

POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING
SEPTEMBER 30th

2022

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, 2021

Christopher P. Morill

Executive Director/CEO



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MESSAGE FROM THE CITY MANAGER



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

2022. 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), the 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.newbraunfels.gov. For any questions related to the information presented in this document, please contact the Finance department at 830-221-4252.

Robert Camareno | City Manager

CITY COUNCIL

Mayor: Rusty Brockman

District One: Andres Campos

District Two: Christopher Willis

District Three: Mayor Pro Tem 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: Jordan Matney

Assistant City Manager: Jared Werner

Police Chief: Keith Lane

Fire Chief: Ruy Lozano

Public Works Director: Greg Malatek

Finance Director: Sandy Paulos

Human Resources Director: Rebecca Mears

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

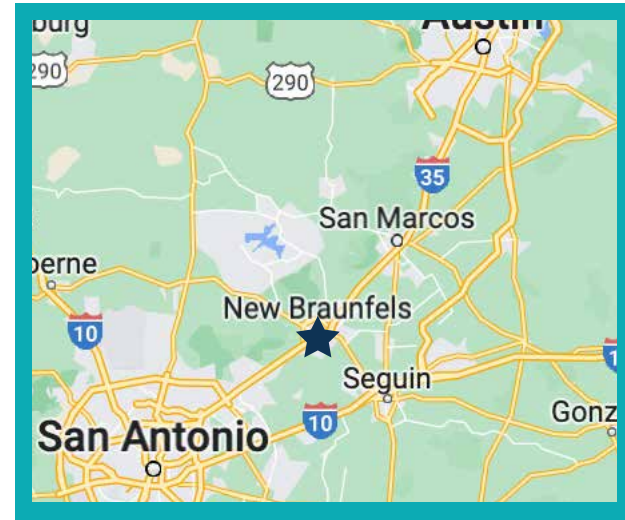
CITY STATISTICS FY 2022

TOP PROPERTY TAXPAYERS

1. Central Texas Corridor Hospital LLC
2. A L 95 Creek Side Town Center
3. Walmart Inc #6016
4. Rush Enterprises
5. Kahlig Enterprise INC
6. HEB Grocery CO LP
7. BMEF Creekside LLC
8. CGT, US Limited
9. Grey Forest Development
10. BES Creekside Fund XIII LLC Et AL

TOP TEN EMPLOYERS

- | | |
|---|------|
| 1. Comal ISD
Government | 3374 |
| 2. Schlitterbahn
Other | 3000 |
| 3. New Braunfels ISD
Government | 1320 |
| 4. Wal-Mart Distribution Center
Retail | 1189 |
| 5. Sysco
Wholesale | 794 |
| 6. City of New Braunfels
Government | 780 |
| 7. Comal County
Government | 734 |
| 8. Christus Santa Rosa Hospital
Healthcare | 620 |
| 9. TaskUS
Other | 612 |
| 10. Rush Enterprise
Other | 528 |



300,000

LIBRARY VISITORS
ANNUALLY



7:20

POLICE
RESPONSE
TIME
(IN MINUTES)



