of the State of Texas to provide housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development. City Council appoints the Board of Directors of the Authority. However, the City is not financially accountable for the Authority because the Authority's operations are subsidized by the federal government, it sets its own budget subject to federal approval, it sets its rental rate, and it can issue debt in its own name. The City is not responsible for the deficits or liabilities of the Authority. Separately audited financial statements may be obtained at the City's administrative offices at 550 Landa Street, New Braunfels, Texas 78130.

### **B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

### **C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### **D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

The City reports the following governmental funds:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, parks and recreation, and library. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The special revenue funds are considered nonmajor funds for reporting purposes, except for the hotel/motel tax fund.

*Hotel/motel tax fund:* This fund accounts for the tax collections of the hotel/motel occupancy taxes and the disbursement of those funds.

The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects funds are considered nonmajor funds for reporting purposes, except for the general obligation fund.

*General obligation fund:* This fund accounts for the expenditures of the proceeds from the June 2014, April 2015, and July 2016 debt series issued for various purposes, including for street improvements, construction of drainage, equip parks and a recreations center, and construct and build the Center Texas Technology Center.

The *permanent fund* is used to account for nonexpendable trust arrangements where the principal may not be spent, and the earnings must be spent for a particular purpose. This fund is used to report the activity of the Cemetery Perpetual Care Fund. It is considered a nonmajor fund for reporting purposes.

The City reports the following proprietary funds:

The *enterprise funds* are used to account for the operations that provide airport, solid waste, golf course, and civic center operations. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The airport and solid waste funds are considered major funds for reporting purposes. While the golf course and civic center funds did not technically meet the criteria to be presented as major funds, the City has elected to present them as such due to their significance.

*Internal service funds* account for services provided to other departments or agencies of the primary government, or to other governments, on a cost reimbursement basis. The City's internal service fund is used to account for services for the City's self-funded health plan, which are financed from systematic transfers from general governmental and enterprise funds.

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

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

### E. Measurement Focus and Basis of Accounting

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

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability

# **CITY OF NEW BRAUNFELS, TEXAS**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For the Year Ended September 30, 2017**

period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

### **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

#### **1. Cash and Cash Equivalents**

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

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as "cash and equity in pooled cash."

#### **2. Investments**

Investments, except for certain investment pools and commercial paper, are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations and is reported at amortized cost. Commercial paper is reported at amortized cost.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The City is required by the Act to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the City's funds may be invested and the maximum allowable stated maturity of any individual investment owned by the City.

The Act contains specific provisions in the area of investment practices, management reports, and establishment of appropriate policies. Investments are administered by City management under terms of an investment policy and strategy that is updated to conform to the Act as last amended. The preservation of capital is the City's most important investment objective. Other objectives include providing liquidity and maximizing earnings within the constraints of other objectives. The City is in substantial compliance with the requires of the Act and with local policies.

In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. government
- Money market mutual funds that meet certain criteria
- Collateralized certificates of deposit
- Municipal securities that meet certain criteria
- Fully collateralized repurchase agreements that meet certain criteria
- Bankers' acceptances
- Commercial paper that meets certain criteria
- Guaranteed investment contracts that meet certain criteria
- Common trust funds

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Statewide investment pools

### 3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method).

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

### 4. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Description	Estimated Useful Life
Streets/Drainage Infrastructure	20 years
Buildings	30 years
Building Improvements	20 years
Equipment	5-7 years
Fleet	5-7 years

### 5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has four items that qualify for reporting in this category on the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. Deferred charges have also been recognized for the difference between the

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized as a result of differences between the actuarial expectations and the actual economic experience and the changes in actuarial assumptions related to the City's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

### 6. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment. On retirement or death of certain employees, the City pays accrued sick leave in a lump sum payment to such employee or his/her estate. Non-civil service employees with 15 or more years of service are eligible to receive one-half of their accumulated sick leave up to 480 hours. These employees are also eligible if they retire with 10 or more years of service. Police and fire personnel covered by civil service receive payment for all accumulated sick leave up to 720 hours for police and fire (non-shift) and 1,080 for fire shift personnel. Police came under civil service in October 2011. Employees are paid for all accrued vacation leave when they leave the City's employment. The City accrues its liability for such accumulated unpaid benefits in the government-wide financial statements and proprietary fund financial statements.

The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

### 7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.



# **CITY OF NEW BRAUNFELS, TEXAS**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For the Year Ended September 30, 2017**

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.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund. Although a portion of the general obligation debt was directly related to the purchase of solid waste infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of solid waste revenues.

Assets acquired under the terms of a capital lease are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

### **8. Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### **9. Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### **10. Fund Balance Policies**

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest-level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance includes amounts that have not been assigned to other funds or restricted, committed, or assigned to specific purpose within the general fund or deficit balances in other funds.

	General	Hotel/Motel Tax	Debt Service	General Obligations	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ 28,275	\$ 28,275
Inventory	645	-	-	-	-	645
Restricted to:						
Tourism	-	2,237,261	-	-	-	2,237,261
Debt service	-	-	1,877,188	-	-	1,877,188
Grants	-	-	-	-	412,192	412,192
Special donation	-	-	-	-	277,100	277,100
Stormwater developmnet	-	-	-	-	138,905	138,905
Library	-	-	-	-	1,134	1,134
Capital projects	-	-	-	23,856,639	15,880,870	39,737,509
Public safety	-	-	-	-	322,722	322,722
Municipal court	-	-	-	-	351,399	351,399
Governmental programming	-	-	-	-	233,889	233,889
Other special projects	-	-	-	-	4,611,044	4,611,044
Committed to:						
Enterprise equipment	-	-	-	-	5,652,169	5,652,169
Assigned						
Equipment replacement	1,367,650	-	-	-	-	1,367,650
Unassigned	17,699,352	-	-	-	-	17,699,352
<b>Total Fund Balances</b>	<b>\$ 19,067,647</b>	<b>\$ 2,237,261</b>	<b>\$ 1,877,188</b>	<b>\$ 23,856,639</b>	<b>\$ 27,909,699</b>	<b>\$ 74,948,434</b>

### Minimum Fund Balance Policy

The City will maintain an operating reserve for use in the event of unanticipated, extraordinary expenditures and/or the loss of a major revenue source. In the general fund, the operating reserve and specified contingencies shall be established at a minimum of 25 percent of the general fund budgeted

# **CITY OF NEW BRAUNFELS, TEXAS**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For the Year Ended September 30, 2017**

expenditures for the current fiscal year. For all other special revenue funds, the operating reserve shall equal 10 percent of the budgeted annual expenditures. The funds can only be appropriated by an affirmative vote of five of the seven Council members.

Capital project funds' reserves will be established by project, not by fund and will, in general, reflect 3 percent of the total project costs.

The City will maintain a balance in the debt service fund equal to not less than 10 percent of the principal and interest payments on outstanding debt for each fiscal year. These funds can only be appropriated by an affirmative vote of five of the seven Council members.

### **11. 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, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### **12. Pensions**

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

## **G. Revenues and Expenditures/Expenses**

### **1. Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### **2. Property Taxes**

Property taxes are levied by October 1 of each year on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Taxes are due upon receipt of the City's tax bill and become delinquent, with an enforceable lien on property, on February 1 of the following year.

Allowance for uncollectible tax receivables within the general and debt service funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

### 3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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 enterprise funds and internal service fund are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City follows the procedures outlined below in establishing budgetary data reflected in the financial statements:

Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

Two meetings of the City Council are then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must have been given.

Prior to the start of the fiscal year, the budget is legally enacted through passage of an ordinance by the City Council.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt a project length budgets. The general obligation fund, a major fund for reporting purposes, is considered a capital projects fund and does not present an annual operating budget. The legal level of budgetary control (i.e., the level at which expenditures may not exceed appropriations), as defined by the charter, is at the fund, department, and at the group level for all funds in similar expenditure categories with the following exceptions: budgets are controlled at the division level for support services, planning and community development, and public works divisions. Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council. As required by law, such amendments are made before the fact, and are reflected in the official minutes of the City Council. During the year, the budget was amended as necessary. Appropriations lapse at the end of the year, excluding capital project budgets.

Encumbrances represent the estimated amount of expenditures ultimately to result when unperformed contracts (in progress at year end) are completed. Such encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

### A. Expenditures In Excess of Appropriations

For the year ended September 30, 2017, expenditures exceeded appropriations at the legal level of control as follows:

<u>General Fund</u>	
General government:	
Nondepartmental	\$ 99,874
Public safety:	
Fire	\$ 129,886
<u>Edwards Aquifer HCP Fund</u>	
Public works	\$ 72,456

### III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

#### A. Deposits and Investments

As of September 30, 2017, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Credit Rating
<b>Primary Government and Component Unit-IDC:</b>			
U.S. agencies:			
Federal Home Loan Mortgage Corp.	\$ 2,995,833	0.14	Aaa
Federal Home Loan Bank	2,988,621	0.34	Aaa
Federal Farm Credit Bank	2,984,187	0.46	Aaa
External investment pools:			
TexPool	69,481,453	0.00	AAAm
<b>Total</b>	<u><u>\$ 78,450,094</u></u>		
Portfolio weighted average maturity		0.04	
<b>Component Unit - NBU</b>			
U.S. agency securities	\$ 32,783,212	2.35	Aa+
State and local bonds	502,405	1.79	AAA
Certificates of deposit	6,312,500	1.01	N/A
Demand deposit and money market	9,473,576	0.00	N/A
Pooled funds	37,334,270	0.00	AAAm
<b>Total</b>	<u><u>\$ 86,405,963</u></u>		
Portfolio weighted average maturity		0.96	

#### Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value establishing a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

- Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

As of September 30, 2017, the City had the following recurring fair value measurements:

		<u>Fair Value Measurements Using</u>	
	<u>September 30,</u>	<u>Quoted Prices in</u>	<u>Significant Other</u>
	<u>2017</u>	<u>Active Markets</u>	<u>Observable</u>
		<u>for Identical</u>	<u>Inputs</u>
		<u>Assets (Level 1)</u>	<u>(Level 2)</u>
<b>Investments by Fair Value Level</b>			
<b>Primary Government and Component Unit-IDC</b>			
<u>U.S. Government Agency Bonds/Notes</u>			
Federal Home Loan Mortgage Corporation	\$ 2,995,833	\$ -	\$ 2,995,833
Federal Home Loan Bank	2,988,621	-	2,988,621
Federal Farm Credit Bank	2,984,187	-	2,984,187
<b>Total</b>	<b>\$ 8,968,641</b>	<b>\$ -</b>	<b>\$ 8,968,641</b>
<b>Component Unit - NBU</b>			
U.S. agency securities	\$ 32,783,212	\$ -	\$ 32,783,212
Municipal bonds	502,405	-	502,405
<b>Total</b>	<b>\$ 33,285,617</b>	<b>\$ -</b>	<b>\$ 33,285,617</b>

U. S. Government agency bonds and notes are classified in Level 2 of the fair value hierarchy and are valued using the market approach.

*Interest rate risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

*Credit risk.* The City's policy requires that investment pools must be rated no lower than 'AAA' or 'AAAm'. As of September 30, 2017, the City's investments in TexPool were rated 'AAAm' by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

and credit of the United States government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the City as of September 30, 2017 consist of a variety of bonds and discount notes issued by the Federal Home Loan Bank, the Federal National Mortgage Association, and the Federal Farm Credit Bank. These investments were rated not less than 'Aaa' by both Moody's and Standard & Poor's.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that the City's deposits may not be returned in the event of a bank failure. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2017, market values of pledged securities and FDIC coverage exceeded bank balances.

*Custodial credit risk – investments.* For an investment, this is the risk that the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The City's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

*Foreign currency risk* – This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, neither the City nor its component units were exposed to foreign currency risk.

### **TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

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

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

### B. Receivables

Amounts are aggregated into a single accounts receivable line (net of allowance for uncollectibles) for certain funds and aggregated columns. Below is the detail of receivables for the general fund, hotel/motel tax fund, debt service fund, the nonmajor governmental funds in the aggregate, and the proprietary funds, including the applicable allowances for uncollectible accounts:

Governmental Funds				
	General	Hotel/Motel Tax	Debt Service	Nonmajor Funds
Ad valorem taxes	\$ 363,378	\$ -	\$ 267,482	\$ -
Other taxes	-	164,656	-	42,289
Accounts	6,092,224	648,816	105,483	368,172
Intergovernmental	-	-	-	1,267,669
Less allowance	(88,255)	-	(54,547)	-
	<u>\$ 6,367,347</u>	<u>\$ 813,472</u>	<u>\$ 318,418</u>	<u>\$ 1,678,130</u>
				<u>\$ 9,177,367</u>
Proprietary Funds				
	Airport	Solid Waste	Golf Course	Civic Center
Accounts	\$ 65,592	\$ 23,599	\$ 3,240	\$ 35
Intergovernmental	50,000	-	-	-
Other	-	-	30,699	6,455
	<u>\$ 115,592</u>	<u>\$ 23,599</u>	<u>\$ 33,939</u>	<u>\$ 6,490</u>
				<u>\$ 179,620</u>



# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

### C. Capital Assets

A summary of changes in capital assets for the year end is as follows:

	Beginning Balance*	Increases	Reclassifications (Decreases)	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 32,021,862	\$ 2,871,593	\$ -	\$ 34,893,455
Construction in progress	746,531	16,683,678	(1,313,223)	16,116,986
Total capital assets not being depreciated	32,768,393	19,555,271	(1,313,223)	51,010,441
Other capital assets				
Road network	101,255,790	1,936,417	-	103,192,207
Infrastructure	25,040,967	-	-	25,040,967
Buildings	62,616,591	1,584,882	-	64,201,473
Improvements other than buildings	41,798,712	1,492,121	-	43,290,833
Machinery and equipment	10,299,209	101,013	-	10,400,222
Fleet	17,983,621	986,299	(702,341)	18,267,579
Total other capital assets	258,994,890	6,100,732	(702,341)	264,393,281
Less accumulated depreciation for:				
Road network	(60,626,231)	(5,120,436)	-	(65,746,667)
Infrastructure	(7,089,937)	(835,798)	-	(7,925,735)
Buildings	(33,215,512)	(1,400,544)	-	(34,616,056)
Improvements other than buildings	(15,381,214)	(2,846,750)	-	(18,227,964)
Machinery and equipment	(8,328,555)	(411,429)	-	(8,739,984)
Fleet	(14,024,185)	(1,275,816)	702,341	(14,597,660)
Total accumulated depreciation	(138,665,634)	(11,890,773)	702,341	(149,854,066)
Other capital assets, net	120,329,256	(5,790,041)	-	114,539,215
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<b>\$ 153,097,649</b>	<b>\$ 13,765,230</b>	<b>\$ (1,313,223)</b>	<b>165,549,656</b>
				(190,736,821)
				2,114,149
				28,543,695
			<b>Net Investment in Capital Assets</b>	<b>\$ 5,470,679</b>

\*Beginning balances have been restated.

All capital assets constructed or paid for with funds of the component units are titled in the City's name. Accordingly, component unit capital assets and construction in progress are recorded in the governmental activities totals.

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Depreciation was charged to governmental functions as follows:

General government	\$ 2,208,796
Finance and tax	191,575
Planning and environmental development	573,244
Public safety	6,317,338
Public works	1,239,936
Parks and recreation	931,364
Library	428,520
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 11,890,773</b>

The following is a summary of changes in capital assets for business-type activities for the year end:

	Beginning Balance	Increases	Reclassifications (Decreases)	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,540,961	\$ -	\$ -	2,540,961
Construction in progress	1,060,737	97,218	(1,157,955)	-
Total capital assets not being depreciated	3,601,698	97,218	(1,157,955)	2,540,961
Other capital assets				
Buildings	19,805,215	1,157,955	-	20,963,170
Improvements other than building	19,791,836	77,877	-	19,869,713
Furniture and fixtures	20,190	-	-	20,190
Machinery and equipment	799,923	110,987	-	910,910
Fleet	9,975,296	693,919	(186,670)	10,482,545
Airspace easement	37,515	-	-	37,515
Total other capital assets	50,429,975	2,040,738	(186,670)	52,284,043
Less accumulated depreciation for:				
Buildings	(8,561,541)	(625,993)	-	(9,187,534)
Improvements other than building	(6,023,986)	(1,321,459)	-	(7,345,445)
Furniture and fixtures	(5,427)	(2,884)	-	(8,311)
Machinery and equipment	(552,223)	(42,219)	-	(594,442)
Fleet	(5,011,152)	(1,636,719)	186,670	(6,461,201)
Airspace easement	(21,059)	(938)	-	(21,997)
Total accumulated depreciation	(20,175,388)	(3,630,212)	186,670	(23,618,930)
Other capital assets, net	30,254,587	(1,589,474)	-	28,665,113
<b>Business-Type Activities</b>				
<b>Capital Assets, Net</b>	<b>\$ 33,856,285</b>	<b>\$ (1,492,256)</b>	<b>\$ (1,157,955)</b>	<b>31,206,074</b>
		Less associated debt		(181,589)
		<b>Net Investment in Capital Assets</b>		<b>\$ 31,024,485</b>

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Depreciation was charged to business-type functions as follows:

Airport	\$ 1,219,427
Solid waste	1,361,833
Golf course	701,305
Civic center	347,647
<b>Total Business-Type Activities Depreciation Expense</b>	<b><u>\$ 3,630,212</u></b>

The following is a summary of changes in capital assets for discretely presented component units for the year end:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclassifications (Decreases)</u>	<u>Ending Balance</u>
<b>Component Units:</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 26,341,588	\$ -	\$ -	\$ 26,341,588
Construction in progress	94,641,278	61,047,268	(126,588,295)	29,100,251
Total capital assets not being depreciated	120,982,866	61,047,268	(126,588,295)	55,441,839
Other capital assets				
Buildings	50,163,824	20,751,744	-	70,915,568
Infrastructure	367,808,177	62,036,973	(8,712,393)	421,132,757
Equipment	48,075,916	43,686,751	135,245	91,897,912
Wells and springs	540,047	73,773	-	613,820
Total other capital assets	466,587,964	126,549,241	(8,577,148)	584,560,057
Less accumulated depreciation for:				
Buildings	(28,349,054)	(1,496,130)	-	(29,845,184)
Infrastructure	(145,151,247)	(13,651,383)	6,333,856	(152,468,774)
Equipment	(30,668,432)	(3,413,585)	-	(34,082,017)
Wells and springs	(456,697)	(9,681)	-	(466,378)
Total accumulated depreciation	(204,625,430)	(18,570,779)	6,333,856	(216,862,353)
Other capital assets, net	261,962,534	107,978,462	(2,243,292)	367,697,704
<b>Component Units Capital Assets, Net</b>	<b><u>\$ 382,945,400</u></b>	<b><u>\$ 169,025,730</u></b>	<b><u>\$ (128,831,587)</u></b>	<b><u>\$ 423,139,543</u></b>

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

### D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year end. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

	Beginning Balance*	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bonds, notes, and other payables:					
General obligation bonds	\$ 89,485,000	\$ 5,255,000	\$ (3,535,000)	\$ 91,205,000	\$ 4,675,000
Certificates of obligation	73,615,000	-	(10,485,000)	63,130,000	4,180,000
Contract revenue obligations	25,555,000	-	(1,230,000)	24,325,000	1,270,000
Bond premium	12,321,404	-	(1,655,730)	10,665,674	-
	<u>200,976,404</u>	<u>5,255,000</u>	<u>(16,905,730)</u>	<u>189,325,674</u>	<u>** 10,125,000</u>
Other liabilities:					
Equipment loan payable	534,301	-	(66,788)	467,513	** 66,788
Capital lease payable	757,206	374,935	(188,507)	943,634	** 260,585
Net pension liability	31,673,675	1,162,948	-	32,836,623	-
Net OPEB obligation	8,871,468	1,539,961	-	10,411,429	-
Compensated absences	5,128,991	3,525,254	(2,611,873)	6,042,372	5,438,135
<b>Total Governmental Activities</b>	<u>\$ 247,942,045</u>	<u>\$ 11,858,098</u>	<u>\$ (19,772,898)</u>	<u>\$ 240,027,245</u>	<u>\$ 15,890,508</u>

Long-term debt due in more than one year \$ 224,136,737

\*Beginning balances have been restated.

