



# POPULAR ANNUAL FINANCIAL REPORT

FY END  
SEPTEMBER 30

# 2021



CITY OF  
**NEW BRAUNFELS, TEXAS**



Government Finance Officers Association

Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting

Presented to

**City of New Braunfels**

**Texas**

For its Annual Financial Report  
for the Fiscal Year Ended

September 30, 2020

*Christopher P. Morrell*

Executive Director/CEO



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# MESSAGE FROM THE CITY MANAGER



The City of New Braunfels is pleased to present the City's third Popular Annual Financial Report (PAFR) for the fiscal year ended September 30,

2021. The purpose of this report is to highlight and summarize key information and metrics from the City's three guiding financial documents: the Annual Comprehensive Financial Report (ACFR), Five Year Financial Forecast and the Adopted Budget and Plan of Municipal Services. These documents support our efforts to ensure compliance with generally accepted accounting principles (GAAP) and engage our leadership and elected officials in long-term financial and strategic planning, as well as the development of annual fiscal plans that reflect the current priorities of the citizens, City Council, and leadership of the organization.

Please note that the PAFR includes information from selected funds and excludes data from component units. The PAFR does not serve as a replacement to the ACFR or any other financial documents. If you wish to access any of the financial documents listed above, please visit the City's website at [www.nbtexas.org](http://www.nbtexas.org). For any questions related to the information presented in this document, please contact the Finance department at 830-221-4380.

Robert Camareno | City Manager

## CITY COUNCIL

Mayor: Rusty Brockman

District One: Shane Hines

District Two: Justin Meadows

District Three: Harry Bowers

District Four: Lawrence Spradley

District Five: Jason Hurta

District Six: James Blakey



## ADMINISTRATION

City Manager: Robert Camareno

City Attorney: Valeria Acevedo

Municipal Court Judge: Rose Zamora

## EXECUTIVE STAFF

Assistant City Manager: Jared Werner

Assistant City Manager: Jordan Matney

Police Chief: Keith Lane

Interim Fire Chief: Michael Wehman

Public Works Director: Greg Malatek

Finance Director: Sandy Paulos

Human Resources Director: Rebecca Miears

Information Technology Director: Tony Gonzalez

Planning & Development Services Director: Christopher Looney

Parks & Recreation Director: Stacey Laird Dicke

Library Director: Gretchen Pruett

Director of Economic & Community Development: Jeff Jewell

Director of Communications & Community Engagement: Jenna Vinson

Transportation & Capital Improvements Director: Garry Ford

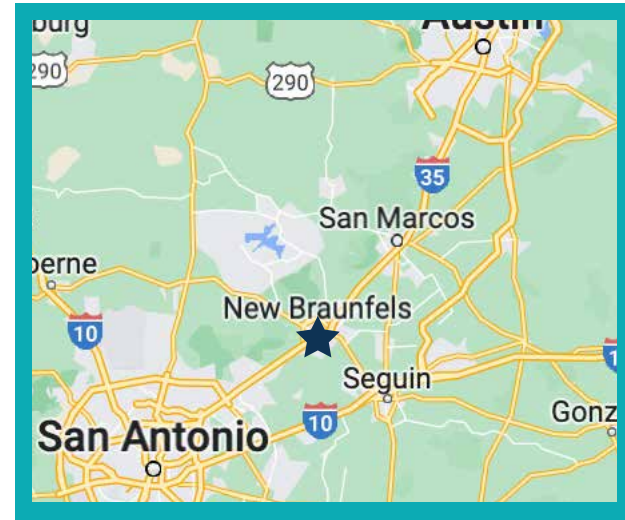
# CITY STATISTICS FY 2021

## TOP PROPERTY TAXPAYERS

1. A L 95 Creek Side Town Center
2. Central Texas Corridor Hospital LLC
3. CGT, US Limited
4. Rush Enterprises
5. Kahlig Enterprise INC
6. Grey Forest Development, LLC
7. BMEF Creekside LLC
8. BES Creekside Fund XIII LLC ET AL
9. HEB Grocery CO LP
10. Passco Lakeview Villas DST

## TOP TEN EMPLOYERS

- |   |       |
|---|-------|
| 1. Comal ISD<br>Government                                | 3,105 |
| 2. Wal-Mart Distribution Center<br>Retail                 | 1,379 |
| 3. TaskUs<br>Other  | 1,380 |
| 4. New Braunfels ISD<br>Government                        | 1,131 |
| 5. City of New Braunfels<br>Government                    | 960   |
| 6. Hunter Industries- Colorade Materials<br>Manufacturing | 788   |
| 7. Comal County<br>Government                             | 760   |
| 8. Sysco<br>Wholesale                                     | 670   |
| 9. HD Supply<br>Wholesale                                 | 477   |
| 10. Resolute Health<br>Healthcare                         | 476   |



**100,000**

LIBRARY VISITORS  
ANNUALLY



**7:20**

POLICE  
RESPONSE  
TIME  
(IN MINUTES)