432

PERMITS
REVIEWED &
COMPLETED



5,200

DAS REC
(RECREATION CENTER)
MEMBERSHIPS



ANNUAL
FLIGHT OPERATIONS

66,386



17,500

POUNDS OF LITTER
RECOVERED FROM
COMAL RIVER

POPULATION OF

98,857

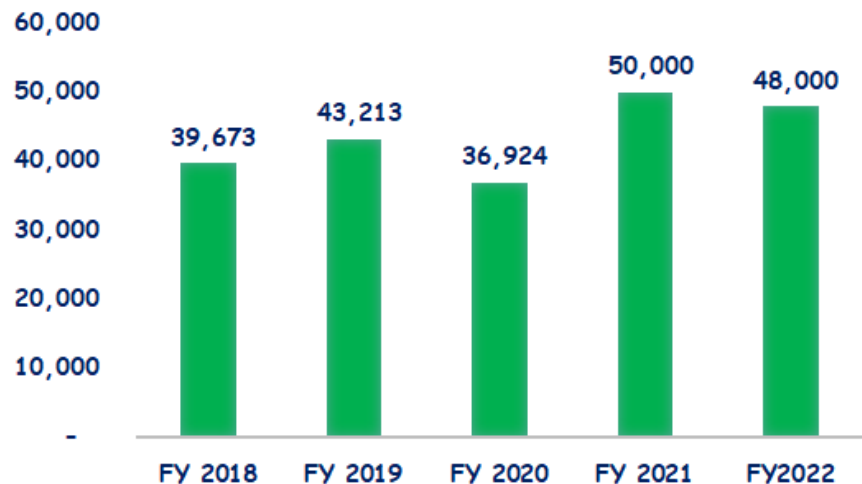
NEW BRAUNFELS, TX



Landa Park Golf Course
at Comal Springs



GOLF COURSE ROUNDS PLAYED

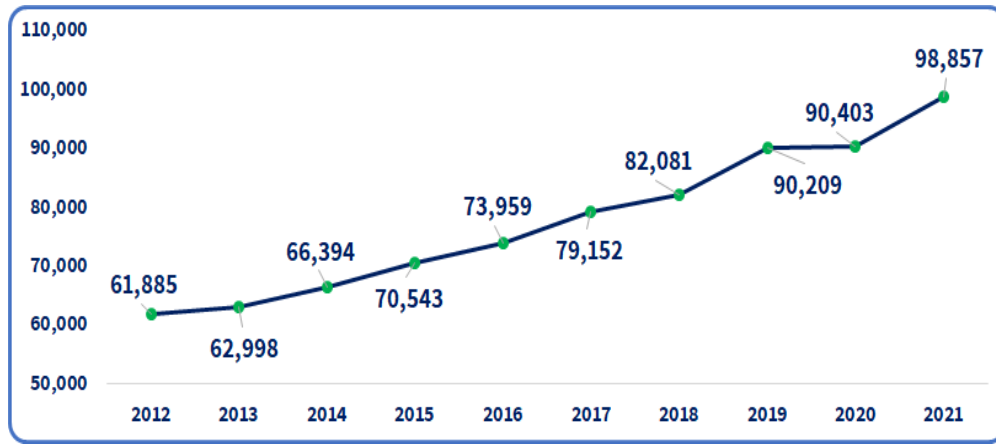


ECONOMIC OUTLOOK

POPULATION

Every year, the census releases figures of the fastest growing cities in the country. From 2010-2022, New Braunfels has been consistently one of the fastest growing cities in the United States. The 2021 census estimate of 98,857 represents a compounded annual growth rate of 5.01% since the 2010 census estimate of 57,740. 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

From a budget planning perspective, the pandemic created a significant amount of economic uncertainty. Fiscal planning over the past two years was to budget conservatively in the face of that uncertainty. Fortunately, the City's primary revenues have not been negatively impacted. As a result of a conservative budgeting approach, General Fund reserves are in a strong surplus position which allows for a major investment in one time equipment and initiatives with primary focus on increasing efficiency and/or productivity. The FY 2023 Adopted Budget includes over \$12 million of one-time investments, with significant portions dedicated to public safety and infrastructure.

The strong surplus position also allows for a number of deferred recurring initiatives to be incorporated. As a result of rapid growth, all City Departments are experiencing increased demands for services. During the past two budget cycles, many position requests remained unfunded. Long-term budgeting priorities will focus on providing additional staff to assist our departments in meeting the current demands for service. A bond election will be held in May 2023 and will include propositions to fund street improvements, parks, and a new library branch.

ECONOMIC DEVELOPMENT

RECENT & ONGOING DEVELOPMENTS

CREEKSIDE TAX INCREMENT REINVESTMENT ZONE (TIRZ 1)

In 2007, the City Council 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 this district was approximately \$5 million. The development integrates over 1 million square feet of retail, medical, restaurants, multi-family developments, and entertainment with plans to enhance pedestrian infrastructure, retail updates, additional housing options, and a grocery. The total assessed value for the Creekside TIRZ maintains its consistency at almost \$417 million. The construction of the new Fire Station #7 commenced in 2022 and will be substantially complete in the summer of 2023. Plans are underway to expand the Creekside TIRZ boundary by 130 additional acres to accommodate roadway improvements on Barbarosa Road and Saur Lane as well as a large-scale park at the Alligator Creek Greenway.

CONTINENTAL AUTONOMOUS MOBILITY US, LLC.

In 2022, Continental Autonomous Mobility US, LLC., a world-leading manufacturer of automotive technologies, opened its 205,000 square foot facility in New Braunfels. Its 48-acre campus, at Kohlenberg Road and I-35, is valued at \$28.6 million. Incentive agreements, executed in 2020, provided the company a land acquisition grant, tax rebates, and reimbursements for project-related expenses. Continental has agreed to employ at least 444 employees by the end of 2023 with annual employee increases through 2031.

DETEX RETENTION & EXPANSION

In 2022, the New Braunfels Economic Development Corporation (NBEDC) collaborated with Detex Corporation to negotiate an incentive agreement that would retain the company's headquarters and facilitate a 50,000 square foot addition to its manufacturing and assembly facility in New Braunfels. The company, a local lock and security products manufacturer, has been headquartered in New Braunfels more than three decades and the project will consolidate the operations of a facility in another Texas community. The project, which retains 90 full-time employees will add an additional 55 local employees and represents a \$16 million investment by the company.

TEXAS TITO'S, INC.

In 2022, Texas Tito's, Inc., a local packaged food manufacturer and vendor, notified the NBEDC its plans to expand into a new, larger, New Braunfels facility to accommodate business growth. A 2022 incentive agreement provides the company with funds to offset costs for public infrastructure to service the project site and encourages an increase of full-time employment for 20+ staff through 2027.

