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Comprehensive Annual Financial Report

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Year Ended September 30, 2013

Prepared by  
Support Services Department

Deborah Korinchock, CFO



**CITY OF NEW BRAUNFELS, TEXAS**  
**September 30, 2013**

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## INTRODUCTORY SECTION





## SUPPORT SERVICES DEPARTMENT

March 7, 2014

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, 2013, is hereby submitted. This report was prepared through the cooperative efforts of the Support Services Department and the City's independent auditor. 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 CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The independent auditor 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, 2013, are fairly presented in conformity with GAAP. The independent auditor's 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 61,900 located on Interstate 35, thirty miles north of San Antonio and forty-five miles south of Austin. The population in 2000 was 38,300; the City has seen a 39 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 Council members represent the six 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 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 below on page ix. 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¢ 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, 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, operation 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. Council action is required only if a group of expenditures will exceed the budget appropriation.

In the CDBG, Special Revenue, Grants Funds, and New Braunfels Industrial Development Corporation (NBIDC) Budget, appropriations are controlled at the project level. As the 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 forty-five days prior to the end of the fiscal year. Furthermore, the 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 FY 2009-10, the City of New Braunfels enjoyed a very robust, high growth period. Population grew at an average annual rate of 4.4 percent. Property values increased an average of 12 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 two million visitors a year. A 2009 economic impact analysis found that the tourism industry accounted for approximately \$470 million annually in direct, indirect and induced economic output. This amount constitutes approximately 20 percent of the City's annual total economic output of \$2.4 billion. 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. Sales tax in FY 2008-09 was 1.8 percent below the prior fiscal year, the only year the City saw an actual drop in this revenue source. Since then, the City's sales tax revenue has grown annually – 4.5 percent in FY 2009-10, 7.6 percent in FY 2010-11, 10.2 percent in FY 2011-12 and 12.6 percent in FY 2012-13. As these statistics show, the growth rate has been steadily increasing annually. Although existing 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, property values showed an overall decline of just less than 1 percent. However, in FY 2011-12, property values began to rebound showing overall growth of 2.2 percent. In FY 2012-13, the City saw growth of 3.6 percent. Given the experience of many other communities around the nation, New Braunfels has been much less severely impacted.

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 an average of 831 new primary jobs annually 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 sited a contractor sales facility within the City. These developments had a very positive impact on the City's sales tax revenue. In 2008, a million plus square foot retail facility began construction in the City. The City created a tax increment reinvestment zone (TIRZ) to provide economic assistance to that development. The build-out includes major retailers, a movie theater, multi-family housing, a hospital and other medical facilities. Development continues at the site. The project will take longer to complete than the original time frame, but already includes much of the original planned development. A pool manufacturer moved its headquarters to New Braunfels and another major mixed use (retail, residential and office space) project has begun development. The City's regional airport has also seen some major new development with two new hangers under construction, runway extensions and improvements and other small businesses moving into the airport complex. The City's industrial development corporation has funding available to offer incentives for businesses to choose New Braunfels, a continued plus in today's 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 2003, the City has issued \$143.07 million in debt to complete major streets and drainage improvements, park land acquisition and parks facilities improvements, airport improvements and construction of municipal facilities. These infrastructure needs had remained unmet for a long period of time and the City is now undertaking a major effort to complete these needed projects. Of the \$143.07 million in debt, \$98.8 or 69 percent is for streets and drainage improvements, the top priority for citizens and the Council. In FY 2007-08, the City completed a \$12 million renovation/expansion of the Civic and Convention Center (\$8 million in funding came from a debt issuance) to offer businesses, trade shows and local events a state-of-the-art facility to enjoy.

Over the last five years, the City has also issued debt to fund \$25.3 million in parks improvement projects and land acquisition for future parks. The City has a well known, beautiful park that is in itself a tourist attraction; it includes a spring fed pool, acres of playgrounds and pavilion/picnic areas. Major improvements to this park include a new irrigation system and repairs to river retaining walls. Because of its renown, it is heavily used every summer. The City is also developing other parks to provide options to the citizens and visitors, including a new 58 acre site currently under construction. This investment in parks will allow the City to enhance its current parks and recreation opportunities.

Construction of two new fire stations has been completed, the first in FY 2007-08 and the second in September 2013. The City had not renovated nor added any fire stations since the mid 1970's. The City's five year capital improvement plan calls for the addition of one and replacement of another fire station over the next five years.

Major improvements to the City's municipal airport include overlay of one of the two runways that improved its condition and made it useable to larger aircraft as well as completion of an apron and taxiway where additional hangers will be built. One runway is also under construction to extend its length, again, to facilitate its use by larger jets. All these efforts follow the airport's master plan. A strategic business plan for the airport was also completed to define the road map for the airport's infrastructure improvements, marketing plans and business approach. Two new hangers are under development at the airport as well.

The City began construction on the largest single public improvement in recent history in 2010. This project improves a major thoroughfare through the City. Walnut Avenue is being expanded and improved, both the roadway itself and the immediately adjacent area. Landscaping and other amenities create a park-like area on one side of the roadway. Utility improvements are also a part of this \$28.4 million project (the City's portion of the cost is \$25.2 million with the utility paying the remaining amount).

In May 2013, 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 infrastructure improvements, over the last six years, the City has increased its public safety workforce by twenty-two percent. This was accomplished within the context of an operating side property tax rate lower than the rate of seven years ago. Robust growth in both property values and sales tax (through FY 2008-09) allowed for this expansion and tax rate activity.

## **FINANCIAL INFORMATION**

The General Fund (alone) ended the year with total fund balance of \$19.8 million which is approximately equal to 121 days of operating expenditures and represents 32.8 percent of the FY 2013-14 General Fund budget. This balance provides adequate protection against unforeseen occurrences and fluctuations in revenue sources. The City's financial policies require at least a 25 percent fund balance (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 35 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 2007-08 as Standard and Poors raised the City's bond rating from A+ to AA-. Moody's maintained its rating of Aa2 for the City. And, for the first time, the City received a bond rating from Fitch – also a AA. These ratings were reaffirmed with the City's debt issuance in 2013.

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 most recently updated five year capital improvement plan is shown below. It identified \$353.4 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%
<hr/>		
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 Council also adopts a capital improvement program 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, 2012. This was the fifth 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.

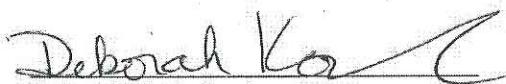
A certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis requires a great deal of cooperation. In recognition of that, the Support Services 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



Deborah Korinchock  
Support Services Director

## CURRENT CITY OFFICIALS

### Elected Officials

Mayor	Gale Pospisil
Councilmember, District 1	George Green
Councilmember, District 2	Aja Edwards
Councilmember, District 3	Ron Reaves
Councilmember, District 4	Sandy Nolte
Councilmember, District 5	Bryan Miranda
Councilmember, District 6	Steven Digges

### Appointed Officials

City Manager	Robert Camareno
City Attorney	Valeria Acevedo
Municipal Court Judge	Rose Zamora

### Department Directors

Assistant City Manager	vacant
Police Chief	Thomas Wibert
Fire Chief	John Robinson
Public Works Director	Steven Ramsey
Support Services Director	Deborah Korinchock
Human Resources Director	vacant
Planning and Community Development Director	Shannon Mattingly
Parks and Recreation Director	Stacey Laird-Dicke
Library Director	Gretchen Pruett
Airport Director	Vinicio Llerena

## CITY OF NEW BRAUNFELS ORGANIZATIONAL CHART

The following page contains the organizational 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 Enforcement 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 stormwater management; and maintenance of City facilities.

**Support Services** - Is responsible for all City financial and accounting functions; information technology support, centralized purchasing, grant coordination, completion of the annual operating and capital budget, and management of the City's geographic information systems. Administrative support for Municipal Court is also part of Support Services and is the judicial branch of the City's government and has jurisdiction over all Class C misdemeanors and City ordinances.

**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.

**Planning and Community Development** - Is responsible for overseeing those activities which 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.

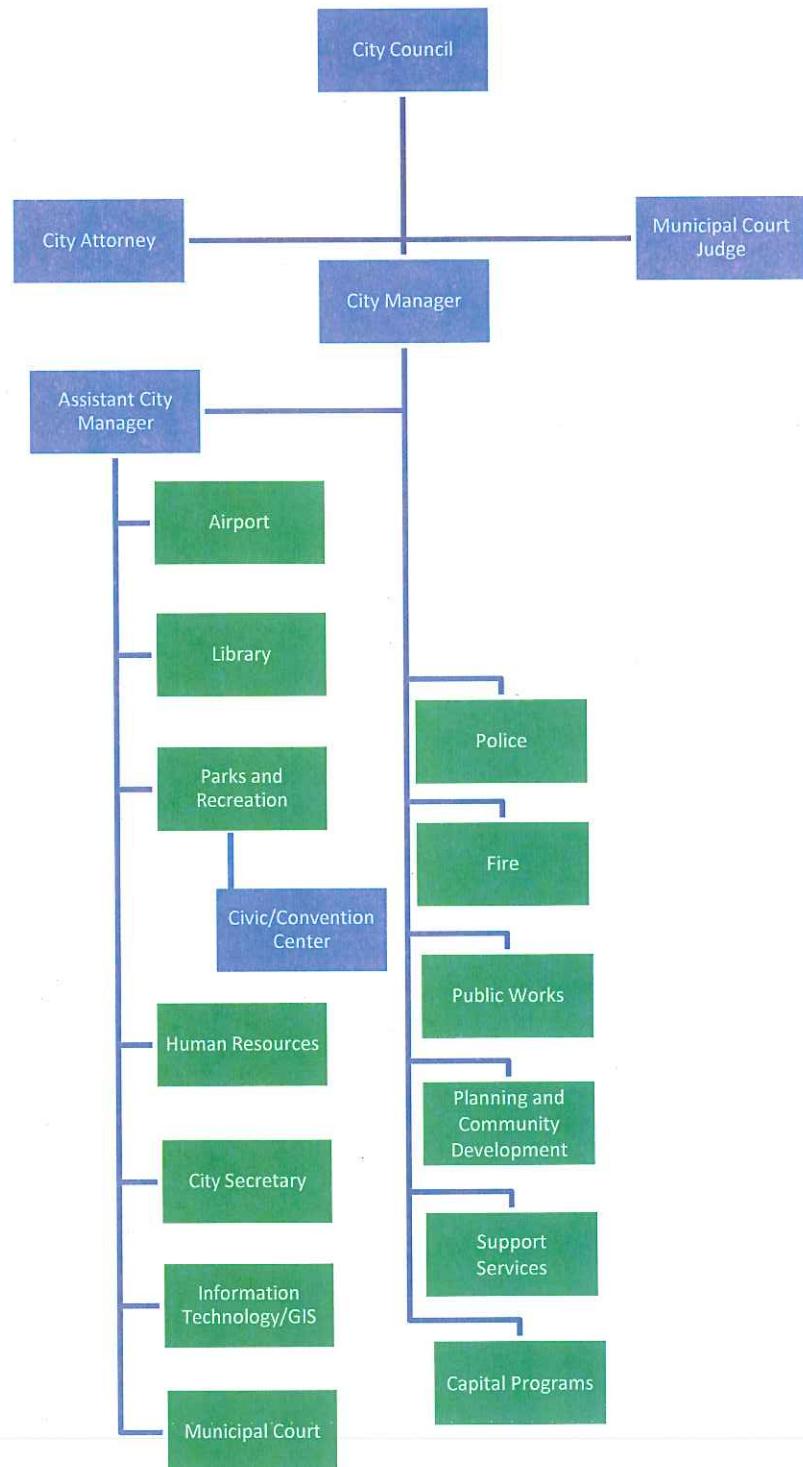
**Parks and Recreation** - Is responsible for the provision of parks and recreation services and facilities. This includes park development and management, program development and administration, special events coordination, management of a spring-fed and Olympic-size pool, and efforts to provide a safe 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, 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.

**Convention/Civic Center** - Is responsible for operating and maintaining the City's convention/civic center.







Government Finance Officers Association

**Certificate of  
Achievement  
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Presented to

**City of New Braunfels  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

A handwritten signature in black ink, appearing to read "Jeffrey P. Evans".

Executive Director/CEO

## FINANCIAL SECTION



## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor  
Members of the City Council  
City of New Braunfels  
New Braunfels, Texas

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Braunfels, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the entity'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, which represent 96.1 percent, 95.2 percent, and 97.2 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Braunfels as of September 30, 2013, 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, and Schedule of Funding Progress - Pension and Other Post Employment Benefits on page 4 through 14 and page 51 through 54 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 of New Braunfels's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 individual nonmajor fund financial statements 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2014, on our consideration of the City of New Braunfels'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 result 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 City of New Braunfels's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

Dallas, Texas  
March 7, 2014

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# CITY OF NEW BRAUNFELS MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of New Braunfels annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2013. Please read it in conjunction with the City's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

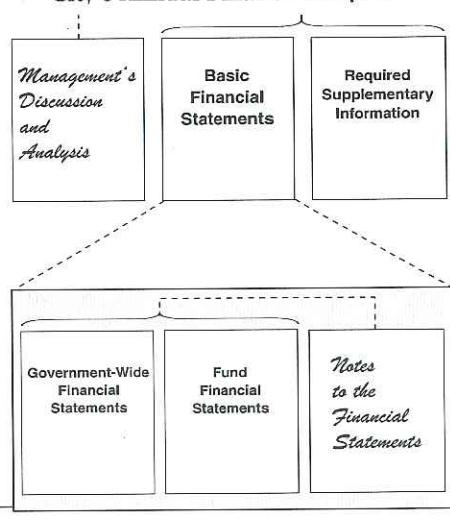
- The City's total combined net position were \$58,391,289 as of September 30, 2013.
- During the year, the City's expenses for governmental activities were \$69,803,887 or \$2,035,853 (2.9 percent) more than the \$67,768,034 generated in taxes and program revenues for governmental activities.
- The General Fund reported an ending fund balance this year of \$19,851,597, a decrease of \$4,599,001 or 18.8 percent in comparison to the prior fiscal year. This balance exceeds the City's required 25 percent of operating expenditures. However, 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 Maintenance Fund. The Equipment Replacement Fund contributes \$4,507,794 to this stated fund balance. The reduction in fund balance is driven in large part by the creation of the Enterprise Maintenance and Equipment Replacement Fund. This fund allows the City to account for equipment replacement and improvements to the Civic/Convention Center in a separate fund and not include these activities – which are business activities – in the General Fund. A transfer of \$3,784,061 occurred in FY 2012-13 to create this new fund.
- The City of New Braunfels major revenue sources remained fairly steady or showed growth in FY 2012-13 when compared to the prior year. Property tax values increased by 5.3 percent overall with values from new growth a major portion of the increase. Sales tax revenue grew a healthy 12.6 percent overall in FY 2012-13 in comparison to the prior fiscal year. This maintained the trend of growth in FY 2009-10 (4.5 percent), FY 2010-11 (7.6 percent) and FY 2011-12 (10.2 percent). Looking forward to FY 2013-14, the City expects continued increases in sales tax; this revenue source comprised 35.3 percent of total General Fund revenue in FY 2012-13.
- In fiscal year 2012-13, the City's operating costs were \$4,942,921 or 6.6 percent greater than the prior year. Thirteen new positions were authorized in FY 2012-13 including three police officers, staff to improve management of capital projects, and others to meet the increased demand for services in parks, building inspections and other areas. Salary increases were also funded including performance pay for non-civil service employees (uniform police and fire personnel are covered by civil service) and step pay plan increase for uniform police and fire employees (sufficient to "catch up" to current steps). In addition, in FY 2010-11, the City managed funds very closely, working to generate savings from the budget in that year. In FY 2012-13, as was true in the prior year, almost all budgeted funds were expensed.
- The City did issue \$20.2 million in certificates of obligation in FY 2012-13 to fund various needed capital improvement projects. These included the Walnut Avenue Widening street improvement project (the largest capital improvement project undertaken by the City in the last twenty years), a contribution to TxDOT for improvement of a major roadway, replacement of the City's public safety radio system, additional funding for Fischer Park construction and the purchase of a new municipal facility for a City hall.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of several parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information including the statistical section. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.