**351**

PERMITS  
REVIEWED &  
COMPLETED



**6,196**

DAS REC  
(RECREATION CENTER)  
MEMBERSHIPS



ANNUAL  
FLIGHT OPERATIONS  
**62,982**



**19,953**

POUNDS OF  
LITTER  
RECOVERED

POPULATION OF

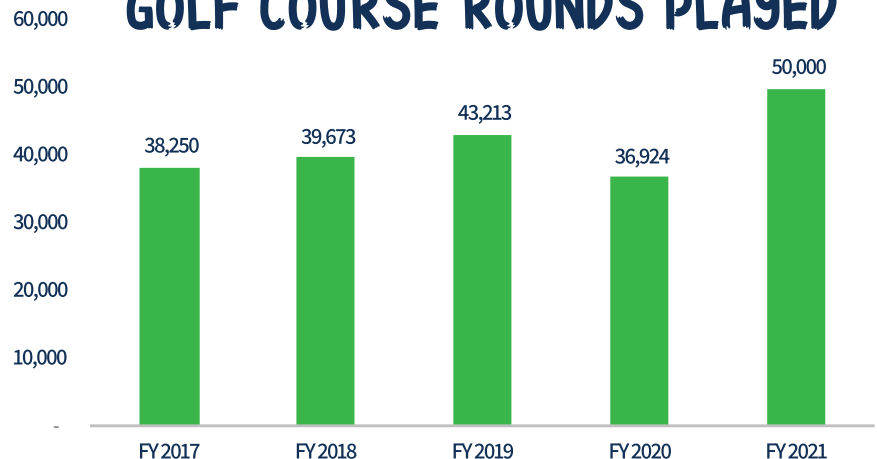
**90,403**

NEW BRAUNFELS, TX



Landa Park Golf Course  
at Comal Springs

## GOLF COURSE ROUNDS PLAYED





# ECONOMIC OUTLOOK

## POPULATION

Apart from some stagnation during the 2008-2010 recession, New Braunfels has been in a sustained period of growth. In fact, the City has grown by 56% since 2011. Every year, the census releases figures of the fastest growing cities in the country. From 2010-2020, New Braunfels has been the fifth fastest growing city in the nation, and the third fastest growing city in Texas. The increase in population is driven by a number of factors such as quality of life and economic opportunity.

### TEN YEAR POPULATION TREND



SOURCE: US CENSUS BUREAU



Founder's Oak in Historic Landa Park

## ECONOMY

New Braunfels continues to be one of the fastest growing areas in the country. With that growth in population comes an increased demand for City services which must be considered in future budgets. FY 2022 is the first year to see the effects of the loss of sales taxes from the largest sales tax contributor in the city, as they made a change to their business model that will redirect all sales currently sourced to the New Braunfels location. The full effect of this will be reflected in FY 2023.

As the report indicates, General Fund reserves remain strong. Short-term budgeting and fiscal planning will once again focus on one-time investments that have potential to increase efficiency and productivity, as well as reduce long-term staffing demands. Short-term budgeting includes priorities such as the construction of the Police Department Headquarters, the Westside Library Branch and Fire Station #7. Also, another consideration will be the effects of four-decade high inflation on the budget and supply chain issues. A bond election will be held in FY 2023 to support the new bond program.

Advantages for the community's economic stability and growth include: the close proximity to both San Antonio and Austin, the Interstate Highway 35 corridor, the availability of choice industrial sites throughout the city, and the strong tourism sector of the economy. While typical greenfield residential development has been occurring at a rapid pace for the last 10-15 years, New Braunfels is beginning to see more infill development (residential and commercial). In addition, there are developments and improvements occurring throughout our downtown area. The City expects tourism to remain strong because New Braunfels offers great attractions at reasonable prices. Collectively, the various attractions, natural resources, and the commercial/industrial development provide confidence in having a positive long-term economic outlook.

# ECONOMIC DEVELOPMENT

## RECENT & ONGOING DEVELOPMENTS

### CREEKSIDE TAX INCREMENT REINVESTMENT ZONE (TIRZ)

In 2007 the City established a TIRZ district to facilitate the development of a 400-acre master planned, mixed use development (Creekside TIRZ). The original value of all property within that district was approximately \$5 million. Today, the development integrates over 1 million square feet of retail with a 130- bed hospital, various restaurants, multi-family developments, and an entertainment complex. Between 2019 and 2021, the total taxable values of all improvements in the district increased by 9.1% to nearly exceed \$417 million (2021 values). As the developer works towards fully building out the property, the focus has shifted to the continued development of housing to support and drive the increasing demand for lifestyle amenities such as entertainment and dining options. In 2022, the City will break ground on a new fire station and training facility within the boundaries of the Creekside TIRZ (Fire Station #7). These construction costs are fully supported by the Creekside TIRZ, as well.