\*\* Debt associated with capital assets \$ 190,736,821

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Business-Type Activities:</b>					
Equipment loan payable	\$ 363,178	\$ -	\$ (181,589)	\$ 181,589	*** \$ 181,589
Net pension liability	3,281,383	116,641	-	3,398,024	-
Net OPEB obligation	950,955	100,129	-	1,051,084	-
Compensated absences	239,878	283,599	(239,878)	283,599	255,239
<b>Total Business-Type Activities</b>	<u>\$ 4,835,394</u>	<u>\$ 500,369</u>	<u>\$ (421,467)</u>	<u>\$ 4,914,296</u>	<u>\$ 436,828</u>

Long-term debt due in more than one year \$ 4,477,468

\*\*\* Debt associated with business-type activity capital assets \$ 181,589

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Component Units:</b>					
Bonds payable	\$ 114,794,019	\$ 156,013	\$ (2,250,000)	\$ 112,700,032	2,320,000
Bond premium	2,304,893	-	(457,367)	1,847,526	-
Net pension liability	9,295,380	-	(146,834)	9,148,546	-
Compensated absences	1,736,897	-	(217,092)	1,519,805	859,048
<b>Total Component Units</b>	<b>\$ 128,131,189</b>	<b>\$ 156,013</b>	<b>\$ (3,071,293)</b>	<b>\$ 125,215,909</b>	<b>\$ 3,179,048</b>

Long-term debt due in more than one year \$ 122,036,861

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences, net pension liability, and other post employment benefit obligations are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

### **Refunded Debt**

During the year, the City issued general obligation refunding bonds, series 2017 for \$5,255,000 to provide resources for an advanced refunding of governmental long-term debt. The advanced refunding provided resources to purchase direct obligations of the United States of America that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$4,955,000 for outstanding combination tax and limited pledge revenue certificates of obligation series 2009. As a result, the refunded portion of the bonds is considered to be defeased and the pro-rata portion of the liability has been removed from the applicable governmental activities column in the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$283,220. The refunding bonds reduced total debt service payments by \$565,392 over the next 12 years and resulted in an economic gain of \$492,497. At September 30, 2017, \$4,955,000 of combination tax and limited pledge revenue certificates of obligation series 2009 was considered defeased.

### **Prior Year Defeasance of Debt**

In prior years, the City defeased certificates of obligation by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2017, \$13,655,000 of defeased certificates of obligation remain outstanding.

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Long-term debt at year end was comprised of the following debt issues:

Governmental Activities:				
Series	Final Maturity	Original Issue	Interest Rate	Balance
<b>General Obligation Bonds</b>				
2010 General Obligation Refunding Bonds	2018	\$ 730,000	1.000-2.950%	\$ 245,000
2013 General Obligation Refunding Bonds	2023	\$ 3,820,000	2.000-3.000%	2,500,000
2013A General Obligation Refunding Bonds	2020	\$ 7,020,000	2.000-4.000%	4,305,000
2014 General Obligation Bonds	2034	\$ 13,970,000	2.000-5.000%	12,485,000
2015 General Obligation and Refunding Bonds	2035	\$ 29,260,000	2.000-5.000%	28,420,000
2016 General Obligation Refunding Bonds	2036	\$ 37,360,000	2.000-5.000%	37,070,000
2017 General Obligation Refunding Bonds	2029	\$ 5,255,000	1.910%	5,255,000
2015 Tax Note	2022	\$ 1,285,000	1.630%	925,000
<b>Total General Obligation</b>				<b>91,205,000</b>
<b>Certificates of Obligation</b>				
2006A Certificates of Obligation	2021	\$ 1,600,000	3.600-4.500%	575,000
2006B Certificates of Obligation	2017 *	\$ 8,000,000	4.000-5.125%	-
2007 Certificates of Obligation	2017 *	\$ 17,500,000	4.000-5.250%	-
2008 Certificates of Obligation	2018 *	\$ 14,300,000	3.500-5.250%	665,000
2009 Certificates of Obligation	2019 *	\$ 9,500,000	2.000-4.500%	930,000
2011 Certificates of Obligation	2031	\$ 18,200,000	4.050%	14,310,000
2012 Certificates of Obligation	2032	\$ 19,470,000	2.000-5.000%	15,755,000
2013 Certificates of Obligation	2033	\$ 19,490,000	3.000-5.000%	16,730,000
2014A Certificates of Obligation	2034	\$ 6,845,000	2.000-5.000%	6,100,000
2014B Certificates of Obligation	2034	\$ 3,280,000	2.000-5.000%	3,025,000
2015 Certificates of Obligation	2035	\$ 5,395,000	2.000-5.000%	5,040,000
<b>Total Certificates of Obligation</b>				<b>63,130,000</b>
<b>Tax Increment Contract Revenue Obligations</b>				
2012 Tax Increment Contract Revenue Improvement and Refunding Obligations	2032	\$ 11,670,000	2.93%	9,500,000
2014 Tax Increment Contract Revenue Notes	2032	\$ 17,000,000	3.68%	14,825,000
<b>Total Tax Increment Contract Revenue Obligations</b>				<b>24,325,000</b>
<b>Total Governmental Activities Long-Term Debt</b>				<b>\$ 178,660,000</b>

\*After refunding

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

The annual requirements to amortize general obligation bonds, certificates of obligation, and tax increment contract revenue obligations outstanding at year end were as follows:

Year Ending Sep. 30	Governmental Activities						
	General Obligation		Certificates of Obligation		Tax Increment Contract Revenue Obligations		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 4,675,000	\$ 3,580,669	\$ 4,180,000	\$ 2,447,186	\$ 1,270,000	\$ 823,910	\$ 16,976,765
2019	5,830,000	3,368,876	3,650,000	2,310,029	1,315,000	780,999	17,254,904
2020	6,435,000	3,130,392	3,270,000	2,194,136	1,360,000	736,545	17,126,073
2021	6,635,000	2,929,736	3,385,000	2,080,776	1,405,000	690,584	17,126,096
2022	6,820,000	2,698,096	3,385,000	1,962,853	1,450,000	643,080	16,959,029
2023-2027	30,970,000	8,955,314	19,080,000	7,663,218	8,030,000	2,444,889	77,143,421
2028-2032	17,860,000	4,197,172	22,245,000	3,152,774	9,495,000	988,104	57,938,050
2033-2036	11,980,000	858,950	3,935,000	168,513	-	-	16,942,463
<b>Total</b>	<b>\$ 91,205,000</b>	<b>\$ 29,719,205</b>	<b>\$ 63,130,000</b>	<b>\$ 21,979,485</b>	<b>\$ 24,325,000</b>	<b>\$ 7,108,111</b>	<b>\$ 237,466,801</b>

General obligation bonds and certificates of obligation are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds and certificates of obligation are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

In December 2012 and July 2014, the NBDA issued Tax Increment Contract Revenue and Refunding Obligations, series 2012 and Tax Increment Contract Revenue Obligations, series 2014, respectively, with the authorization and approval of the City. The obligations were issued to reimburse a developer for certain public improvement projects related to the Creekside Town Center Development and pay the costs of issuance. The debt issuances are the limited obligation of the NBDA, payable solely from pledged revenues. The pledged revenues consist of tax increments from the TIRZ payable to the NBDA as specified in the tri-party agreement between the City, the TIRZ, and the NBDA. The City is not obligated to make payments on the series 2012 and series 2014 obligations.

The City entered into a ten-year loan payable of \$1,394,231 with an interest rate of 2.09% with a national bank on May 30, 2014. The proceeds of the loan were used to acquire capital assets by which the loan is secured. The annual requirements to amortize the equipment loan payable outstanding at year end were as follows:

### Equipment Loan Payable:

Year Ending Sep. 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 66,788	\$ 9,771	\$ 76,559	\$ 181,589	\$ 3,795	\$ 185,384
2019	63,382	8,375	71,757	-	-	-
2020	64,707	7,051	71,758	-	-	-
2021	66,059	5,698	71,757	-	-	-
2022	67,440	4,317	71,757	-	-	-
2023-2027	139,137	4,377	143,514	-	-	-
<b>Total</b>	<b>\$ 467,513</b>	<b>\$ 39,589</b>	<b>\$ 507,102</b>	<b>\$ 181,589</b>	<b>\$ 3,795</b>	<b>\$ 185,384</b>

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

The City has entered into various capital lease financing arrangements with interest rates that range from 1.85% to 2.25%. The annual requirements to amortize the capital leases payable outstanding at year end were as follows:

Year Ending Sep. 30	Governmental Activities		
	Principal	Interest	Total
2018	\$ 260,585	\$ 14,733	\$ 275,318
2019	262,361	12,956	275,317
2020	267,139	8,178	275,317
2021	75,964	3,276	79,240
2022	77,585	1,656	79,241
<b>Total</b>	<b>\$ 943,634</b>	<b>\$ 40,799</b>	<b>\$ 984,433</b>

The assets acquired through capital leases are as follows:

<b>Assets:</b>	
Vehicles	\$ 669,454
Equipment	492,471
Less: accumulated depreciation	(472,906)
<b>Total</b>	<b>\$ 689,019</b>

The annual requirements to amortize NBU bonds outstanding at year end were as follows:

Year Ending Sep. 30	Bonds Payable		
	Principal	Interest	Total
2018	\$ 2,320,000	\$ 4,062,694	\$ 6,382,694
2019	2,095,008	3,983,044	6,078,052
2020	2,032,023	3,904,794	5,936,817
2021	2,081,857	3,838,294	5,920,151
2022	2,141,326	3,768,494	5,909,820
2023-2027	13,539,818	17,460,570	31,000,388
2028-2032	19,000,000	14,587,169	33,587,169
2033-2037	21,235,000	11,090,844	32,325,844
2038-2042	24,840,000	6,912,894	31,752,894
2043-2047	23,415,000	2,082,775	25,497,775
<b>Total</b>	<b>\$ 112,700,032</b>	<b>\$ 71,691,572</b>	<b>\$ 184,391,604</b>

### Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City



# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

### E. Interfund Receivables and Payables

Interfund balances at September 30, 2017 consisted of the following:

Due From	Due To					
	General	Nonmajor	Internal Service	Airport	Solid Waste	Total
General obligations fund	\$ -	\$ 6,485,069	\$ 999,226	\$ 568,570	\$ 267,160	\$ 8,320,025
Nonmajor governmental	1,254,080	-	-	-	-	1,254,080
Airport fund	44,010	-	-	-	-	44,010
	<u>\$ 1,298,090</u>	<u>\$ 6,485,069</u>	<u>\$ 999,226</u>	<u>\$ 568,570</u>	<u>\$ 267,160</u>	<u>\$ 9,618,115</u>

The outstanding balances between funds result mainly 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 (3) payments between funds are made.

### F. Interfund Transfers

Transfers between the primary government funds during the year were as follows:

	Transfers In	Transfers Out
<b>Governmental Funds:</b>		
Individual major governmental funds:		
General	\$ 823,729	\$ 715,372
Hotel/motel tax	-	988,895
Debt service	1,503,547	-
General obligation	1,500,000	-
Other nonmajor governmental funds	4,008,232	3,626,262
<b>Total Governmental Funds</b>	<u>7,835,508</u>	<u>5,330,529</u>
<b>Enterprise Funds:</b>		
Individual major enterprise funds:		
Airport	157,370	508,553
Solid waste	-	2,313,004
Golf course	-	487,218
Civic center	278,995	32,569
<b>Total Enterprise Funds</b>	<u>436,365</u>	<u>3,341,344</u>
<b>Internal Service Funds:</b>		
Self-insurance	400,000	-
<b>Total Internal Service Funds</b>	<u>400,000</u>	<u>-</u>
<b>Total Transfers</b>	<u>\$ 8,671,873</u>	<u>\$ 8,671,873</u>

Transfers between funds occur primarily to finance programs accounted for in one fund with resources collected in other funds in accordance with budgetary authorizations.

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

### G. Prior Period Adjustment

The City's net position for governmental activities has been restated to adjust for costs related to the Old Channel Restoration Project (OCRP) that were previously capitalized. The City has removed the value of this project from the beginning capital asset balance, along with its related accumulated depreciation.

The beginning fund balances of two nonmajor governmental funds were restated to account for the activity of the TIRZ and NBDA as blended component units of the City. In addition, the City's net position was restated to include the long-term debt related to the NBDA's outstanding obligations. See Note III.D. for information related to these obligations. Lastly, the City's net position for governmental activities was restated to adjust for the capital assets which were conveyed to the City as part of the TIRZ's Creekside Town Center (CTC) project, as well as adjusting for the related accumulated depreciation for these assets.

	Governmental Activities	Nonmajor Governmental Funds
Beginning net position/fund balance, as reported	\$ 4,118,681	\$ 21,242,328
Restatement - capital assets (OCRP)	(395,758)	-
Restatement - accumulated depreciation (OCRP)	19,432	-
Restatement - TIRZ fund balance	2,141,097	2,141,097
Restatement - NBDA fund balance	1,200,453	1,200,453
Restatement - NBDA long-term debt	(25,555,000)	-
Restatement - capital assets (CTC)	28,907,788	-
Restatement - accumulated depreciation (CTC)	(7,939,595)	-
Beginning net position/fund balance, as restated	<u>\$ 2,497,098</u>	<u>\$ 24,583,878</u>

### IV. OTHER INFORMATION

#### A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

The City's health insurance program is a self-insured minimum premium cash flow plan (the "Plan"). The City makes pre-determined monthly contributions to the Plan to fully cover the cost of employee-only coverage. The City and each covered employee make a pre-determined monthly contribution to the Plan if they cover one or more dependents. All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the Plan, and the City reimburses the insurance company for the amount of each claim paid. The insurance company charges the City a fee for each claim processed. Funding covers both the cost of claims and administrative expenses. The City paid \$5,444,117 in health claims and paid \$1,129,019 for administrative costs for the year ended September 30, 2017. The City contributed \$6,379,483 and City employees contributed \$1,527,530 to the Plan for the year ended September 30, 2017.

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

The transactions of the Plan are reported in the City's internal service fund. The City pays a specified monthly amount for each employee and a portion of an employee's dependent coverage which averages to approximately \$693. The largest portion of this amount is dedicated to the direct payment of claims. The remaining part of the monthly amount is dedicated to the payments of administrative fees and commercial insurance for excess claims. The commercial insurance coverage becomes effective when the claims exceed the maximum amount per employee.

Estimated health claims that have been incurred but not reported are accrued at year end. The estimated liability for health claims is \$397,183 at September 30, 2017. The estimated liability for health claims is based upon historical claims experience.

The change in the claim liability for the years ended September 30, 2017 and 2016 are as follows:

	2017	2016
Claims payable, beginning of year	\$ 333,906	\$ 283,618
Plus: incurred claims	5,444,117	6,444,733
Less: claims paid	(5,380,840)	(6,394,445)
Claims Payable, End of Year	<u>\$ 397,183</u>	<u>\$ 333,906</u>

### B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

At September 30, 2017, the City is involved in various lawsuits. These lawsuits generally involve claims relating to general liability, automobile liability, civil rights actions, and various contractual matters. In the opinion of management, any liability resulting from such litigation would not have a material adverse effect on the City's financial statements.

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. 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. With the exception of health claims, no other claim liabilities are reported at year end.

### C. Pension Plans

#### Texas Municipal Retirement System

##### Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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 that can be obtained at [www.tmr.com](http://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 percent 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. Plan provisions for the City were as follows:

	<u>2017</u>	<u>2016</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

### Employees Covered by Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	239
Inactive employees entitled to, but not yet receiving, benefits	257
Active employees	579
<b>Total</b>	<u><u>1,075</u></u>

### Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent, or 200 percent, 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.

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.23 percent and 16.94 percent in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2017 were \$6,102,303, which were equal to the required contributions.

### Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

### Actuarial Assumptions

The TPL in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

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

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

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. 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, the actuary 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).

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
<b>Total</b>	<b>100.00%</b>	

### Discount Rate

The discount rate used to measure the TPL was 6.75 percent. 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 TPL.

### Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 6,283,281	\$ -	\$ 6,283,281
Interest	8,990,600	-	8,990,600
Change in current period benefits	-	-	-
Difference between expected and actual experience	887,337	-	887,337
Changes in assumptions	-	-	-
Contributions - employer	-	5,961,496	(5,961,496)
Contributions - employee	-	2,424,270	(2,424,270)
Net investment income	-	6,574,073	(6,574,073)
Benefit payments, including refunds of employee contributions	(4,267,920)	(4,267,920)	-
Administrative expense	-	(74,212)	74,212
Other changes	-	(3,998)	3,998
<b>Net Changes</b>	<b>11,893,298</b>	<b>10,613,709</b>	<b>1,279,589</b>
Balance at December 31, 2015	132,186,396	97,231,338	34,955,058
<b>Balance at December 31, 2016</b>	<b>\$ 144,079,694</b>	<b>\$ 107,845,047</b>	<b>\$ 36,234,647</b>

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

### Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one 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	\$ 59,393,584	\$ 36,234,647	\$ 17,489,742

### 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](http://www.tmrs.com).

### Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$7,853,149.

At September 30, 2017, 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
Differences between expected and actual economic experience	\$ 1,011,713	\$ 527,300
Changes in actuarial assumptions	-	288,198
Difference between projected and actual investment earnings	4,294,595	-
Contributions subsequent to the measurement date	4,707,975	-
<b>Total</b>	<b>\$ 10,014,283</b>	<b>\$ 815,498</b>

\$4,707,975 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal 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:

Fiscal Year Ended September 30	Pension Expense
2018	\$ 1,488,443
2019	1,488,443
2020	1,267,484
2021	121,420
2022	125,020
Thereafter	-
<b>Total</b>	<b>\$ 4,490,810</b>

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

### D. Other Post Employment Benefits

#### 1. TMRS Supplemental Death Benefits Fund

##### Plan Description

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the pension trust fund. For the year ended September 30, 2017, the City offered the supplemental death benefit to both active and retired employees.