Figure A-1, Required Components of the  
City's Annual Financial Report



- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the airport, civic/convention center, solid waste and golf.
- Component unit statements provide information about other organizations which provide support to the City.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The financial report also includes statistical tables that provide further information and data covering, in many cases, the last ten years. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements

Type of Statements	Government-wide	Governmental Funds	Fund Statements	
Scope	Entire agency's government (except fiduciary funds) and the agency's component units	The activities of the agency that are not proprietary or fiduciary	Proprietary Funds	
Required financial statements	<ul style="list-style-type: none"> <li>Statement of net assets</li> <li>Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance sheet</li> <li>Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>Statement of net assets</li> <li>Statement of revenues, expenses and changes in fund net assets</li> <li>Statement of cash flows</li> </ul>	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

The two government-wide statements report the City's net position and how they have changed. Net position—the difference between the City's assets and liabilities—is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, consideration must be given to additional non-financial factors such as changes in the City's property and sales tax base.

The government-wide financial statements of the City include the Governmental Activities. Most of the City's basic services are included here such as public safety, streets and drainage, public improvements, parks and recreation, planning and development, library, and general administration. Property and sales taxes finance a significant portion of these activities.

### Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by debt covenants.

- The City establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.
- Over the last several years, the City has worked to consolidate funds where appropriate to better manage, account for and administer its financial resources. In the last five years, more than twenty funds have been closed.

The City has three kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short and long-term financial information. These include the City's enterprise funds – Airport, Civic/Convention Center, Solid Waste, Stormwater and Golf.
- *Internal service funds* – Report activities that provide supplies and services for the City's other programs and activities—such as the City's Self Insurance Fund.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

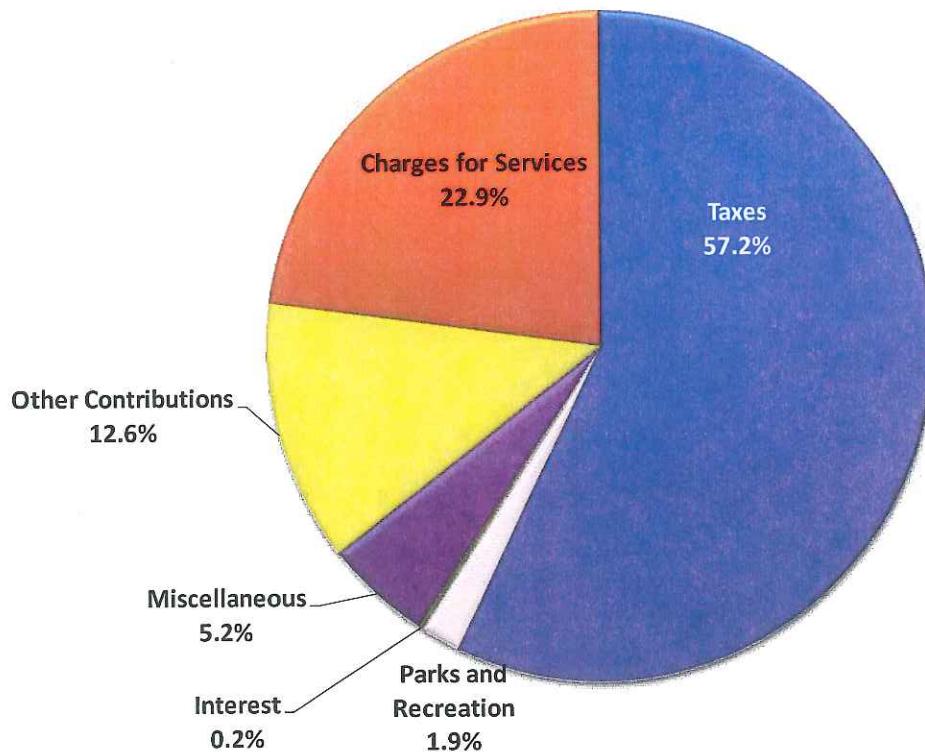
**Table A-1**  
**City of New Braunfels**  
(in thousands of dollars)

	Governmental Activities		Business Type Activities		Total		Total Percent Change
	2011-12	2012-13	2011-12	2012-13	2010-11	2012-13	
<b>Assets:</b>							
Cash and cash equivalents	\$ 65,589	\$ 68,108	\$ 3,306	\$ 3,586	\$ 68,895	\$ 71,694	4%
Taxes receivable							
Accounts receivable (net)	5,262	5,391	52	48	5,314	5,439	2%
Due from other govts	64	1,596			64	1,596	2394%
Due from component units							
Prepaid items							
Inventories, at cost	1		26	34	27	34	26%
Bond issuance costs, net	1,209				1,209		-100%
Restricted assets							
Capital assets							
Land & constr. in progress	23,740	25,428	1,060	2,299	24,800	27,727	12%
Other capital assets, net	78,790	82,357	7,140	9,250	85,930	91,607	7%
<b>Total Assets</b>	<b>\$ 174,655</b>	<b>\$ 182,880</b>	<b>\$ 11,584</b>	<b>\$ 15,217</b>	<b>\$ 186,239</b>	<b>\$ 198,097</b>	<b>6%</b>
Deferred Charge on Refunding	\$ -	\$ 900	\$ -	\$ -	\$ -	\$ 900	100%
<b>Liabilities:</b>							
Accounts payable	\$ 3,949	\$ 3,306	\$ 218	\$ 244	\$ 4,167	\$ 3,550	-15%
Deposits payable	266	237	87	100	353	337	-5%
Accrued expenses payable	3,260	2,243	147	160	3,407	2,403	-29%
Overdrafts payable	3,994				3,994	-	
			39	41	39	41	5%
Unearned revenue							
Non-current liabilities:							
Due within one year	6,550	8,799	55	213	6,605	9,012	36%
Due in more than one year	110,221	124,406	908	856	111,129	125,262	13%
<b>Total Liabilities</b>	<b>\$ 128,240</b>	<b>\$ 138,991</b>	<b>\$ 1,454</b>	<b>\$ 1,614</b>	<b>\$ 129,694</b>	<b>\$ 140,605</b>	<b>8%</b>
<b>Net Assets:</b>							
Net investment in capital assets	\$ 25,891	\$ 24,207	\$ 8,200	\$ 11,548	\$ 34,091	\$ 35,755	5%
Restricted:							
Debt service	82				82	-	
Capital projects	3,504	4,826			3,504	4,826	38%
Cemetery perpetual care	88	94			88	94	7%
Other	1,524	3,012			1,524	3,012	98%
Unrestricted	15,326	12,650	1,930	2,054	17,256	14,704	-15%
<b>Total Net Position</b>	<b>\$ 46,415</b>	<b>\$ 44,789</b>	<b>\$ 10,130</b>	<b>\$ 13,602</b>	<b>\$ 56,545</b>	<b>\$ 58,391</b>	<b>3%</b>

**Changes in Net Position.** The City's total revenues were \$82.52 million. A significant portion, \$47.17 million or 57.2 percent the City's revenue comes from taxes and franchise fees (contributions from the City owned utility and other franchised utilities). (See Figure A-3.) 24.8 percent relates to charges for services (including licenses and permits and parks fees), .2 percent is from interest income and 10.5 percent comes from grants and contributions.

The total cost of all programs and services was \$79.46 million; 43.1 percent of the governmental activities costs are for public safety.

**Figure A-3**  
**Sources of Revenue for Fiscal Year 2012-13**



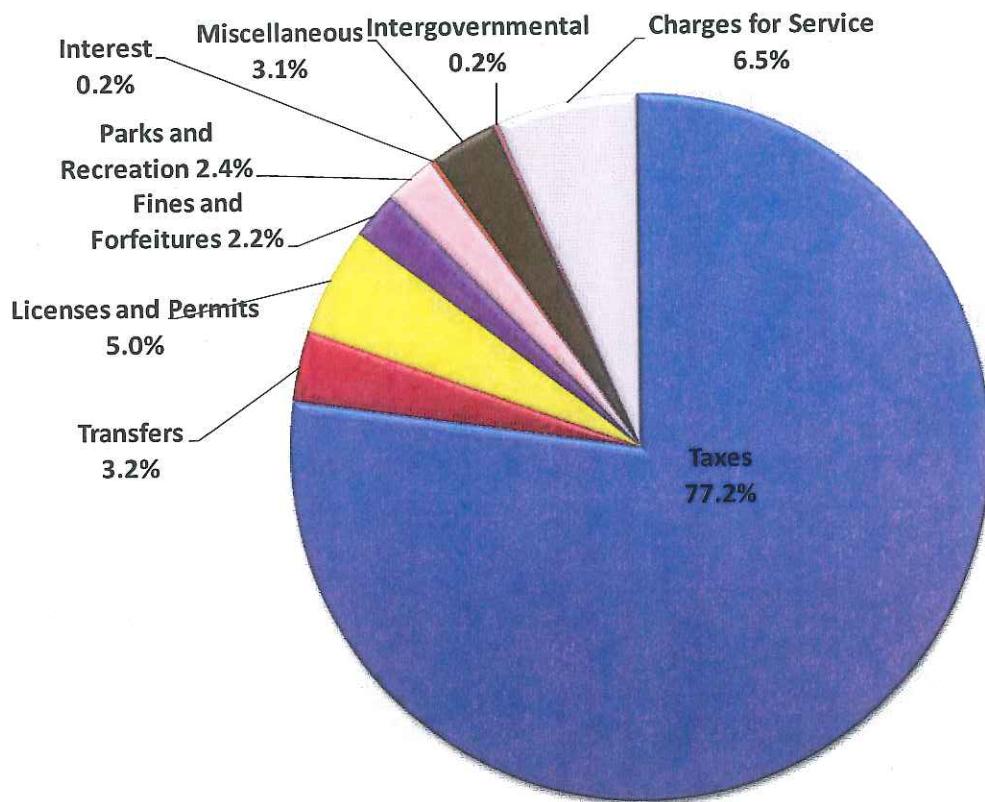
#### **Governmental Activities**

- The City reduced its total ad valorem property tax rate from \$.425614 per \$100 of valuation in FY 2005-06 to \$.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. \$.10764 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 .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 \$.0385 increase, all in the debt service rate. The General Fund tax rate was held at \$.261362. For FY 2012-13, the City saw property value increases of 3.7 percent and again increased the overall tax rate to \$.467344, increasing both the debt service component (by \$.01178) and the General Fund component (by \$.007202). As stated, this was the first time in recent history that the General Fund component of the tax rate was increased.
- Revenues for FY 2012-13 increased \$12.3 million or 17.5 percent in comparison to FY 2011-12. This increase was driven in large part by property tax, sales tax and hotel/motel tax revenues (accounting for 29.7 percent of the increase). Capital grants and contributions make a significant contribution to this increase (26.6 percent) as well as miscellaneous revenues (38.8 percent).
- The highest percent of the revenues from charges for services in governmental activities was derived from public safety (ambulance services fees and emergency services district fire and emergency response services), planning and environmental development (building related permits and licenses), and parks and recreation. Solid Waste generates the greatest revenues in the business activities.
- The City's General Fund represents the largest single funding source for governmental activities. In FY 2012-13, 57.0 percent of the funds (General Fund alone) went to public safety (police, fire and municipal court).

The remaining funding breaks down as follows: 11.1 percent for public works, 8.6 percent for parks and recreation, and 23.3 percent for the library, planning and community development and general government.

- The General Fund's total revenue (including the Equipment Replacement and Facilities Maintenance Funds) for FY 2012-13 was \$43,527,230 which is \$2,345,758 or 5.7 percent greater than the FY 2011-12 revenues. Most of the major revenue sources showed growth for FY 2012-13 in comparison to the prior fiscal year, including sales tax, a significant revenue source to the City. Only one revenue source experienced decreases – charges for services. Charges for Services showed a decrease and Miscellaneous showed an increase because the economic development/payments in lieu of taxes agreements are now accounted for in Miscellaneous; in FY 2011-12, this revenue was shown in Charges for Services. The graph below shows the breakdown by revenue source (stated in percentages) in the General Fund.

**Figure A-4**  
**Sources of General Fund Revenue for Fiscal Year 2012-13**



**Table A-2**  
**City of New Braunfels**  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Percentage Change
	2011-12	2012-13	2011-12	2012-13	2010-11	2012-13	
Program Revenues:							
Charges for services	\$ 9,600	\$ 10,112	\$ 9,941	\$ 10,355	\$ 19,541	\$ 20,467	5%
Operating grants and contributions	1,366	1,000	50	55	1,416	1,055	-25%
Capital grants and contributions	2,072	3,000	2,224	4,570	4,296	7,570	76%
General Revenues							
Taxes and Franchise Fees	43,527	47,170			43,527	47,170	8%
Investment income	155	187	2	2	157	189	20%
Miscellaneous	1,222	6,298	82	(233)	1,304	6,065	365%
Total Revenues	\$ 57,942	\$ 67,767	\$ 12,299	\$ 14,749	\$ 70,241	\$ 82,516	17%
Expenses:							
General government	\$ 9,416	\$ 12,083			\$ 9,416	\$ 12,083	28%
Finance and tax	1,050	1,305			1,050	1,305	24%
Planning and environmental development	2,816	3,413			2,816	3,413	21%
Public safety	31,810	30,057			31,810	30,057	-6%
Public works	8,179	12,973			8,179	12,973	59%
Parks and recreation	5,995	3,632			5,995	3,632	-39%
Library	1,954	2,203			1,954	2,203	13%
Civic/Convention Center	5	731		671	731	676	-8%
Interest on long term debt	4,214	3,913			4,214	3,913	-7%
Airport		219	2,174	2,305	2,174	2,524	16%
Solid waste			5,167	5,779	5,167	5,779	12%
Golf Course			1,015	904	1,015	904	-11%
Total Expenses	\$ 65,434	\$ 69,803	\$ 9,087	\$ 9,659	\$ 74,522	\$ 79,462	7%
Change in net assets before transfers in (out)	(7,492)	(2,036)	3,212	5,090	(4,280)	3,054	-171%
Transfers in (out)	1,268	1,618	(1,268)	(1,618)	-	-	
Change in net assets	(6,224)	(418)	1,944	3,472	(4,281)	3,054	-171%
Net assets- beg. of year, restate	52,639	45,207	8,186	10,130	60,825	55,337	-9%
Net assets- end of year	\$ 46,415	\$ 44,789	\$ 10,130	\$ 13,602	\$ 56,545	\$ 58,391	3%

Table A-3 presents the cost of each of the City's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was mostly funded by local tax dollars.

- The cost of all governmental activities this year was \$69.8 million.
- However, the amount that taxpayers paid for these activities through taxes was \$47.17 million.
- Some of the cost was paid by those who directly benefited from the programs (\$10.1 million), or by grants and contributions (\$4 million).

**Table A-3**  
**Net Cost of Selected City Functions**  
*(in thousands of dollars)*

	Total Cost of Services			Net Cost of Services		
	FY 2011-12	FY 2012-13	% Change	FY 2011-12	FY 2012-13	% Change
Public Safety	\$ 31,810	\$ 30,057	-5.5%	\$ 27,866	\$ 25,418	-8.8%
Public Works	8,179	12,973	58.6%	5,052	12,441	146.3%
Parks and Recreation	5,995	3,632	-39.4%	4,609	2,033	-55.9%
Planning and Environmental Services	2,816	3,413	21.2%	(484)	(92)	-81.0%
Library	1,954	2,203	12.7%	1,829	2,092	14.4%

#### **Business-type Activities**

Revenues derived from the City's business-type activities were \$14.75 million, and operating expenses were \$9.66 million.

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

Revenues from the General Fund (excluding the Equipment Replacement and Facilities Maintenance Fund) totaled \$43.5 million for fiscal year 2012-13 while the expenditures were \$45.4 million, leaving a difference of \$1,885,372. The enterprise funds consist of Airport, Solid Waste, Golf Course, and Civic/Convention Center. The net change in net position from these funds was \$2,283,284, \$1,354,176, \$124,128 and (\$289,290) respectively, for a net total of \$3,472,298.

#### **General Fund Highlights**

In FY 2012-13, the City focused on providing sufficient staffing resources to maintain existing service demands by fully funding all positions and adding several positions in critical areas. These included three Police Patrol Officers, three Planning and Community Development positions to meet the increasing workload driven by current development environment, two additional information technology specialists to manage additional responsibilities created by three major software platforms (one of these positions is assigned to the Police Department), two Library positions aimed at improving programming and outreach efforts and two maintenance workers, one assigned to the Public Works Department and the other to the Parks Department. In FY 2012-13, pay for performance increases were funded and awarded to non-uniform employees. Step plan pay increases were also provided to all Civil Service uniformed employees, the step increases "caught up" all uniformed employees within their current schedule. Salary increases were not provided to any employees in FY 2011-12. Very little new equipment was funded in this year as the emphasis for available funding remained on personnel. To provide a portion of the needed funding for these initiatives, the General Fund portion of the ad valorem tax rate was increased \$.007202 in FY 2012-13. Growth in revenue sources helped fund the remaining cost of these programs.