### THE VERAMENDI PROJECT

The Veramendi Development broke ground in FY 2018. This development is a 2,400-acre property that will ultimately include over 6,000 residential units, a town center, a university, and many other mixed-use amenities. The project's developer completed the construction of a major piece of required infrastructure, which was a regional detention pond and earthen dam. During FY 2021, approximately 224 homes were permitted by the City and are either under construction or have been completed. The development team has submitted more plans for single family homes on a variety of lot sizes. Additionally, senior living and multifamily developments have been entitled and are expected to open in 2023. The project is also beginning to see commercial development with the opening of a new daycare center in early 2022. The Veramendi Development is part of a Water Control Improvement District. The District issued \$6.9 million of bonds secured by property taxes received from property within the District. Although the development is not within the City limits, the City will receive 50% of the sales tax generated due to a strategic partnership agreement. Other direct revenues will be generated from this development such as permitting fees; however, there are likely to be other direct and indirect positive economic impacts throughout the City.

### TASKUS, INC.

TaskUs, Inc. is a business process outsourcing firm currently headquartered in New Braunfels. The company, founded in 2008, relocated to New Braunfels from San Antonio in 2018 and occupies 35,000 square feet in the Heritage Business Center. Originally, the company employed approximately 450 local employees. An incentive approved in 2021 provides the company with additional resources to expand their physical footprint to 105,000 square feet and to hire additional employees. TaskUs Inc. is now the 3rd largest employer in New Braunfels.

### DOWNTOWN TIRZ

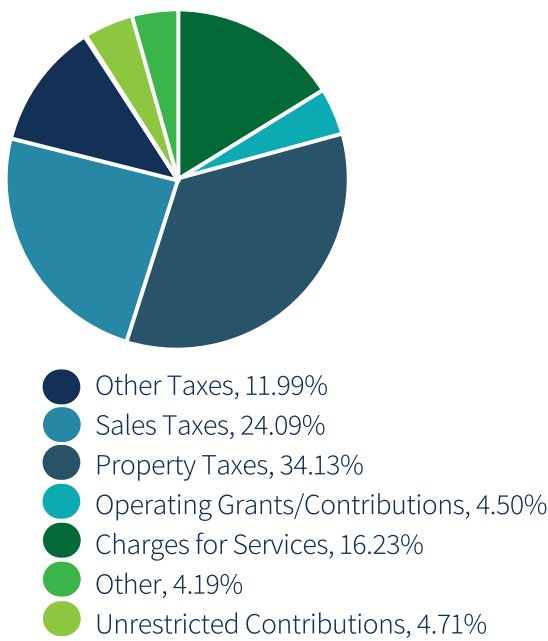
In September 2021, the City Council established the Downtown Tax Increment Reinvestment Zone (TIRZ #3). Similar to Creekside (TIRZ #1) and River Mill (TIRZ #2), the City's participation is limited to 85% of the real and business personal property tax revenue. The Downtown TIRZ will support capital projects within the zone such as improvements to local streets, including paving, utility infrastructure upgrades/relocation (water, wastewater, storm water), burial of overhead utilities as well as lighting improvements, street trees/planters, and sidewalk improvements for enhancing pedestrian linkages between and throughout the historic downtown core. The 2021 Downtown TIRZ boundary covered approximately 183 acres and the baseline taxable value was approximately \$168 million.



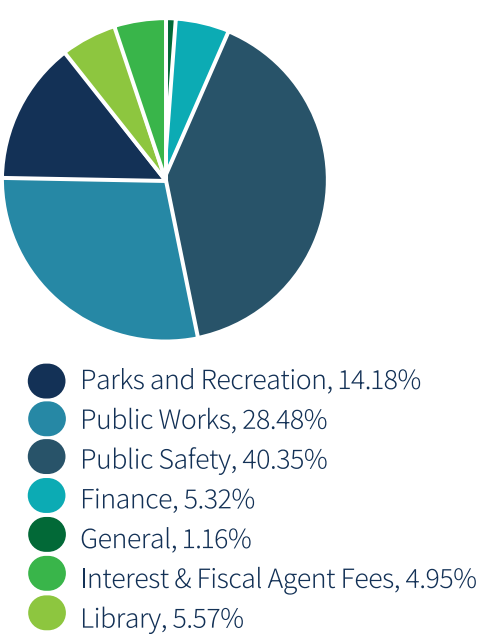
# GOVERNMENT-WIDE REVENUES & EXPENSES

The government-wide statements report information for the City as a whole. These statements are designed to provide information about costs of services, operating results and the financial position of the City as an economic entity. These statements are prepared using the accrual method of accounting, which is similar to the accounting used by private sector companies. All of the current year's revenues and expenses are taken into account even if the cash has not yet changed hands.