MAYFAIR

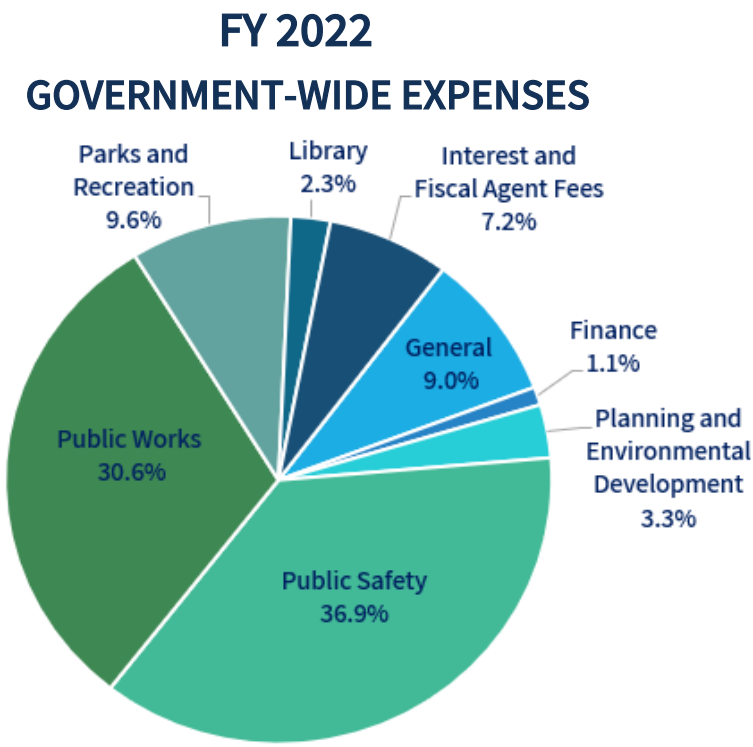
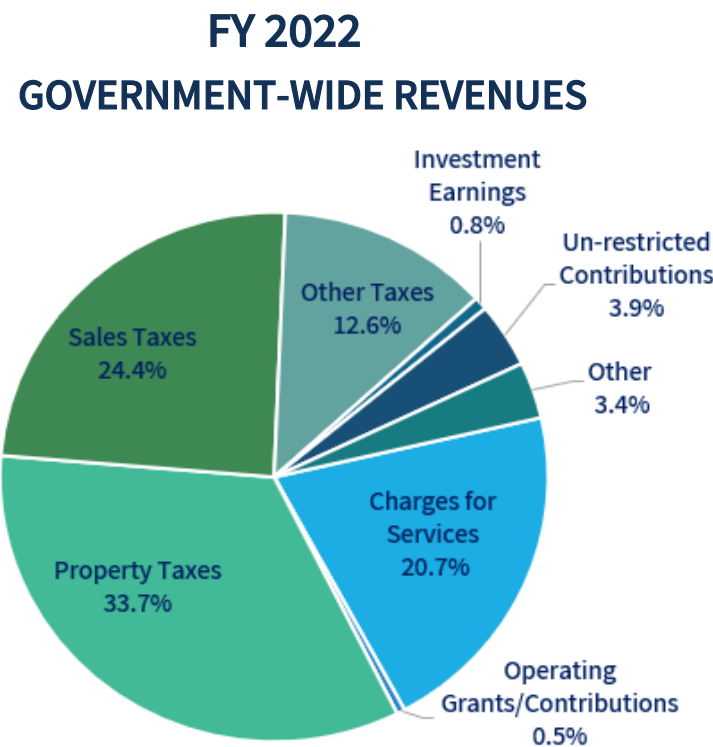
Mayfair is a 1,888-acre development owned by the Texas General Land Office on the north end of New Braunfels. The development agreement, fully executed in early 2022, highlights a variety of land uses to include: mixed residential, schools, recreational centers, commercial areas, industrial areas, a fire station, and multiple parks and open spaces. The project has plans for more than 6,000 residences and the city will annex the area for limited purposes, giving it the ability to collect sales tax. The first phase of infrastructure is currently under construction with the first homes slated to be delivered in the summer of 2024.

DOWNTOWN TAX INCREMENT REINVESTMENT ZONE (TIRZ 3)