##### 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's contributions to the TMRS SDBF for the fiscal years ended 2017 and 2016 were \$10,765 and \$10,604, respectively. The City's contribution rates for the past three years are shown below:

	2017	2016	2015
Annual Req. Contrib. (Rate)	0.03%	0.03%	0.03%
Actual Contribution Made	0.03%	0.03%	0.03%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

#### 2. Post Employment Healthcare Plan

##### Plan Description

The City provides certain health care benefits to retired employees under a single-employer defined benefit healthcare plan (the "Plan"). The Plan does not issue separate financial statements.

The City maintains self-funded medical, prescription drug, dental, and vision coverage for eligible employees and retired employees and their dependents. All retirees are eligible to continue their health insurance coverage at the same cost that the City pays for its employees. Thus, in effect, the City is subsidizing the cost of the higher premiums for its retirees. The City also provides \$7,500 in life insurance coverage for its retirees through TMRS. To be eligible for coverage after retirement, employees must be covered as an active employee in the City health program at the time of retirement,



# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

reach their 60<sup>th</sup> birthday, and have 5 years of service with the City, or have earned 20 years of TMRS service, and pay a Plan premium as set by the City for themselves and their dependents.

### Funding Policy

Plan members are required to pay a premium for themselves and their dependents. Currently, the premium is set at \$525 per retiree and an additional premium of \$485 for spouses, \$450 for children, and \$593 for spouse and children.

The Plan is financed on a pay-as-you-go basis.

### Annual OPEB Cost

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost of the year, the amount actually contributed to the plan, and the City's net OPEB obligation.

Annual required contribution (ARC)	\$ 1,692,481
Interest on net OPEB obligation (NPO)	392,897
Adjustment to the ARC	<u>(390,352)</u>
Annual OPEB cost	1,695,026
Contributions made	<u>(54,935)</u>
Increase in net OPEB obligation	1,640,091
Net OPEB obligation - beginning of year	9,822,422
Net OPEB obligation - end of year	<u><u>\$ 11,462,513</u></u>

A separate audited GAAP basis OPEB plan report is not available.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years are as follows:

Fiscal Year	Net Employer Contribution	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
				Beginning	Ending
2015	\$ 254,407	\$ 1,724,767	14.75%	\$ 6,904,165	\$ 8,374,525
2016	\$ 246,753	\$ 1,694,650	14.56%	\$ 8,374,525	\$ 9,822,422
2017	\$ 54,935	\$ 1,695,026	3.24%	\$ 9,822,422	\$ 11,462,513

### Funded Status and Funding Progress

As of September 30, 2016, the most recent actuarial valuation date, the plan was 0.00 percent funded. The actuarial accrued liability for benefits was \$11,479,532, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,479,532. The annual covered payroll is \$28,218,371 and the UAAL as a percentage of covered payroll is 40.68 percent:

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits in force provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Investment Rate of Return	4.0%, net of expenses
Actuarial Cost Method	Projected unit credit
Amortization Method	Level as a percentage of employee payroll
Remaining Amortization Period	30 years - Open period
Asset Valuation Method	Market value
Inflation Rate	2.50% per annum
Salary Growth	3.00% per annum
Healthcare Cost Trend Rate (Initial/Ultimate)	For 2017 through 2020, Lewis & Ellis best estimate assumptions were developed by observation and extrapolation of plan experience and industry data. Thereafter, rates developed using the baseline projection of the SoA Long-Run Medical Cost Trend Model.

### **E. Operating Lease**

NBU has an operating lease (the "Lease") with Lower Colorado River Authority (LCRA) to lease certain transmission assets to LCRA. Payments for the lease facilities are based on the original cost of the facilities, adjusted for depreciation, and are updated annually to reflect additions, retirements, and depreciation. The terms of the Leases are perpetual, but may be terminated by either party upon five years written notice. On March 30, 2017, LCRA and NBU executed a Memorandum of Agreement (MOA) to terminate the Lease effective March 31, 2022. The MOA outlines a lease payment freeze that reverts the Lease payments to the Lease asset value as of NBU's Transmission Cost of Service (TCOS) rate case dated July 7, 2014. The compensable Lease asset value at the time was \$10,992,460, which equates to Lease revenue of \$855,667 per year. Lease revenues were \$797,793 and \$791,039 in fiscal year 2017 and fiscal year 2016, respectively. The receipts for fiscal year 2018 are expected to be \$855,667.

# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

### F. Tax Abatements

#### 1. Chapter 378 Neighborhood Empowerment Zone Agreement

Chapter 378 of the Texas Local Government Code, *Neighborhood Empowerment Zone*, provides the authority to the governing body of a municipality to create a Neighborhood Empowerment Zone that would promote an increase in economic development in the municipality. The City has entered into a property tax abatement agreement (the "Agreement") with a company (the "Company") as authorized by Chapter 378 of the Texas Local Government Code. Under the Agreement, the Company agrees to establish a customer contact center that will employ 120 people by the end of the first year of operation and will employ at least 343 people by the end of the tenth year of operation. In exchange, the City will pay the Company 50 percent of the sales tax revenue received by the City which is connected to the Company's business activities within the City starting on the date outlined in the Agreement for a period of 10 years. The Agreement provides for recapture of sales taxes in the event of material breach. For the year ended September 30, 2017, the total amount of taxes abated were \$1,846,688 for the City and \$615,563 for the IDC.

#### 2. Chapter 380 Economic Development Agreement

Chapter 380 of the Texas Local Government Code, *Miscellaneous Provisions Relating to Municipal Planning and Development*, provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs to promote state or local economic development and to stimulate business and commercial activity in the municipality.

##### Sales Taxes

The City has entered into sales tax abatement agreements (the "Agreements") with several developers (the "Developers") as authorized by Chapter 380 of the Texas Local Government Code.

Under each Agreement, the Developers must meet certain commercial/retail development and/or employment requirements in order to have a portion of their sales taxes abated. The minimum limitation value varies by Agreement. The City has sales tax abatements with the following Developers. Each Agreement provides for recapture in the event of material breach. The following summarizes the current Agreements:

- A Developer constructed a commercial and mixed-use development of approximately 160.56 acres of land for the purpose of promoting economic development in the City and stimulating business and commercial activity. The improvements were to be completed based on the terms of the Agreement. The Agreement expires 25 years after the effective date of the Agreement. The City will make payments to the Developer from sales tax revenues at an amount equal to 50 percent of sales tax revenue collected by the City and generated by the project. For the year ended September 30, 2017, the total amount of taxes abated were \$108,109 for the City.
- A Developer will construct a new grocery retail store with approximately 120,000 square-feet for the purpose of creating and/or retaining at least 108 full-time equivalent (FTE) employees. The City has granted the Developer a tax limitation of \$1.5 million for a period of 5 years. In order to be eligible to receive the limitation, the Developer must have invested at least \$14 million during the time period beginning October 1, 2015 and ending December 31, 2016. The City will make quarterly payments to the Developer from sales tax revenues at an amount equal to 50 percent of sales taxes generated not to exceed a cumulative amount of \$700,000 paid by the City and \$800,000 paid by the IDC beginning after the grocery store opens to the

# **CITY OF NEW BRAUNFELS, TEXAS**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For the Year Ended September 30, 2017**

public. For the year ended September 30, 2017, the total amount of taxes abated were \$216,720 for the City.

### Property Taxes

The City has entered into property tax abatement agreements (the "Agreements") with several developers (the "Developers") as authorized by Chapter 380 of the Texas Local Government Code.

Under each Agreement, the developers must meet certain commercial/retail development and/or employment requirements in order to have a portion of their property taxes abated. The minimum limitation value varies by Agreement. The City has property tax abatements with the following Developers. Each Agreement provides for recapture in the event of material breach. The following summarizes the current Agreements:

- The Developer constructed a commercial and mixed-use development of approximately 160.56 acres of land for the purpose of promoting economic development in the City and stimulating business and commercial activity. In exchange, the City will pay the company an amount annually equal to 70 percent of all property taxes received by the City related to the property in each tax year starting the first tax year following a transition period as outlined in the Agreement for a period of 25 years or until \$4,117,000 of the economic development grant is paid. For the year ended September 30, 2017, the total amount of taxes abated were \$151,458 for the City.
- The Developer agrees to construct a manufacturing facility of approximately 240,000 square-feet for the purpose of promoting economic development in the City and stimulating business and commercial activity. The City has granted the Developer a tax limitation for a period of 15 years. In order to be eligible to receive the limitation, the Developer agrees to make an investment of \$80 million that increases total taxable assessed value of at least \$35 million by January 2017 and \$50 million by January 2018. In addition, the Developer must meet certain employment conditions. The City will make annual payments to the Developer from property tax revenues at an amount equal to 80 percent, 60 percent, and 50 percent of total taxable assessed value for years one through five, six through eight, and nine through fifteen, respectively.

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)**

**GENERAL FUND**

For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Taxes:				
Ad valorem	\$ 15,697,047	\$ 15,697,047	\$ 15,742,694	\$ 45,647
Sales	20,416,397	20,416,397	20,066,864	(349,533)
Franchise and other taxes	10,003,870	10,003,870	9,944,477	(59,393)
Licenses and permits	3,679,654	3,679,654	3,935,381	255,727
Intergovernmental	45,000	45,000	218,634	173,634
Fines and forfeitures	1,466,766	1,466,766	1,674,452	207,686
Interest	73,000	73,000	98,450	25,450
Parks and recreation	1,390,857	1,390,857	1,335,326	(55,531)
Miscellaneous	2,077,878	2,077,878	2,073,838	(4,040)
Charges for services	4,124,699	4,124,699	4,143,073	18,374
<b>Total Revenues</b>	<b>58,975,168</b>	<b>58,975,168</b>	<b>59,233,189</b>	<b>258,021</b>
<b><u>Expenditures</u></b>				
General government:				
City council	51,645	54,645	37,566	17,079
City attorney	930,283	789,283	758,750	30,533
City administration	3,994,386	4,657,008	4,374,434	282,574
Human resources	817,227	823,727	772,549	51,178
Nondepartmental	1,520,000	1,736,469	1,836,343	(99,874) *
Finance and tax	1,008,023	1,022,023	1,011,213	10,810
Planning and environmental development	3,398,365	3,240,365	3,179,607	60,758
Public safety:				
Police	17,269,455	16,602,832	16,511,256 **	91,576
Fire	16,910,731	17,135,763	17,265,649 **	(129,886) *
Public works	7,024,418	6,832,417	6,440,684	391,733
Parks and recreation	5,149,871	5,149,870	5,071,756	78,114
Library	2,106,316	2,136,315	2,082,414	53,901
<b>Total Expenditures</b>	<b>60,180,720</b>	<b>60,180,717</b>	<b>59,342,221</b>	<b>838,496</b>
<b>(Deficiency) of Revenues</b>				
<b>(Under) Expenditures</b>	<b>(1,205,552)</b>	<b>(1,205,549)</b>	<b>(109,032)</b>	<b>1,096,517</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)**  
**GENERAL FUND**

For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	1,288,730	1,288,730	823,729	(465,001)
Transfers (out)	(1,028,861)	(1,028,861)	(715,372)	313,489
Capital lease	-	-	374,935 **	374,935
Sale of capital asset	-	-	81,685	81,685
<b>Total Other Financing Sources</b>	<b>259,869</b>	<b>259,869</b>	<b>564,977</b>	<b>305,108</b>
<b>Net Change in Fund Balances</b>	<b>\$ (945,683)</b>	<b>\$ (945,680)</b>	<b>455,945</b>	<b>\$ 1,401,625</b>
Beginning fund balance			18,611,702	
<b>Ending Fund Balance</b>			<b>\$ 19,067,647</b>	

Notes to Required Supplementary Information (RSI):

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. \*Expenditures exceed appropriations at the legal level of control.
3. \*\*The City does not budget for non-cash transactions. Expenditures in police and fire include \$116,567 and \$258,368, respectively, related to the capital lease financing of \$374,935.

Certain transfers out are budgeted within departmental budgets. Thus, to more accurately reflect the departmental budgets, these transfers out are reported within the departments rather than as other financing uses.

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**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**HOTEL/MOTEL TAX FUND**  
For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Taxes	\$ 4,508,620	\$ 4,508,620	\$ 3,994,002	\$ (514,618)
Interest	1,500	1,500	11,296	9,796
Miscellaneous	-	-	50	50
<b>Total Revenues</b>	<u>4,510,120</u>	<u>4,510,120</u>	<u>4,005,348</u>	<u>(504,772)</u>
<b><u>Expenditures</u></b>				
Current				
General government	3,046,941	3,046,941	2,737,859	309,082
Capital outlay	631,000	631,000	-	631,000
<b>Total Expenditures</b>	<u>3,677,941</u>	<u>3,677,941</u>	<u>2,737,859</u>	<u>940,082</u>
<b>Excess of Revenues Over Expenditures</b>	832,179	832,179	1,267,489	435,310
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	(988,895)	(988,895)	(988,895)	-
<b>Total Other Financing (Uses)</b>	<u>(988,895)</u>	<u>(988,895)</u>	<u>(988,895)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (156,716)</u>	<u>\$ (156,716)</u>	278,594	<u>\$ 435,310</u>
Beginning fund balance			<u>1,958,667</u>	
<b>Ending Fund Balance</b>			<u>\$ 2,237,261</u>	

Notes to Required Supplementary Information (RSI):

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
For the Year Ended September 30, 2017

	Measurement Year*		
	2014	2015	2016
<b>Total Pension Liability</b>			
Service cost	\$ 5,143,064	\$ 5,732,589	\$ 6,283,281
Interest (on the total pension liability)	8,027,752	8,602,512	8,990,600
Changes in current period benefits	-	-	-
Difference between expected and actual experience	(1,028,253)	420,652	887,337
Change in assumptions	-	(437,911)	-
Benefit payments, including refunds of employee contributions	(4,136,590)	(4,316,359)	(4,267,920)
<b>Net Change in Total Pension Liability</b>	<b>8,005,973</b>	<b>10,001,483</b>	<b>11,893,298</b>
Beginning total pension liability	114,178,940	122,184,913	132,186,396
<b>Ending Total Pension Liability</b>	<b>\$ 122,184,913</b>	<b>\$ 132,186,396</b>	<b>\$ 144,079,694</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 4,725,941	\$ 5,365,044	\$ 5,961,496
Contributions - employee	2,011,041	2,213,355	2,424,270
Net investment income	4,945,274	138,605	6,574,073
Benefit payments, including refunds of employee contributions	(4,136,590)	(4,316,359)	(4,267,920)
Administrative expense	(51,621)	(84,411)	(74,212)
Other	(4,244)	(4,169)	(3,998)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>7,489,801</b>	<b>3,312,065</b>	<b>10,613,709</b>
Beginning plan fiduciary net position	86,429,472	93,919,273	97,231,338
<b>Ending Plan Fiduciary Net Position</b>	<b>\$ 93,919,273</b>	<b>\$ 97,231,338</b>	<b>\$ 107,845,047</b>
<b>Net Pension Liability</b>	<b>\$ 28,265,640</b>	<b>\$ 34,955,058</b>	<b>\$ 36,234,647</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>76.87%</b>	<b>73.56%</b>	<b>74.85%</b>
<b>Covered Employee Payroll</b>	<b>\$ 28,695,633</b>	<b>\$ 31,619,357</b>	<b>\$ 34,599,565</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>98.50%</b>	<b>110.55%</b>	<b>104.73%</b>

\*Only three years of information is currently available. The City will build this schedule over the next seven-year period.



# CITY OF NEW BRAUNFELS, TEXAS

## SCHEDULE OF CONTRIBUTIONS

### TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2017

	Fiscal Year*			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 4,725,941	\$ 5,365,044	\$ 6,066,843	\$ 6,102,303
Contributions in relation to the actuarially determined contribution	4,705,262	5,400,580	6,066,843	6,102,303
Contribution deficiency (excess)	<u>\$ 20,679</u>	<u>\$ (35,536)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 28,695,633	\$ 31,619,357	\$ 35,348,062	\$ 35,884,508
Contributions as a percentage of covered employee payroll	16.40%	17.08%	17.16%	17.01%

\*Only four years of information is currently available. The City will build this schedule over the next six-year period.

#### Notes to Required Supplementary Information:

##### 1. Valuation Date:

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

##### 2. 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 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustments with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

##### 3. Other Information:

There were no benefit changes during the year.

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# CITY OF NEW BRAUNFELS, TEXAS

## SCHEDULE OF FUNDING PROGRESS

### OTHER POSTEMPLOYMENT BENEFITS

September 30, 2017

<b>Year Ending</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Rule</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
9/30/2011	10/1/2009	\$ -	\$ 14,016,512	\$ 14,016,512	0.00%	\$ 19,693,129	71.2%
9/30/2012	9/30/2011	\$ -	\$ 10,473,000	\$ 10,473,000	0.00%	\$ 22,675,522	46.2%
9/30/2013	9/30/2011	\$ -	\$ 10,473,000	\$ 10,473,000	0.00%	\$ 22,675,522	46.2%
9/30/2014	9/30/2014	\$ -	\$ 12,861,627	\$ 12,861,627	0.00%	\$ 23,741,806	54.2%
9/30/2015	9/30/2014	\$ -	\$ 12,861,627	\$ 12,861,627	0.00%	\$ 23,741,806	54.2%
9/30/2016	9/30/2016	\$ -	\$ 11,479,532	\$ 11,479,532	0.00%	\$ 28,218,371	40.7%
9/30/2017	9/30/2016	\$ -	\$ 11,479,532	\$ 11,479,532	0.00%	\$ 28,218,371	40.7%





***COMBINING STATEMENTS  
AND SCHEDULES***

# CITY OF NEW BRAUNFELS, TEXAS

## COMBINING BALANCE SHEET

### GENERAL FUND - SUBFUNDS

September 30, 2017

	General Fund	Equipment Replacement Fund	Facilities Maintenance Fund	Eliminations
<b><u>Assets</u></b>				
Cash and equity in pooled cash and investments	\$ 14,945,908	\$ 1,807,341	\$ -	\$ -
Receivables, net				
Taxes	275,123	-	-	-
Accounts	6,083,189	9,035	-	-
Due from other governments	15,304	-	-	-
Due from other funds	1,612,647	-	-	(314,557)
Inventory	645	-	-	-
<b>Total Assets</b>	<b>\$ 22,932,816</b>	<b>\$ 1,816,376</b>	<b>\$ -</b>	<b>\$ (314,557)</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 4,137,956	\$ 134,169	\$ -	\$ -
Due to other funds	-	314,557	-	(314,557)
Accrued wages payable	819,740	-	-	-
<b>Total Liabilities</b>	<b>4,957,696</b>	<b>448,726</b>	<b>-</b>	<b>(314,557)</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	275,123	-	-	-
<b><u>Fund Balances</u></b>				
Nonspendable	645	-	-	-
Assigned	-	1,367,650	-	-
Unassigned	17,699,352	-	-	-
<b>Total Fund Balances</b>	<b>17,699,997</b>	<b>1,367,650</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 22,932,816</b>	<b>\$ 1,816,376</b>	<b>\$ -</b>	<b>\$ (314,557)</b>

**Totals**

\$ 16,753,249

275,123

6,092,224

15,304

1,298,090

645

\$ 24,434,635

\$ 4,272,125

-

819,740

5,091,865

275,123

645

1,367,650

17,699,352

19,067,647

\$ 24,434,635

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GENERAL FUND - SUBFUNDS**  
**For the Year Ended September 30, 2017**