**FY 2021  
GOVERNMENT-WIDE REVENUES**



**FY 2021  
GOVERNMENT-WIDE EXPENSES**



Source: FY 2021 Annual Comprehensive Financial Report







Walnut Ave in the heart of New Braunfels



Construction of the new Police Department Headquarters



Neighborhood Streets in New Braunfels

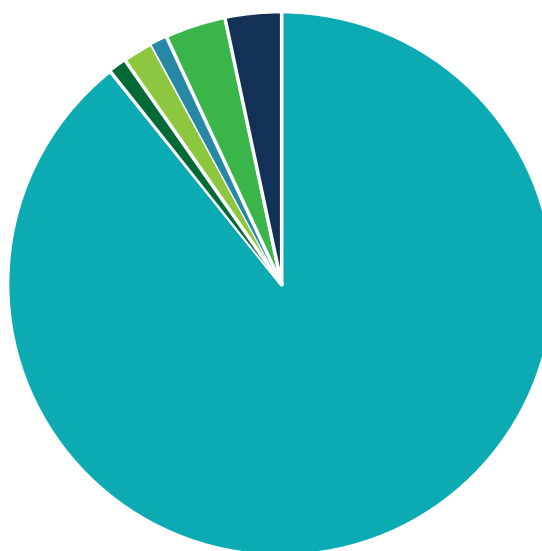


Construction of Fire Station #2

# DEBT OBLIGATIONS

## USES OF DEBT

The City of New Braunfels issues bonds and certificates of obligation to fund needed capital improvement projects such as streets and drainage improvements, park improvements, construction of libraries, fire and police stations and a veteran's memorial, civic/convention center renovations and additions, airport improvements, and other major projects.



- NBEDC, 3%
- Hotel/Motel Fund, 1%
- General Fund, 89%
- Airport Fund, 1%
- Creekside TIRZ Fund, 4%
- Solid Waste Fund, 2%

## OUTSTANDING DEBT BY FUNDING SOURCE

(As of 9/30/2021)

General Fund	\$232,210,000
Fire Apparatus Replacement Fund	\$250,000
Airport Fund	\$2,585,000
Solid Waste Fund	\$4,660,000
Hotel/Motel Fund	\$2,620,000
Creekside TIRZ Fund	\$9,385,000
New Braunfels Economic Development Corp (NBEDC)	\$8,405,000

**TOTAL**

**\$260,115,000**



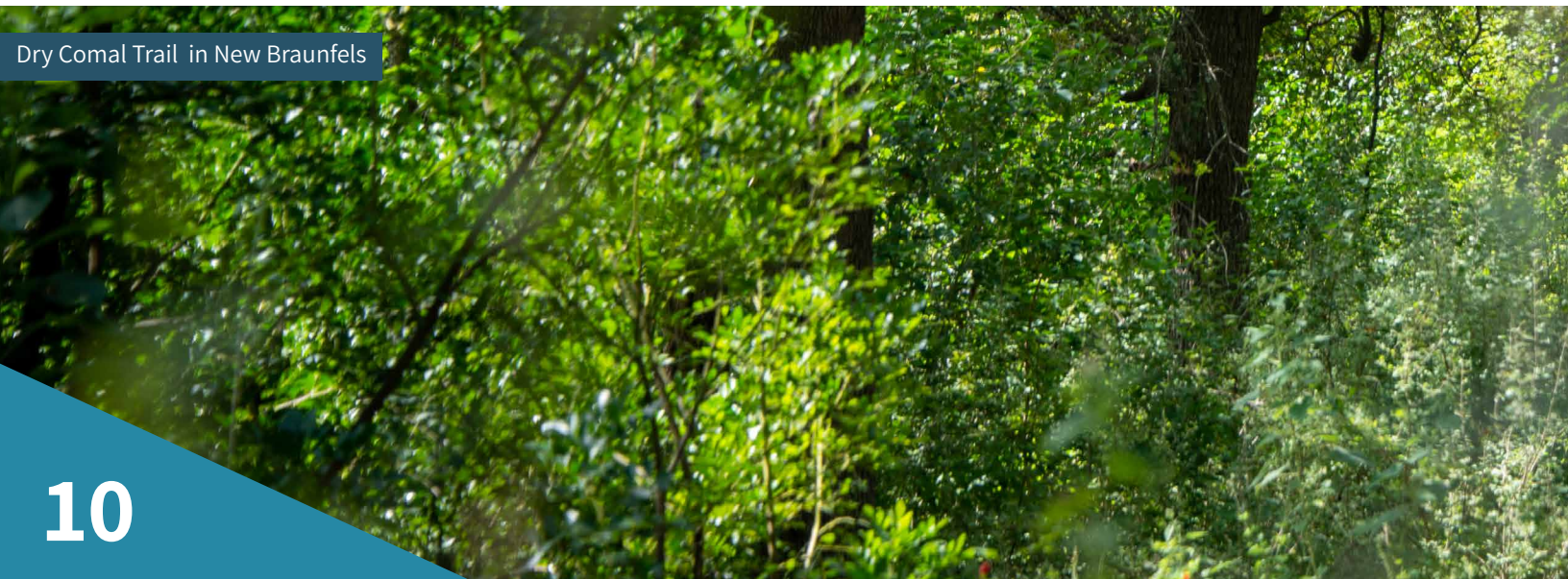
# BALANCE SHEET

## GOVERNMENTAL FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance related reporting requirements. The focus of governmental financial statements is on near-term inflows and outflows of spendable resources and the balance of spendable resources at the end of the year. Governmental funds include: General fund, Special Revenue funds, Capital funds and Debt Service funds.