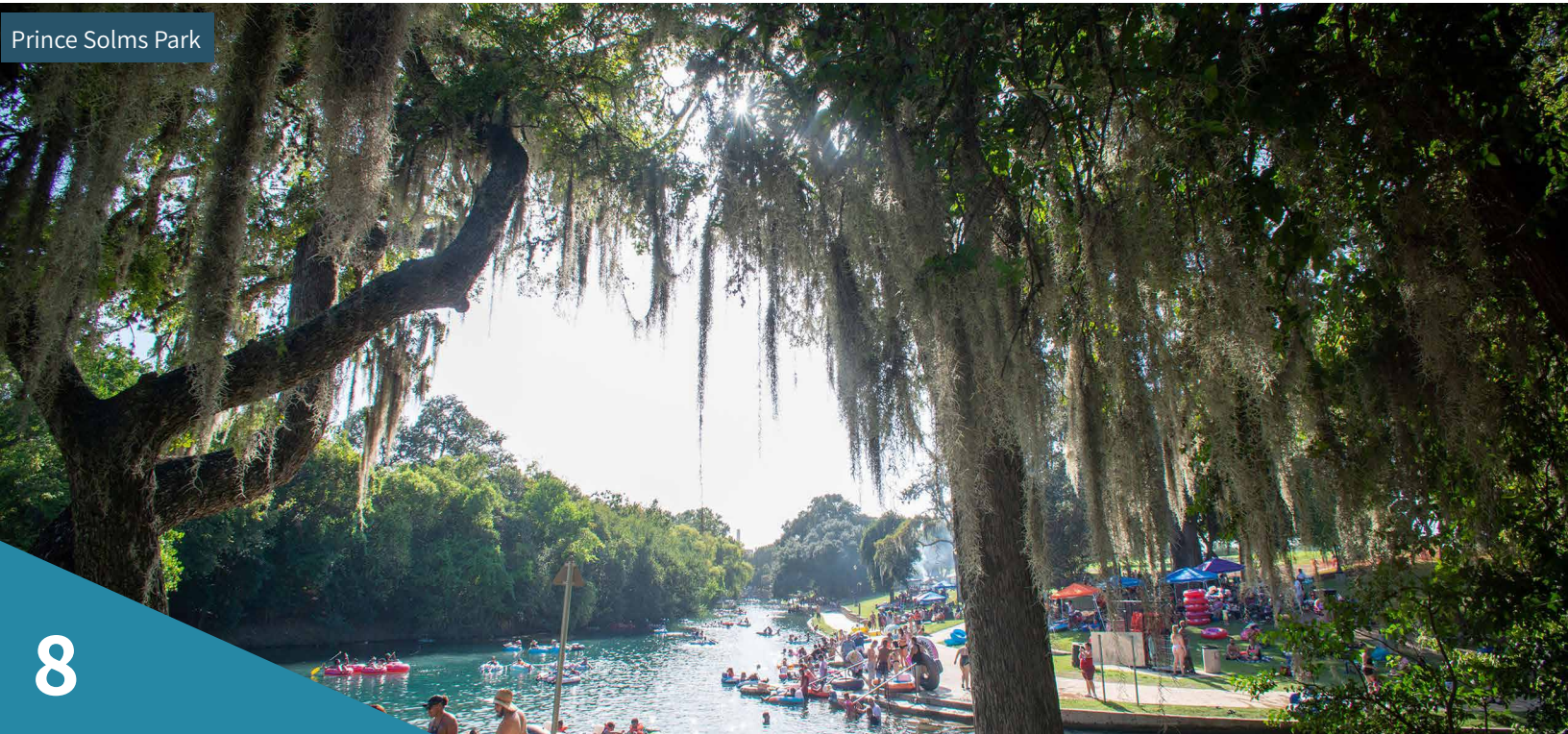
In 2021, the City Council established the Downtown Tax Increment Reinvestment Zone (TIRZ 3) like the Creekside (TIRZ 1) and River Mill (TIRZ 2) zones. The Downtown TIRZ works to support capital projects such as improvements to streets, utility infrastructure upgrades, overall aesthetics, and updates for pedestrian access. The 2022 Downtown TIRZ boundary covered 183.5 acres and the total assessed value was \$152 million, giving it a \$12 million increment for its first year.

GOVERNMENT-WIDE REVENUES & EXPENSES

The government-wide statements report information for the City, as a whole, across all funds. 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 been exchanged.