As stated above, the General Fund (when combined with the Equipment Replacement Fund and the Facilities Maintenance Fund) reported an ending fund balance for FY 2012-13 of \$19,851,597, a decrease of \$4,599,001 or 18.8 percent in comparison to the prior fiscal year. The reduction in fund balance is driven in large part by the creation of the Enterprise Maintenance and Equipment Replacement Special Revenue Fund. This fund allows the City to account for equipment replacement and improvements to the Civic/Convention Center in a separate fund and not include these activities – which are business activities – in the General Fund. A transfer of \$2,579,160 occurred in FY 2012-13 to create this new fund. The General Fund (alone) had an ending fund balance of \$15,189,176, which is a reduction of \$1,650,190 or 9.8 percent in comparison to the prior year. That balance represents 34.2 percent of actual expenditures in that year.

#### **Other Major Fund's Highlights**

The City's Debt Service Fund experienced a significant fund balance draw down in FY 2009-10 to bring the balance to the 10 percent level required by the City's financial policies. Since then, the fund's balance has stabilized at about the 10 percent level. As a result, for FY 2012-13, revenue into the fund about equaled the annual debt service payments for principal and interest on all outstanding debt. As stated above, the City increased the ad valorem property tax rate for debt service by \$.01178 to generate sufficient funds for these payments.

The City's self insurance fund experienced much higher claims expenditures for medical services in FY 2009-10 than in the several years prior. However, in the three fiscal years since that time, the City saw a return to costs more in line with prior years' expenditure growth. This allowed the City to begin rebuilding the fund balance in this fund. This was accomplished by increased premium contributions (from the City and employees) as well as a one-time transfer of funds from the General Fund to the Self Insurance Fund of \$500,000 in FY 2010-11 and \$400,000 in FY 2011-12. In addition, in FY 2012-13, adjustments were again made in premium contributions from the City and employees and some plan design changes were made. The City continues to evaluate this employee benefit to manage costs.

In FY 2012-13, the City reported two capital improvement funds as major funds – the 2012 Certificates of Obligation Fund and the 2013 Certificates of Obligation Fund. The 2012 certificates showed a decrease of \$4,489,185 in fund balance as expenditures were made for design and construction of projects. The 2013 certificates showed an increase (\$18,045,544) because \$20.2 million in debt was issued and some project expenditures were made in the fund. Over the last several years, the City has been issuing debt to fund projects in stages so that the proceeds of debt can be expended timely and projects can keep moving forward into the next phase without interruption due to lack of funding.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Table A-4**  
City's Capital Assets  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total 2011-12	Total 2012-13	Total – Percentage Change
	2011-12	2012-13	2011-12	2012-13			
Land	\$23,740	\$25,428	1,060	2,299	\$24,800	\$27,727	11.8%
Construction in Progress	-	-	-	-	-	-	0.0%
Road Network	79,478	87,583	-	-	79,478	87,583	10.2%
Buildings	31,611	31,863	5,258	5,266	36,869	37,129	0.7%
Equipment	19,676	21,154	8,644	8,989	28,320	30,143	6.4%
Airport Easements	-	-	38	38	38	38	0.0%
Improvements	21,967	23,360	3,738	5,198	25,705	28,558	11.1%
<b>Totals at Historical Cost</b>	<b>\$176,472</b>	<b>\$189,388</b>	<b>\$18,738</b>	<b>\$21,790</b>	<b>\$195,210</b>	<b>\$211,178</b>	<b>8.2%</b>
Total accumulated depreciation	\$ (73,942)	\$ (81,603)	\$ (10,538)	\$ (10,242)	<b>(\$84,480)</b>	<b>(\$91,845)</b>	8.7%
<b>Net capital assets</b>	<b>\$102,530</b>	<b>\$107,785</b>	<b>\$8,200</b>	<b>\$11,548</b>	<b>\$110,730</b>	<b>\$119,333</b>	<b>7.8%</b>

### Capital Assets

At the end of FY 2012-13, the City had invested \$211.2 million (excluding depreciation) in a broad range of capital assets including land, equipment, buildings, streets and drainage improvements as well as park and airport improvements. Currently, the City has undertaken the single largest public improvement project that will expand a major City thoroughfare. The project includes utility relocation and improvements, pavement widening and significant landscaping and amenities to create a park-like environment along the roadway. More detailed information about the City's capital assets is presented in Note 4: Capital Assets on page 38 of the financial statements.

### Long Term Debt

At year-end, the City had \$134.246 million in long-term debt outstanding as shown in Table A-5. This long term debt is the result of the issuance of certificates of obligation for drainage and street improvements, expansion/renovation of the Civic/Convention Center, major park land acquisition and park land improvements, construction of two new fire stations, land purchases and design work for a new public works and fire training facility, and airport improvements. \$20.2 million in certificates of obligation were issued in FY 2012-13 to continue the City's program of infrastructure improvements. More detailed information about the City's debt is presented in the Notes to the Financial Statements.

### Bond Ratings

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

The City's commitment to sound financial management and strong reserves paid dividends in FY 2007-08 as Standard and Poors raised the City's bond rating from A+ to AA-. Moody's maintained its rating of Aa2 for the City. And, for the first time, the City received a bond rating from Fitch – also an AA. These ratings were reaffirmed in 2013 when the City issued certificates of obligation.

Table A-5 provides summary information on the City's long term obligations. Additional detail can be found in the Notes to Basic Financial Statements, Note 6: Long-Term Obligations on page 41.

**Table A-5**  
City's Long Term Obligations  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	
General Obligation Debt	\$ 104,910	\$ 118,335			\$ 104,910	\$ 118,335	12.8%
Deferred loss on bond refunding	(328)				(328)	-	-100.0%
Bond Premium	2,226	3,464			2,226	3,464	55.6%
Net Pension Obligation	2,442	2,703	267	295	2,709	2,998	10.7%
Net OPEB Obligation	3,706	4,748	405	519	4,111	5,267	28.1%
Compensated absences payable	3,815	3,955	291	255	4,106	4,210	2.5%
 Total long-term debt	 \$116,771	 \$133,205	 \$963	 \$1,069	 \$117,734	 \$134,274	 14.0%

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City reduced its total ad valorem property tax rate from \$.425614 per \$100 of valuation in FY 2005-06 to \$.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. \$.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 .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 \$.0385 increase, all in the debt service rate. The General Fund tax rate was held at \$.261362. For FY 2012-13, the City saw property value increases of 3.7 percent and again increased the overall tax rate to \$.467344, increasing both the debt service component (by \$.01178) and the General Fund component (by \$.007202). As stated, this was the first time in recent history that the General Fund component of the tax rate was increased. For the FY 2013-14 Adopted Budget, the tax rate once again was increased – to \$.49823, again increasing both the debt service rate (by \$.021371) and the General Fund component (by \$.009515). Property values for FY 2013-14 increased by 5.5 percent overall.
- 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 of New Braunfels, 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 New Braunfels 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 will now also include a major department store and a hospital complex.

- 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 saw a continuation of the positive trend, with sales tax growing 10.2 percent in that year and FY 2012-13 saw 12.6 percent overall growth. The FY 2013-14 Adopted Budget includes growth of 6.1 percent in sales tax revenue. Other revenue sources had slowed or decreased in FY 2009-10 but most of those have rebounded as well in the last three years including hotel/motel tax and building permits. The FY 2013-14 Adopted Budget includes moderate growth for other major revenue sources.
- New Braunfels 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 New Braunfels economy and for City revenues. In FY 2011-12, some new positions were added to provide sufficient resources to meet the continued demand for increased services. In addition, a new fire station was opened in the latter part of the fiscal year and 18 firefighter positions were added to staff that facility. In FY 2012-13, the City's Adopted Budget included salary increases for employees as well as a few new positions in critical areas such as land development. 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 (three police officers and one building inspector to focus on critical areas of need), minimal salary increases and suspending the City's vehicle replacement program (both contributions into the fund and current year purchases of vehicles). Looking toward FY 2014-15, several challenges remain – the loss of sales tax revenue from an economic development agreement (impacted by legislative changes); whether the vehicle replacement program can be reinstated; addressing salaries City-wide to remain market competitive; and meeting the continued increasing demand for services.
- The City's appraised property values exhibited strong growth through FY 2008-09; the average annual growth in values was 10.9 percent. This contributed to the City's strong financial position. With the economic downturn, that growth stalled. In FY 2009-10, growth was 2.9 percent (compared to 15.1 percent the prior year). For FY 2010-11, the City saw a .9 percent decrease from the prior year. FY 2011-12 rebounded slightly, showing a 2.2 percent growth and FY 2012-13 showed continued growth with a 3.7 percent overall increase in property value. For FY 2013-14, values increased 5.5 percent. This much slower growth rate in appraised values is expected to continue over the next several years as the appraised values react to current market and economic conditions.
- General Fund operating expenditures and transfers were \$45.833 million in FY 2012-13 (this amount reflects only the General Fund, not the Equipment Replacement and Facilities Maintenance Funds). The General Fund (stand alone) operating expenditure budget for FY 2013-14 is \$46.33 million, an increase of \$497,557 or 1.1 percent in comparison to the FY 2012-13 actual amount. This slight increase results from some new positions that were added in FY 2013-14 as well as salary increases for all uniform employees on the public safety step pay plan and a one-time adjustment for non-uniform employees. To partially offset these increased costs, the City's vehicle replacement program was suspended.

#### **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 City's finances and to demonstrate the City's accountability for the money it receives. For questions about this report, separately issued statements for New Braunfels Utilities or the Housing Authority, or for additional financial information, contact the City's Support Services Department.

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## **BASIC FINANCIAL STATEMENTS**

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## CITY OF NEW BRAUNFELS, TEXAS

## STATEMENT OF NET POSITION

September 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,607,163	\$ 775,787	\$ 7,382,950	\$ 21,400,840
Pooled and Temporary Investments	61,500,947	2,810,161	64,311,108	45,047,201
Receivables, net	5,390,582	48,396	5,438,978	16,072,645
Due from Other Governments	1,596,206	-	1,596,206	-
Inventories, at cost	280	34,053	34,333	1,303,263
Prepaid Items	-	-	-	221,582
Other Current Assets	-	-	-	855,056
Restricted Assets				
Cash and Cash Equivalents	-	-	-	4,791,551
Pooled and Temporary Investments	-	-	-	5,852,184
Unamortized debt issuance costs	-	-	-	622,633
Other Noncurrent Assets	-	-	-	193,930
Net Pension Obligation Asset	-	-	-	6,163,312
Capital Assets				
Land and Construction in Progress	25,427,970	2,298,941	27,726,911	58,153,686
Other Capital Assets, net	82,357,210	9,249,405	91,606,615	209,464,045
<b>Total Assets</b>	<b>182,880,358</b>	<b>15,216,743</b>	<b>198,097,101</b>	<b>370,141,928</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	899,276	-	899,276	-
<b>Total Deferred charge on refunding</b>	<b>899,276</b>	<b>-</b>	<b>899,276</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts Payable	3,305,944	243,594	3,549,538	18,283,899
Deposits Payable	237,182	100,441	337,623	3,992,159
Accrued Expenses Payable	2,242,400	160,030	2,402,430	127,799
Unearned Revenue	-	40,599	40,599	2,743,456
Noncurrent Liabilities				
Due Within one Year:				
Bonds Payable	6,775,000	-	6,775,000	1,608,165
Capital Leases Payable	-	-	-	772,500
Accrued Compensated Absences	2,024,219	212,541	2,236,760	665,355
Due in more than one year:				
Bonds Payable	115,023,890	-	115,023,890	43,712,871
Net Pension Obligation	2,702,954	294,697	2,997,651	-
Net OPEB Obligation	4,748,233	519,413	5,267,646	-
Accrued Compensated Absences	1,931,056	42,895	1,973,951	817,963
<b>Total Liabilities</b>	<b>138,990,878</b>	<b>1,614,210</b>	<b>140,605,088</b>	<b>72,724,167</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	24,207,187	11,548,346	35,755,533	224,998,811
Restricted for				
Debt Service	-	-	-	135,162
Capital Projects	4,825,843	-	4,825,843	389,259
Cemetery Perpetual Care (nonexpendable)	94,185	-	94,185	-
Impact Fees	-	-	-	7,139,562
Municipal Court	289,332	-	289,332	-
Library	1	-	1	-
Public Safety	371,200	-	371,200	-
Tourism	2,350,783	-	2,350,783	-
Unrestricted	12,650,225	2,054,187	14,704,412	64,754,967
<b>Total Net Position</b>	<b>\$ 44,788,756</b>	<b>\$ 13,602,533</b>	<b>\$ 58,391,289</b>	<b>\$ 297,417,761</b>

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2013**

Functions / Programs	Expenses	Program Revenues			
		Charges for Services	Operating	Capital	Grants and Contributions
			Grants and Contributions	Grants and Contributions	
<b>Primary Government</b>					
<b>Governmental Activities</b>					
General Government	\$ 12,082,765	\$ 1,182,025	\$ -	\$ 926,507	
Finance and Tax	1,305,099	-	-	-	
Planning and Environmental Development	3,413,284	3,209,222	296,300	-	
Public Safety	30,057,288	3,935,431	703,926	-	
Public Works	12,972,660	75,000	-	457,077	
Parks and Recreation	3,631,978	1,599,429	-	-	
Civic Center	5,467	-	-	-	
Library	2,203,215	111,102	-	-	
Airport	218,747	-	-	1,616,502	
Interest and Fees on Long-Term Debt	3,913,384	-	-	-	
Total Governmental Activities	<u>69,803,887</u>	<u>10,112,209</u>	<u>1,000,226</u>	<u>3,000,086</u>	
<b>Business-Type Activities</b>					
Airport	2,304,847	1,771,486	50,000	2,721,385	
Solid Waste	5,779,181	7,215,318	5,377	1,848,530	
Golf Course	904,265	1,075,703	-	-	
Civic Center	670,700	292,907	-	-	
Total Business-Type Activities	<u>9,658,993</u>	<u>10,355,414</u>	<u>55,377</u>	<u>4,569,915</u>	
<b>Total Primary Government</b>	<u><u>\$ 79,462,880</u></u>	<u><u>\$ 20,467,623</u></u>	<u><u>\$ 1,055,603</u></u>	<u><u>\$ 7,570,001</u></u>	
<b>Component Units</b>					
Industrial Development Corporation	\$ 5,005,348	\$ -	\$ -	\$ -	
New Braunfels Utilities	106,649,976	109,448,421	-	11,600,417	
Total Component Units	<u>\$ 111,655,324</u>	<u>\$ 109,448,421</u>	<u>\$ -</u>	<u>\$ 11,600,417</u>	
<b>General Revenues and Transfers</b>					
Taxes					
Property					
Sales					
Hotel/motel occupancy					
Franchise					
Mixed beverage					
Investment income					
Contributions not restricted to programs					
Loss on sale of assets					
Miscellaneous					
Transfers					
Total General Revenues and Transfers					
<b>Change in Net Position</b>					
Net Position - Beginning, As Restated					
Net Position - Ending					

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (9,974,233)		\$ (9,974,233)	
(1,305,099)		(1,305,099)	
92,238		92,238	
(25,417,931)		(25,417,931)	
(12,440,583)		(12,440,583)	
(2,032,549)		(2,032,549)	
(5,467)		(5,467)	
(2,092,113)		(2,092,113)	
1,397,755		1,397,755	
(3,913,384)		(3,913,384)	
<u>(55,691,366)</u>		<u>(55,691,366)</u>	
\$ 2,238,024		2,238,024	
3,290,044		3,290,044	
171,438		171,438	
(377,793)		(377,793)	
<u>5,321,713</u>		<u>5,321,713</u>	
5,321,713		(50,369,653)	
		\$ (5,005,348)	
		14,398,862	
		<u>9,393,514</u>	
19,224,746	-	19,224,746	-
16,419,935	-	16,419,935	5,051,774
3,375,402	-	3,375,402	-
7,875,150	-	7,875,150	-
274,836	-	274,836	-
187,229	1,732	188,961	206,494
1,806,190	-	1,806,190	-
-	(261,995)	(261,995)	-
4,492,025	28,617	4,520,642	1,271,577
1,617,769	(1,617,769)	-	-
<u>55,273,282</u>	<u>(1,849,415)</u>	<u>53,423,867</u>	<u>6,529,845</u>
(418,084)	3,472,298	3,054,214	15,923,359
<u>45,206,840</u>	<u>10,130,235</u>	<u>55,337,075</u>	<u>281,494,402</u>
<u>\$ 44,788,756</u>	<u>\$ 13,602,533</u>	<u>\$ 58,391,289</u>	<u>\$ 297,417,761</u>