	FY 2021		FY 2020		FY 2019
<b>ASSETS</b>					
Cash and Equity in pooled cash and investments	\$	174,055,783	\$	164,726,819	\$ 115,600,210
Investments		10,151,705		5,131,376	5,031,003
Receivables, net of allowance:		10,788,916		8,274,930	8,283,616
Due from other governments		-		-	41,951
Due from other funds		493,219		417,712	4,147,348
Inventory		607		2,830	565
Restricted Cash		6,718,744		1,219,630	1,212,126
<b>Total Assets</b>	<b>\$</b>	<b>202,208,974</b>	<b>\$</b>	<b>179,773,297</b>	<b>\$ 134,316,819</b>
<b>LIABILITIES</b>					
Accounts Payable	\$	15,877,341	\$	11,135,202	\$ 9,757,413
Due to other funds		493,219		1,191,624	4,147,348
Accrued wages payable		1,613,375		1,350,823	1,062,880
Unearned Revenue		5,497,657		-	-
<b>Total Liabilities</b>	<b>\$</b>	<b>23,481,592</b>	<b>\$</b>	<b>13,677,649</b>	<b>\$ 14,967,641</b>
<b>DEFERED INFLOW OF RESOURCES</b>					
Unavailable revenue - property taxes	\$	745,072	\$	745,072	\$ 593,152
<b>FUND BALANCES</b>					
Nonspendable	\$	231,795	\$	225,447	\$ 223,242
Restricted		129,876,277		130,313,081	82,728,988
Committed		6,817,721		6,519,109	9,728,569
Assigned		892,803		798,164	1,124,345
Unassigned		40,163,714		27,494,775	24,950,882
<b>Total Fund Balances</b>	<b>\$</b>	<b>177,982,310</b>	<b>\$</b>	<b>165,350,576</b>	<b>\$ 118,756,026</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$</b>	<b>202,208,974</b>	<b>\$</b>	<b>179,773,297</b>	<b>\$ 134,316,819</b>

Source: FY 2021 Annual Comprehensive Financial Report



Dry Comal Trail in New Braunfels



# STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES

## GOVERNMENTAL FUNDS

### REVENUES

	FY 2021	FY 2020	FY 2019
Taxes and franchise fees, including interest	\$ 98,676,785	\$ 80,278,527	\$ 78,435,288
Other	31,167,889	27,850,830	27,431,798
Total Revenues	<u>\$ 129,844,674</u>	<u>\$ 108,129,357</u>	<u>\$ 105,867,086</u>

### EXPENDITURES

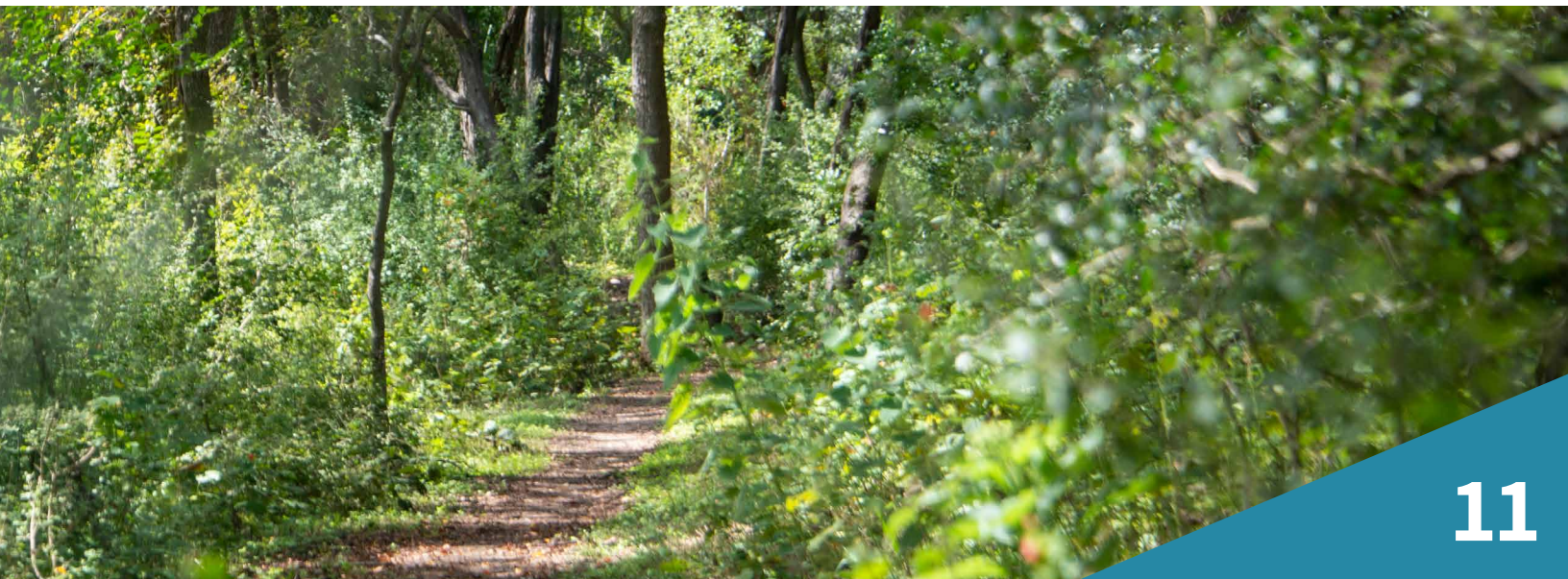
Current operating expenditures	\$ 128,435,820	\$ 112,184,263	\$ 91,980,413
Debt service	26,605,849	24,564,188	19,514,542
Total Expenditures	<u>\$ 155,041,669</u>	<u>\$ 136,748,451</u>	<u>\$ 111,494,955</u>