	<b>General Fund</b>	<b>Equipment Replacement Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Eliminations</b>
<b><u>Revenues</u></b>				
Taxes	\$ 45,754,035	\$ -	\$ -	\$ -
Licenses and permits	3,935,381	-	-	-
Intergovernmental	218,634	-	-	-
Fines and forfeitures	1,674,452	-	-	-
Interest	83,200	15,219	31	-
Parks and recreation	1,335,326	-	-	-
Miscellaneous	2,067,288	6,550	-	-
Charges for services	4,143,073	-	-	-
<b>Total Revenues</b>	<b>59,211,389</b>	<b>21,769</b>	<b>31</b>	<b>-</b>
<b><u>Expenditures</u></b>				
Current				
General government	7,049,185	633,300	-	-
Finance and tax	1,011,213	-	-	-
Planning and environmental	3,148,371	31,236	-	-
Public safety	33,051,686	548,346	-	-
Public works	6,336,932	103,752	-	-
Parks and recreation	5,071,756	-	-	-
Library	2,082,414	-	-	-
Debt service				
Principal	255,294	-	-	-
Interest	18,736	-	-	-
<b>Total Expenditures</b>	<b>58,025,587</b>	<b>1,316,634</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,185,802</b>	<b>(1,294,865)</b>	<b>31</b>	<b>-</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	823,729	65,000	1,192	(66,192)
Transfers (out)	(781,564)	-	-	66,192
Capital lease	374,935	-	-	-
Sale of capital assets	-	81,685	-	-
<b>Total Other Financing Sources</b>	<b>417,100</b>	<b>146,685</b>	<b>1,192</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,602,902</b>	<b>(1,148,180)</b>	<b>1,223</b>	<b>-</b>
Beginning fund balances	16,097,095	2,515,830	(1,223)	-
<b>Ending Fund Balances</b>	<b>\$ 17,699,997</b>	<b>\$ 1,367,650</b>	<b>\$ -</b>	<b>\$ -</b>

<b>Totals</b>	
\$	45,754,035
	3,935,381
	218,634
	1,674,452
	98,450
	1,335,326
	2,073,838
	4,143,073
	<u>59,233,189</u>

	7,682,485
	1,011,213
	3,179,607
	33,600,032
	6,440,684
	5,071,756
	2,082,414
	255,294
	18,736
	<u>59,342,221</u>

(109,032)

	823,729
	(715,372)
	374,935
	81,685
	<u>564,977</u>

	455,945
	<u>18,611,702</u>
\$	<u>19,067,647</u>

# CITY OF NEW BRAUNFELS, TEXAS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

September 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Funds
<b><u>Assets</u></b>				
Cash and equity in pooled cash and investments	\$ 10,338,707	\$ 9,908,600	\$ 30,486	\$ 20,277,793
Accounts receivable	1,635,120	43,010	-	1,678,130
Due from other funds	1	6,485,068	-	6,485,069
Restricted cash	1,202,259	-	-	1,202,259
<b>Total Assets</b>	<u>13,176,087</u>	<u>16,436,678</u>	<u>30,486</u>	<u>29,643,251</u>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 171,453	\$ 305,808	\$ 2,211	\$ 479,472
Due to other funds	1,004,080	250,000	-	1,254,080
<b>Total Liabilities</b>	<u>1,175,533</u>	<u>555,808</u>	<u>2,211</u>	<u>1,733,552</u>
<b><u>Fund Balances</u></b>				
Nonspendable	-	-	28,275	28,275
Restricted	6,348,385	15,880,870	-	22,229,255
Committed	5,652,169	-	-	5,652,169
<b>Total Fund Balances</b>	<u>12,000,554</u>	<u>15,880,870</u>	<u>28,275</u>	<u>27,909,699</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 13,176,087</u>	<u>\$ 16,436,678</u>	<u>\$ 30,486</u>	<u>\$ 29,643,251</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2017

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Fund Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
<b><u>Revenues</u></b>				
Taxes	\$ 3,552,435	\$ -	\$ -	\$ 3,552,435
Licenses and permits	7,750	-	425	8,175
Fines and forfeitures	250,433	-	-	250,433
Parks and recreation	-	880,776	-	880,776
Interest	16,519	110,811	-	127,330
Intergovernmental	1,540,141	-	-	1,540,141
Miscellaneous	1,698,264	18,449	-	1,716,713
Other contributions	-	2,886,841	-	2,886,841
Charges and fees	914,834	-	9,720	924,554
<b>Total Revenues</b>	<u>7,980,376</u>	<u>3,896,877</u>	<u>10,145</u>	<u>11,887,398</u>
<b><u>Expenditures</u></b>				
General government	174,329	999,595	-	1,173,924
Planning and environmental development	615,897	-	-	615,897
Public safety	1,375,861	102,549	-	1,478,410
Public works	1,640,964	1,557,676	-	3,198,640
Parks and recreation	60,048	340,570	1,511	402,129
Library	53,918	-	-	53,918
Airport	273	-	-	273
Debt service				
Principal	1,230,000	-	-	1,230,000
Interest and fiscal charges	866,262	-	-	866,262
<b>Total Expenditures</b>	<u>6,017,552</u>	<u>3,000,390</u>	<u>1,511</u>	<u>9,019,453</u>
<b>Excess of Revenues Over Expenditures</b>	<u>1,962,824</u>	<u>896,487</u>	<u>8,634</u>	<u>2,867,945</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Sale of capital asset	75,906	-	-	75,906
Transfers in	4,008,232	-	-	4,008,232
Transfers (out)	(2,126,262)	(1,500,000)	-	(3,626,262)
<b>Total Other Financing Sources (Uses)</b>	<u>1,957,876</u>	<u>(1,500,000)</u>	<u>-</u>	<u>457,876</u>
<b>Net Change in Fund Balances</b>	3,920,700	(603,513)	8,634	3,325,821
Beginning fund balances	<u>8,079,854</u>	<u>16,484,383</u>	<u>19,641</u>	<u>24,583,878</u>
<b>Ending Fund Balances</b>	<u><u>\$ 12,000,554</u></u>	<u><u>\$ 15,880,870</u></u>	<u><u>\$ 28,275</u></u>	<u><u>\$ 27,909,699</u></u>

# CITY OF NEW BRAUNFELS, TEXAS

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS (page 1 of 2)

September 30, 2017

	Community Development Block Grant	Grants	Special Revenue Donations	River
<b><u>Assets</u></b>				
Cash and equity in pooled cash and investments	\$ -	\$ 96,142	\$ 282,450	\$ 30,378
Pooled and temporary investments	-	-	-	-
Accounts receivable	40,415	1,137,919	-	1
Due from other funds	-	-	-	-
Restricted cash	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 40,415</u></b>	<b><u>\$ 1,234,061</u></b>	<b><u>\$ 282,450</u></b>	<b><u>\$ 30,379</u></b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 5,667	\$ -	\$ 5,350	\$ 29,727
Due to other funds	25,299	850,699	-	-
<b>Total Liabilities</b>	<b><u>30,966</u></b>	<b><u>850,699</u></b>	<b><u>5,350</u></b>	<b><u>29,727</u></b>
<b><u>Fund Balances</u></b>				
Restricted	9,449	383,362	277,100	652
Committed	-	-	-	-
<b>Total Fund Balances</b>	<b><u>9,449</u></b>	<b><u>383,362</u></b>	<b><u>277,100</u></b>	<b><u>652</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 40,415</u></b>	<b><u>\$ 1,234,061</u></b>	<b><u>\$ 282,450</u></b>	<b><u>\$ 30,379</u></b>



<b>Court Security</b>	<b>Judicial Efficiency</b>	<b>Court Technology</b>	<b>Child Safety</b>	<b>Stormwater Development</b>	<b>Juvenile Case Management</b>
\$ 5,735	\$ 6,622	\$ 39,858	\$ 176,618	\$ 129,605	\$ 108,545
-	-	-	-	-	-
-	-	-	1,024	9,300	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 5,735</u>	<u>\$ 6,622</u>	<u>\$ 39,858</u>	<u>\$ 177,642</u>	<u>\$ 138,905</u>	<u>\$ 108,545</u>
\$ -	\$ -	\$ 105	\$ 15,410	\$ -	\$ 165
-	-	-	-	-	-
-	-	105	15,410	-	165
5,735	6,622	39,753	162,232	138,905	108,380
-	-	-	-	-	-
<u>5,735</u>	<u>6,622</u>	<u>39,753</u>	<u>162,232</u>	<u>138,905</u>	<u>108,380</u>
<u>\$ 5,735</u>	<u>\$ 6,622</u>	<u>\$ 39,858</u>	<u>\$ 177,642</u>	<u>\$ 138,905</u>	<u>\$ 108,545</u>

# CITY OF NEW BRAUNFELS, TEXAS

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS (page 2 of 2)

September 30, 2017

	Faust Library	Federal Court Awards	Non-Federal Court Awards	Edwards Aquifer HCP
<b><u>Assets</u></b>				
Cash and equity in pooled cash and investments	\$ 1,134	\$ 164,690	\$ 200,760	\$ 57,872
Pooled and temporary investments	-	-	-	-
Accounts receivable	-	-	-	182,061
Due from other funds	-	-	-	-
Restricted cash	-	-	-	-
<b>Total Assets</b>	<u><u>\$ 1,134</u></u>	<u><u>\$ 164,690</u></u>	<u><u>\$ 200,760</u></u>	<u><u>\$ 239,933</u></u>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ -	\$ 14,051	\$ 92,470
Due to other funds	-	-	-	128,082
<b>Total Liabilities</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>14,051</u></u>	<u><u>220,552</u></u>
<b><u>Fund Balances</u></b>				
Restricted	1,134	164,690	186,709	19,381
Committed	-	-	-	-
<b>Total Fund Balances</b>	<u><u>1,134</u></u>	<u><u>164,690</u></u>	<u><u>186,709</u></u>	<u><u>19,381</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 1,134</u></u>	<u><u>\$ 164,690</u></u>	<u><u>\$ 200,760</u></u>	<u><u>\$ 239,933</u></u>

<b>Cable Franchise PEG</b>	<b>Tax Increment Reinvestment Zone No. 1</b>	<b>New Braunfels Development Authority</b>	<b>Enterprise Maintenance and Equipment</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 191,600	\$ 3,249,957	\$ -	\$ 5,596,741	\$ 10,338,707
-	-	-	-	-
42,289	158,176	-	63,935	1,635,120
-	-	-	1	1
-	-	1,202,259	-	1,202,259
<u>\$ 233,889</u>	<u>\$ 3,408,133</u>	<u>\$ 1,202,259</u>	<u>\$ 5,660,677</u>	<u>\$ 13,176,087</u>
\$ -	\$ -	\$ -	\$ 8,508	\$ 171,453
-	-	-	-	1,004,080
-	-	-	8,508	1,175,533
233,889	3,408,133	1,202,259	-	6,348,385
-	-	-	5,652,169	5,652,169
<u>233,889</u>	<u>3,408,133</u>	<u>1,202,259</u>	<u>5,652,169</u>	<u>12,000,554</u>
<u>\$ 233,889</u>	<u>\$ 3,408,133</u>	<u>\$ 1,202,259</u>	<u>\$ 5,660,677</u>	<u>\$ 13,176,087</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS (page 1 of 2)**  
For the Year Ended September 30, 2017

	Community Development Block Grant	Grants	Special Revenue Donations	River
<b><u>Revenues</u></b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Franchise and local taxes	-	-	-	-
Licenses and permits	-	-	-	7,750
Fines and forfeitures	-	-	540	60,273
Interest	-	-	-	-
Intergovernmental	634,956	419,281	-	-
Miscellaneous	-	98,000	179,508	2,159
Charges and fees	-	-	-	823,632
<b>Total Revenues</b>	<b>634,956</b>	<b>517,281</b>	<b>180,048</b>	<b>893,814</b>
<b><u>Expenditures</u></b>				
Current				
General government	-	128,097	-	-
Planning and environmental development	615,897	-	-	-
Public safety	-	364,074	5,950	582,204
Public works	-	21,600	2,718	547,226
Parks and recreation	-	6,000	54,048	-
Library	-	4,000	49,918	-
Airport	-	-	273	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>615,897</b>	<b>523,771</b>	<b>112,907</b>	<b>1,129,430</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>19,059</b>	<b>(6,490)</b>	<b>67,141</b>	<b>(235,616)</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Sale of capital assets	-	-	-	-
Transfers in	-	8,862	-	236,268
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>8,862</b>	<b>-</b>	<b>236,268</b>
<b>Net Change in Fund Balances</b>	<b>19,059</b>	<b>2,372</b>	<b>67,141</b>	<b>652</b>
Beginning fund balances	(9,610)	380,990	209,959	-
<b>Ending Fund Balances</b>	<b>\$ 9,449</b>	<b>\$ 383,362</b>	<b>\$ 277,100</b>	<b>\$ 652</b>

<b>Court Security</b>	<b>Judicial Efficiency</b>	<b>Court Technology</b>	<b>Child Safety</b>	<b>Stormwater Development</b>	<b>Juvenile Case Management</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
38,438	10,109	51,284	14,672	-	75,117
-	-	-	-	-	-
-	-	-	126,555	-	-
-	-	-	-	-	-
-	284	-	-	73,799	-
<u>38,438</u>	<u>10,393</u>	<u>51,284</u>	<u>141,227</u>	<u>73,799</u>	<u>75,117</u>
-	-	-	-	-	-
-	-	-	-	-	-
25,486	27,539	22,658	141,858	-	96,534
-	-	-	-	52,251	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>25,486</u>	<u>27,539</u>	<u>22,658</u>	<u>141,858</u>	<u>52,251</u>	<u>96,534</u>
<u>12,952</u>	<u>(17,146)</u>	<u>28,626</u>	<u>(631)</u>	<u>21,548</u>	<u>(21,417)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
12,952	(17,146)	28,626	(631)	21,548	(21,417)
(7,217)	23,768	11,127	162,863	117,357	129,797
<u>\$ 5,735</u>	<u>\$ 6,622</u>	<u>\$ 39,753</u>	<u>\$ 162,232</u>	<u>\$ 138,905</u>	<u>\$ 108,380</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS (page 2 of 2)**  
**For the Year Ended September 30, 2017**

	Faust Library	Federal Court Awards	Non-Federal Court Awards	Edwards Aquifer HCP
<b><u>Revenues</u></b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Franchise and local taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Intergovernmental	-	105,372	-	253,977
Miscellaneous	451	-	147,176	1,270,970
Charges and fees	-	-	-	-
<b>Total Revenues</b>	<b>451</b>	<b>105,372</b>	<b>147,176</b>	<b>1,524,947</b>
<b><u>Expenditures</u></b>				
<b>Current</b>				
General government	-	-	-	-
Planning and environmental development	-	-	-	-
Public safety	-	63,562	45,996	-
Public works	-	-	-	989,071
Parks and recreation	-	-	-	-
Library	-	-	-	-
Airport	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>63,562</b>	<b>45,996</b>	<b>989,071</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>451</b>	<b>41,810</b>	<b>101,180</b>	<b>535,876</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	57,872
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,872</b>
<b>Net Change in Fund Balances</b>	<b>451</b>	<b>41,810</b>	<b>101,180</b>	<b>593,748</b>
Beginning fund balances	683	122,880	85,529	(574,367)
<b>Ending Fund Balances</b>	<b>\$ 1,134</b>	<b>\$ 164,690</b>	<b>\$ 186,709</b>	<b>\$ 19,381</b>

<b>Cable Franchise PEG</b>	<b>Tax Increment Reinvestment Zone No. 1</b>	<b>New Braunfels Development Authority</b>	<b>Enterprise Maintenance and Equipment</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ 2,450,771	\$ -	\$ -	\$ 2,450,771
-	941,067	-	-	941,067
160,597	-	-	-	160,597
-	-	-	-	7,750
-	-	-	-	250,433
-	1,460	1,806	13,253	16,519
-	-	-	-	1,540,141
-	-	-	-	1,698,264
-	-	-	17,119	914,834
<u>160,597</u>	<u>3,393,298</u>	<u>1,806</u>	<u>30,372</u>	<u>7,980,376</u>
16,232	-	30,000	-	174,329
-	-	-	-	615,897
-	-	-	-	1,375,861
-	-	-	28,098	1,640,964
-	-	-	-	60,048
-	-	-	-	53,918
-	-	-	-	273
-	-	1,230,000	-	1,230,000
-	-	866,262	-	866,262
<u>16,232</u>	<u>-</u>	<u>2,126,262</u>	<u>28,098</u>	<u>6,017,552</u>
<u>144,365</u>	<u>3,393,298</u>	<u>(2,124,456)</u>	<u>2,274</u>	<u>1,962,824</u>
-	-	-	75,906	75,906
-	-	2,126,262	1,578,968	4,008,232
-	(2,126,262)	-	-	(2,126,262)
<u>-</u>	<u>(2,126,262)</u>	<u>2,126,262</u>	<u>1,654,874</u>	<u>1,957,876</u>
144,365	1,267,036	1,806	1,657,148	3,920,700
<u>89,524</u>	<u>2,141,097</u>	<u>1,200,453</u>	<u>3,995,021</u>	<u>8,079,854</u>
<u>\$ 233,889</u>	<u>\$ 3,408,133</u>	<u>\$ 1,202,259</u>	<u>\$ 5,652,169</u>	<u>\$ 12,000,554</u>

# CITY OF NEW BRAUNFELS, TEXAS

## COMBINING BALANCE SHEET

### NONMAJOR CAPITAL PROJECTS FUNDS (page 1 of 2)

September 30, 2017

	<u>Roadway Impact Fees</u>	<u>Park Improvement</u>	<u>Certificates of Obligation 2004</u>	<u>Certificates of Obligation 2007</u>
<b>Assets</b>				
Cash and equity in pooled cash and investments	\$ 8,052,738	\$ 31,200	\$ -	\$ 62,705
Accounts receivable (net of allowance)	43,010	-	-	-
Due from other funds	743,943	2,313,739	60,643	46,600
<b>Total Assets</b>	<u>\$ 8,839,691</u>	<u>\$ 2,344,939</u>	<u>\$ 60,643</u>	<u>\$ 109,305</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 9,442
Due to other funds	250,000	-	-	-
<b>Total Liabilities</b>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>9,442</u>
<b>Fund Balnces</b>				
Restricted	8,589,691	2,344,939	60,643	99,863
<b>Total Fund Balnces</b>	<u>8,589,691</u>	<u>2,344,939</u>	<u>60,643</u>	<u>99,863</u>
<b>Total Liabilities and Fund Balnces</b>	<u>\$ 8,839,691</u>	<u>\$ 2,344,939</u>	<u>\$ 60,643</u>	<u>\$ 109,305</u>