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2013**

	<b>General Fund</b>	<b>Hotel / Motel Fund</b>	<b>Debt Service Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 482,928	\$ -	\$ 518,645
Investments	19,007,138	1,141,794	361,594
Receivables (net of allowances for uncollectibles)			
Interest	90,278	-	-
Accounts	4,028,701	-	-
Taxes	325,371	568,019	190,874
Due from Other Governments	22,838	-	14,110
Due from Other Funds	1,429,008	-	-
Inventories	280	-	-
<b>Total Assets</b>	<b>\$ 25,386,542</b>	<b>\$ 1,709,813</b>	<b>\$ 1,085,223</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 2,163,413	\$ 72,291	\$ 84,993
Due to Other Governments	-	-	-
Due to Component Unit	-	-	-
Deposits Payable	237,182	-	-
Accrued Expenditures	1,065,952	-	-
Due to Other Funds	1,743,027	502,260	-
<b>Total Liabilities</b>	<b>5,209,574</b>	<b>574,551</b>	<b>84,993</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue	325,371	-	190,874
<b>Fund Balance</b>			
Nonspendable	280	-	-
Restricted	-	1,135,262	809,356
Committed	-	-	-
Assigned	4,662,421	-	-
Unassigned	15,188,896	-	-
<b>Total Fund Balance</b>	<b>19,851,597</b>	<b>1,135,262</b>	<b>809,356</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 25,386,542</b>	<b>\$ 1,709,813</b>	<b>\$ 1,085,223</b>

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

Certificates of Obligation 2012 Fund	Certificates of Obligation 2013 Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 819,189	\$ 31,190	\$ 4,258,083	\$ 6,110,035
13,583,735	16,000,645	10,905,143	61,000,049
41,571	-	-	131,849
-	-	145,768	4,174,469
-	-	-	1,084,264
-	806,296	752,962	1,596,206
-	-	1,588,261	3,017,269
-	-	-	280
<b>\$ 14,444,495</b>	<b>\$ 16,838,131</b>	<b>\$ 17,650,217</b>	<b>\$ 77,114,421</b>
362,762	\$ -	\$ 622,485	\$ 3,305,944
-	-	-	-
-	-	-	-
-	-	-	237,182
18,649	-	34,672	1,119,273
-	-	771,982	3,017,269
<b>381,411</b>	<b>-</b>	<b>1,429,139</b>	<b>7,679,668</b>
-	806,296	577,288	1,899,829
-	-	94,185	94,465
14,063,084	16,031,835	13,122,303	45,161,840
-	-	3,159,892	3,159,892
-	-	-	4,662,421
-	-	(732,590)	14,456,306
<b>14,063,084</b>	<b>16,031,835</b>	<b>15,643,790</b>	<b>67,534,924</b>
<b>\$ 14,444,495</b>	<b>\$ 16,838,131</b>	<b>\$ 17,650,217</b>	<b>\$ 77,114,421</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2013**

<b>Total Fund Balances - Governmental Funds</b>	\$ 67,534,924
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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 are not reported in the governmental funds balance sheet.	107,785,180
Bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(118,335,000)
Net pension obligation (\$2,702,954) and other postemployment benefits obligation (\$4,748,233) are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(7,451,187)
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.	(3,955,275)
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.	814,421
Interest payable on bonds is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due.	(939,522)
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 statements over the life of the bonds.	(2,564,614)
Revenues from property taxes, fines and federal grant revenue are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide financial statements.	<u>1,899,829</u>
<b>Net Position of Governmental Activities</b>	<b>\$ 44,788,756</b>

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**CITY OF NEW BRAUNFELS, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**Year Ended September 30, 2013**

	<b>General Fund</b>	<b>Hotel / Motel Fund</b>	<b>Debt Service Fund</b>
<b>REVENUES</b>			
Taxes	\$ 34,721,576	\$ 3,375,402	\$ 8,019,094
Licenses and Permits	2,247,139	-	-
Intergovernmental	107,339	-	-
Fines and Forfeitures	987,257	-	-
Parks and Recreation	1,059,918	-	-
Interest	90,092	429	44,981
Federal Grants	-	-	-
State and Local Grants	-	-	-
Miscellaneous	1,384,630	-	-
Other Contributions	-	-	1,691,512
Charges for Services	2,929,279	-	-
Total Revenues	<u>43,527,230</u>	<u>3,375,831</u>	<u>9,755,587</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
General Government	5,703,484	1,994,931	73,766
Finance and Tax	836,003	-	-
Planning and Environmental Development	2,382,410	-	-
Public Safety	25,515,015	-	-
Public Works	5,377,560	-	-
Parks and Recreation	3,860,882	-	-
Civic Center	-	-	-
Library	1,737,248	-	-
Airport	-	-	-
<b>Debt Service</b>			
Principal	-	-	5,825,000
Interest	-	-	4,242,148
Bond Issuance Costs and Fees	-	-	184,749
Total Expenditures	<u>45,412,602</u>	<u>1,994,931</u>	<u>10,325,663</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<u>(1,885,372)</u>	<u>1,380,900</u>	<u>(570,076)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	1,538,273	-	611,598
Transfers Out	(4,278,972)	(912,059)	-
Proceeds from Sale of Capital Assets	27,070	-	-
Proceeds from Long-term Debt Issued	-	-	10,840,000
Premium Received on the Issuance of Debt	-	-	819,102
Payments to escrow agent for bond refunding	-	-	(11,677,243)
Total Other Financing Sources (Uses)	<u>(2,713,629)</u>	<u>(912,059)</u>	<u>593,457</u>
<b>Net Change in Fund Balance</b>	<u>(4,599,001)</u>	<u>468,841</u>	<u>23,381</u>
<b>Fund Balance - October 1</b>	<u>24,450,598</u>	<u>666,421</u>	<u>785,975</u>
<b>Fund Balance - September 30</b>	<u>\$ 19,851,597</u>	<u>\$ 1,135,262</u>	<u>\$ 809,356</u>

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

Certificates of Obligation 2012 Fund	Certificates of Obligation 2013 Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,003,223	\$ 47,119,295
-	-	4,312	2,251,451
-	-	-	107,339
-	-	185,988	1,173,245
-	-	467,810	1,527,728
34,635	645	16,439	187,221
-	-	688,866	688,866
-	-	1,980,813	1,980,813
-	1,812,500	1,242,281	4,439,411
-	-	1,225,265	2,916,777
334	-	163,201	3,092,814
<u>34,969</u>	<u>1,813,145</u>	<u>6,978,198</u>	<u>65,484,960</u>

-	469,117	308,297	8,549,595
-	265,968	18,300	1,120,271
-	-	881,696	3,264,106
-	375,000	2,420,688	28,310,703
4,426,233	3,123,484	7,935,745	20,863,022
97,921	-	1,596,092	5,554,895
-	-	54,134	54,134
-	-	283,278	2,020,526
-	-	263,435	263,435
-	-	-	5,825,000
-	-	-	4,242,148
-	-	-	184,749
<u>4,524,154</u>	<u>4,233,569</u>	<u>13,761,665</u>	<u>80,252,584</u>
<u>(4,489,185)</u>	<u>(2,420,424)</u>	<u>(6,783,467)</u>	<u>(14,767,624)</u>

-	-	4,720,600	6,870,471
-	-	(61,671)	(5,252,702)
-	-	385,197	412,267
-	19,490,000	-	30,330,000
-	975,968	-	1,795,070
-	-	-	(11,677,243)
-	20,465,968	5,044,126	22,477,863
<u>(4,489,185)</u>	<u>18,045,544</u>	<u>(1,739,341)</u>	<u>7,710,239</u>
<u>18,552,269</u>	<u>(2,013,709)</u>	<u>17,383,131</u>	<u>59,824,685</u>
<u>\$ 14,063,084</u>	<u>\$ 16,031,835</u>	<u>\$ 15,643,790</u>	<u>\$ 67,534,924</u>

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**CITY OF NEW BRAUNFELS, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2013**

<b>Total Net Change in Fund Balance - Governmental Funds</b>	<b>\$ 7,710,239</b>
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
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.	207,224
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements.	13,167,113
Proceeds from the sale of capital assets are recorded in the fund financial statements, whereas in the government-wide financial statements, the proceeds are reduced by the net book value of those assets sold. The net book value of assets disposed of is recorded in the government-wide financial statements as a gain or loss.	(21,202)
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources.	(7,890,667)
The issuance of bonds payable is reported as other financing sources in the fund financial statements but is shown as increases in long-term debt in the government-wide financial statements.	(30,330,000)
Bond principal payments are expenditures in the fund financial statements, but they are shown as reductions in long-term debt in the government-wide financial statements.	5,825,000
Bonds refunded are reported as other financing sources in the fund financial statements but are shown as a decrease in long-term debt in the government-wide financial statements.	11,677,243
Deferred losses on refunding and bond premiums are amortized over the life of the bonds in the government-wide financial statements. The net effect of capitalizing bond premiums of \$1,795,070, amortization of bond premiums of \$557,037 and deferred losses of \$25,487 decreases net position.	(1,263,520)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due.	(18,037)
Long-term liabilities for certain employee benefits are accrued in the government-wide financial statements, but are not reported in the fund financial statements.	
Increase in compensated absences	(140,478)
Increase in net pension obligation	(260,852)
Increase in other postemployment benefit obligation	(1,042,369)
Settled litigation claim is accrued in the government-wide financial statements, whereas in the fund financial statements, this claim expense is reported when due.	691,065
Revenues from property taxes and fines are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide financial statements. The effect of recognizing deferred tax revenue of \$1,899,829 and removing prior year's deferred tax recognized of \$628,672 is to increase net position.	1,271,157
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (418,084)</u></b>

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2013**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Airport</b>	<b>Solid Waste</b>	<b>Golf Course</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 22,989	\$ 496,611	\$ 208,003
Pooled and Temporary Investments	-	2,508,945	301,216
Receivables (net of allowances for uncollectibles)			
Accounts	40,305	-	8,091
Inventories, at cost	-	34,053	-
Total Current Assets	<u>63,294</u>	<u>3,039,609</u>	<u>517,310</u>
<b>Noncurrent Assets</b>			
Capital Assets (net of accumulated depreciation)			
Nondepreciable	2,163,941	-	135,000
Depreciable	<u>5,673,835</u>	<u>2,746,074</u>	<u>285,879</u>
Total Noncurrent Assets	<u>7,837,776</u>	<u>2,746,074</u>	<u>420,879</u>
<b>Total Assets</b>	<b><u>7,901,070</u></b>	<b><u>5,785,683</u></b>	<b><u>938,189</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	38,848	167,439	18,273
Deposits Payable	45,251	-	2,440
Accrued Expenses Payable	15,978	109,971	21,687
Unearned Revenue	-	-	40,599
Current Portion of Long-Term Liabilities			
Accrued Compensated Absences	11,250	162,165	23,870
Total Current Liabilities	<u>111,327</u>	<u>439,575</u>	<u>106,869</u>
<b>Long-Term Liabilities (net of current portion)</b>			
Net Pension Obligation	25,122	197,647	45,927
Net Other Postemployment Benefits Obligation	42,945	347,874	82,000
Accrued Compensated Absences	480	20,757	18,824
Total Noncurrent Liabilities	<u>68,547</u>	<u>566,278</u>	<u>146,751</u>
Total Liabilities	<u>179,874</u>	<u>1,005,853</u>	<u>253,620</u>
<b>NET POSITION</b>			
Net investment in Capital Assets	7,837,776	2,746,074	420,879
Unrestricted (deficit)	<u>(116,580)</u>	<u>2,033,756</u>	<u>263,690</u>
<b>Total Net Position</b>	<b><u>\$ 7,721,196</u></b>	<b><u>\$ 4,779,830</u></b>	<b><u>\$ 684,569</u></b>

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

		Governmental Activities	
Civic Center	Total	Internal Service	
\$ 48,184	\$ 775,787	\$ 497,128	
	2,810,161	500,898	
	48,396	-	
	34,053	-	
<u>48,184</u>	<u>3,668,397</u>	<u>998,026</u>	
	2,298,941	-	
<u>543,617</u>	<u>9,249,405</u>	<u>-</u>	
<u>543,617</u>	<u>11,548,346</u>	<u>-</u>	
<u>591,801</u>	<u>15,216,743</u>	<u>998,026</u>	
19,034	243,594	-	
52,750	100,441	-	
12,394	160,030	183,605	
	40,599	-	
<u>15,256</u>	<u>212,541</u>	<u>-</u>	
<u>99,434</u>	<u>757,205</u>	<u>183,605</u>	
26,001	294,697	-	
46,594	519,413	-	
2,834	42,895	-	
75,429	857,005	-	
<u>174,863</u>	<u>1,614,210</u>	<u>183,605</u>	
543,617	11,548,346	-	
(126,679)	2,054,187	814,421	
<u>\$ 416,938</u>	<u>\$ 13,602,533</u>	<u>\$ 814,421</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended September 30, 2013**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Airport</b>	<b>Solid Waste</b>	<b>Golf Course</b>
<b>OPERATING REVENUE</b>			
Charges for Services	\$ 1,771,486	\$ 7,215,318	\$ 1,075,703
State and Local Grants	50,000	5,377	-
Miscellaneous	2,363	18,804	-
Total Operating Revenues	<u>1,823,849</u>	<u>7,239,499</u>	<u>1,075,703</u>
<b>OPERATING EXPENSES</b>			
Insurance premiums	-	-	-
Claims	-	-	-
Personnel	378,467	2,657,653	569,350
Fuel and Oil for Resale	1,138,695	-	-
Depreciation and Amortization	412,794	470,594	26,031
Purchased Services	298,064	1,335,841	160,706
Professional Services	30,747	22,500	7,320
Supplies	46,080	1,292,593	140,858
Total Operating Expenses	<u>2,304,847</u>	<u>5,779,181</u>	<u>904,265</u>
<b>Operating Income (Loss)</b>	<u>(480,998)</u>	<u>1,460,318</u>	<u>171,438</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	-	1,443	289
Loss on Sale of Capital Assets	-	(261,995)	-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(260,552)</u>	<u>289</u>
<b>Income Before Contributions and Transfers</b>	<u>(480,998)</u>	<u>1,199,766</u>	<u>171,727</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital Contributions	2,721,385	1,848,530	-
Transfers In	55,344	-	-
Transfers Out	(12,447)	(1,694,120)	(47,599)
Total Contributions and Transfers	<u>2,764,282</u>	<u>154,410</u>	<u>(47,599)</u>
<b>Change in Net Position</b>	<u>2,283,284</u>	<u>1,354,176</u>	<u>124,128</u>
<b>Net Position - Beginning of Year</b>	<u>5,437,912</u>	<u>3,425,654</u>	<u>560,441</u>
<b>Net Position - End of Year</b>	<u>\$ 7,721,196</u>	<u>\$ 4,779,830</u>	<u>\$ 684,569</u>

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

<u>Civic Center</u>	<u>Total</u>	<u>Governmental Activities</u>	
		<u>Internal Service</u>	
\$ 292,907	\$ 10,355,414	\$ 5,467,608	
	55,377		
7,450	28,617		
<u>300,357</u>	<u>10,439,408</u>	<u>5,467,608</u>	
			707,354
			4,463,228
347,229	3,952,699		
-	1,138,695		
49,932	959,351		
227,819	2,022,430		
466	61,033		89,810
45,254	1,524,785		
<u>670,700</u>	<u>9,658,993</u>	<u>5,260,392</u>	
<u>(370,343)</u>	<u>780,415</u>	<u>207,216</u>	
			1,732
			(261,995)
			<u>(260,263)</u>
<u>(370,343)</u>	<u>520,152</u>	<u>207,224</u>	
			4,569,915
300,461	355,805		
<u>(219,408)</u>	<u>(1,973,574)</u>	<u>-</u>	
81,053	2,952,146		
<u>(289,290)</u>	<u>3,472,298</u>	<u>207,224</u>	
<u>706,228</u>	<u>10,130,235</u>	<u>607,197</u>	
<u>\$ 416,938</u>	<u>\$ 13,602,533</u>	<u>\$ 814,421</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended September 30, 2013**