Excess (deficiency) of revenues over expenditures	<u>\$ (25,196,995)</u>	<u>\$ (28,619,094)</u>	<u>\$ (5,627,869)</u>
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### OTHER FINANCING SOURCES

Transfers in	\$ 8,728,721	\$ 9,475,343	\$ 19,663,581
Transfers out	(6,441,143)	(7,164,232)	(17,265,610)
Sale of capital assets	217,357	18,648	199,001
Long-term debt issuance	41,750,000	62,240,000	
Other	(6,426,206)	10,643,887	37,205,185
Total other financing sources (uses)	<u>\$ 37,828,729</u>	<u>\$ 75,213,646</u>	<u>\$ 39,802,157</u>
Net changes in fund balance	12,631,734	46,594,552	34,174,288
Fund Balances, October 1	165,350,576	118,756,024	84,581,738
Fund Balances, September 30	<u><u>\$ 177,982,310</u></u>	<u><u>\$ 165,350,576</u></u>	<u><u>\$ 118,756,024</u></u>

Source: FY 2021 Annual Comprehensive Financial Report

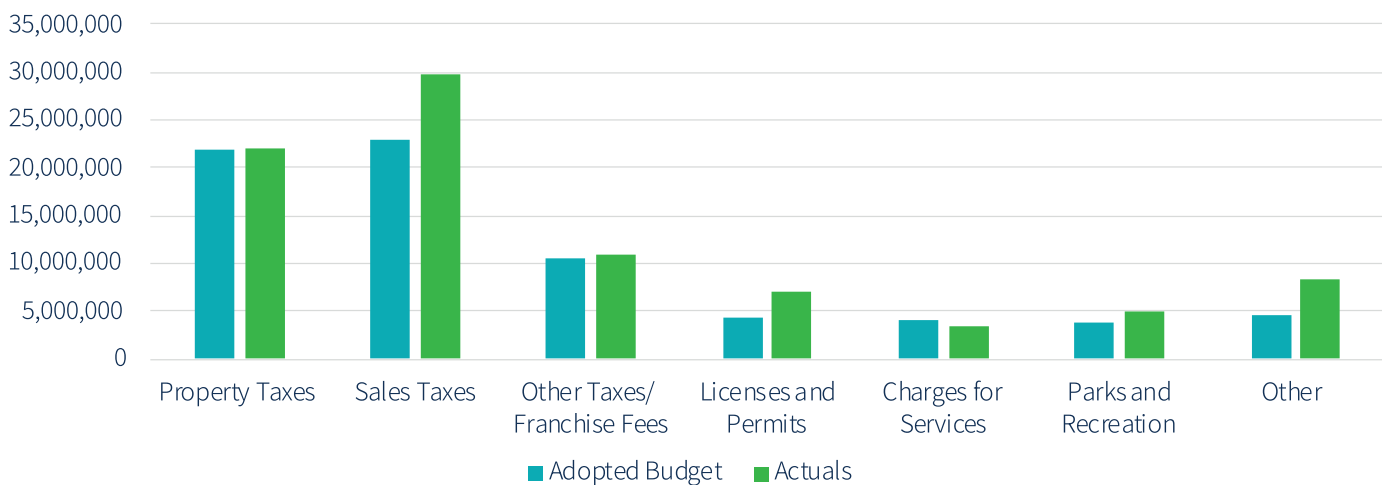




# GENERAL FUND REVENUE

In FY 2021, total budgeted revenues in the General fund were \$72,193,759. At fiscal year end, the total actual revenue was \$86,288,867, approximately 20% over budget. The increase is driven by various sources including sales tax and increases in licenses and permits and Parks and Recreation revenue. These General Fund totals include the Equipment Replacement Fund.

## GENERAL FUND REVENUE FY 2021 BUDGET TO ACTUALS



## PROPERTY & SALES TAX

Property and sales taxes make up a significant portion of total General Fund revenue (60%). While property taxes can be estimated based on property values and the tax rate, sales tax tends to be a more volatile source of revenue because it is directly correlated to economic conditions and consumer spending patterns. Sales tax remains the single largest source of revenue for the General Fund (35%). As a result, staff budgets this revenue source conservatively.