<u>Certificates of Obligation 2008</u>	<u>Certificates of Obligation 2009</u>	<u>Certificates of Obligation 2011</u>	<u>Certificates of Obligation 2012</u>	<u>Certificates of Obligation 2013</u>	<u>Certificates of Obligation 2014</u>
\$ 513,460	\$ -	\$ -	\$ 1,236,261	\$ 4,484	\$ 1,515
-	-	-	-	-	-
366,669	422,736	909,435	704,747	269,408	198,290
<u>\$ 880,129</u>	<u>\$ 422,736</u>	<u>\$ 909,435</u>	<u>\$ 1,941,008</u>	<u>\$ 273,892</u>	<u>\$ 199,805</u>
\$ -	\$ 1,518	\$ 1,929	\$ 276,276	\$ -	\$ -
-	-	-	-	-	-
-	1,518	1,929	276,276	-	-
880,129	421,218	907,506	1,664,732	273,892	199,805
<u>880,129</u>	<u>421,218</u>	<u>907,506</u>	<u>1,664,732</u>	<u>273,892</u>	<u>199,805</u>
<u>\$ 880,129</u>	<u>\$ 422,736</u>	<u>\$ 909,435</u>	<u>\$ 1,941,008</u>	<u>\$ 273,892</u>	<u>\$ 199,805</u>

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# CITY OF NEW BRAUNFELS, TEXAS

## COMBINING BALANCE SHEET

### NONMAJOR CAPITAL PROJECTS FUNDS (page 2 of 2)

September 30, 2017

	<u>Certificates of Obligation 2015</u>	<u>Tax Note 2015</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets</b>			
Cash and equity in pooled cash and investments	\$ 6,237	\$ -	\$ 9,908,600
Accounts receivable (net of allowance)	-	-	43,010
Due from other funds	176,831	272,027	6,485,068
<b>Total Assets</b>	<u><u>\$ 183,068</u></u>	<u><u>\$ 272,027</u></u>	<u><u>\$ 16,436,678</u></u>
<b>Liabilities</b>			
Accounts payable	\$ 3,800	\$ 12,843	\$ 305,808
Due to other funds	-	-	250,000
<b>Total Liabilities</b>	<u><u>3,800</u></u>	<u><u>12,843</u></u>	<u><u>555,808</u></u>
<b>Fund Balances</b>			
Restricted	179,268	259,184	15,880,870
<b>Total Fund Balances</b>	<u><u>179,268</u></u>	<u><u>259,184</u></u>	<u><u>15,880,870</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 183,068</u></u>	<u><u>\$ 272,027</u></u>	<u><u>\$ 16,436,678</u></u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS (page 1 of 2)**  
**For the Year Ended September 30, 2017**

	<u>Roadway Impact Fees</u>	<u>Park Improvement</u>	<u>Certificates of Obligation 2004</u>	<u>Certificates of Obligation 2007</u>
<b><u>Revenues</u></b>				
Parks and recreation	\$ -	\$ 880,776	\$ -	\$ -
Interest	30,814	-	-	433
Miscellaneous	-	-	-	-
Other contributions	2,886,841	-	-	-
<b>Total Revenues</b>	<u>2,917,655</u>	<u>880,776</u>	<u>-</u>	<u>433</u>
<b><u>Expenditures</u></b>				
<b><u>Current</u></b>				
General government	-	-	-	-
Public safety	-	-	-	13,598
Public works	366,364	-	-	6,559
Parks and recreation	-	141,358	-	11,391
<b>Total Expenditures</b>	<u>366,364</u>	<u>141,358</u>	<u>-</u>	<u>31,548</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>2,551,291</u>	<u>739,418</u>	<u>-</u>	<u>(31,115)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	(1,500,000)	-	-	-
<b>Total Other Financing (Uses)</b>	<u>(1,500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>1,051,291</u>	<u>739,418</u>	<u>-</u>	<u>(31,115)</u>
Beginning fund balances	<u>7,538,400</u>	<u>1,605,521</u>	<u>60,643</u>	<u>130,978</u>
<b>Ending Fund Balances</b>	<u>\$ 8,589,691</u>	<u>\$ 2,344,939</u>	<u>\$ 60,643</u>	<u>\$ 99,863</u>

<u>Certificates of Obligation 2008</u>	<u>Certificates of Obligation 2009</u>	<u>Certificates of Obligation 2011</u>	<u>Certificates of Obligation 2012</u>	<u>Certificates of Obligation 2013</u>	<u>Certificates of Obligation 2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,770	3,076	596	-	25,330	8,557
-	-	-	18,447	2	-
-	-	-	-	-	-
<u>6,770</u>	<u>3,076</u>	<u>596</u>	<u>18,447</u>	<u>25,332</u>	<u>8,557</u>
-	-	-	-	115,704	-
-	61,511	-	-	-	-
-	-	251,027	631,802	106,784	-
-	-	-	97,682	77,821	12,318
<u>-</u>	<u>61,511</u>	<u>251,027</u>	<u>729,484</u>	<u>300,309</u>	<u>12,318</u>
<u>6,770</u>	<u>(58,435)</u>	<u>(250,431)</u>	<u>(711,037)</u>	<u>(274,977)</u>	<u>(3,761)</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,770	(58,435)	(250,431)	(711,037)	(274,977)	(3,761)
<u>873,359</u>	<u>479,653</u>	<u>1,157,937</u>	<u>2,375,769</u>	<u>548,869</u>	<u>203,566</u>
<u>\$ 880,129</u>	<u>\$ 421,218</u>	<u>\$ 907,506</u>	<u>\$ 1,664,732</u>	<u>\$ 273,892</u>	<u>\$ 199,805</u>

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**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS (page 2 of 2)**  
**For the Year Ended September 30, 2017**

	<u>Certificates of Obligation 2015</u>	<u>Tax Note 2015</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b><u>Revenues</u></b>			
Parks and recreation	\$ -	\$ -	\$ 880,776
Interest	35,235	-	110,811
Miscellaneous	-	-	18,449
Other contributions	-	-	2,886,841
<b>Total Revenues</b>	<u>35,235</u>	<u>-</u>	<u>3,896,877</u>
<b><u>Expenditures</u></b>			
<b>Current</b>			
General government	855,511	28,380	999,595
Public safety	-	27,440	102,549
Public works	-	195,140	1,557,676
Parks and recreation	-	-	340,570
<b>Total Expenditures</b>	<u>855,511</u>	<u>250,960</u>	<u>3,000,390</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(820,276)</u>	<u>(250,960)</u>	<u>896,487</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers (out)	-	-	(1,500,000)
<b>Total Other Financing (Uses)</b>	<u>-</u>	<u>-</u>	<u>(1,500,000)</u>
<b>Net Change in Fund Balances</b>	<u>(820,276)</u>	<u>(250,960)</u>	<u>(603,513)</u>
Beginning fund balances	<u>999,544</u>	<u>510,144</u>	<u>16,484,383</u>
<b>Ending Fund Balances</b>	<u>\$ 179,268</u>	<u>\$ 259,184</u>	<u>\$ 15,880,870</u>

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**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**

For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive Negative
<b><u>Revenues</u></b>				
Ad valorem taxes	\$ 12,416,568	\$ 12,416,568	\$ 12,434,498	\$ 17,930
Interest	1,000	1,000	2,770	1,770
Other contributions	1,683,078	1,683,078	1,683,081	3
<b>Total Revenues</b>	<u>14,100,646</u>	<u>14,100,646</u>	<u>14,120,349</u>	<u>19,703</u>
<b><u>Expenditures</u></b>				
<b>Debt Service:</b>				
Principal	9,065,000	9,065,000	9,065,000	-
Interest	6,454,684	6,454,684	6,389,446	65,238
Bond issuance costs and fees	19,000	19,000	97,345	(78,345)
<b>Total Expenditures</b>	<u>15,538,684</u>	<u>15,538,684</u>	<u>15,551,791</u>	<u>(13,107)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(1,438,038)</u>	<u>(1,438,038)</u>	<u>(1,431,442)</u>	<u>6,596</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	1,501,858	1,501,858	1,503,547	1,689
Refunding bonds issued	-	-	5,255,000	5,255,000
Payments to escrow agent for bond refunding	-	-	(5,164,977)	(5,164,977)
<b>Total Other Financing Sources</b>	<u>1,501,858</u>	<u>1,501,858</u>	<u>1,593,570</u>	<u>91,712</u>
<b>Net Change in Fund Balance</b>	<u>\$ 63,820</u>	<u>\$ 63,820</u>	<u>162,128</u>	<u>\$ 98,308</u>
Beginning fund balance			<u>1,715,060</u>	
<b>Ending Fund Balance</b>			<u>\$ 1,877,188</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 652,145	\$ 652,145	\$ 634,956	\$ (17,189)
<b>Total Revenues</b>	<u>652,145</u>	<u>652,145</u>	<u>634,956</u>	<u>(17,189)</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Planning and environmental development	652,145	652,145	615,897	36,248
<b>Total Expenditures</b>	<u>652,145</u>	<u>652,145</u>	<u>615,897</u>	<u>36,248</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	19,059	<u>\$ 19,059</u>
Beginning fund balance			<u>(9,610)</u>	
<b>Ending Fund Balance</b>			<u>\$ 9,449</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GRANTS FUND**

For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 1,025,000	\$ 1,025,000	\$ 419,281	\$ (605,719)
Miscellaneous	-	-	98,000	98,000
<b>Total Revenues</b>	<u>1,025,000</u>	<u>1,025,000</u>	<u>517,281</u>	<u>(507,719)</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	1,150,000	1,150,000	128,097	1,021,903
Public safety	-	-	364,074	(364,074)
Public works	-	-	21,600	(21,600)
Parks and recreation	-	-	6,000	(6,000)
Library	-	-	4,000	(4,000)
<b>Total Expenditures</b>	<u>1,150,000</u>	<u>1,150,000</u>	<u>523,771</u>	<u>626,229</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(125,000)</u>	<u>(125,000)</u>	<u>(6,490)</u>	<u>118,510</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	<u>125,000</u>	<u>125,000</u>	<u>8,862</u>	<u>(116,138)</u>
<b>Total Other Financing Sources</b>	<u>125,000</u>	<u>125,000</u>	<u>8,862</u>	<u>(116,138)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>2,372</u>	<u>\$ 2,372</u>
Beginning fund balance			<u>380,990</u>	
<b>Ending Fund Balance</b>			<u>\$ 383,362</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SPECIAL REVENUE DONATIONS FUND**

For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Fines and forfeitures	\$ -	\$ -	\$ 540	\$ 540
Miscellaneous	120,000	120,000	179,508	59,508
<b>Total Revenues</b>	<u>120,000</u>	<u>120,000</u>	<u>180,048</u>	<u>60,048</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public safety	270,000	270,000	5,950	264,050
Public works	-	-	2,718	(2,718)
Parks and recreation	-	-	54,048	(54,048)
Library	-	-	49,918	(49,918)
Airport	-	-	273	(273)
<b>Total Expenditures</b>	<u>270,000</u>	<u>270,000</u>	<u>112,907</u>	<u>157,093</u>
<b>Net Change in Fund Balance</b>	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	67,141	<u>\$ 217,141</u>
Beginning fund balance			<u>209,959</u>	
<b>Ending Fund Balance</b>			<u>\$ 277,100</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**RIVER FUND**

For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Licenses and permits	\$ 6,700	\$ 6,700	\$ 7,750	\$ 1,050
Fines and forfeitures	66,500	66,500	60,273	(6,227)
Miscellaneous	-	-	2,159	2,159
Charges and fees	830,500	830,500	823,632	(6,868)
<b>Total Revenues</b>	<b>903,700</b>	<b>903,700</b>	<b>893,814</b>	<b>(9,886)</b>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public safety	709,099	709,099	582,204	126,895
Public works	591,977	591,977	547,226	44,751
<b>Total Expenditures</b>	<b>1,301,076</b>	<b>1,301,076</b>	<b>1,129,430</b>	<b>171,646</b>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<b>(397,376)</b>	<b>(397,376)</b>	<b>(235,616)</b>	<b>161,760</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	397,376	397,376	236,268	(161,108)
<b>Total Other Financing Sources</b>	<b>397,376</b>	<b>397,376</b>	<b>236,268</b>	<b>(161,108)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>652</b>	<b>\$ 652</b>
Beginning fund balance			-	
<b>Ending Fund Balance</b>			<b>\$ 652</b>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COURT SECURITY FUND**

For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Fines and forfeitures	\$ 32,800	\$ 32,800	\$ 38,438	\$ 5,638
<b>Total Revenues</b>	<u>32,800</u>	<u>32,800</u>	<u>38,438</u>	<u>5,638</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public safety	30,000	30,000	25,486	4,514
<b>Total Expenditures</b>	<u>30,000</u>	<u>30,000</u>	<u>25,486</u>	<u>4,514</u>
<b>Net Change in Fund Balance</b>	<u>\$ 2,800</u>	<u>\$ 2,800</u>	12,952	<u>\$ 10,152</u>
Beginning fund balance			<u>(7,217)</u>	
<b>Ending Fund Balance</b>			<u>\$ 5,735</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**JUDICIAL EFFICIENCY FUND**  
For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Fines and forfeitures	\$ 10,400	\$ 10,400	\$ 10,109	\$ (291)
Charges and fees	-	-	284	284
<b>Total Revenues</b>	<u>10,400</u>	<u>10,400</u>	<u>10,393</u>	<u>(7)</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public safety	32,200	32,200	27,539	4,661
<b>Total Expenditures</b>	<u>32,200</u>	<u>32,200</u>	<u>27,539</u>	<u>4,661</u>
<b>Net Change in Fund Balance</b>	<u>\$ (21,800)</u>	<u>\$ (21,800)</u>	(17,146)	<u>\$ 4,654</u>
Beginning fund balance			<u>23,768</u>	
<b>Ending Fund Balance</b>			<u>\$ 6,622</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COURT TECHNOLOGY FUND**  
For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Fines and forfeitures	\$ 41,900	\$ 41,900	\$ 51,284	\$ 9,384
<b>Total Revenues</b>	<u>41,900</u>	<u>41,900</u>	<u>51,284</u>	<u>9,384</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public safety	45,000	45,000	22,658	22,342
<b>Total Expenditures</b>	<u>45,000</u>	<u>45,000</u>	<u>22,658</u>	<u>22,342</u>
<b>Net Change in Fund Balance</b>	<u>\$ (3,100)</u>	<u>\$ (3,100)</u>	28,626	<u>\$ 31,726</u>
Beginning fund balance			<u>11,127</u>	
<b>Ending Fund Balance</b>			<u>\$ 39,753</u>	



**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**CHILD SAFETY FUND**

For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Fines and forfeitures	\$ 14,000	\$ 14,000	\$ 14,672	\$ 672
Intergovernmental	122,000	122,000	126,555	4,555
<b>Total Revenues</b>	<u>136,000</u>	<u>136,000</u>	<u>141,227</u>	<u>5,227</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public safety	164,500	164,500	141,858	22,642
<b>Total Expenditures</b>	<u>164,500</u>	<u>164,500</u>	<u>141,858</u>	<u>22,642</u>
<b>Net Change in Fund Balance</b>	<u>\$ (28,500)</u>	<u>\$ (28,500)</u>	(631)	<u>\$ 27,869</u>
Beginning fund balance			<u>162,863</u>	
<b>Ending Fund Balance</b>			<u>\$ 162,232</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**STORMWATER DEVELOPMENT FUND**  
For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Charges and fees	\$ 55,000	\$ 55,000	\$ 73,799	\$ 18,799
<b>Total Revenues</b>	<u>55,000</u>	<u>55,000</u>	<u>73,799</u>	<u>18,799</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public works	145,000	145,000	52,251	92,749
<b>Total Expenditures</b>	<u>145,000</u>	<u>145,000</u>	<u>52,251</u>	<u>92,749</u>
<b>Net Change in Fund Balance</b>	<u>\$ (90,000)</u>	<u>\$ (90,000)</u>	21,548	<u>\$ 111,548</u>
Beginning fund balance			<u>117,357</u>	
<b>Ending Fund Balance</b>			<u>\$ 138,905</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**JUVENILE CASE MANAGEMENT FUND**  
For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Fines and forfeitures	\$ 64,000	\$ 64,000	\$ 75,117	\$ 11,117
<b>Total Revenues</b>	<b>64,000</b>	<b>64,000</b>	<b>75,117</b>	<b>11,117</b>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public safety	99,603	99,603	96,534	3,069
<b>Total Expenditures</b>	<b>99,603</b>	<b>99,603</b>	<b>96,534</b>	<b>3,069</b>
<b>Net Change in Fund Balance</b>	<b>\$ (35,603)</b>	<b>\$ (35,603)</b>	<b>(21,417)</b>	<b>\$ 14,186</b>
Beginning fund balance			129,797	
<b>Ending Fund Balance</b>			<b>\$ 108,380</b>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FAUST LIBRARY FUND**

For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Miscellaneous	\$ -	\$ -	\$ 451	\$ 451
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>451</u>	<u>451</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Library	518	518	-	518
<b>Total Expenditures</b>	<u>518</u>	<u>518</u>	<u>-</u>	<u>518</u>
<b>Net Change in Fund Balance</b>	<u>\$ (518)</u>	<u>\$ (518)</u>	451	<u>\$ 969</u>
Beginning fund balance			<u>683</u>	
<b>Ending Fund Balance</b>			<u>\$ 1,134</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FEDERAL COURT AWARDS FUND**  
For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 105,372	\$ 20,372
<b>Total Revenues</b>	<u>85,000</u>	<u>85,000</u>	<u>105,372</u>	<u>20,372</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public safety	175,000	175,000	63,562	111,438
<b>Total Expenditures</b>	<u>175,000</u>	<u>175,000</u>	<u>63,562</u>	<u>111,438</u>
<b>Net Change in Fund Balance</b>	<u>\$ (90,000)</u>	<u>\$ (90,000)</u>	41,810	<u>\$ 131,810</u>
Beginning fund balance			<u>122,880</u>	
<b>Ending Fund Balance</b>			<u>\$ 164,690</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NON-FEDERAL COURT AWARDS FUND**  
For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Miscellaneous	\$ 15,000	\$ 15,000	\$ 147,176	\$ 132,176
<b>Total Revenues</b>	<u>15,000</u>	<u>15,000</u>	<u>147,176</u>	<u>132,176</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public safety	89,500	89,500	45,996	43,504
<b>Total Expenditures</b>	<u>89,500</u>	<u>89,500</u>	<u>45,996</u>	<u>43,504</u>
<b>Net Change in Fund Balance</b>	<u>\$ (74,500)</u>	<u>\$ (74,500)</u>	101,180	<u>\$ 175,680</u>
Beginning fund balance			<u>85,529</u>	
<b>Ending Fund Balance</b>			<u>\$ 186,709</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**EDWARDS AQUIFER HCP FUND**  
For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 822,500	\$ 822,500	\$ 253,977	\$ (568,523)
Miscellaneous	-	-	1,270,970	1,270,970
<b>Total Revenues</b>	<u>822,500</u>	<u>822,500</u>	<u>1,524,947</u>	<u>702,447</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public works	916,615	916,615	989,071	(72,456)
<b>Total Expenditures</b>	<u>916,615</u>	<u>916,615</u>	<u>989,071</u>	<u>(72,456) *</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(94,115)	(94,115)	535,876	629,991
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	94,115	94,115	57,872	(36,243)
<b>Total Other Financing Sources</b>	<u>94,115</u>	<u>94,115</u>	<u>57,872</u>	<u>(36,243)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	593,748	<u>\$ 593,748</u>
Beginning fund balance			(574,367)	
<b>Ending Fund Balance</b>			<u>\$ 19,381</u>	

\*Expenditures exceeded appropriations at the legal level of control.