<b><u>Business-type Activities - Enterprise Funds</u></b>			
	<b>Airport</b>	<b>Solid Waste</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 1,843,408	\$ 7,239,030	
Cash Received for Interfund Services Provided and Used	-	-	
Cash Paid for Supplies and Materials	(1,514,251)	(2,639,807)	
Cash Paid for Premiums, Claims, and Administrative Charges	-	-	
Cash Paid for Personnel Services	(364,515)	(2,602,045)	
Net Cash Provided by (Used in) Operating Activities	<u>(35,358)</u>	<u>1,997,178</u>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash Paid for Purchase of Investments	-	(1,001,443)	
Cash Received from Interest Income	-	1,443	
Cash Received from Other Funds	55,344	-	
Cash Paid to Other Funds	(12,447)	(1,694,120)	
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>42,897</u>	<u>(2,694,120)</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	7,539	(696,942)	
Cash and Cash Equivalents - October 1	<u>15,450</u>	<u>1,193,553</u>	
<b>Cash and Cash Equivalents - September 30</b>	<b><u>\$ 22,989</u></b>	<b><u>\$ 496,611</u></b>	

Business-type Activities - Enterprise Fund				Governmental Activities	
Golf Course	Civic Center	Total		Internal Service	
\$ 1,074,197	\$ 301,387	\$ 10,458,022	\$ -	\$ 5,467,608	
(296,875)	(277,146)	(4,728,079.0)			-
-	-	-		(5,386,498)	
(542,401)	(324,653)	(3,833,614)		-	
<u>234,921</u>	<u>(300,412)</u>	<u>1,896,329</u>		<u>81,110</u>	
(288)	-	(1,001,731)		(500,007)	
289	-	1,732		8	
-	300,461	355,805		-	
(47,599)	(219,408)	(1,973,574)		-	
<u>(47,598)</u>	<u>81,053</u>	<u>(2,617,768)</u>		<u>(499,999)</u>	
187,323	(219,359)	(721,439)		(418,889)	
<u>20,680</u>	<u>267,543</u>	<u>1,497,226</u>		<u>916,017</u>	
<u>\$ 208,003</u>	<u>\$ 48,184</u>	<u>\$ 775,787</u>		<u>\$ 497,128</u>	

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**STATEMENT OF CASH FLOWS - continued**  
**PROPRIETARY FUNDS**  
**Year Ended September 30, 2013**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Airport</b>	<b>Solid Waste</b>	
<b>RECONCILIATION OF OPERATING INCOME LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (480,998)	\$ 1,460,318	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Depreciation and Amortization	412,794	470,594	
(Increase) Decrease in Operating Assets:			
Accounts Receivable (net)	7,060	(469)	
Inventories	-	(7,699)	
Increase (Decrease) in Operating Liabilities:			
Accounts Payable	(665)	18,826	
Accrued Expenses	3,867	6,820	
Unearned Revenue	-	-	
Net Pension/Other Postemployment Benefits Obligations	10,085	48,788	
Accrued Compensated Absences	-	-	
Customer Deposits	12,499	-	
Net Cash Provided by (Used in) Operating Activities	<u>\$ (35,358)</u>	<u>\$ 1,997,178</u>	
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITY</b>			
Capital Assets Contributed from Governmental Funds	<u>\$ 2,721,385</u>	<u>\$ 1,848,530</u>	

Business-type Activities - Enterprise Fund				Governmental Activities	
Golf Course	Civic Center	Total		Internal Service	
\$ 171,438	\$ (370,343)	\$ 780,415	\$ 207,216		
26,031	49,932	959,351			
(3,086)	(2)	3,503			
-	-	(7,699)			
12,009	(3,607)	26,563	(126,106)		
2,089	439	13,215			
1,996	-	1,996			
24,860	22,137	105,870			
-	-	-			
(416)	1,032	13,115			
<u>\$ 234,921</u>	<u>\$ (300,412)</u>	<u>\$ 1,896,329</u>	<u>\$ 81,110</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,569,915</u>	<u>\$ -</u>		

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**September 30, 2013**

	<b>Industrial Development Corporation</b>	<b>New Braunfels Utilities</b>	<b>Total Component Units</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 3,075,115	\$ 18,325,725	\$ 21,400,840
Pooled and Temporary Investments	10,230,484	16,017,806	26,248,290
Receivables (net of allowances for uncollectibles)			
Interest	15,333	38,399	53,732
Accounts	1,095,643	14,923,270	16,018,913
Inventory	-	1,303,263	1,303,263
Prepaid Items	-	221,582	221,582
Other current assets	-	855,056	855,056
Restricted assets	-	4,791,551	4,791,551
Cash and Cash Equivalents	-	4,791,551	4,791,551
<b>Noncurrent Assets</b>			
Investments			
Restricted	-	5,852,184	5,852,184
Unrestricted	-	18,798,911	18,798,911
Unamortized debt issuance costs	-	622,633	622,633
Other noncurrent assets	-	193,930	193,930
Net Pension Obligation Asset	-	6,163,312	6,163,312
Capital Assets, net of depreciation	-	267,617,731	267,617,731
<b>Total Assets</b>	<b><u>\$ 14,416,575</u></b>	<b><u>\$ 355,725,353</u></b>	<b><u>\$ 370,141,928</u></b>
<b>LIABILITIES AND NET POSITION</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 117,090	\$ 18,166,809	\$ 18,283,899
Deposits Payable	-	3,992,159	3,992,159
Accrued Expenses Payable	-	127,799	127,799
Noncurrent Liabilities			
Due within One Year			
Compensated Absences	-	665,355	665,355
Capital Leases Payable Current	-	772,500	772,500
Revenue Bonds Payable Current	-	1,608,165	1,608,165
Due in More than One Year			
Compensated Absences	-	817,963	817,963
Long-term Debt, net of Discount	-	43,712,871	43,712,871
Deferred Revenue	-	2,743,456	2,743,456
<b>Total Liabilities</b>	<b><u>117,090</u></b>	<b><u>72,607,077</u></b>	<b><u>72,724,167</u></b>
<b>Net Position</b>			
Net investment in capital assets	-	224,998,811	224,998,811
Restricted for			
Debt Service	-	135,162	135,162
Capital Projects	-	389,259	389,259
Other Purposes	-	7,139,562	7,139,562
Unrestricted	14,299,485	50,455,482	64,754,967
<b>Total Net Position</b>	<b><u>14,299,485</u></b>	<b><u>283,118,276</u></b>	<b><u>297,417,761</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 14,416,575</u></b>	<b><u>\$ 355,725,353</u></b>	<b><u>\$ 370,141,928</u></b>

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**Year Ended September 30, 2013**

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Industrial Development Corporation	New Braunfels Utilities	Total
<b>Component Units</b>							
Industrial Development Corporation	\$ 5,005,348	\$ -	\$ -	\$ 11,600,417	\$ (5,005,348)	\$ -	\$ (5,005,348)
New Braunfels Utilities	106,649,976	109,448,421	\$ -	\$ 11,600,417	\$ -	14,398,862	14,398,862
<b>Total Component Units</b>	<b>\$ 111,655,324</b>	<b>\$ 109,448,421</b>	<b>\$ -</b>	<b>\$ 11,600,417</b>	<b>\$ (5,005,348)</b>	<b>\$ 14,398,862</b>	<b>9,393,514</b>
 <b>General Revenues</b>							
Taxes- Sales tax	5,051,774						5,051,774
Investment income	28,681						206,494
Miscellaneous	1,271,577						1,271,577
<b>Total General Revenues</b>	<b>6,352,032</b>						<b>6,529,845</b>
 <b>Change in Net Position</b>							
<b>Net Position - Beginning</b>		1,346,684		14,576,675		15,923,359	
<b>Net Position - Ending</b>		<b>12,952,801</b>		<b>268,541,601</b>		<b>281,494,402</b>	
		<b>\$ 14,299,485</b>		<b>\$ 283,118,276</b>		<b>\$ 297,417,761</b>	

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 1: REPORTING ENTITY**

The financial statements of the City of New Braunfels, Texas (the City) have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This report includes all of the funds of the City of New Braunfels. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate tax exempt organization should be reported as a component unit of the reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; and (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government.

Based on the above criteria, the City has the following discretely presented component units:

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 New Braunfels Utility Board of Trustees, and approves utility rates and the issuance of debt. The NBU is presented as an enterprise component unit. Complete financial statements for the NBU may be obtained at the entity's administrative offices at 263 Main Plaza, New Braunfels, Texas 78130. The NBU's financial statements are presented on a July 31, 2013 year-end.

The New Braunfels Industrial Development 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 of New Braunfels. The entity is presented as a governmental component unit. City Council appoints the board of directors and approves expenditures. Separate financial statements are not prepared.

The City also has the following related organization:

The Housing Authority of the City of New Braunfels 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, sets its rental rate, and it can issue debt in its own name. The City is not responsible for deficits or liabilities of the Authority. Separately audited financial statements may be obtained at the City's administrative offices at 424 Castell Avenue, New Braunfels, Texas 78130.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 in the publication entitled Audits of State and Local Governmental Units. The following is a summary of the more significant policies and practices used by the City.

**Government-wide and fund financial statements**

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities (generally supported by taxes and City general revenue) from business-type activities (generally financed in whole or in part with fees charged to external customers). As a general rule, the effect of interfund activity had been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

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

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

**Measurement focus, basis of accounting, and financial statement presentation**

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

**Governmental funds**

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 government 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.

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City reports the following major governmental funds:

*General Fund:* This is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

*Hotel/Motel Tax Fund:* This fund accounts for the tax collections of the hotel/motel occupancy taxes and the disbursement of those funds. This is accounted for as a special revenue fund type of the City.

*Debt Service Fund:* This fund is used to report ad valorem taxes collected for debt retirement, and the related principal and interest payments on the debt.

*2012 Certificates of Obligation:* This fund accounts for the expenditures of the proceeds from the August 2012 debt issuance for permanent public improvements, park improvement projects, construction, renovating of public works facilities, and construction of drainage improvements.

*2013 Certificates of Obligation:* This fund accounts for the expenditures for cost share infrastructure projects.

In addition, the City reports the following nonmajor governmental fund types:

*Special Revenue Funds:* These funds are used to separately account for funds related to state-mandated funds, grants, contracts, or by council designation.

*Capital Projects Funds:* These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

*Permanent Fund:* The City uses this fund 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.

**Proprietary funds**

Proprietary funds are those used to account for the City's ongoing organizations and activities which are similar to those found in the private sector. The measurement focus is upon capital maintenance and upon determination of net position and changes in net position.

The City reports the following major enterprise funds:

*The Airport, Solid Waste, Golf Course, and Civic/Convention Center Funds* are major enterprise funds of the City. These funds are used to account for revenues and expenses related to goods and services for the respective activity.

Additionally, the City reports the following proprietary fund:

*Internal Service Fund:* This fund is used to account for revenues and expenses related to services provided to parties inside the City. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the City's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements. The City's self-funded health plan is accounted for in this fund.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Additionally, the City would first use restricted, then committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**Stewardship, compliance, and accountability**

**Budgetary information**

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 meetings 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 for all governmental funds except the capital projects funds, which adopted project-length budgets. The legal level of budgetary control (i.e., the level at which expenditures may not exceed appropriations) is 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.

**Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates by management. Actual results could differ from those estimates.

**Encumbrances**

Encumbrances represent commitments related to unperformed (executor) contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, or other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as restricted, committed or assigned fund balance and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year.

**Assets, liabilities, and net position or equity**

**Cash and cash equivalents**

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property taxes

Property taxes are levied by October 1 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 on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the City's fiscal year.

Allowances 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.

Inventories and prepaid items

The City records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

Streets/Drainage Infrastructure	20 Years
Buildings	30 Years
Building Improvements	20 Years
Equipment	5- 7 Years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow 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 only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Receivables and payables**

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

**Compensated absences**

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 October 1, 2011. Employees are paid for all accrued vacation leave when they leave the City's employ. The City accrues its liability for such accumulated unpaid benefits in the government-wide financial statements and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Fund balance**

In the fund financial statements, governmental funds report the following classifications of fund balance:

*Nonspendable* - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The City's fund balance reported as Nonspendable at September 30, 2013 include amounts both nonspendable in form (for inventories) and amounts that are legally or contractually required to be maintained intact (Cemetery Perpetual Care Permanent Fund).

*Restricted* - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law through constitutional provisions or enabling legislation.

*Committed* - includes amounts that can be used only for the specific purposes as established by a Council resolution or ordinance.

*Assigned* - includes amounts that are constrained by the City Council that are intended to be used for specific purposes but are neither restricted nor committed.

*Unassigned* - includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund or deficit balances in other funds.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

	General Fund	Hotel/ Motel Tax Fund	Debt Service Fund	C.O. 2012 Fund	C.O. 2013 Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>							
Inventories	\$ 280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 280
Cemetery							
Perpetual Care	-	-	-	-	-	94,185	94,185
<b>Restricted to:</b>							
Tourism	-	1,135,262	-	-	-	-	1,135,262
Debt Service	-	-	809,356	-	-	-	809,356
Grants	-	-	-	-	-	-	-
Stormwater Development	-	-	-	-	-	26,685	26,685
Library	-	-	-	-	-	1	1
Capital Projects	-	-	-	14,063,084	16,031,835	11,219,564	41,314,483
TIRZ	-	-	-	-	-	1,215,521	1,215,521
Law Enforcement	-	-	-	-	-	371,200	371,200
Municipal Court	-	-	-	-	-	289,332	289,332
<b>Committed to:</b>							
Special Donation	-	-	-	-	-	113,089	113,089
River Fund	-	-	-	-	-	994	994
IT	-	-	-	-	-	404,065	404,065
Conservation	-	-	-	-	-	-	-
Enterprise	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	2,641,744	2,641,744
<b>Assigned to:</b>							
Equipment							
Replacement*	4,507,794	-	-	-	-	-	4,507,794
Facilities							
Maintenance	154,627	-	-	-	-	-	154,627
Unassigned	15,188,896	-	-	-	-	(732,590)	14,456,306
	<u>\$ 19,851,597</u>	<u>\$ 1,135,262</u>	<u>\$ 809,356</u>	<u>\$ 14,063,084</u>	<u>\$ 16,031,835</u>	<u>\$ 15,643,790</u>	<u>\$ 67,534,924</u>

*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 expenditures for the current fiscal year. For all other Special Revenue Funds, the operating reserve shall equal 10 percent of the budgeted annual expenditures. These 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 Funds equal to not less than ten 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.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination in the government-wide statements. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfer Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

**Deposits and investments**

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

**Cash deposits**

The City's cash deposits at September 30, 2013 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

**Investments**

The City is required by Government Code Chapter 2256, the Public Funds Investment 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 investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the area of investment practices, management reports, and establishment of appropriate policies. All investments are administered by City management under terms of an investment policy and strategy that is updated to conform to the Texas Public Funds Investment Act (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 requirements of the Act and with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) local government investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The City's investments at September 30, 2013 are shown below.

<b>Type of Security</b>	<b>Fair Value</b>	<b>Percentage of Total</b>	<b>Credit Rating</b>	<b>Investment Maturity</b>				
				<b>Less than 1 Year</b>	<b>1-2 Years</b>			
<b>Primary Government and Industrial</b>								
<b>Development Corporation</b>								
<b>Component Unit</b>								
2A-7 like Local Government Pools	\$ 48,437,297	64.98%	SP-1+	\$ 48,437,297	\$ -			
Money Market Mutual Funds	3,877,516	5.20%	MG 1	3,877,516	-			
Municipal Obligations	22,226,779	29.82%	AAA	22,226,779	-			
Total Investments	\$ 74,541,592	100.00%		\$ 74,541,592	\$ -			

The cash and investments of New Braunfels Utilities as of September 30, 2013 are shown below:

<b>Component Unit - NBU</b>	<b>Fair Value</b>	<b>Percentage of Total</b>	<b>Credit Rating</b>	<b>Investment Maturity</b>
U.S. Agencies	\$ 23,369,390	36.64%	AA+	\$ -
U.S. Treasuries	5,004,490	7.85%	AA+	5,004,490
State & local bonds	295,020	0.46%	AA2	295,020
Certificates of Deposit	12,000,000	18.81%		12,000,000
Demand deposit and money market	12,918,919	20.25%		12,918,919
Pooled funds	10,198,358	15.99%	AA Am	10,198,358
Total Investments	\$ 63,786,177	100.00%		\$ 40,121,767
				\$ 23,664,410

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**Deposits and investments (Continued)**

**Analysis of Specific Deposit and Investment Risks**

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year-end and if so, the reporting of certain related disclosures:

**a. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year-end, neither the City nor its component units were significantly exposed to credit risk. At September 30, 2013, the City and its component unit's investments, other than those which are obligations of or guaranteed by the U.S. Government, are rated as to credit quality as shown in the above tables.