## GROSS SALES TAX COLLECTIONS AND GROWTH

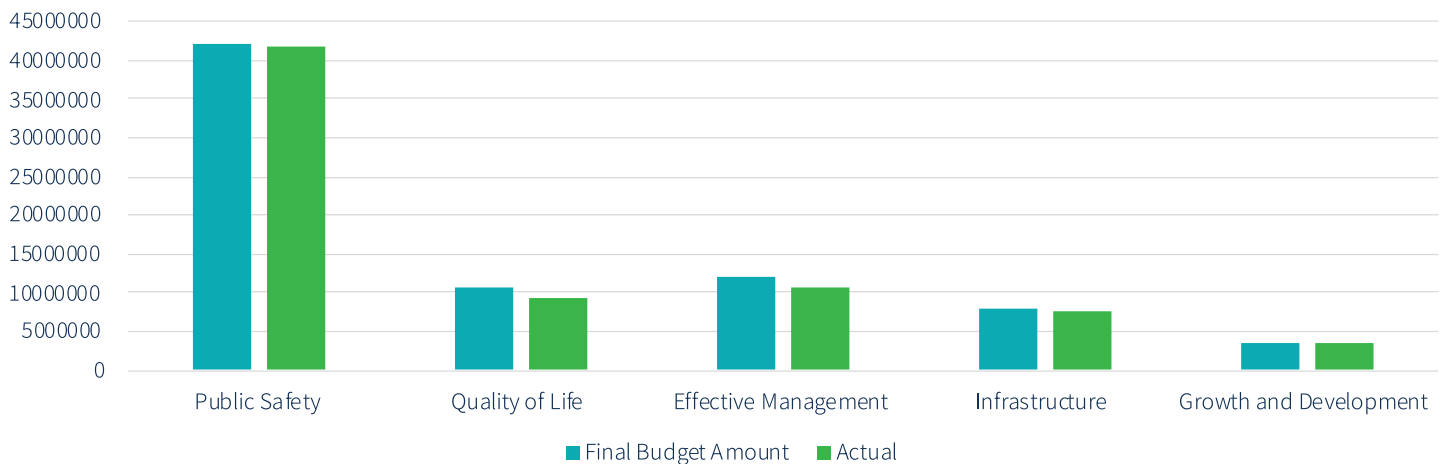


# GENERAL FUND EXPENDITURES

## STRATEGIC PRIORITIES

The focus throughout the annual budget development process is meeting City Council's five Strategic Priorities of infrastructure, public safety, effective management, quality of life, and growth & development. The strategic priorities are all service enhancements designed to continuously improve and deliver on the demand of our growing community. In fiscal year 2021, General Fund total budgeted expenditures were \$76,105,676 (does not include interfund transfers). General Fund actual expenditures totaled \$72,758,903 (does not include interfund transfers), which is approximately 4% under budget due to conservative budgeting measures. These General Fund totals include the Equipment Replacement

## GENERAL FUND EXPENDITURES FY 2021 BUDGET TO ACTUALS



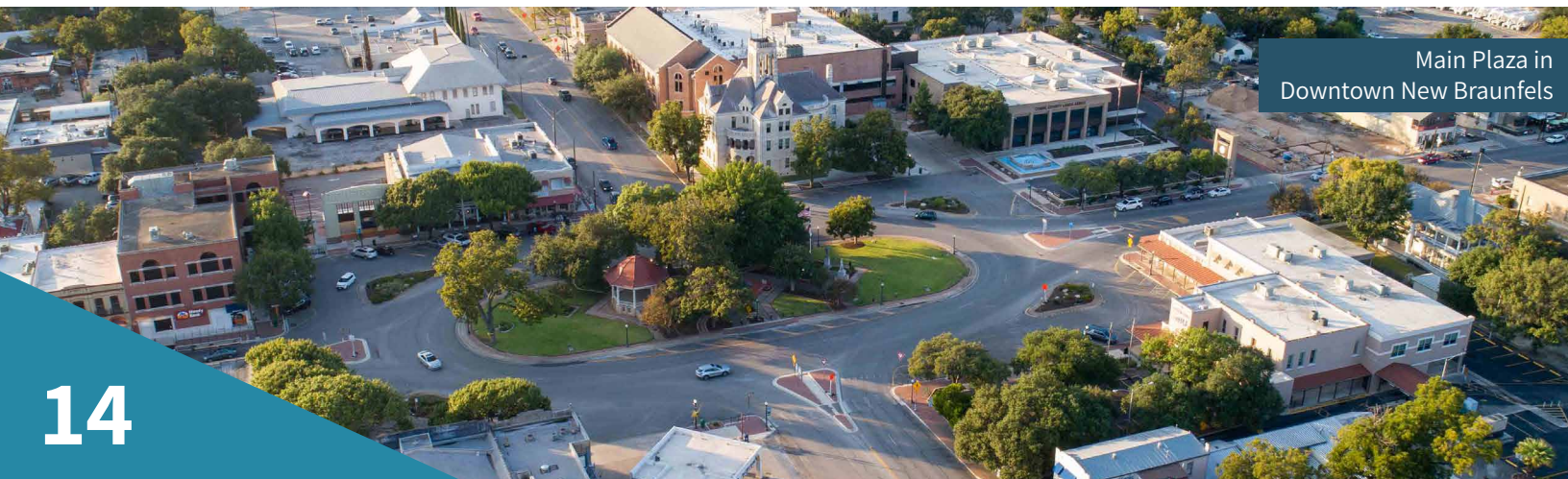
# STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

## - ENTERPRISE FUNDS

Enterprise funds are used to record the business activities of the City.