Source: FY 2022 Annual Comprehensive Financial Report



Prince Solms Park



Police Headquarters



Westside Library Branch



Neighborhood Streets in New Braunfels



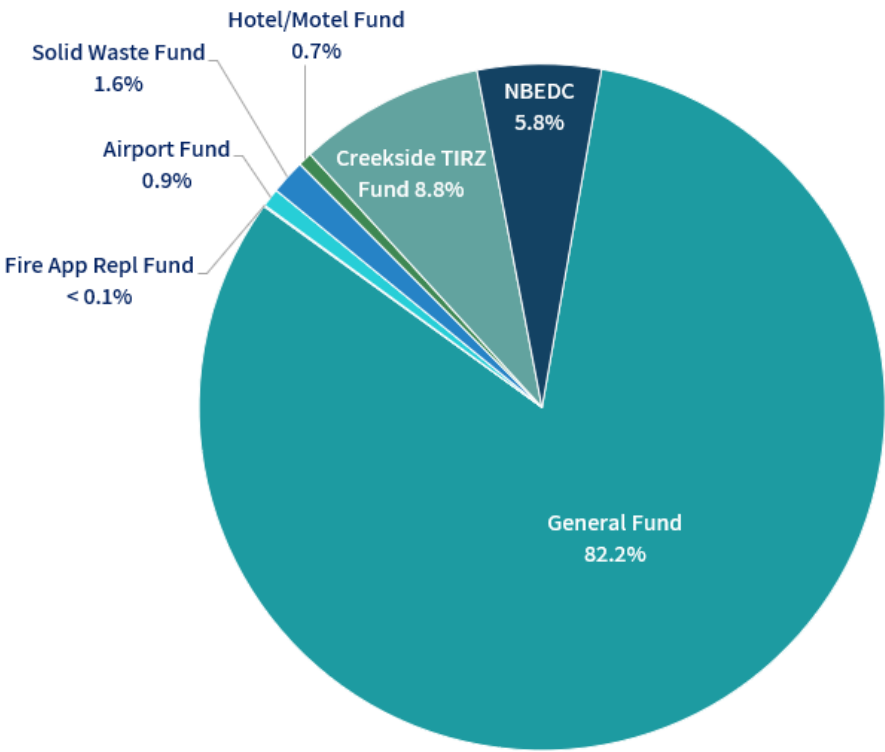
Fire Station #3



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, library and fire station construction, civic/convention center renovations, airport improvements, and other major projects.



Outstanding Debt (Principal & Interest) By Funding Source (as of 9/30/2022)

General Fund	\$ 297,596,397
Fire Apparatus Replacement Fund	\$ 232,200
Airport Fund	3,148,722
Solid Waste Fund	5,944,716
Hotel/Motel Fund	2,378,125
Creekside TIRZ Fund	31,773,968
New Braunfels Economic Development Corp. (NBEDC)	21,068,085
Total	<u>\$ 362,142,213</u>

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 2022		FY 2021		FY 2020	
ASSETS						
Cash and Equity in pooled cash and investments	\$	173,708,725	\$	174,055,783	\$	164,726,819
Investments		12,484,728		10,151,705		5,131,376
Receivables, net of allowance:		12,602,245		10,788,916		8,274,930
Due from other governments		41,047		-		
Due from other funds		8,501		493,219		417,712
Inventory		595		607		2,830
Restricted Cash		12,054,512		6,718,744		1,219,630
Total Assets	\$	210,900,353	\$	202,208,974	\$	179,773,297
LIABILITIES						
Accounts Payable	\$	11,962,136	\$	15,877,341	\$	11,135,202
Due to other funds		8,501		493,219		1,191,624
Accrued wages payable		1,045,848		1,613,375		1,350,823
Unearned Revenue		10,995,314		5,497,657		-
Total Liabilities	\$	24,011,799	\$	23,481,592	\$	13,677,649
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue - leases receivable		581,523				
Unavailable revenue - property taxes		745,072		745,072		745,072
	\$	1,326,595	\$	745,072	\$	745,072
FUND BALANCES						
Nonspendable	\$	243,381	\$	231,795	\$	225,447
Restricted		132,838,670		129,876,277		130,313,081
Committed		7,515,441		6,817,721		6,519,109
Assigned		3,088,682		892,803		798,164
Unassigned		41,875,785		40,163,714		27,494,775
Total Fund Balances	\$	185,561,959	\$	177,982,310	\$	165,350,576
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	210,900,353	\$	202,208,974	\$	179,773,297

Source: FY 2022 Annual Comprehensive Financial Report



Landa Lake

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

REVENUES

	FY 2022	FY 2021	FY 2020
Taxes and franchise fees, including interest	\$ 108,518,169	\$ 98,676,785	\$ 80,278,527
Other	33,185,351	31,167,889	27,850,830
Total Revenues	\$ 141,703,520	\$ 129,844,674	\$ 108,129,357

EXPENDITURES

Current operating expenditures	\$ 134,384,269	\$ 128,435,820	\$ 112,184,263
Debt service	28,688,860	26,605,849	24,564,188
Total Expenditures	\$ 163,073,129	\$ 155,041,669	\$ 136,748,451