**b. Custodial Credit Risk**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent. At year-end, neither the City nor its component units were exposed to custodial credit risk.

**c. Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year-end, the City's exposure to concentration of credit risk is shown in the table above as the percentage of each investment type. The City's adopted Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on at least a monthly basis. Diversification limits are set by Policy as:

U.S. Obligations	90%	Repurchase Agreements	20%
U.S. Agencies/Instrumentalities	80%	LGIP	100%
Money Market Mutual Funds	25%	Certificates of Deposit	50%

NBU's policy places no limit on the amount NBU may invest in any one issuer.

**d. Interest Rate Risk**

This is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to limit interest and market rate risk from changes in interest rates, the City's adopted Investment Policy sets a maximum stated maturity limit of two years. The weighted average maturity (WAM) of the total City and the NBU portfolios are restricted to a maximum of 6 months and 450 days, respectively, and compared quarterly to the six-month Treasury Bill. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than two (2) years from the date of purchase. The maximum allowable stated maturity of any one individual investment owned by NBU shall not exceed five years from the time of purchase. At year-end, the City's exposure to interest rate risk is summarized in the above table. The dollar WAM of the total portfolio of the primary government was 303 days.

**e. 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.

**Investment accounting policy**

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**Deposits and investments (Continued)**

**Public funds investment pools**

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

The City's investments in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 4: CAPITAL ASSETS**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<i>Governmental Activities</i>				
Capital Assets Not Being Depreciated				
Land	\$ 23,739,631	\$ 1,688,339	\$ -	\$ 25,427,970
Total - Capital Assets Not Being Depreciated	<u>23,739,631</u>	<u>1,688,339</u>	<u>-</u>	<u>25,427,970</u>
Capital Assets Being Depreciated				
Road Network	79,478,086	8,105,331	-	87,583,417
Buildings	31,611,025	251,773	-	31,862,798
Improvements Other than Buildings	21,967,283	1,392,821	-	23,360,104
Machinery and Equipment	19,676,141	1,728,849	(251,196)	21,153,794
Total - Capital Assets Being Depreciated	<u>152,732,535</u>	<u>11,478,774</u>	<u>(251,196)</u>	<u>163,960,113</u>
Less Accumulated Depreciation for:				
Road Network	(40,913,894)	(4,379,171)	-	(45,293,065)
Buildings	(10,957,135)	(1,062,093)	-	(12,019,228)
Improvements Other than Buildings	(8,338,477)	(1,168,005)	-	(9,506,482)
Machinery and Equipment	(13,732,724)	(1,281,398)	229,994	(14,784,128)
Total - Accumulated Depreciation	<u>(73,942,230)</u>	<u>(7,890,667)</u>	<u>229,994</u>	<u>(81,602,903)</u>
Capital Assets Being Depreciated, net	<u>78,790,305</u>	<u>3,588,107</u>	<u>(21,202)</u>	<u>82,357,210</u>
Governmental Activities Capital Assets, net	<u>\$ 102,529,936</u>	<u>\$ 5,276,446</u>	<u>\$ (21,202)</u>	<u>\$ 107,785,180</u>
<i>Business-type Activities</i>				
Capital Assets Not Being Depreciated				
Land	\$ 1,060,017	\$ 1,238,924	\$ -	\$ 2,298,941
Total - Capital Assets Not Being Depreciated	<u>1,060,017</u>	<u>1,238,924</u>	<u>-</u>	<u>2,298,941</u>
Capital Assets Being Depreciated				
Buildings	5,257,536	8,113	-	5,265,649
Improvements Other than Buildings	3,738,998	1,459,125	-	5,198,123
Machinery and Equipment	8,644,131	1,863,753	(1,518,428)	8,989,456
Airspace Easement	37,515	-	-	37,515
Total - Capital Assets Being Depreciated	<u>17,678,180</u>	<u>3,330,991</u>	<u>(1,518,428)</u>	<u>19,490,743</u>
Less Accumulated Depreciation for:				
Buildings	(1,743,001)	(175,522)	-	(1,918,523)
Improvements Other than Buildings	(1,933,565)	(263,272)	-	(2,196,837)
Machinery and Equipment	(6,844,547)	(519,619)	1,256,433	(6,107,733)
Airspace Easement	(17,307)	(938)	-	(18,245)
Total Accumulated Depreciation	<u>(10,538,420)</u>	<u>(959,351)</u>	<u>1,256,433</u>	<u>(10,241,338)</u>
Capital Assets Being Depreciated, net	<u>7,139,760</u>	<u>2,371,640</u>	<u>(261,995)</u>	<u>9,249,405</u>
Business-Type Activities Capital Assets, net	<u>\$ 8,199,777</u>	<u>\$ 3,610,564</u>	<u>\$ (261,995)</u>	<u>\$ 11,548,346</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 4: CAPITAL ASSETS (Continued)**

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

**Governmental Activities**

General Government	\$ 819,547
Finance and Tax	157,956
Planning and Environmental Development	431,982
Public Safety	4,688,819
Public Works	758,913
Parks and Recreation	744,643
Library	288,807
Total Governmental Activities	<u>\$ 7,890,667</u>

**Business-type Activities**

Airport	\$ 412,794
Solid Waste	470,594
Golf Course	26,031
Civic Center	49,932
Total Business-type Activities	<u>\$ 959,351</u>

**Component Unit - NBU**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reclasses and Retirements</b>	<b>Ending Balance</b>
Capital Assets Not Being Depreciated				
Land and Improvements	\$ 21,363,378	\$ 4,895,814	\$ -	\$ 26,259,192
Construction in Progress	<u>31,340,272</u>	<u>38,971,983</u>	<u>(38,417,761)</u>	<u>31,894,494</u>
Total capital assets, not being depreciated	<u>52,703,650</u>	<u>43,867,797</u>	<u>(38,417,761)</u>	<u>58,153,686</u>
Capital Assets Being Depreciated				
Buildings	47,486,295	1,627,546	-	49,113,841
Infrastructure	261,393,526	26,605,531	(2,374,693)	285,624,364
Equipment	34,329,160	6,410,963	(4,360)	40,735,763
Wells and springs	540,047	-	-	540,047
Total Capital assets being depreciated	<u>343,749,028</u>	<u>34,644,040</u>	<u>(2,379,053)</u>	<u>376,014,015</u>
Less accumulated depreciation for:				
Buildings	(23,797,954)	(1,136,418)	-	(24,934,372)
Infrastructure	(107,968,398)	(8,822,229)	1,090,238	(115,700,389)
Equipment	(23,976,139)	(1,505,883)	-	(25,482,022)
Wells and springs	(425,349)	(7,838)	-	(433,187)
Total accumulated depreciation	<u>(156,167,840)</u>	<u>(11,472,368)</u>	<u>1,090,238</u>	<u>(166,549,970)</u>
Capital assets being depreciated, net	<u>187,581,188</u>	<u>23,171,672</u>	<u>(1,288,815)</u>	<u>209,464,045</u>
<b>Total Component Unit-NBU</b>	<b>\$ 240,284,838</b>	<b>\$ 67,039,469</b>	<b>\$ (39,706,576)</b>	<b>\$ 267,617,731</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 5: INTERFUND BALANCES AND ACTIVITY**

Transfers to and from other funds at September 30, 2013, consisted of the following:

Transferred From	Transferred To	Amount	Purpose
General Fund	Grants Fund	\$ 40,616	Fund cash match for grants
General Fund	River Fund	551,296	Fund expenditures in excess of revenues generated by activities
General Fund	Equipment Replacement Fund	853,476	Fund future vehicle purchases
General Fund	Edwards Aquifer HCP Fund	32,366	Fund administrative expenses not reimbursed by Edwards Aquifer Authority
General Fund	Airport	55,344	Fund expenditures in excess of revenues generated by activities
		<u>1,533,098</u>	
Creekside Town Center Fund	General Fund	30,000	Fund Administrative support
Creekside Town Center Fund	Economic Incentive Fund	1,250	Fund share of attorney fees
		<u>31,250</u>	
River Fund	Equipment Replacement Fund	2,235	Fund future vehicle purchases
Equipment Replacement Fund	Enterprise Maintenance and Replacement Fund	2,579,149	To create fund for future Enterprise Fund vehicle purchases
Facilities Replacement Fund	Certificate of Obligation 2011 Fund	166,725	Transfer funds for improvements to Prince Solms park
Certificate of Obligation 2004 Fund	Certificate of Obligation 2008 Fund	28,186	Transfer funds to partially close Certificate of Obligation 2004 Fund
Airport	Enterprise Maintenance and Replacement Fund	12,447	Fund future vehicle purchases
Solid Waste Fund	Enterprise Maintenance and Replacement Fund	971,114	Fund future vehicle purchases
Solid Waste Fund	General Fund	606,906	Administrative support and street use contribution
Solid Waste Fund	River Fund	116,100	Fund litter cleanup in and around river
		<u>1,694,120</u>	
Golf Course Fund	General Fund	45,656	Administrative support
Golf Course Fund	Enterprise Maintenance and Replacement Fund	1,943	Fund future vehicle purchases
		<u>47,599</u>	
Civic Center Fund	Enterprise Maintenance and Replacement Fund	219,408	Transfer balance of Chamber of Commerce contribution dedicated for building improvements and equipment
Hotel/Motel Tax	Debt Service Fund	611,598	Fund debt service for expansion and renovation of Civic/Convention Center
Hotel/Motel Tax	Civic Center Fund	300,461	Fund Civic/Convention operations and maintenance
		<u>912,059</u>	
	Total Transfers	<u>\$ 7,226,276</u>	

**NOTE 6: LONG-TERM OBLIGATIONS**

Long-term obligations include debt and other long-term liabilities. Compensated absences, net pension obligation, and net other postemployment benefit obligation (OPEB) are normally liquidated in the General Fund. See Notes 7 and 8 for more information on the net pension and OPEB obligations. Changes in long-term obligations for the year ended September 30, 2013, are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Debt	\$ 104,910,000	\$ 30,330,000	\$(16,905,000)	\$ 118,335,000	\$ 6,775,000
Bond Premium	2,225,857	1,795,070	(557,037)	3,463,890	
<b>Subtotal</b>	<b>107,135,857</b>	<b>32,125,070</b>	<b>(17,462,037)</b>	<b>121,798,890</b>	<b>6,775,000</b>
Net Pension Obligation	2,442,102	4,345,693	(4,084,841)	2,702,954	-
Net OPEB Obligation	3,705,864	1,308,560	(266,191)	4,748,233	-
Compensated Absences	3,814,797	2,164,697	(2,024,219)	3,955,275	2,024,219
<b>Total Governmental Activities</b>	<b>\$ 117,098,620</b>	<b>\$ 39,944,020</b>	<b>\$(23,837,288)</b>	<b>\$ 133,205,352</b>	<b>\$ 8,799,219</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 6: LONG-TERM OBLIGATIONS (Continued)**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Business-type activities</b>					
Net Pension Obligation	\$ 267,345	\$ 455,674	\$ (428,322)	\$ 294,697	-
Net OPEB Obligation	405,319	143,113	(29,019)	519,413	-
Compensated Absences	291,012	176,965	(212,541)	255,436	212,541
<b>Total Business-Type Activities</b>	<b>\$ 963,676</b>	<b>\$ 775,752</b>	<b>\$ (669,882)</b>	<b>\$ 1,069,546</b>	<b>\$ 212,541</b>

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Component Units</b>					
Bonds Payable	\$ 31,446,999	\$24,095,055	\$(10,740,000)	\$ 44,802,054	\$ 1,608,165
Bond Premium	468,243	50,739	-	518,982	-
Capital Leases Payable	1,776,250	-	(1,003,750)	772,500	772,500
Compensated Absences	1,327,297	842,797	(686,776)	1,483,318	665,355
<b>Total Component Units</b>	<b>\$ 35,018,789</b>	<b>\$24,988,591</b>	<b>\$ (12,430,526)</b>	<b>\$ 47,576,854</b>	<b>\$ 3,046,020</b>

	<b>Date of Issue</b>	<b>Final Maturity</b>	<b>Amount of Issue</b>	<b>Interest Rates</b>	<b>Balance</b>
<b>Governmental activities</b>					
Certificates of Obligation	2004	2020	\$ 26,000,000	2.50 - 5.00%	\$ 2,495,000
G.O. Refunding Bonds	2006	2025	10,600,000	4.00 - 4.125%	10,115,000
Certificates of Obligation	2006A	2021	1,600,000	3.60 - 4.50%	1,045,000
Certificates of Obligation	2006B	2026	8,000,000	4.00 - 5.125%	6,215,000
Certificates of Obligation	2007	2027	17,500,000	4.00 - 5.25%	11,545,000
Certificates of Obligation	2008	2028	14,300,000	3.50 - 5.25%	11,765,000
Tax Notes	2998	2015	2,000,000	3.40%	625,000
Certificates of Obligation	2009	2029	9,500,000	2.00 - 4.50%	7,975,000
G.O. Refunding Bonds	2010	2018	730,000	1.00 - 2.95%	350,000
Certificates of Obligation	2011	2031	18,200,000	4.05%	17,115,000
Certificates of Obligation	2012	2032	19,470,000	2.00 - 5.00%	18,760,000
Certificates of Obligation	2013	2033	19,490,000	3.00 - 5.00%	19,490,000
G.O. Refunding Bonds	2013	2023	3,820,000	2.00 - 3.00%	3,820,000
G.O. Refunding Bonds	2013A	2020	7,020,000	2.00 - 4.00%	7,020,000
					<b>\$ 118,335,000</b>

In December 2006, the City defeased \$9,670,000 (\$970,000 of the 1998 Series Certificates of Obligation and \$8,700,000 of the 2004 Series Certificates of Obligation) of a portion of the outstanding 1998 and 2004 certificates of obligation by placing proceeds from the 2006 Series General Obligation Refunding bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on those portions of the 1998 and 2004 certificates of obligation being refunded. As a result, those portions of the 1998 and 2004 C.O.s were considered to be defeased and the liability for those portions of the C.O.s was removed from the City's books.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 6: LONG-TERM OBLIGATIONS (Continued)**

Debt service requirements on long-term debt at September 30, 2013, are as follows:

Year Ended September 30,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 6,775,000	\$ 4,846,651	\$ 11,621,651
2015	7,000,000	4,512,893	11,512,893
2016	6,750,000	4,257,481	11,007,481
2017	6,970,000	3,994,422	10,964,422
2018	6,840,000	3,728,022	10,568,022
2019-2023	35,990,000	14,545,456	50,535,456
2024-2028	31,825,000	6,885,461	38,710,461
2029-2033	16,185,000	1,419,664	17,604,664
Totals	\$ 118,335,000	\$ 44,190,051	\$ 162,525,051

The City has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the City.