	Airport		Solid Waste		Golf Course		Civic/Con. Center		TOTALS
<b>OPERATING REVENUES</b>									
Charges for services	\$	2,757,380	\$	11,234,440	\$	2,078,899	\$	396,795	\$ 16,467,514
Miscellaneous		2,063		144,429		38,732		687	185,911
<b>Total Operating Revenues</b>	\$	2,759,443	\$	11,378,869	\$	2,117,631	\$	397,482	\$ 16,653,425
<b>OPERATING EXPENSES</b>									
Personnel		644,732		4,064,356		778,735		480,647	5,968,470
Contractual services		335,957		2,674,728		235,693		212,615	3,458,993
Supplies		1,318,140		1,316,798		336,946		38,203	3,010,087
Depreciation		1,267,959		929,417		558,844		312,321	3,068,541
<b>Total Operating Expenses</b>	\$	3,566,788	\$	8,985,299	\$	1,910,218	\$	1,043,786	\$ 15,506,091
<b>Operating Income (Loss)</b>	\$	(807,345)	\$	2,393,570	\$	207,413	\$	(646,304)	\$ 1,147,334
<b>NON-OPERATING REVENUES (EXPENSES)</b>									
Investment earnings		2		1,326		9		-	1,337
Gain of sale of assets		-		-		93,993		-	93,993
Intergovernmental		111,254		898,506		-		-	1,009,760
<b>Total Nonoperating Revenues (Expenses)</b>	\$	111,256	\$	899,832	\$	94,002	\$	-	\$ 1,105,090
<b>Income Before Contributions and Transfers</b>	\$	(696,089)	\$	3,293,402	\$	301,415	\$	(646,304)	\$ 2,252,424
Transfers in		99,910		-		-		436,526	536,436
Transfers (out)		(562,375)		(2,154,419)		(69,364)		(37,856)	(2,824,014)
<b>Change in Net Position</b>	\$	(1,158,554)	\$	1,138,983	\$	232,051	\$	(247,634)	\$ (35,154)
Beginning Net Position		13,385,986		6,384,671		4,802,546		5,267,617	29,840,820
<b>Ending Net Position</b>	\$	12,227,432	\$	7,523,654	\$	5,034,597	\$	5,019,983	\$ 29,805,666

Source: FY2021 Annual Comprehensive Financial Report



Main Plaza in  
Downtown New Braunfels





Dry Comal Creek Trail



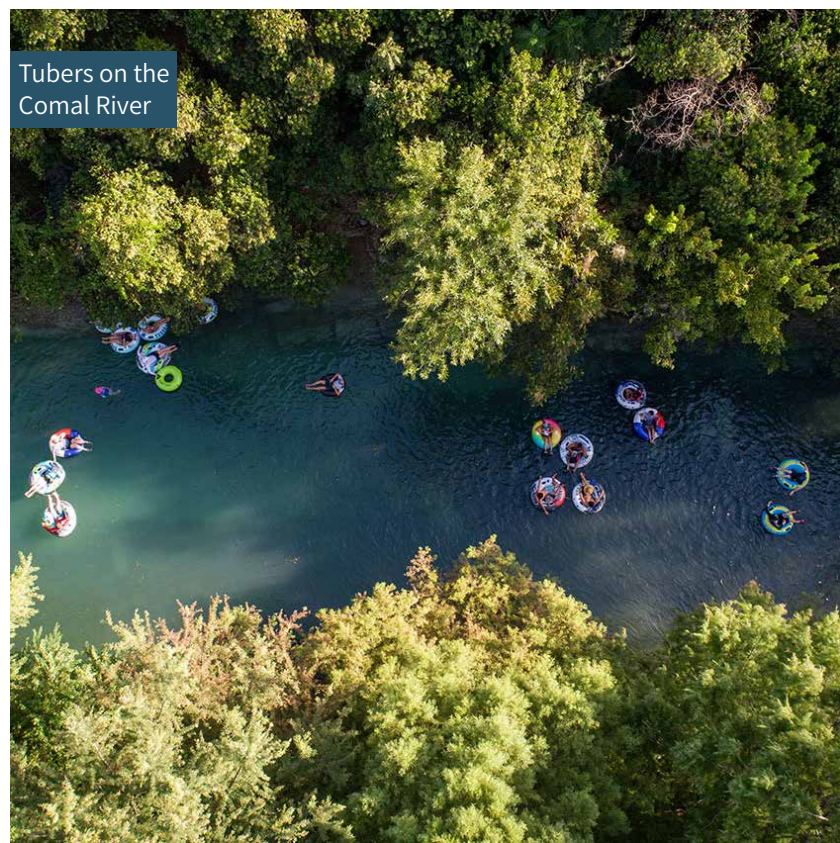
City Tube Chute on the Comal River



Construction of New PD Headquarters



IH-35 through New Braunfels



Tubers on the Comal River



The Comal River on  
Memorial Day Weekend