Excess (deficiency) of revenues over expenditures	\$ (21,369,609)	\$ (25,196,995)	\$ (28,619,094)
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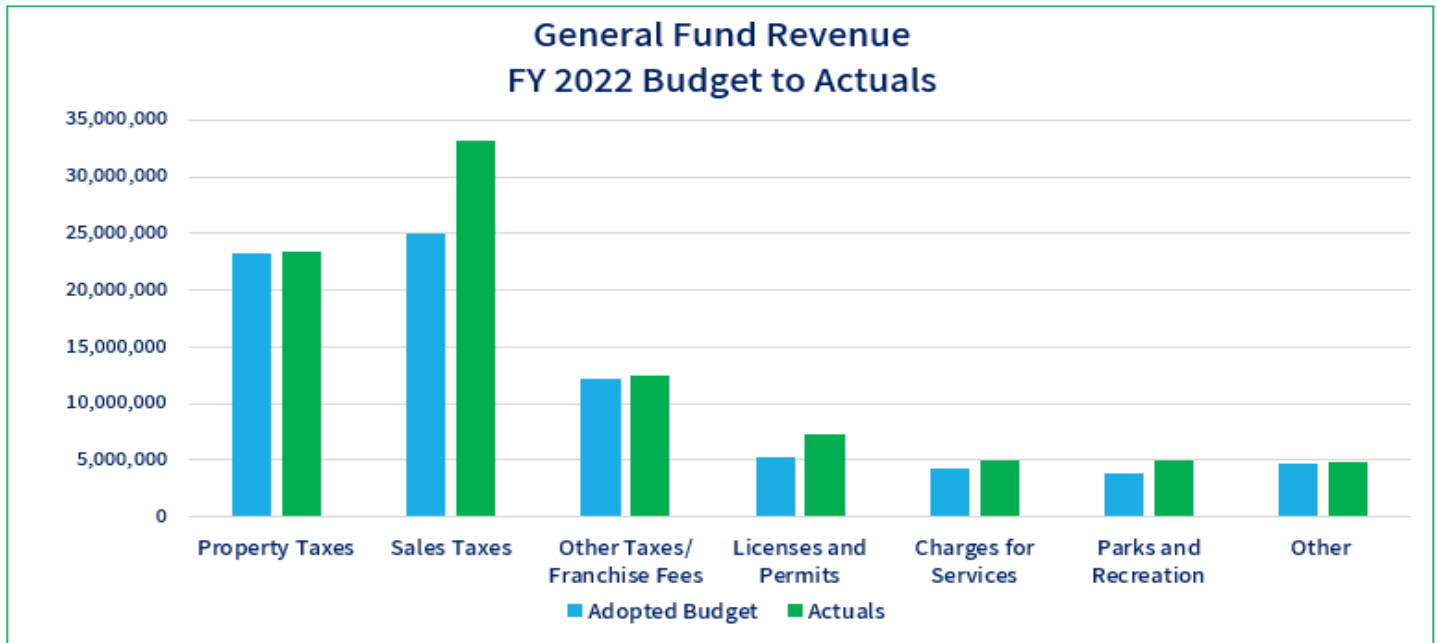
OTHER FINANCING SOURCES

Transfers in	\$ 9,293,906	\$ 8,728,721	\$ 9,475,343
Transfers out	(7,264,063)	(6,441,143)	(7,164,232)
Sale of capital assets	267,262	217,357	18,648
Long-term debt issuance	46,895,000	41,750,000	62,240,000
Other	(20,242,847)	(6,426,206)	10,643,887
Total other financing sources (uses)	\$ 28,949,258	\$ 37,828,729	\$ 75,213,646
Net changes in fund balance	7,579,649	12,631,734	46,594,552
Fund Balances, October 1	177,982,310	165,350,576	118,756,024
Fund Balances, September 30	\$ 185,561,959	\$ 177,982,310	\$ 165,350,576

Source: FY 2022 Annual Comprehensive Financial Report

GENERAL FUND REVENUE

In FY 2022, total budgeted revenues in the General fund were \$78,483,861. At fiscal year end, the total actual revenue was \$91,152,012, approximately 16% over budget. The increase is driven by various sources including Sales Tax, Licenses and Permits, and Parks and Recreation revenue. These General Fund totals include the Equipment Replacement Fund.