New Braunfels Utilities future maturity requirements on long-term debt at September 30, 2013, are as follows:

Year Ended September 30,	Bonds Payable			Capital Lease Payable		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 1,608,165	\$ 1,533,594	\$ 3,141,759	\$ 772,500	\$ 36,694	\$ 809,194
2015	1,631,604	1,497,744	3,129,348	-	-	-
2016	1,659,274	1,450,669	3,109,943	-	-	-
2017	1,696,957	1,409,494	3,106,451	-	-	-
2018	1,754,739	1,357,219	3,111,958	-	-	-
2019-2023	8,617,599	5,954,744	14,572,343	-	-	-
2024-2028	7,663,716	4,682,406	12,346,122	-	-	-
2029-2033	10,355,000	3,015,869	13,370,869	-	-	-
2034-2037	9,815,000	887,588	10,702,588			
	\$ 44,802,054	\$ 21,789,327	\$ 66,591,381	\$ 772,500	\$ 36,694	\$ 809,194

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 7: NET POSITION/FUND BALANCE**

Net Position reported on the government-wide statement of net position at September 30, 2013 includes the following:

*Governmental Activities*

Net Investment in Capital Assets	
Nondepreciated	\$ 25,427,970
Depreciated	82,357,210
Less: related debt excluding unspent bond proceeds	<u>(83,577,993)</u>
Total net investment in capital assets	24,207,187
Restricted for:	
Capital projects	4,825,843
Cemetery perpetual fund (nonexpendable)	94,185
Municipal court	289,332
Library	1
Public safety	371,200
Tourism	<u>2,350,783</u>
Total restricted net position	7,931,344
Unrestricted	<u>12,650,225</u>
Total governmental activities net position	<u>\$ 44,788,756</u>

*Business-type Activities*

Net Investment in Capital Assets	
Nondepreciated	\$ 2,298,941
Depreciated	9,249,405
Less: related debt excluding unspent bond proceeds	<u>-</u>
Total net investment in capital assets	11,548,346
Unrestricted	<u>2,054,187</u>
Total business-type activities net position	<u>\$ 13,602,533</u>

Details of constraints on fund balances of governmental funds at September 30, 2013 are as follows:

	General Fund	Hotel/Motel Tax Fund	Debt Service Fund	C.O. 2012 Fund	C.O. 2013 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Inventories	\$ 280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 280
Cemetery							
Perpetual Care	-	-	-	-	-	94,185	94,185
Restricted to:							
Tourism	-	1,135,262	-	-	-	-	1,135,262
Debt Service	-	-	809,356	-	-	-	809,356
Grants	-	-	-	-	-	-	-
Stormwater Development	-	-	-	-	-	26,685	26,685
Library	-	-	-	-	-	1	1
Capital Projects	-	-	-	14,063,084	16,031,835	11,219,564	41,314,483
TIRZ	-	-	-	-	-	1,215,521	1,215,521
Law Enforcement	-	-	-	-	-	371,200	371,200
Municipal Court	-	-	-	-	-	289,332	289,332
Committed to:							
Special Donation	-	-	-	-	-	113,089	113,089
River Fund	-	-	-	-	-	994	994
IT	-	-	-	-	-	404,065	404,065
Conservation	-	-	-	-	-	-	-
Enterprise Equipment	-	-	-	-	-	2,641,744	2,641,744
Assigned to:							
Equipment Replacement*	4,507,794	-	-	-	-	-	4,507,794
Facilities Maintenance	154,627	-	-	-	-	-	154,627
Unassigned	15,188,896	-	-	-	-	(732,590)	14,456,306
	\$ 19,851,597	\$ 1,135,262	\$ 809,356	\$ 14,063,084	\$ 16,031,835	\$ 15,643,790	\$ 67,534,924

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 7: NET POSITION/FUND BALANCE (Continued)**

**Fund Deficit**

The Community Development Block Grant Fund, Grants Fund and Edwards Aquifer HCP Fund had deficit balances of \$7,295, \$574,659, and \$150,636, respectively. The City plans to eliminate the deficits in coming years through positive changes in fund balances.

**NOTE 8: RETIREMENT PLANS**

Plan description

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. The report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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

	<u>Plan Year 2012</u>	<u>Plan Year 2013</u>
Employee Deposit Rate	7%	7%
Matching Ratio (City to Employee):	2 to 1	2 to 1
Member is invested after:	5 years	5 years
Members can retire at certain ages, based on the years of service with the City	5 years/age 60	5 years/age 60
Service Retirement Eligibility for the City is:	20 years/any age	20 years/any age
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

Contributions

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation are as follows:

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 8: RETIREMENT PLANS (Continued)**

Annual Required Contribution (ARC)	\$ 4,774,739
Interest on Net Pension Obligation	189,661
Adjustment to the ARC	<u>(163,033)</u>
Annual Pension Cost (APC)	4,801,367
Contributions Made	<u>(4,513,163)</u>
Increase in Net Pension Obligation	288,204
Net Pension Obligation, beginning of year	<u>2,709,447</u>
Net Pension Obligation, end of year	<u>\$ 2,997,651</u>

<b>Trend Information</b>				
Fiscal Year Ending	Annual Pension Cost	Actual Contributions Made	Percentage of APC Contributed	Net Pension Obligation
9/30/2011	\$ 4,281,362	\$ 3,511,767	82.0%	\$ 2,267,256
9/30/2012	4,393,427	3,951,767	89.9%	2,709,447
9/30/2013	4,801,367	4,513,163	94.0%	2,997,651

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

Valuation Date	<b>12/31/2010</b>		<b>12/31/2011</b>		<b>12/31/2012</b>	
	Projected Unit Credit	Level Percent of Payroll	Projected Unit Credit	Level Percent of Payroll	Projected Unit Credit	Level Percent of Payroll
Actuarial Cost Method						
Amortization Method						
GASB 25 Equivalent Single	27.2 years:		26.2 years:		25.1 years:	
Amortization Period	Closed period		Closed period		Closed period	
Amortization Period for new	30 Years		30 years		30 years	
Gains/Losses						
Asset Valuation Method	10-year Smoothed		10-year Smoothed		10-year Smoothed	
	Market		Market		Market	
Actuarial Assumptions:						
Investment Rate of Return*	7.0%		7.0%		7.0%	
Projected Salary Increases*	Varies by age and service		Varies by age and service		Varies by age and service	
*Includes Inflation at Cost-of-living Adjustments	3.00%		3.00%		3.00%	
	2.1%		2.1%		2.1%	

Funded status and funding progress

In June 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE 8: RETIREMENT PLANS (Continued)**

<b>Schedule of Actuarial Liabilities and Funding Progress</b>							
<b>Actuarial Valuation Date</b>	<b>Actuarial</b>		<b>Unfunded ALL (UAAL)</b>	<b>Covered Payroll (E)</b>			<b>UAAL as a Percentage of Covered Payroll (D)/(E)</b>
	<b>Actuarial Assets (A)</b>	<b>Accrued Liability (AAL) (B)</b>			<b>(D) = (B) - (A)</b>		
12/31/2010	\$ 59,092,704	\$ 88,268,964	66.9%	\$ 29,176,260	\$ 23,146,599		126.0%
12/31/2011	65,548,163	94,893,431	69.1%	29,345,268	24,680,046		118.9%
12/31/2012	73,007,644	101,466,756	72.0%	28,459,112	25,599,821		111.2%

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

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

Supplemental death benefits fund

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue 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 postemployment benefit," or OPEB.

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

The City's contributions to the TMRS SDBF for the years ended 2013, 2012, and 2011 were \$35,821; \$34,785; and \$38,331; respectively, which equaled the required contribution each year.

**NOTE 9: POST-RETIREMENT HEALTH CARE BENEFITS**

Plan description

In addition to providing pension benefits, the City provides certain health care benefits to retired employees under a single-employer defined benefit healthcare 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, reach their 60th 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.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 9: POST-RETIREMENT HEALTH CARE BENEFITS (Continued)**

**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 \$493 for spouse and children.

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

The City's annual other post-employment benefits (OPEB) cost is based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents an expense recognition that includes normal cost and the amortization of any unfunded actuarial liabilities over a period not to exceed thirty years.

The City's OPEB cost for the fiscal year ending September 30, 2013, is as follows:

Annual Required Contribution	\$ 1,454,819
Interest on OPEB Obligation	160,236
Adjustment to ARC	<u>(163,382)</u>
Annual OPEB Cost (Expense)	<u>1,451,673</u>
Net Employer Contributions	<u>(295,210)</u>
Increase (Decrease) in net OPEB Obligation	<u>1,156,463</u>
Net OPEB Obligation - as of beginning of year	<u>4,111,183</u>
Net OPEB Obligation - as of end of year	<u>\$ 5,267,646</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year (4.0% discount rate, and level percent of pay amortization) are as follows:

Fiscal Year Ending	Net Employer Contributions	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation	Annual Required Contribution	Percentage of ARC Contributed
9/30/2011	432,691	1,316,640	32.86%	2,955,179	1,305,584	33.14%
9/30/2012	299,581	1,455,584	20.58%	4,111,183	1,454,819	20.59%
9/30/2013	295,210	1,451,673	20.34%	5,267,646	1,451,673	20.34%

The funded status of the City's retiree health care plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets		Actuarial Accrued Liability (AAL)		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll	UAAL as Percentage of Covered Payroll
	(a)	(b)	(b-a)	(UAAL)				
10/1/2007	\$ -	\$ 10,366,358	\$ 10,366,358	\$ 0.00%	\$ 17,528,226	59.1%		
10/1/2009	-	14,016,512	14,016,512	0.00%	19,693,129	71.2%		
9/30/2012	-	10,473,000	10,473,000	0.00%	22,675,522	46.2%		

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 9: POST-RETIREMENT HEALTH CARE BENEFITS (Continued)**

Actuarial methods and assumptions

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

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

Significant methods and assumptions were as follows:

Investment rate of return	4.00%
Actuarial cost method	Unit Credit method
Amortization method	level percent of payroll, 30 years- open period
Salary growth	3.00%
Asset valuation method	Not applicable
Healthcare cost tends	For 2013 through 2015, L&E best estimate assumptions, developed by observations and extrapolation of plan experience. Thereafter, rates developed using the baseline projection of the SoA Long-Run Medical Cost Trend Model.
Inflation rate	2.50%
Post-retirement benefit increases	None other than healthcare cost increases (reported above)

**NOTE 10: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2013, the City purchased commercial insurance to cover general liabilities. There were no significant reductions in insurance coverage from the previous year, and there were no settlements which exceeded the maximum insurance coverage for any of the past three fiscal years.

The City's health insurance program is a "self-insured" minimum premium cash flow plan. The City makes a pre-determined monthly contribution 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 health 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 \$4,576,668 in health claims and paid \$797,164 for administrative costs for the year ended September 30, 2013. The City contributed \$4,463,278 and City employees contributed \$1,011,909 to the health insurance program for the year ended September 30, 2013.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 10: RISK MANAGEMENT (Continued)**

The transactions of the self-insurance plan are reported in the Insurance Internal Service Fund. The City pays a specified monthly amount for each employee and a portion of an employee's dependent coverage which averages approximately \$617. 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 payment 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 \$183,605 at September 30, 2013. The estimated liability for health claims is based upon historical claims experience. The change in the claim liability for the years ended September 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Claims Payable Beginning of Year	\$ 297,045	\$ 216,983
Claims Incurred	4,463,228	4,322,204
Claims Paid (Calculated)	(4,576,668)	(4,242,142)
Claims Payable End of Year	<u>\$ 183,605</u>	<u>\$ 297,045</u>

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

At September 30, 2013, the City is involved in various lawsuits pending against the City. These lawsuits generally involve claims relating to general liability, automobile liability, civil rights actions, and various contractual matters. In the opinion of management, any liabilities resulting from such litigation would not have a material adverse effect on the City's financial statements.

**NOTE 12: OPERATING LEASE**

NBU has an operating lease with 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 lease are perpetual, but may be terminated by either party upon five years written notice. Lease revenues were \$1,015,161 in fiscal year 2013. The receipts for fiscal year 2014 are expected to be \$909,903. Due to the nature of the agreement, the amount of receipts beyond that time have not been determined. The original cost of the transmission assets was \$20,741,772 and the accumulated depreciation totals \$9,524,285.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 13: ACCOUNTING CHANGES AND ACCOUNTING STANDARDS**

In the fiscal year 2013, the City Implemented Governmental Accounting Standards Board (GASB) Statement 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and Statement 65 "Items Previously Reported as Assets and Liabilities." Statement 63 will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. The objective of Statement 65 is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of Statement 65 resulted in the reclassification of the beginning net position of the governmental activities in the government-wide financial statements. The deferred charged for issuance costs were reclassified as expense of prior periods and resulted in the adjustment below:

Net position at September 30, 2012	\$ 46,415,469
Change in reporting for deferred charges for debt issuance costs	<u>(1,208,629)</u>
Net position at September 30, 2012, restated	<u>\$ 45,206,840</u>

The GASB has issued the following Statement which will become effective in future years as shown below:

Statement No. 68, "Accounting and Financial Reporting for Pensions-an amendment of GAB Statement No. 27." The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement will become effective for the City in fiscal year 2015. Management has not yet determined the impact of the financial statements.

**NOTE 14: RESTATEMENT**

The City of New Braunfels adopted GASB Statement No. 63, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65 Items Previously Recognized as Assets and Liabilities as of October 1, 2012. GASB Statement No. 63 impacted financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. GASB Statement No. 65 impacted financial reporting by establishing accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The impact of adoptions of these statements resulted in the Statement of Net Assets becoming the Statement of Net Position. Additionally, certain items previously reported as assets and liabilities have been classified and reported as deferred inflows or outflows.

The standard eliminates the provision for capitalizing and amortizing debt issue costs. Debt issue costs are considered expense at the time debt is issued.

Net position at September 30, 2012	\$ 46,415,469
Change in reporting for deferred charges for debt issuance costs	<u>(1,208,629)</u>
Net position at September 30, 2012, restated	<u>\$ 45,206,840</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 15: SUBSEQUENT EVENTS**

Management evaluated subsequent events through March 7, 2014, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2013, but prior to March 7, 2014 that provide additional evidence about conditions that existed at September 30, 2013, have been recognized in the financial statements for the year ended September 30, 2013. Events or transactions that provided evidence about conditions that did not exist at September 30, 2013 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended September 30, 2013.