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**CABLE FRANCHISE PEG FUND**  
For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Franchise and local taxes	\$ 244,200	\$ 244,200	\$ 160,597	\$ (83,603)
<b>Total Revenues</b>	<u>244,200</u>	<u>244,200</u>	<u>160,597</u>	<u>(83,603)</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	235,000	235,000	16,232	218,768
<b>Total Expenditures</b>	<u>235,000</u>	<u>235,000</u>	<u>16,232</u>	<u>218,768</u>
<b>Net Change in Fund Balance</b>	<u>\$ 9,200</u>	<u>\$ 9,200</u>	144,365	<u>\$ 135,165</u>
Beginning fund balance			<u>89,524</u>	
<b>Ending Fund Balance</b>			<u>\$ 233,889</u>	



**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**TAX INCREMENT REINVESTMENT ZONE NO. 1 FUND**  
For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Ad valorem taxes	\$ 2,263,759	\$ 2,263,759	\$ 2,450,771	\$ 187,012
Sales taxes	999,000	999,000	941,067	(57,933)
Interest	-	-	1,460	1,460
<b>Total Revenues</b>	<b>3,262,759</b>	<b>3,262,759</b>	<b>3,393,298</b>	<b>130,539</b>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>3,262,759</b>	<b>3,262,759</b>	<b>3,393,298</b>	<b>130,539</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	(2,125,462)	(2,125,462)	(2,126,262)	(800)
<b>Total Other Financing (Uses)</b>	<b>(2,125,462)</b>	<b>(2,125,462)</b>	<b>(2,126,262)</b>	<b>(800)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 1,137,297</b>	<b>\$ 1,137,297</b>	<b>1,267,036</b>	<b>\$ 129,739</b>
Beginning fund balance			2,141,097	
<b>Ending Fund Balance</b>			<b>\$ 3,408,133</b>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**ENTERPRISE MAINTENANCE AND EQUIPMENT FUND**  
For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Interest	\$ 3,750	\$ 3,750	\$ 13,253	\$ 9,503
Charges and fees	13,000	13,000	17,119	4,119
<b>Total Revenues</b>	<b>16,750</b>	<b>16,750</b>	<b>30,372</b>	<b>13,622</b>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	28,408	28,408	-	28,408
Public works	291,000	291,000	28,098	262,902
<b>Total Expenditures</b>	<b>319,408</b>	<b>319,408</b>	<b>28,098</b>	<b>291,310</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(302,658)</b>	<b>(302,658)</b>	<b>2,274</b>	<b>304,932</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Sale of capital assets	-	-	75,906	75,906
Transfers in	1,578,968	1,578,968	1,578,968	-
<b>Total Other Financing Sources</b>	<b>1,578,968</b>	<b>1,578,968</b>	<b>1,654,874</b>	<b>75,906</b>
<b>Net Change in Fund Balance</b>	<b>\$ 1,276,310</b>	<b>\$ 1,276,310</b>	<b>1,657,148</b>	<b>\$ 380,838</b>
Beginning fund balance			3,995,021	
<b>Ending Fund Balance</b>			<b>\$ 5,652,169</b>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**CEMETARY PERPETUAL FUND**  
For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Licenses and permits	\$ 500	\$ 500	\$ 425	\$ (75)
Interest	100	100	-	(100)
Charges and fees	-	-	9,720	9,720
<b>Total Revenues</b>	<u>600</u>	<u>600</u>	<u>10,145</u>	<u>9,545</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Parks and recreation	8,500	8,500	1,511	6,989
<b>Total Expenditures</b>	<u>8,500</u>	<u>8,500</u>	<u>1,511</u>	<u>6,989</u>
<b>Net Change in Fund Balance</b>	<u>\$ (7,900)</u>	<u>\$ (7,900)</u>	8,634	<u>\$ 16,534</u>
Beginning fund balance			<u>19,641</u>	
<b>Ending Fund Balance</b>			<u>\$ 28,275</u>	

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## ***STATISTICAL SECTION***

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

<b>Contents</b>	<b>Page</b>
Financial Trends	152
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	168
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax revenues.</i>	
Debt Capacity	176
<i>These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	185
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	190
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

# CITY OF NEW BRAUNFELS, TEXAS

## NET POSITION BY COMPONENT

Last Ten Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2008	2009	2010	2011
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 28,406	\$ 24,535	\$ 25,853	\$ 26,047
Restricted	8,705	5,001	3,834	4,571
Unrestricted	23,302	27,138	23,972	22,021
<b>Total Governmental Activities Net Position</b>	<u>\$ 60,413</u>	<u>\$ 56,674</u>	<u>\$ 53,659</u>	<u>\$ 52,639</u>
 <b>Business-Type Activities</b>				
Net investment in capital assets	\$ 8,716	\$ 8,414	\$ 7,940	\$ 6,951
Unrestricted	2,251	3,103	2,151	1,235
<b>Total Business-Type Activities Net Position</b>	<u>\$ 10,967</u>	<u>\$ 11,517</u>	<u>\$ 10,091</u>	<u>\$ 8,186</u>
 <b>Primary Government</b>				
Net investment in capital assets	\$ 37,122	\$ 32,949	\$ 33,793	\$ 32,998
Restricted	8,705	5,001	3,834	4,571
Unrestricted	25,553	30,241	26,123	23,256
<b>Total Primary Government Net Position</b>	<u>\$ 71,380</u>	<u>\$ 68,191</u>	<u>\$ 63,750</u>	<u>\$ 60,825</u>

Source: City financial statements

*\*Balances have been restated.*

Fiscal Year					
2012	2013	2014	2015	2016*	2017
\$ 25,891	\$ 24,207	\$ 8,094	\$ 5,121	\$ 2,127	\$ 5,470
4,587	7,931	6,879	10,919	16,400	21,269
15,937	12,650	13,828	(10,896)	(16,030)	(15,905)
<u>\$ 46,415</u>	<u>\$ 44,788</u>	<u>\$ 28,801</u>	<u>\$ 5,144</u>	<u>\$ 2,497</u>	<u>\$ 10,834</u>
\$ 8,200	\$ 11,549	\$ 34,960	\$ 34,775	\$ 33,493	\$ 31,025
1,930	2,054	1,967	298	(236)	(748)
<u>\$ 10,130</u>	<u>\$ 13,603</u>	<u>\$ 36,927</u>	<u>\$ 35,073</u>	<u>\$ 33,257</u>	<u>\$ 30,277</u>
\$ 34,091	\$ 35,756	\$ 43,054	\$ 39,896	\$ 35,620	\$ 36,495
4,587	7,931	6,879	10,919	16,400	21,269
17,867	14,704	15,795	(10,598)	(16,266)	(16,653)
<u>\$ 56,545</u>	<u>\$ 58,391</u>	<u>\$ 65,728</u>	<u>\$ 40,217</u>	<u>\$ 35,754</u>	<u>\$ 41,111</u>

# CITY OF NEW BRAUNFELS, TEXAS

## CHANGES IN NET POSITION (page 1 of 3)

Last Ten Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2008	2009	2010	2011
<b>Expenses</b>				
Governmental activities				
General government	\$ 5,992	\$ 6,016	\$ 5,409	\$ 7,918
Finance and tax	1,285	1,011	966	912
Planning and environmental development	2,468	2,896	2,861	3,350
Public safety	22,472	25,901	27,303	28,515
Public works	5,116	6,460	6,631	6,675
Parks and recreation	4,042	4,538	5,321	5,069
Library	1,717	1,860	1,769	1,836
Civic/convention center	1,185	-	-	-
Airport	-	15	249	9
Interest on long-term debt	2,610	3,181	3,552	3,184
<b>Total Governmental Activities Expenses</b>	<b>46,887</b>	<b>51,878</b>	<b>54,061</b>	<b>57,468</b>
<b>Business-Type Activities</b>				
Airport	1458	1,134	1,730	1968
Solid waste	5433	5,552	6,389	5506
Golf course	924	888	884	979
Civic/convention center	-	656	752	746
<b>Total Business-Type Activities Expenses</b>	<b>7,815</b>	<b>8,230</b>	<b>9,755</b>	<b>9,199</b>
<b>Total Expenses</b>	<b>\$ 54,702</b>	<b>\$ 60,108</b>	<b>\$ 63,816</b>	<b>\$ 66,667</b>



Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 9,416	\$ 12,083	\$ 14,850	\$ 17,936	\$ 22,722	\$ 11,764
1,050	1,305	972	719	690	1,269
2,816	3,413	2,489	2,622	2,772	4,527
31,810	30,057	31,597	33,327	29,273	43,328
8,180	12,973	8,241	9,377	15,314	11,858
5,995	3,632	4,572	8,551	4,597	6,357
1,954	2,203	2,400	1,969	1,660	2,664
-	6	5	191	49	-
-	219	107	48	1,493	15
4,213	3,913	4,985	5,369	6,757	5,752
65,434	69,804	70,218	80,109	85,327	87,534
2,174	2,305	2,855	2,778	2,968	3,221
5,167	5,779	6,171	6,670	7,271	7,721
1,015	904	678	1,775	1,938	1,838
730	671	924	894	886	979
9,086	9,659	10,628	12,117	13,063	13,759
\$ 74,520	\$ 79,463	\$ 80,846	\$ 92,226	\$ 98,390	\$ 101,293

# CITY OF NEW BRAUNFELS, TEXAS

## CHANGES IN NET POSITION (page 2 of 3)

Last Ten Years

(accrual basis of accounting)

(amounts expressed in thousands)

		Fiscal Year			
		2008	2009	2010	2011
<b>Program Revenues</b>					
Governmental activities					
Charges for services					
General government	\$	95	\$ 155	\$ 158	\$ 260
Planning and environmental development		2,269	1,967	2,000	2,385
Public safety		2,827	4,477	4,245	4,684
Public works		656	620	295	222
Parks and recreation		1,337	1,375	1,181	1,352
Library		90	103	137	177
Civic/convention center		179	-	-	-
Operating grants and contributions		1,531	1,739	1,874	2,760
Capital grants and contributions		801	701	837	1,555
<b>Total Governmental Activities Program Revenues</b>		<u>9,785</u>	<u>11,137</u>	<u>10,727</u>	<u>13,395</u>
<b>Business-Type Activities</b>					
Charges for services					
Airport		1,028	783	1,361	1,406
Solid waste		5,046	5,690	5,855	6,415
Golf course		1,056	1,103	867	957
Civic/convention center		-	224	291	321
Operating grants and contributions		-	-	-	71
Capital grants and contributions		87	650	955	223
<b>Total Business-Type Activities Program Revenues</b>		<u>7,217</u>	<u>8,450</u>	<u>9,329</u>	<u>9,393</u>
<b>Total Program Revenues</b>	\$	<u>17,002</u>	<u>\$ 19,587</u>	<u>\$ 20,056</u>	<u>\$ 22,788</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$	(37,102)	\$ (40,741)	\$ (43,334)	\$ (44,073)
Business-type activities		(598)	220	(426)	194
<b>Total Net Expense</b>	\$	<u>(37,700)</u>	<u>\$ (40,521)</u>	<u>\$ (43,760)</u>	<u>\$ (43,879)</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 165	\$ 1,182	\$ 1,095	\$ 1,265	\$ 1,505	\$ 164
2,988	3,209	3,335	3,912	3,489	-
3,822	3,936	3,108	3,841	4,384	6,503
1,141	75	898	1,076	1,231	4,163
1,386	1,600	1,963	1,642	2,745	2,226
98	111	114	102	101	96
-	-	-	8	14	-
1,366	1,000	1,539	1,963	2,377	1,759
2,072	3,000	-	-	-	3,460
13,038	14,113	12,052	13,809	15,846	18,371
1,667	1,771	2,387	2,317	2,077	2,399
7,020	7,215	7,591	7,985	8,280	8,664
975	1,076	128	1,378	1,486	1,436
279	293	371	418	436	450
50	55	43	50	50	397
2,224	4,570	441	290	2,263	-
12,215	14,980	10,961	12,438	14,592	13,346
\$ 25,253	\$ 29,093	\$ 23,013	\$ 26,247	\$ 30,438	\$ 31,717
\$ (52,396)	\$ (55,691)	\$ (58,166)	\$ (66,300)	\$ (69,481)	\$ (69,163)
3,129	5,321	333	321	1,529	(413)
\$ (49,267)	\$ (50,370)	\$ (57,833)	\$ (65,979)	\$ (67,952)	\$ (69,576)

# CITY OF NEW BRAUNFELS, TEXAS

## CHANGES IN NET POSITION (page 3 of 3)

Last Ten Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2008	2009	2010	2011
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Property taxes, levied for general purposes	\$ 9,809	\$ 10,781	\$ 10,838	\$ 10,340
Property taxes, levied for debt services	3,774	4,688	4,992	5,698
Sales tax	11,974	11,858	12,562	13,457
Hotel/motel occupancy taxes	2,346	2,155	2,486	2,615
Franchise taxes	5,869	6,351	6,986	7,448
Mixed beverage tax	190	193	220	232
Investment income	2,544	740	189	114
Other contributions	20	183	343	205
Miscellaneous	775	357	643	817
Transfers	699	(304)	1,015	2,127
<b>Total Governmental Activities</b>	<b>38,000</b>	<b>37,002</b>	<b>40,274</b>	<b>43,053</b>
Business-type activities				
Investment earnings	109	30	14	3
Miscellaneous income	-	-	-	25
Transfers	(699)	304	(1,015)	(2,127)
<b>Total Business-Type Activities</b>	<b>(590)</b>	<b>334</b>	<b>(1,001)</b>	<b>(2,099)</b>
<b>Total Primary Government</b>	<b>\$ 37,410</b>	<b>\$ 37,336</b>	<b>\$ 39,273</b>	<b>\$ 40,954</b>
<b>Change in Net Position</b>				
Governmental activities	\$ 898	\$ (3,739)	\$ (3,060)	\$ (1,020)
Business-type activities	(1,188)	554	(1,427)	(1,905)
<b>Total Change in Net Position</b>	<b>\$ (290)</b>	<b>\$ (3,185)</b>	<b>\$ (4,487)</b>	<b>\$ (2,925)</b>

Source: Statements of Activities from City CAFRs

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 10,578	\$ 11,206	\$ 10,851	\$ 13,956	\$ 14,409	\$ 18,065
7,260	8,019	9,231	10,159	11,414	12,434
14,665	16,420	18,613	18,608	19,077	21,008
3,118	3,375	3,604	3,813	3,767	3,994
7,694	7,875	8,283	8,435	8,904	9,590
211	275	390	439	472	515
155	187	87	47	242	471
171	1,806	1,989	2,336	2,892	4,570
1,052	4,492	4,183	3,643	4,989	3,948
1,268	1,618	(8,222)	284	3,436	2,905
<u>46,172</u>	<u>55,273</u>	<u>49,009</u>	<u>61,720</u>	<u>69,602</u>	<u>77,500</u>
2	2	1	2	8	17
82	(233)	68	86	83	320
(1,269)	(1,618)	8,222	(284)	(3,436)	(2,905)
(1,185)	(1,849)	8,291	(196)	(3,345)	(2,568)
<u>\$ 44,987</u>	<u>\$ 53,424</u>	<u>\$ 57,300</u>	<u>\$ 61,524</u>	<u>\$ 66,257</u>	<u>\$ 74,932</u>
\$ (6,224)	\$ (418)	\$ (9,157)	\$ (4,580)	\$ 121	\$ 8,337
1,944	3,472	8,624	125	(1,816)	(2,981)
<u>\$ (4,280)</u>	<u>\$ 3,054</u>	<u>\$ (533)</u>	<u>\$ (4,455)</u>	<u>\$ (1,695)</u>	<u>\$ 5,356</u>

# CITY OF NEW BRAUNFELS, TEXAS

## FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

		Fiscal Year			
		2008	2009	2010	2011
<b>General Fund</b>					
Nonspendable	\$	-	-	-	2
Assigned		560	258	267	9,318
Unassigned		21,461	23,260	26,139	18,291
<b>Total General Fund</b>	<b>\$</b>	<b>22,021</b>	<b>23,518</b>	<b>26,406</b>	<b>27,611</b>
<b>All Other Governmental Funds</b>					
Nonspendable	\$	-	-	-	135
Restricted		39,619	30,361	2,586	27,222
Committed		-	-	-	104
Unassigned, reported in:					
Debt service fund		2,504	1725	679	-
Hotel/motel tax fund		224	203	443	-
Special revenue funds		1,257	312	598	-
Permanent fund		198	144	146	-
Capital project funds (deficit)		621	1381	15,350	-
<b>Total All Other Governmental Funds</b>	<b>\$</b>	<b>44,423</b>	<b>34,126</b>	<b>19,802</b>	<b>27,461</b>

Source: Balance Sheet

*\*Balances have been restated.*

Fiscal Year					
2012	2013	2014	2015	2016*	2017
\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 1
7,611	4,662	4,430	4,319	2,516	1,368
16,838	15,189	18,188	16,677	16,096	17,699
<u>\$ 24,449</u>	<u>\$ 19,851</u>	<u>\$ 22,619</u>	<u>\$ 20,996</u>	<u>\$ 18,612</u>	<u>\$ 19,068</u>
\$ 88	\$ 95	\$ 94	\$ 94	\$ 19	\$ 29
36,789	45,162	40,930	51,895	65,988	50,200
531	3,160	2,863	3,188	4,295	5,652
-	-	-	-	-	-
-	-	-	-	-	-
(19)	(733)	(187)	(211)	(591)	-
-	-	-	-	-	-
(2,014)	-	-	-	-	-
<u>\$ 35,375</u>	<u>\$ 47,684</u>	<u>\$ 43,700</u>	<u>\$ 54,966</u>	<u>\$ 69,711</u>	<u>\$ 55,881</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS (page 1 of 2)**  
**Last Ten Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

		Fiscal Year			
		2008	2009	2010	2011
<b>Revenues</b>					
Taxes	\$	33,898	\$ 35,823	\$ 38,778	\$ 39,841
Licenses and permits		1,792	1,542	1,490	1,693
Intergovernmental		-	-	-	-
Charges for services		2,484	3,377	3,001	3,857
Fines and forfeitures		1,168	1,191	1,465	1,845
Parks and recreation		1,491	1,384	1,180	1,358
Interest		2,511	715	185	114
Federal grants*		306	385	635	1,137
State and local grants*		223	260	207	554
Other contributions		1,669	1,830	2,067	1,773
Miscellaneous		1,255	1,467	830	1,073
Charges for fees		-	-	-	-
<b>Total Revenues</b>		<u>46,797</u>	<u>47,974</u>	<u>49,838</u>	<u>53,245</u>
<b>Expenditures</b>					
General government		5,952	5,200	5,183	6,764
Finance and tax		1,171	862	811	742
Planning and environmental development		2,391	2,511	2,463	2,959
Public safety		25,919	23,176	22,631	26,137
Public works		16,751	20,670	13,566	13,742
Parks and recreation		4,812	5,713	6,395	4,953
Library		1,551	1,645	1,560	1,602
Facilities maintenance		260	1,493	-	-
Civic/convention center		4,458	-	-	-
Contributions		-	-	-	-
Housing assistance payments		-	-	-	-
Airport		-	15	249	9
Capital projects		-	-	-	-
Debt service					
Principal		2,805	3,575	4,000	4,140
Interest		2,540	3,182	3,513	3,222
Other		243	151	3	107
<b>Total Expenditures</b>		<u>68,853</u>	<u>68,193</u>	<u>60,374</u>	<u>64,377</u>
<b>Excess of Revenues Over</b>					
<b>(Under) Expenditures</b>		(22,056)	(20,219)	(10,536)	(11,132)



Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 43,365	\$ 47,119	\$ 52,201	\$ 55,205	\$ 57,652	\$ 65,735
2,340	2,252	2,581	3,052	3,606	3,943
-	107	152	242	228	1,759
3,946	3,093	3,133	3,573	4,439	5,068
1,233	1,173	1,235	1,743	1,642	1,925
1,062	1,528	1,883	2,307	2,656	2,216
302	187	87	46	241	468
267	689	1,990	758	2,117	-
57	1,980	312	368	194	-
1,150	2,917	3,594	3,374	4,804	4,570
2,047	4,440	2,565	3,466	2,751	3,791
-	-	-	-	-	-
55,769	65,485	69,733	74,134	80,330	89,475
8,312	8,550	12,490	11,695	16,791	11,594
870	1,120	848	855	900	1,011
2,335	3,264	2,729	2,983	3,331	3,796
34,934	28,311	30,207	31,134	34,926	35,078
10,112	20,863	18,319	15,231	21,618	28,965
5,907	5,555	18,797	11,645	5,431	5,474
1,608	2,020	2,059	2,187	2,006	2,136
-	-	-	-	-	-
-	55	61	296	89	-
-	-	-	-	-	-
-	-	-	-	-	-
-	263	1,977	407	1,534	1
-	-	-	-	-	-
4,715	5,825	6,775	7,805	8,319	10,550
3,961	4,242	4,762	5,056	5,977	7,274
249	185	414	551	462	97
73,003	80,253	99,438	89,845	101,384	105,976
(17,234)	(14,768)	(29,705)	(15,711)	(21,054)	(16,501)

**CITY OF NEW BRAUNFELS, TEXAS**  
**CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS (page 2 of 2)**  
**Last Ten Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year			
	2008	2009	2010	2011
<b>Other Financing Sources (Uses)</b>				
Transfer in	\$ 4,389	\$ 3,641	\$ 2,399	\$ 3,486
Transfer out	(3,690)	(3,946)	(1,384)	(1,858)
Issuance of debt	16,300	9,500	-	18,930
Premium (discount) on debt issuance	100	65	-	-
Payment to bond escrow agent	-	-	-	(719)
Sale of assets	25	68	12	114
Capital lease				
Loan payable	-	-	-	-
<b>Total Other Financing Sources</b>	<u>17,124</u>	<u>9,328</u>	<u>1,027</u>	<u>19,953</u>
<b>Net Change in Fund Balances</b>	<u>\$ (4,932)</u>	<u>\$ (10,891)</u>	<u>\$ (9,509)</u>	<u>\$ 8,821</u>
Debt service as a percentage of noncapital expenditures	12.3%	14.6%	15.8%	14.2%

Source: Statement of Revenues, Expenditures, and  
Changes in Fund Balance for Governmental Funds

\*In fiscal year 2017, federal and state grant revenue was reported with intergovernmental revenue.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 4,975	\$ 6,871	\$ 3,827	\$ 4,923	\$ 4,757	\$ 7,835
(4,106)	(5,253)	(1,491)	(2,017)	(2,847)	(5,330)
19,470	30,330	24,095	35,940	37,360	5,255
1,526	1,795	1,016	3,309	5,953	-
-	(11,677)	-	(17,101)	(14,799)	(5,165)
121	412	369	301	39	157
				757	375
-		673	-	-	-
21,986	22,478	28,489	25,355	31,220	3,127
\$ 4,752	\$ 7,710	\$ (1,216)	\$ 9,644	\$ 10,166	\$ (13,374)
14.9%	15.0%	15.3%	17.0%	18.7%	20.9%

**CITY OF NEW BRAUNFELS, TEXAS**  
**GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE**

Last Ten Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

	Fiscal Year			
	2008	2009	2010	2011
<b>Revenue</b>				
Property tax	\$ 13,519	\$ 15,266	\$ 15,830	\$ 16,089
Sales tax	11,974	11,858	12,562	13,457
Franchise tax	939	1,045	1,336	1,629
Utilities franchise	4,929	5,306	5,650	5,819
Hotel occupancy tax	2,343	2,155	2,486	2,615
Mixed beverage tax	190	193	220	232
<b>Total Revenue</b>	<u>33,894</u>	<u>35,823</u>	<u>38,084</u>	<u>39,841</u>

Data Source: City CAFRs and detailed financial records

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 17,828	\$ 19,174	\$ 21,311	\$ 24,115	\$ 25,823	\$ 30,628
14,665	16,420	18,613	23,978	19,077	21,008
1,475	1,671	1,805	1,961	1,934	1,784
6,065	6,204	6,478	6,474	6,970	7,805
3,118	3,375	3,604	3,813	3,767	3,994
211	275	390	439	472	516
43,362	47,119	52,201	60,780	58,043	65,735

**CITY OF NEW BRAUNFELS, TEXAS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Years**  
**(amounts expressed in thousands)**

	Fiscal Year			
	2008	2009	2010	2011
Real property	\$ 4,074,265	\$ 4,485,101	\$ 4,379,000	\$ 4,488,892
Personal	359,825	330,689	352,368	382,795
Less: Tax Exempt Property	635,571	715,980	789,412	809,339
Total Taxable Assessed Valuation (1)	<u>\$ 3,798,519</u>	<u>\$ 4,099,810</u>	<u>\$ 3,941,956</u>	<u>\$ 4,062,348</u>
Total Direct Tax Rate	\$ 0.40986	\$ 0.40986	\$ 0.40986	\$ 0.40986
Estimated Actual Taxable Value	\$ 3,798,519	\$ 4,099,810	\$ 3,941,956	\$ 4,062,348
Assessed Value as a Percentage of Actual Value	85.67%	85.13%	83.32%	83.39%

Source: Comal County Appraisal District

(1) Assessed Actual Values are net of local option over-65 exemptions, state mandated agricultural exemptions, and disabled veterans' exemptions.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 4,610,203	\$ 4,665,542	\$ 4,917,972	\$ 5,528,399	\$ 6,138,209	\$ 6,716,299
349,205	379,051	395,771	426,910	540,437	512,991
853,111	866,905	904,189	1,047,373	1,050,021	1,150,855
<u>\$ 4,106,297</u>	<u>\$ 4,177,688</u>	<u>\$ 4,409,554</u>	<u>\$ 4,907,936</u>	<u>\$ 5,628,625</u>	<u>\$ 6,078,435</u>
\$ 0.44836	\$ 0.46734	\$ 0.49823	\$ 0.49823	\$ 0.49823	0.49823
\$ 4,106,297	\$ 4,177,688	\$ 4,409,554	\$ 4,907,936	\$ 5,628,625	6,078,435
82.80%	82.82%	82.98%	82.41%	84.28%	84.08%

**CITY OF NEW BRAUNFELS, TEXAS**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
(per \$100 of assessed value)  
**Last Ten Years**

		Fiscal Year			
		2008	2009	2010	2011
<b>City of New Braunfels Tax Rates:</b>					
General government	\$	0.294860	\$ 0.282180	\$ 0.282180	\$ 0.261360
Debt service		0.115000	0.127680	0.127680	0.148500
<b>Total Direct Rates</b>	<b>\$</b>	<b>0.409860</b>	<b>\$ 0.409860</b>	<b>\$ 0.409860</b>	<b>\$ 0.409860</b>
<b>Overlapping Tax Rates(2):</b>					
Comal County	\$	0.317990	\$ 0.308020	\$ 0.312960	\$ 0.334000
Guadalupe County		0.403100	0.389500	0.389500	0.389500
Navarro ISD		1.440000	1.440000	1.460000	1.460000
New Braunfels ISD		1.344860	1.338800	1.339100	1.339100
Comal ISD		1.310000	1.310000	1.310000	1.370000
<b>Total Direct and Overlapping Rates (1)</b>	<b>\$</b>	<b>5.225810</b>	<b>\$ 5.196180</b>	<b>\$ 5.221420</b>	<b>\$ 5.302460</b>

Source: Comal County Tax Assessor-Collector and Guadalupe Appraisal District

(1) Tax rate is per \$100 of taxable assessed value.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City. Overlapping rates are shown for each of the three school districts servicing the City.



Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 0.261360	\$ 0.268560	\$ 0.278080	\$ 0.278080	\$ 0.278080	\$ 0.278079
0.187000	0.198780	0.220150	0.220150	0.220150	0.220151
<u>\$ 0.448360</u>	<u>\$ 0.467340</u>	<u>\$ 0.498230</u>	<u>\$ 0.498230</u>	<u>\$ 0.498230</u>	<u>\$ 0.498230</u>
\$ 0.350420	\$ 0.305220	\$ 0.278220	\$ 0.292820	\$ 0.292820	\$ 0.307820
3.399900	0.403600	0.341900	0.336100	0.331100	0.326900
1.430000	1.430000	1.420000	1.390000	1.349600	1.350000
1.339100	1.339100	1.339100	1.339100	1.339100	1.339100
1.430000	1.430000	1.430000	1.390000	1.390000	1.390000
<u>\$ 8.397780</u>	<u>\$ 5.375260</u>	<u>\$ 5.307450</u>	<u>\$ 5.246250</u>	<u>\$ 5.200850</u>	<u>\$ 5.212050</u>

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# CITY OF NEW BRAUNFELS, TEXAS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2017			2008		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Central Texas Corridor						
Hospital (Resolute Health)	\$ 100,067,212	1	20%			
AL 95 Creekside Town Center LP	86,970,660	2	18%			
Rush Enterprises	63,552,780	3	13%			
PAC Creekside LLC	46,200,000	4	9%			
Kahlig Enterprises Inc	40,820,930	5	8%			
HEB Grocery Co LP	40,278,171	6	8%			
Continental 306 Fund LLC	30,081,400	7	6%			
Villas at Sundance I LLC Et Al	28,900,000	8	6%			
T4V3 LLC	27,400,000	9	6%			
Augusta Gruene Apartments LP	25,296,470	10	5%			
Walmart Real Estate Business Trust				\$ 19,624,800	1	14%
Kahlig Enterprises Inc				18,714,860	2	13%
AL 95 Creekside Town Center LP				18,527,440	3	13%
Augusta Gruene Apartments LP				16,825,830	4	12%
NB Marketplace LP				12,845,700	5	9%
Liberty Partnership LTD				12,381,185	6	9%
Coleman Company Inc				12,329,925	7	9%
Triden Westshore Colony LLC				12,001,380	8	8%
Advenir @ Grand Cypress LLC				10,876,060	9	8%
HEB Grocery Co LP				10,668,100	10	7%
Subtotal	\$ 489,567,623		100.00%	\$ 144,795,280		100.00%
Other Taxpayers	5,588,867,377			3,653,723,720		
<b>Total</b>	<b>\$ 6,078,435,000</b>			<b>\$ 3,798,519,000</b>		

Source: Comal County Tax Assessor-Collector's Office

# CITY OF NEW BRAUNFELS, TEXAS

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

(amounts expressed in thousands)

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy	
				Amount Collected	Percentage of Levy
2008	2007	\$ 0.409860	\$ 13,416	\$ 13,094	97.60%
2009	2008	\$ 0.409860	\$ 15,145	\$ 14,817	97.83%
2010	2009	\$ 0.409860	\$ 15,751	\$ 15,210	96.57%
2011	2010	\$ 0.409860	\$ 15,846	\$ 15,612	98.52%
2012	2011	\$ 0.448360	\$ 17,740	\$ 17,431	98.26%
2013	2012	\$ 0.467340	\$ 19,163	\$ 19,092	99.63%
2014	2013	\$ 0.498230	\$ 21,493	\$ 21,251	98.87%
2015	2014	\$ 0.498230	\$ 24,003	\$ 23,817	99.23%
2016	2015	\$ 0.498230	\$ 27,061	\$ 26,830	99.15%
2017	2016	\$ 0.498230	\$ 29,510	\$ 29,287	99.24%

Source: Comal County Tax Assessor or City CAFR

Note: Taxes stated are for general fund and debt service funds

Collected in Subsequent Years		Total Collections to Date	
Amount Collected		Amount Collected	Percentage of Levy
\$ 314		\$ 13,408	99.94%
\$ 314		\$ 15,131	99.91%
\$ 506		\$ 15,716	99.78%
\$ 213		\$ 15,825	99.87%
\$ 277		\$ 17,708	99.82%
\$ 8		\$ 19,100	99.67%
\$ 176		\$ 21,427	99.69%
\$ 131		\$ 23,948	99.77%
\$ 130		\$ 26,960	99.63%
\$ -		\$ 29,287	99.24%

# CITY OF NEW BRAUNFELS, TEXAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

(amounts expressed in thousands, except per capita amount)

	Fiscal Year			
	2008	2009	2010	2011
<b>Governmental Activities:</b>				
General obligation bonds	\$ 10,600	\$ 10,545	\$ 10,490	\$ 10,975
Certificates of obligation	63,555	78,645	65,590	79,180
Contract revenue obligations	-	-	-	-
Loan payable	-	-	-	-
Capital lease payable	-	-	-	-
<b>Subtotal</b>	<u>74,155</u>	<u>89,190</u>	<u>76,080</u>	<u>90,155</u>
<b>Business-Type Activities:</b>				
Revenue bonds	160	110	55	-
Loan payable	-	-	-	-
<b>Subtotal</b>	<u>160</u>	<u>110</u>	<u>55</u>	<u>-</u>
<b>Government-Wide:</b>				
General obligation bonds	10,600	10,545	10,490	10,975
Certificates of obligation	63,555	78,645	65,590	79,180
Contract revenue obligations	-	-	-	-
Revenue bonds	160	110	55	-
Loan payable	-	-	-	-
Capital lease payable	-	-	-	-
<b>Total Government-Wide</b>	<u>\$ 74,315</u>	<u>\$ 89,300</u>	<u>\$ 76,135</u>	<u>\$ 90,155</u>
<b>Percentage of Personal Income(1)</b>	3.15%	3.80%	3.19%	3.54%
<b>Per Capita(1)</b>	\$ 1,377	\$ 1,598	\$ 1,319	\$ 1,507

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

**Fiscal Year**

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 10,725	\$ 21,305	\$ 34,685	\$ 52,730	\$ 99,243	\$ 100,656
94,190	97,030	100,970	95,585	76,178	64,345
-	11,405	27,950	26,745	25,555	24,325
-	-	673	553	534	467
-	-	-	-	757	944
<u>104,915</u>	<u>129,740</u>	<u>164,278</u>	<u>175,613</u>	<u>202,267</u>	<u>190,737</u>
-	-	-	-	-	-
-	-	721	593	363	182
-	-	<u>721</u>	<u>593</u>	<u>363</u>	<u>182</u>
10,725	21,305	34,685	52,730	99,243	100,656
94,190	97,030	100,970	95,585	76,178	64,345
-	11,405	27,950	26,745	25,555	24,325
-	-	-	-	-	-
-	-	1,394	1,146	897	649
-	-	-	-	757	944
<u>\$ 104,915</u>	<u>\$ 129,740</u>	<u>\$ 164,999</u>	<u>\$ 176,206</u>	<u>\$ 202,630</u>	<u>\$ 190,919</u>
3.97%	4.60%	7.39%	5.75%	5.97%	5.60%
\$ 1,726	\$ 2,096	\$ 2,619	\$ 2,654	\$ 2,872	\$ 2,581

# CITY OF NEW BRAUNFELS, TEXAS

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years

(amounts expressed in thousands, except per capita amount)

		Fiscal Year			
		2008	2009	2010	2011
<b>Estimated Actual Taxable Value of Property</b>		\$ 3,798,519	\$ 4,099,810	\$ 3,941,956	\$ 4,062,348
General obligation bonds		\$ 10,600	\$ 10,545	\$ 10,490	\$ 10,975
Less: amounts available in debt service fund		-	-	-	-
<b>Total</b>		<u>\$ 10,600</u>	<u>\$ 10,545</u>	<u>\$ 10,490</u>	<u>\$ 10,975</u>
<b>Percentage of Estimated Actual Taxable Value of Property</b>		0.28%	0.26%	0.27%	0.27%
<b>Per Capita(1)</b>		\$ 196	\$ 189	\$ 182	\$ 183

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.



Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 4,106,297	\$ 4,177,688	\$ 4,409,554	\$ 4,907,936	\$ 5,628,625	\$ 6,078,435
\$ 10,725	\$ 21,305	\$ 34,685	\$ 52,730	\$ 88,385	\$ 165,001
786	809	1,279	1,418	1,577	2,237
<u>\$ 9,939</u>	<u>\$ 20,496</u>	<u>\$ 33,406</u>	<u>\$ 51,312</u>	<u>\$ 86,808</u>	<u>\$ 162,764</u>
0.24%	0.49%	0.76%	1.05%	1.54%	2.68%
\$ 163	\$ 331	\$ 530	\$ 773	\$ 1,231	\$ 2,201



**CITY OF NEW BRAUNFELS, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
September 30, 2017

<b>Government Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable(1)</b>	<b>Amount Applicable to Primary Government</b>
New Braunfels ISD	\$ 176,474,492	84.8%	\$ 149,650,369
Comal ISD	795,410,107	14.9%	118,357,024
Navarro ISD	40,980,490	3.0%	1,225,317
Guadalupe County	15,595,000	9.0%	1,406,669
Comal County	142,425,000	34.7%	49,407,233
Subtotal, overlapping debt	\$ 1,170,885,089		320,046,611
<b>City Direct Debt</b>	190,919,000	100%	190,919,000
<b>Total Direct and Overlapping Debt</b>			<u>\$ 510,965,611</u>

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

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

# CITY OF NEW BRAUNFELS, TEXAS

## LEGAL DEBT MARGIN INFORMATION

Last Ten Years

(amounts expressed in thousands)

	Fiscal Year			
	2008	2009	2010	2011
Debt Limit	\$ 443,409	\$ 481,579	\$ 473,137	\$ 487,169
Total Net Debt Applicable to Limit	10,600	10,545	10,490	10,975
<b>Total</b>	<b>\$ 432,809</b>	<b>\$ 471,034</b>	<b>\$ 462,647</b>	<b>\$ 476,194</b>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.39%	2.19%	2.22%	2.25%

### Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value	\$ 6,078,435
Add Back: Exempt Real Property	1,150,855
Total Assessed Value	<u>\$ 7,229,290</u>
Debt Limit (10% of Total Assessed Value)	722,929
Debt Applicable to Limit:	
General Obligation Bonds	165,001
Legal Debt Margin	<u>\$ 557,928</u>

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 495,941	\$ 504,459	\$ 531,374	\$ 595,531	\$ 667,865	\$ 722,929
10,725	21,305	34,685	52,730	88,385	165,001
<u>\$ 485,216</u>	<u>\$ 483,154</u>	<u>\$ 496,689</u>	<u>\$ 542,801</u>	<u>\$ 579,480</u>	<u>\$ 557,928</u>
2.16%	4.22%	6.53%	8.85%	13.23%	22.82%

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# CITY OF NEW BRAUNFELS, TEXAS

## DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

Fiscal Year Ended Sept. 30	Population <sup>(1)</sup>	Total Wages All Industries <sup>(2)</sup> (expressed in thousands)	Per Capita Personal Income <sup>(2)</sup>	Average Annual Pay All Industries <sup>(2)</sup>	Public School Enrollment <sup>(3)</sup>	Unemployment Rate <sup>(3)</sup>
2008	53,975	\$ 2,361,258	\$ 43.747	\$ 34,348	23,656	4.0%
2009	55,867	\$ 2,349,085	\$ 42.048	\$ 34,565	24,371	5.7%
2010	57,740	\$ 2,388,266	\$ 41.362	\$ 34,998	24,941	5.8%
2011	59,823	\$ 2,544,510	\$ 42.534	\$ 35,970	14,273	6.1%
2012	60,791	\$ 2,642,199	\$ 43.464	\$ 37,555	15,883	5.1%
2013	61,885	\$ 2,822,616	\$ 45.611	\$ 41,155	8,269	4.6%
2014	62,998	\$ 2,232,220	\$ 35.433	\$ 43,800	8,463	3.8%
2015	66,394	\$ 3,064,162	\$ 46.151	\$ 46,871	8,438	3.5%
2016	70,543	\$ 3,394,824	\$ 48.124	\$ 51,558	8,552	4.0%
2017	73,959	\$ 3,407,192	\$ 46.069	\$ 46,883	8,950	2.8%

Data sources:

(1) Total population from the census.gov website.