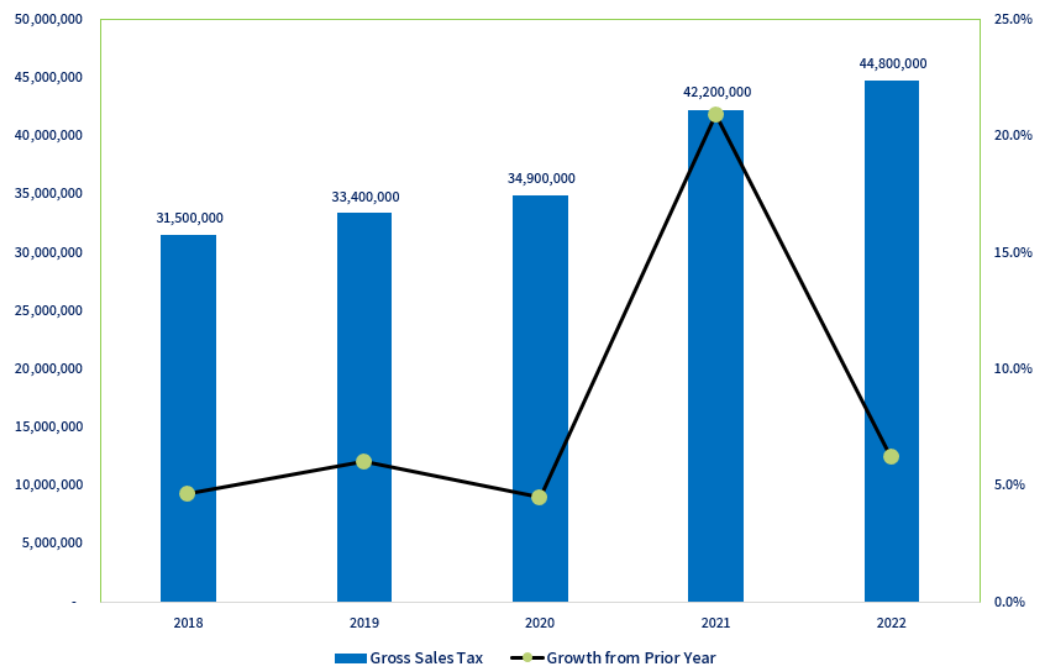


PROPERTY & SALES TAX

Property and sales taxes make up a significant portion of total General Fund revenue (62%). 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 (36%). As a result, staff budgets this revenue source conservatively.



Gross Sales Tax Collections and Growth

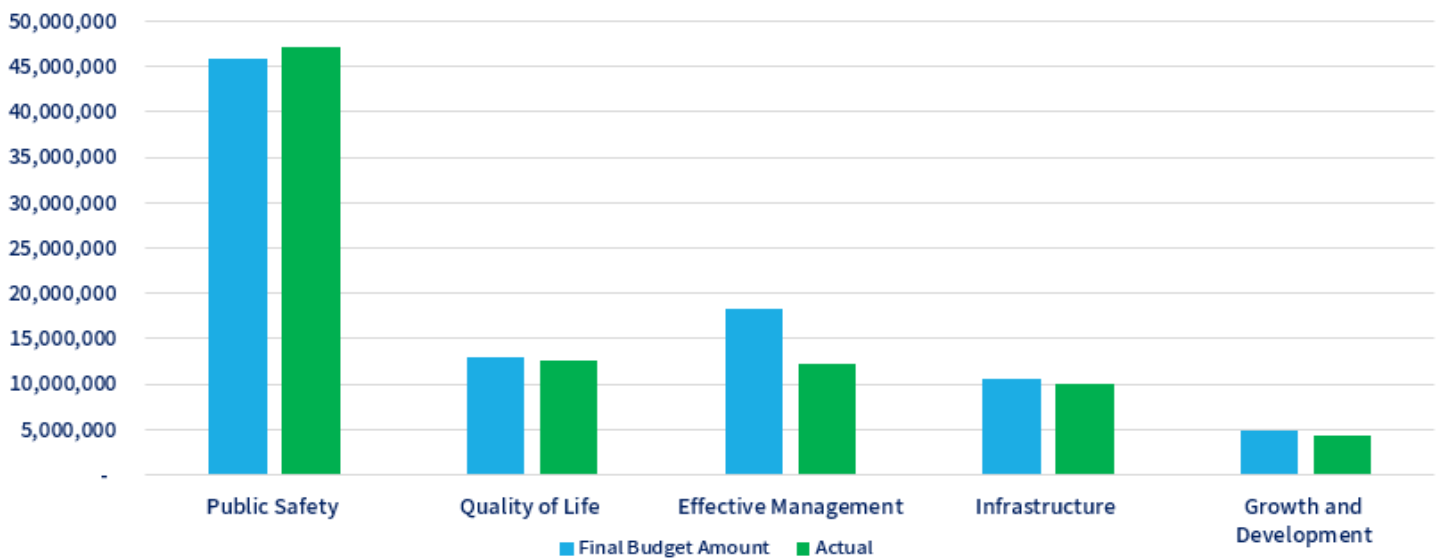


GENERAL FUND EXPENDITURES

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 2022, 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 Fund.

General Fund Expenditures
FY 2022 Budget to Actuals



New Braunfels Ladder Truck



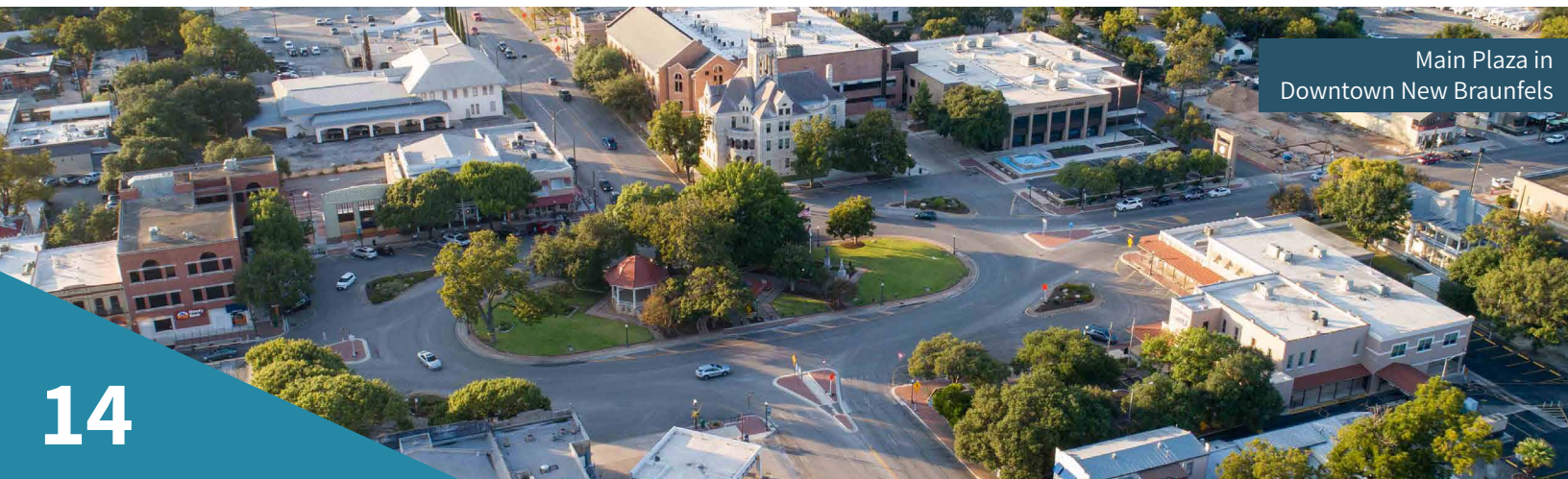
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

- ENTERPRISE FUNDS

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

	Airport	Solid Waste	Golf Course	Civic/Con. Center	TOTALS
OPERATING REVENUES					
Charges for services	\$ 4,568,994	\$ 11,016,471	\$ 2,267,581	\$ 547,005	\$ 18,400,051
Miscellaneous	731	437,961	65,538	775	505,005
Total Operating Revenues	\$ 4,569,725	\$ 11,454,432	\$ 2,333,119	\$ 547,780	\$ 18,905,056
OPERATING EXPENSES					
Personnel	673,874	4,121,512	900,220	459,273	6,154,879
Contractual services	536,437	2,611,345	190,791	256,045	3,594,618
Supplies	2,852,020	1,568,699	423,128	38,012	4,881,859
Depreciation	1,316,225	979,750	677,024	366,530	3,339,529
Total Operating Expenses	\$ 5,378,556	\$ 9,281,306	\$ 2,191,163	\$ 1,119,860	\$ 17,970,885
Operating Income (Loss)	\$ (808,831)	\$ 2,173,126	\$ 141,956	\$ (572,080)	\$ 934,171
NON-OPERATING REVENUES (EXPENSES)					
Investment earnings	20,601	18,758			39,359
Gain of sale of assets				390	390
Intergovernmental					-
Total Nonoperating Revenues (Expenses)	\$ 20,601	\$ 18,758	\$ -	\$ 390	\$ 39,749
Income Before Contributions and Transfers	\$ (788,230)	\$ 2,191,884	\$ 141,956	\$ (571,690)	\$ 973,920
Capital Contributions	50,000	1,657,193			1,707,193
Transfers in	349,910			368,003	717,913
Transfers out	(371,781)	(2,156,015)	(184,781)	(35,179)	(2,747,756)
Change in Net Position	\$ (760,101)	\$ 1,693,062	\$ (42,825)	\$ (238,866)	\$ 651,270
Beginning Net Position	12,227,432	6,667,029	5,034,597	5,019,983	28,949,041
Ending Net Position	\$ 11,467,331	\$ 8,360,091	\$ 4,991,772	\$ 4,781,117	\$ 29,600,311

Source: FY 2022 Annual Comprehensive Financial Report



Main Plaza in
Downtown New Braunfels



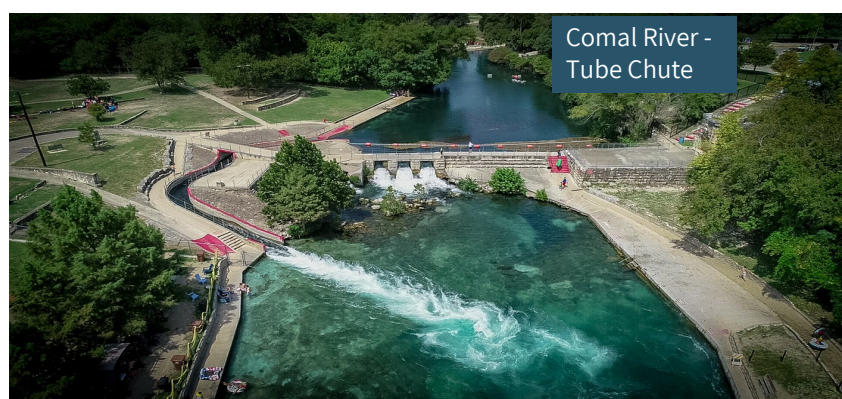
Faust Street Bridge



Courthouse-Downtown
Tree Lighting



Bandstand - Main Plaza



Comal River -
Tube Chute



Guadalupe River

The Comal River on
Memorial Day Weekend