(2) Total wages and average annual pay are for Comal and Guadalupe counties combined. Data provided by the Bureau of Labor Statistics.

(3) School enrollment is for Comal County through 2010; 2011 and all following years are for City of New Braunfels only; 2013 and following years include only New Braunfels ISD

(4) Data is for the City of New Braunfels

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# CITY OF NEW BRAUNFELS, TEXAS

## PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2017			2008		
	Percentage of Total			Percentage of Total		
	Employees	Employment	Rank	Employees	Employment	Rank
Comal ISD	2,800	8%	1	2,200	8.79%	1
Schlitterbahn Water Park	1,689	5%	2	1,800	7.19%	2
Wal-Mart Distribution Center	1,269	4%	3	1,134	4.53%	4
New Braunfels ISD	1,159	3%	4	950	3.80%	5
Sysco	808	2%	5	N/A	0.00%	N/A
Hunter Industries-Colorado Materials	730	2%	6	500	2.00%	8
IBEX Corporation	659	2%	7	N/A	0.00%	N/A
Comal County	659	2%	8	574	2.29%	7
City of New Braunfels	624	2%	9	492	1.97%	9
HD Supply	588	2%	10	400	1.60%	N/A
	<u>10,985</u>	<u>30.80%</u>		<u>8,050</u>	<u>32.18%</u>	

Source: Greater New Braunfels Chamber of Commerce

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**CITY OF NEW BRAUNFELS, TEXAS**  
**AUTHORIZED CITY GOVERNMENT POSITIONS BY FUNCTION**  
 Last Ten Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund:</b>										
City Secretary	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5
City Attorney	2.0	2.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
City Manager	4.0	5.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Information Tech.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	8.0	11.0
Human Resources	0.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0	8.0
Finance	18.0	14.0	14.0	15.0	16.0	17.0	17.0	10.0	11.0	11.0
Municipal Court	11.0	11.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0	9.0
Police*	123.0	140.0	139.0	139.0	143.0	148.0	150.5	157.0	149.0	156.0
Fire	114.0	116.0	116.0	116.0	134.0	134.0	134.0	134.0	134.0	137.0
Planning and Community Development	23.0	24.0	25.0	24.0	26.0	29.0	30.0	31.0	33.0	37.0
Planning and Comm. Devel. - Main Street	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Parks and Recreation	151.0	152.0	140.0	140.5	141.5	150.5	150.5	161.5	160.5	162.5
Public Works	46.0	42.0	42.0	41.5	47.0	44.5	43.5	45.5	50.5	53.0
Library	25.5	25.8	25.8	26.5	26.5	28.5	28.5	28.3	28.3	28.8
<b>Total General Fund</b>	<b>522.5</b>	<b>542.8</b>	<b>529.8</b>	<b>531.5</b>	<b>564.0</b>	<b>581.5</b>	<b>584.0</b>	<b>604.3</b>	<b>604.3</b>	<b>626.8</b>
<b>Golf Course Fund</b>	10.0	13.0	13.0	12.0	11.5	11.5	12.5	17.0	17.0	17.0
<b>Airport Fund</b>	3.5	4.5	5.5	6.0	6.0	7.0	7.0	7.0	7.0	7.0
<b>Solid Waste Fund</b>	51.0	51.0	51.0	44.5	48.0	50.5	49.5	52.5	52.5	53.0
<b>Capital Project Funds**</b>	0.0	0.0	0.0	0.0	0.0	6.0	6.5	8.0	9.0	9.0
<b>Civic/Convention Center Fund</b>	0.0	8.0	8.0	8.0	8.0	8.5	8.5	8.5	8.5	8.5
<b>River Activities Fund</b>	20.0	20.0	16.0	16.0	67.5	54.5	54.5	54.5	55.5	73.5
<b>Facilities Maint. Fund</b>	0.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0
<b>CDBG Fund</b>	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EAHCP Fund</b>	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0
<b>Total Funds</b>	<b>608.0</b>	<b>640.3</b>	<b>623.3</b>	<b>619.0</b>	<b>706.0</b>	<b>721.5</b>	<b>724.5</b>	<b>753.8</b>	<b>754.8</b>	<b>795.8</b>

Source: City of New Braunfels Annual Budget - pgs 35-37

Full time and seasonal positions = 1 position

Part time position = .5 position

\*Police positions decreased as a result of contracting out crossing guard services

\*\*Positions supported by both Capital Project Funds and the General Fund

# CITY OF NEW BRAUNFELS, TEXAS

## OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function	Fiscal Year			
	2008	2009	2010	2011
<b>Police</b>				
Arrests	N/A	N/A	N/A	1,087
Avg. time for intake call until officer on scene	N/A	N/A	N/A	6:10
<b>Fire</b>				
Response times - structure fire	N/A	N/A	N/A	4:43
Response times - EMS	N/A	N/A	N/A	5:30
Smoke detectors issued/inspected/updated	N/A	N/A	N/A	762
<b>Public Works</b>				
Subdivision plans reviewed within 30 days	50%	100%	100%	100%
Permits reviewed	265	274	296	285
Miles of roadway repaired/improved	2	2	4	4
Number of street service requests processed	N/A	N/A	N/A	N/A
Acres of right-of-way mowed	174	174	185	185
Construction Stormwater Inspections Completed	N/A	N/A	N/A	N/A
<b>Solid Waste</b>				
Waste diverted from landfill	13%	13%	13%	20%
Residential operating cost per ton collected	N/A	N/A	N/A	\$ 63.32
<b>Parks and recreation</b>				
Recreation programs participants	2,710	2,426	2,126	3,198
Athletic leagues teams participants	N/A	N/A	N/A	196
Golf course rounds played	42,500	47,976	41,000	40,574
<b>Planning and Community Development</b>				
Residential building permits issued	2,034	1,924	2,116	1,019
Commercial building permits issued	291	282	310	552
Calls for service - Animal Control	5,504	6,144	5,040	5,994
Cases abated without court action - Code Compliance	97%	97%	92%	96%
Special projects completed	N/A	N/A	N/A	4
Historic landmark designations	4	7	7	6
<b>Airport Operations</b>				
Flight operations annually	58,000	47,462	58,000	32,340
Gallons of fuel sold	N/A	N/A	N/A	221,106
<b>Library</b>				
Visitors annually	257,868	270,838	378,000	313,996
Annual circulation of library materials	482,064	568,327	802,500	756,549
Database accesses	N/A	N/A	N/A	14,117
<b>Municipal Court</b>				
Times from plea to trial	1 year	1 year	45 days	123 days
Time to issue warrant for failure to appear	1 year	1 year	75 days	1 year
Percentage of cases closed in 30 days or less	N/A	N/A	N/A	N/A
Cases processed	N/A	N/A	N/A	N/A

Source: Various City departments

Fiscal Year					
2012	2013	2014	2015	2016	2017
957	900	611	388	550	6:00
6:41	6:36	7:34	6:50	6:30	400
3:45	4:30	6:38	5:36	5:21	5:11
5:32	5:30	7:05	6:21	5:41	5:17
842	1,200	420	440	425	450
100%	90%	100%	100%	100%	100%
240	240	360	497	514	680
14	38	35	38	40	N/A
N/A	N/A	N/A	N/A	N/A	563
165	188	188	188	188	188
N/A	N/A	N/A	N/A	N/A	360
36%	35%	29%	29%	30%	33%
\$ 94.00	\$ 104.00	\$ 73.00	\$ 51.39	\$ 71.89	\$ 68.61
3,080	3,000	3,918	6,499	6,478	7,318
212	190	233	219	213	247
39,140	43,000	N/A	34,396	39,175	38,250
1,556	1,603	2,302	2185	3000	2,687
442	455	344	446	400	481
5,553	6,900	7,349	8,404	7,800	6,030
98%	98%	97%	98%	98%	97%
5	15	5	4	5	5
3	3	2	4	3	3
28,099	39,880	45,000	42,475	48,000	68,000
289,882	308,000	399,151	370,915	445,000	620,000
312,138	285,000	283,790	282,335	290,000	297,000
762,491	800,000	828,426	781,603	850,000	905,000
18,021	28,000	45,780	48,557	45,000	65,000
27 days	37 days	45 days	28 days	60 days	N/A
72 days	96 days	90 days	43 days	90 days	N/A
N/A	N/A	N/A	N/A	N/A	30%
N/A	N/A	N/A	N/A	N/A	21,000

# CITY OF NEW BRAUNFELS, TEXAS

## *CAPITAL ASSET STATISTICS BY FUNCTION*

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
<b>Function</b>				
Public Safety				
Police stations	1	1	1	1
Fire stations	5	5	5	5
Highways and Streets				
Streets (miles)	283	291	305	317
Area in square miles	1.7	1.8	1.8	1.9
Culture and Recreation				
Park acreage	349	373	373	373
Swimming pools	2	2	2	2
Golf course	1	1	1	1

Source: Various City departments

Fiscal Year					
2012	2013	2014	2015	2016	2017
1	1	1	1	1	1
6	6	6	6	6	6
318	318	323	323	323	354
1.9	1.9	2.0	2.0	2.0	2.0
373	373	373	435	435	435
2	2	2	2	2	2
1	1	1	1	1	1

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## ***COMPLIANCE SECTION***





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

May 18, 2018

To the Honorable Mayor and  
Members of the City Council of the  
City of New Braunfels, Texas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Braunfels, Texas (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 18, 2018. Our report includes a reference to other auditors who audited the financial statements of New Braunfels Utilities, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. We consider the deficiencies 2017-001 and 2017-002 described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

### **Compliance and Other Matters**

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

### **City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

### **Purpose of this Report**

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

*BELT HARRIS PECHACEK, LLP*

Belt Harris Pechacek, LLP  
Certified Public Accountants  
Houston, Texas



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

May 18, 2018

To the Honorable Mayor and  
Members of the City Council of the  
City of New Braunfels, Texas:

**Report on Compliance for Each Major Federal Program**

We have audited the City of New Braunfels, Texas' (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2017. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

## **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

## **Report on Internal Control Over Compliance**

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

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

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

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

*BELT HARRIS PECHACEK, LLP*

Belt Harris Pechacek, LLP  
Certified Public Accountants  
Houston, Texas

**CITY OF NEW BRAUNFELS, TEXAS**  
***SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS***  
**For the Year Ended September 30, 2017**

**No prior year findings.**





# CITY OF NEW BRAUNFELS, TEXAS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2017

### A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the City of New Braunfels, Texas.
2. Significant deficiencies in internal control were disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the basic financial statements were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the City are reported in Part C of this schedule.
7. The programs included as major programs included:

<u>CFDA Number</u>	<u>Program Title</u>
14.218	Community Development Block Grant Entitlement Program

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The City did not qualify as a low-risk auditee in the context of the Uniform Guidance.

### B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

#### *Significant Deficiencies*

#### 2017-001. MONTH END PROCEDURES

##### Criteria

The City's design and operation of its controls should ensure that employees in the normal course of performing their assigned functions, will prevent, or detect and correct, misstatements to the City's financial statements and underlying accounting records. The City's accounting records should be recorded on a basis consistent with generally accepted accounting principles (GAAP).

##### Condition

The Required Auditor Disclosure letter issued to the Audit Committee discloses adjustments made to the City's financial records after final audit work began. The listing of adjustments indicates monthly and annual financial statements prepared prior to the entries may not have been accurate.

**CITY OF NEW BRAUNFELS, TEXAS**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)***  
**For the Year Ended September 30, 2017**

**Effect**

Decisions made based on the monthly and annual financial statements may have been influenced by data that required adjustment.

**Cause**

The adjustments suggest that the City's design and operation of controls over its monthly accounting closing process should be enhanced.

**Recommendation**

The City should enhance its month end closing procedures to ensure all material balance sheet and other key accounts are reconciled and adjusted to supporting subsidiary ledgers and source documents and that accounting management has documented its review and oversight of the work performed.

**Management's Corrective Action Plan**

The City concurs with the recommendation and is working on improving its closing procedures to reconcile all balance sheet accounts.

**2017-002. BLENDED COMPONENT UNITS**

**Criteria**

The Governmental Accounts Standards Board (GASB) outlines the requirements for reporting a potential component unit in financial statements of a governmental entity. A component unit is a legally separate organization for which the governmental entity is financially accountable or closely related.

**Condition**

As more fully discussed in our letter to the Audit Committee dated April 27, 2018, during the course of the audit, it was determined that the Tax Increment Reinvestment Zone No. 1 (TIRZ) and the New Braunfels Development Authority (NBDA) met GASB's requirements of blended component units, but in prior years, they had not been reported and disclosed in accordance with GASB.

**Effect**

The exclusion of the information required by GASB may have resulted in users of the financial statements lacking a complete understanding of the relationship between the City, TIRZ, and NBDA and financial activity of the TIRZ and NBDA.

**Cause**

The City's management likely had insufficient guidance on GASB criteria during the initial creation of the entities and subsequent annual audits.

**Recommendation**

The City should report the activity of the TIRZ and NBDA in accordance with GASB. The City should

**CITY OF NEW BRAUNFELS, TEXAS**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)***  
**For the Year Ended September 30, 2017**

create two different funds for the TIRZ and the NBDA and determine the ending equity or fund balance that each fund should report. In addition, the City should rigorously evaluate any entity in which the City exercises any oversight or control.

**Management's Corrective Action Plan**

The City concurs with the recommendation and is working on creating two different funds and determining the equity that each fund should report. The City has a new checklist to aid in the evaluation of GASB's component unit requirements.

**C. FINDINGS – FEDERAL AWARDS**

**None**

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**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended September 30, 2017

Grantor/ Program Title	CFDA Number	Grant/Contract Number	Expenditures
<b>U.S. Department of Justice</b>			
<i>Pass-Through Texas Office of the Governor - Criminal Justice Division</i>			
Violence Against Women Formula Grants	16.588	2879902	\$ 59,086
Edward Byrne Memorial Justice Assistance Program	16.738	2014-DJ-BX-0857	22,546
		<b>Total this Grantor</b>	<b>81,632</b>
<i>Direct Award</i>			
Bulletproof Vest Program	16.607	2016BUBX16084278	12,352
		<b>Total this Grantor</b>	<b>12,352</b>
<i>Direct Award</i>			
Edward Byrne Memorial Justice Assistance Program	16.738	2016-DJ-BX-0065	11,884
Edward Byrne Memorial Justice Assistance Program	16.738	2015-DE-BX-K068	31,745
		<b>Total this Grantor</b>	<b>43,629</b>
		<b>Total U.S. Department of Justice</b>	<b>137,613</b>
<b>U.S. Institute of Museum and Library Services</b>			
<i>Pass-Through Texas State Library and Archives Commission</i>			
InterLibrary Loan Reimbursement Program (ILL)	45.310	LS-00-16-0044-16	4,235
		<b>Total U.S. Institute of Museum and Library Services</b>	<b>4,235</b>
<b>U.S. Department of Housing and Urban Development</b>			
<i>Direct Award</i>			
Community Development Block Grant	14.218	B-15-MC-48-0513	76,602
Community Development Block Grant	14.218	B-16-MC-48-0513	539,295
		<b>Total U.S. Department of Housing and Urban Development</b>	<b>615,897</b>
<b>U.S. Department of Transportation</b>			
<i>Pass-Through Texas Department of Transportation</i>			
Selective Traffic Enforcement Program	20.600	2016-NewBrau-S-1YG-0090	74,968
		<b>Total this Grantor</b>	<b>74,968</b>
<i>Direct Award</i>			
Routine Airport Maintenance Program (RAMP)	20.106	M1715NBRN	50,000
		<b>Total this Grantor</b>	<b>50,000</b>
		<b>Total U.S. Department of Transportation</b>	<b>124,968</b>
<b>U.S. Environmental Protection Agency</b>			
<i>Pass-Through Texas Commission on Environmental Quality</i>			
Cooperative Reimbursement Contract for			
State and Local Government	66.460	582-16-60283	253,977
		<b>Total U.S. Environmental Protection Agency</b>	<b>253,977</b>
<b>U.S. Department of Education</b>			
<i>Pass-Through Texas State Library and Archives Commission</i>			
Library and Literacy Reimbursement Program	84.002	481-17016	4,000
		<b>Total U.S. Department of Education</b>	<b>4,000</b>
<b>U.S. General Services Administration</b>			
<i>Pass-Through Texas Facilities Commission</i>			
Donation of Federal Surplus Personal Property	39.003	13260	6,678
		<b>Total U.S. General Services Administration</b>	<b>6,678</b>
		<b>Total Federal Expenditures</b>	<b>\$ 1,147,368</b>

The accompanying notes are an integral part of this schedule.

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# CITY OF NEW BRAUNFELS, TEXAS

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2017

### 1. REPORTING ENTITY

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the City of New Braunfels, Texas.

### 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### 3. INDIRECT COST RATE

The City has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

### 4. SUBRECIPIENTS

Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipients. Of the expenditures presented in the Schedule of Expenditures of Federal Awards, the City provided federal awards to subrecipients as follows:

<u>Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grant			
Casa of Central Texas Inc.	14.218	B-16-MC-48-05-13	\$ 24,468
Comal County Senior Center	14.218	B-15-MC-48-0513	76,602
Comal County Senior Center	14.218	B-16-MC-48-05-13	93,082
Comal County Crisis Center	14.218	B-16-MC-48-05-13	17,000
Habitat for Humanity	14.218	B-16-MC-48-05-13	3,060
Family Promise of Greater NB	14.218	B-16-MC-48-05-13	8,097
Family Life Center	14.218	B-16-MC-48-05-13	13,486
San Antonio Food Bank	14.218	B-16-MC-48-05-13	13,485
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 249,280</b>