This information is an integral part of the accompanying financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUES</b>				
<b>Taxes</b>				
Ad valorem	\$ 10,942,352	\$ 10,942,352	\$ 10,923,710	\$ (18,642)
Sales	15,059,909	15,059,909	15,811,081	751,172
Beverage	190,000	190,000	274,836	84,836
Franchise	7,608,058	7,608,058	7,711,949	103,891
<b>Licenses and Permits</b>				
General Government	150,600	150,600	153,857	3,257
Health	172,500	172,500	188,645	16,145
Miscellaneous	103,000	103,000	138,871	35,871
Code Enforcement	116,000	116,000	132,172	16,172
Code Enforcement	1,575,000	1,575,000	1,633,594	58,594
<b>Intergovernmental Revenue</b>				
Federal Government	-	-	54,736	54,736
Contribution	50,000	50,000	52,603	2,603
<b>Charges for Services</b>				
Charges for Services	9,250	9,250	7,505	(1,745)
Public Safety	2,995,762	2,995,762	2,735,614	(260,148)
Public Works	112,500	112,500	75,000	(37,500)
Health Insurance	-	-	58	58
Library	96,500	96,500	111,102	14,602
<b>Fines and Forfeitures</b>				
Animal Control	15,000	15,000	15,815	815
Law Enforcement	1,206,500	1,206,500	827,855	(378,645)
Municipal Court	47,000	47,000	61,970	14,970
Bailiff	110,500	110,500	81,617	(28,883)
<b>Parks and Recreation</b>				
Aquatics	500,000	500,000	505,175	5,175
Recreation	346,100	346,100	337,977	(8,123)
Picnic	137,500	137,500	168,336	30,836
Miscellaneous	40,000	40,000	48,430	8,430
Interest	70,000	70,000	62,776	(7,224)
Other Contributions	2,500	2,500	500	(2,000)
Miscellaneous	1,017,350	1,017,350	1,384,130	366,780
<b>Total Revenues</b>	<u>42,673,881</u>	<u>42,673,881</u>	<u>43,499,914</u>	<u>826,033</u>
<b>EXPENDITURES</b>				
<b>City Council</b>				
Employee Expenses	128,439	77,439	66,673	10,766
Operations Expenses	37,538	37,538	35,382	2,156
<b>Total City Council</b>	<u>165,977</u>	<u>114,977</u>	<u>102,055</u>	<u>12,922</u>
<b>City Attorney</b>				
Employee Expenses	450,233	454,233	450,450	3,783
Operations Expenses	232,000	232,000	190,695	41,305
<b>Total City Attorney</b>	<u>682,233</u>	<u>686,233</u>	<u>641,122</u>	<u>45,088</u>
<b>City Administration</b>				
Employee Expenses	828,029	882,029	879,325	2,704
Operations Expenses	78,005	78,005	68,681	9,324
<b>Total City Administration</b>	<u>906,034</u>	<u>960,034</u>	<u>948,006</u>	<u>12,028</u>
<b>Human Resources</b>				
Employee Expenses	510,200	522,200	522,118	82
Operations Expenses	129,641	117,641	102,732	14,909
<b>Total Human Resources</b>	<u>639,841</u>	<u>639,841</u>	<u>624,850</u>	<u>14,991</u>
<b>Support Services</b>				
Employee Expenses	1,790,308	1,717,308	1,658,547	58,761
Operations Expenses	530,133	530,133	502,916	27,217
<b>Total Support Services</b>	<u>2,320,441</u>	<u>2,247,441</u>	<u>2,161,463</u>	<u>85,978</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - continued**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended September 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>Planning</b>				
Employee Expenses	\$ 1,921,404	\$ 1,906,404	\$ 1,886,235	\$ 20,169
Operations Expenses	520,543	520,543	496,175	24,368
Capital Expenses	-	-	-	-
Total Planning	<u>2,441,947</u>	<u>2,426,947</u>	<u>2,382,410</u>	<u>44,537</u>
<b>Police</b>				
Employee Expenses	10,012,260	10,321,260	10,319,495	1,765
Operations Expenses	1,344,103	1,319,103	1,203,880	115,223
Capital Expenses	25,200	25,200	25,022	178
Total Police	<u>11,381,563</u>	<u>11,665,563</u>	<u>11,548,397</u>	<u>117,166</u>
<b>Fire</b>				
Employee Expenses	11,535,687	11,941,687	11,904,265	37,422
Operations Expenses	1,708,079	1,708,079	1,708,039	40
Capital Expenses	76,000	76,000	75,999	1
Total Fire	<u>13,319,766</u>	<u>13,725,766</u>	<u>13,688,303</u>	<u>37,463</u>
<b>Public Works</b>				
Employee Expenses	2,512,058	2,439,058	2,364,320	74,738
Operations Expenses	2,564,196	2,564,196	2,552,825	11,371
Capital Expenses	15,600	15,600	15,576	24
Total Public Works	<u>5,091,854</u>	<u>5,018,854</u>	<u>4,932,721</u>	<u>86,133</u>
<b>Parks and Recreation</b>				
Employee Expenses	2,432,990	2,432,990	2,412,587	20,403
Operations Expenses	1,409,628	1,409,628	1,335,917	73,711
Capital Expenses	42,000	42,000	42,000	-
Total Parks and Recreation	<u>3,884,618</u>	<u>3,884,618</u>	<u>3,790,504</u>	<u>94,114</u>
<b>Library</b>				
Employee Expenses	1,295,074	1,265,074	1,232,865	32,209
Operations Expenses	550,612	538,112	492,242	45,870
Capital Expenses	-	12,500	10,750	1,750
Total Library	<u>1,845,686</u>	<u>1,815,686</u>	<u>1,735,857</u>	<u>79,829</u>
<b>Nondepartmental</b>				
Operations Expenses	1,312,455	1,312,455	1,053,190	259,265
Contingencies	686,222	691,287	691,065	222
Total Nondepartmental	<u>1,998,677</u>	<u>2,003,742</u>	<u>1,744,255</u>	<u>259,487</u>
<b>Total Expenditures</b>	<b><u>44,678,637</u></b>	<b><u>45,189,702</u></b>	<b><u>44,299,943</u></b>	<b><u>889,736</u></b>
Excess of Revenues Over (Under) Expenditures	(2,004,756)	(2,515,821)	(800,029)	1,715,769
<b>Other Financing Sources (Uses)</b>				
Transfers In	652,562	652,562	682,562	(30,000)
Transfers Out	(1,353,098)	(1,533,098)	(1,533,098)	-
Proceeds from Sale of Capital Assets	-	-	375	375
Total Other Financing Sources (Uses)	<u>(700,536)</u>	<u>(880,536)</u>	<u>(850,161)</u>	<u>(29,625)</u>
Change in Fund Balance	(2,705,292)	(3,396,357)	(1,650,190)	1,686,144
Fund Balance - October 1	<u>16,839,366</u>	<u>16,839,366</u>	<u>16,839,366</u>	<u>-</u>
Fund Balance - September 30	<u>\$ 14,134,074</u>	<u>\$ 13,443,009</u>	<u>\$ 15,189,176</u>	<u>\$ 1,686,144</u>

Note: 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.

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HOTEL-MOTEL FUND**  
**Year Ended September 30, 2013**

	Budgeted Amounts		Actual	Variance
	Original	Final	GAAP	with Final Budget
<b>REVENUE</b>				
Taxes	\$ 2,835,000	\$ 2,835,000	\$ 3,375,402	\$ 540,402
Interest	1,200	1,200	429	(771)
Total Revenues	<u>2,836,200</u>	<u>2,836,200</u>	<u>3,375,831</u>	<u>539,631</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government - Operations	1,929,100	1,985,100	1,994,931	9,831
Total Expenditures	<u>1,929,100</u>	<u>1,985,100</u>	<u>1,994,931</u>	<u>9,831</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	907,100	851,100	1,380,900	529,800
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(1,001,300)	(1,001,300)	(912,059)	89,241
Total Other Financing Sources (Uses)	<u>(1,001,300)</u>	<u>(1,001,300)</u>	<u>(912,059)</u>	<u>89,241</u>
<b>Net Change in Fund Balance</b>	(94,200)	(150,200)	468,841	619,041
<b>Fund Balance - October 1</b>	666,421	666,421	666,421	-
<b>Fund Balance - September 30</b>	<u>\$ 572,221</u>	<u>\$ 516,221</u>	<u>\$ 1,135,262</u>	<u>\$ 619,041</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS**  
**PENSION**  
**AND OTHER POSTEMPLOYMENT BENEFITS**  
**Year Ended September 30, 2013**

**Pension**

<b>Year Ending</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Accrued Liability (AAL)</b>				<b>UAAL as a Percentage of Covered Payroll</b>	
		<b>Value of Assets</b>	<b>Unit Credit Actuary Method</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>Covered Payroll</b>
9/30/2011	12/31/2010	59,092,704	88,268,964	29,176,260	66.9%	23,146,599	126.0%
9/30/2012	12/31/2011	65,548,163	94,893,431	29,345,268	69.1%	24,680,046	118.9%
9/30/2013	12/31/2012	73,007,644	101,466,756	28,459,112	72.0%	25,599,821	111.2%

**Other Postemployment Benefits**

<b>Year Ending</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Accrued Liability (AAL)</b>				<b>UAAL as a Percentage of Covered Payroll</b>	
		<b>Value of Assets</b>	<b>Unit Credit Actuary Method</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>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	10/1/2011	-	10,472,870	10,472,870	0.00%	22,675,522	46.2%
9/30/2013	10/1/2011	-	10,473,000	10,472,870	0.00%	22,675,522	46.2%

## OTHER SUPPLEMENTARY INFORMATION

## CITY OF NEW BRAUNFELS, TEXAS

## COMBINING BALANCE SHEET

## General Fund - Subfunds

September 30, 2013

	General Fund	Equipment Replacement Fund	Facilities Maintenance Fund	Stormwater Drainage Utility Fund	Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 55,020	\$ 427,908	\$ -	\$ -	\$ 482,928
Pooled and Temporary Investments	14,409,351	4,285,345	312,442	-	19,007,138
Receivables, net					
Taxes	325,371	-	-	-	325,371
Accounts	4,028,701	-	-	-	4,028,701
Interest	80,056	10,222	-	-	90,278
Due from Other Governments	22,838	-	-	-	22,838
Due from Other Funds	1,429,008	-	-	-	1,429,008
Inventories	280	-	-	-	280
Total Assets	<u>\$ 20,350,625</u>	<u>\$ 4,723,475</u>	<u>\$ 312,442</u>	<u>\$ -</u>	<u>\$ 25,386,542</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 1,947,732	\$ 215,681	\$ -	\$ -	\$ 2,163,413
Due to Other Governments	-	-	-	-	-
Due to Component Unit	-	-	-	-	-
Due to Other Funds	1,588,261	-	154,766	-	1,743,027
Deposits Payable	237,182	-	-	-	237,182
Accrued Expenditures	1,062,903	-	3,049	-	1,065,952
Total Liabilities	<u>4,836,078</u>	<u>215,681</u>	<u>157,815</u>	<u>-</u>	<u>5,209,574</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue	<u>325,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,371</u>
<b>Fund Balances</b>					
Nonspendable	280	-	-	-	280
Assigned	-	4,507,794	154,627	-	4,662,421
Unassigned	15,188,896	-	-	-	15,188,896
Total Fund Balances	<u>15,189,176</u>	<u>4,507,794</u>	<u>154,627</u>	<u>-</u>	<u>19,851,597</u>
Total Liabilities, Deferred inflows of Resources and Fund Balances	<u>\$ 20,350,625</u>	<u>\$ 4,723,475</u>	<u>\$ 312,442</u>	<u>\$ -</u>	<u>\$ 25,386,542</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**General Fund - Subfunds**  
**Year Ended September 30, 2013**

	<b>General Fund</b>	<b>Equipment Replacement Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Stormwater Drainage Utility Fund</b>	<b>Eliminations</b>	<b>Totals</b>
<b>REVENUE</b>						
Taxes	\$ 34,721,576	\$ -	\$ -	\$ -	\$ -	\$ 34,721,576
Licenses and Permits	2,247,139	-	-	-	-	2,247,139
Intergovernmental	107,339	-	-	-	-	107,339
Fines and Forfeitures	987,257	-	-	-	-	987,257
Interest	62,776	26,840	476	-	-	90,092
Parks and Recreation	1,059,918	-	-	-	-	1,059,918
Miscellaneous	1,384,630	-	-	-	-	1,384,630
Other Contributions	-	-	-	-	-	-
Charges for Services	2,929,279	-	-	-	-	2,929,279
<b>Total Revenues</b>	<b>43,499,914</b>	<b>26,840</b>	<b>476</b>	<b>-</b>	<b>-</b>	<b>43,527,230</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
General Government	5,385,748	317,736	-	-	-	5,703,484
Finance and Tax	836,003	-	-	-	-	836,003
Planning and Environmental	2,382,410	-	-	-	-	2,382,410
Public Safety	25,236,700	278,315	-	-	-	25,515,015
Public Works	4,932,721	209,000	235,839	-	-	5,377,560
Parks and Recreation	3,790,504	26,363	44,015	-	-	3,860,882
Civic Center	-	-	-	-	-	-
Library	1,735,857	-	1,391	-	-	1,737,248
<b>Total Expenditures</b>	<b>44,299,943</b>	<b>831,414</b>	<b>281,245</b>	<b>-</b>	<b>-</b>	<b>45,412,602</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(800,029)</b>	<b>(804,574)</b>	<b>(280,769)</b>	<b>-</b>	<b>-</b>	<b>(1,885,372)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	682,562	855,711	-	-	-	1,538,273
Transfers Out	(1,533,098)	(2,579,149)	(166,725)	-	-	(4,278,972)
Proceeds from Sale of Capital Assets	375	26,695	-	-	-	27,070
Total Other Financing Sources (Uses)	(850,161)	(1,696,743)	(166,725)	-	-	(2,713,629)
<b>Net Change in Fund Balance</b>	<b>(1,650,190)</b>	<b>(2,501,317)</b>	<b>(447,494)</b>	<b>-</b>	<b>-</b>	<b>(4,599,001)</b>
<b>Fund Balance - October 1</b>	<b>16,839,366</b>	<b>7,009,111</b>	<b>602,121</b>	<b>-</b>	<b>-</b>	<b>24,450,598</b>
<b>Fund Balance - September 30</b>	<b>\$ 15,189,176</b>	<b>\$ 4,507,794</b>	<b>\$ 154,627</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,851,597</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING BALANCE SHEET**  
**Nonmajor Governmental Funds**  
**September 30, 2013**

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,122,061	\$ 1,127,323	\$ 8,699	\$ 4,258,083
Pooled and Temporary Investments	272,448	10,547,209	85,486	10,905,143
Accounts Receivable	145,768	-	-	145,768
Due from Other Governments	752,962	-	-	752,962
Due from Other Funds	1,588,261	-	-	1,588,261
<b>Total Assets</b>	<b>\$ 5,881,500</b>	<b>\$ 11,674,532</b>	<b>\$ 94,185</b>	<b>\$ 17,650,217</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 194,487	\$ 427,998	\$ -	\$ 622,485
Accrued Expenditures	31,173	3,499	-	34,672
Due to Other Funds	748,511	23,471	-	771,982
<b>Total Liabilities</b>	<b>974,171</b>	<b>454,968</b>	<b>-</b>	<b>1,429,139</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue	577,288	-	-	577,288
<b>Fund Balances</b>				
Nonspendable	-	-	94,185	94,185
Restricted	1,902,739	11,219,564	-	13,122,303
Committed	3,159,892	-	-	3,159,892
Unassigned	(732,590)	-	-	(732,590)
<b>Total Fund Balances</b>	<b>4,330,041</b>	<b>11,219,564</b>	<b>94,185</b>	<b>15,643,790</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 5,881,500</b>	<b>\$ 11,674,532</b>	<b>\$ 94,185</b>	<b>\$ 17,650,217</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**Nonmajor Governmental Funds**  
**Year Ended September 30, 2013**

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Funds
<b>REVENUE</b>				
Taxes	\$ 1,003,223	\$ -	\$ -	\$ 1,003,223
Licenses and Permits	4,312	-	-	4,312
Fines and Forfeitures	185,413	-	575	185,988
Parks and Recreation	197,310	270,500	-	467,810
Interest	389	15,969	81	16,439
Federal Grants	688,866	-	-	688,866
State and Local Grants	364,311	1,616,502	-	1,980,813
Miscellaneous	1,223,686	13,095	5,500	1,242,281
Other Contributions	69,578	1,155,202	485	1,225,265
Charges and Fees	163,201	-	-	163,201
Total Revenues	<u>3,900,289</u>	<u>3,071,268</u>	<u>6,641</u>	<u>6,978,198</u>
<b>EXPENDITURES</b>				
General Government	308,297	-	-	308,297
Finance and Tax	-	18,300	-	18,300
Planning and Environmental Devel.	881,696	-	-	881,696
Public Safety	1,361,493	1,059,195	-	2,420,688
Public Works	3,144,701	4,791,044	-	7,935,745
Parks and Recreation	10,404	1,585,388	300	1,596,092
Civic Center	54,134	-	-	54,134
Library	78,808	204,470	-	283,278
Airport	3,563	259,872	-	263,435
Total Expenditures	<u>5,843,096</u>	<u>7,918,269</u>	<u>300</u>	<u>13,761,665</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(1,942,807)</u>	<u>(4,847,001)</u>	<u>6,341</u>	<u>(6,783,467)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	4,525,689	194,911	-	4,720,600
Transfers Out	(33,485)	(28,186)	-	(61,671)
Proceeds From Sale of Capital Assets	<u>385,197</u>	<u>-</u>	<u>-</u>	<u>385,197</u>
Total Other Financing Sources (Uses)	<u>4,877,401</u>	<u>166,725</u>	<u>-</u>	<u>5,044,126</u>
<b>Net Change in Fund Balance</b>	<b>2,934,594</b>	<b>(4,680,276)</b>	<b>6,341</b>	<b>(1,739,341)</b>
<b>Fund Balance - October 1</b>	<b>1,395,447</b>	<b>15,899,840</b>	<b>87,844</b>	<b>17,383,131</b>
<b>Fund Balance - September 30</b>	<b>\$ 4,330,041</b>	<b>\$ 11,219,564</b>	<b>\$ 94,185</b>	<b>\$ 15,643,790</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING BALANCE SHEET**  
**Nonmajor Special Revenue Funds**  
**September 30, 2013**

	<b>Community Development Block Grant</b>	<b>Grants Fund</b>	<b>Special Revenue Donations</b>	<b>River</b>
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ 114,316	\$ 45,028
Pooled and Temporary Investments	-	-	-	-
Accounts Receivable	-	-	-	-
Due from Other Governments	-	752,962	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ 752,962</u></u>	<u><u>\$ 114,316</u></u>	<u><u>\$ 45,028</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 3,451	\$ 4,010	\$ 1,227	\$ 21,141
Due to Other Funds	3,844	744,667	-	-
Accrued Wages Payable	-	1,656	-	22,893
Total Liabilities	<u><u>7,295</u></u>	<u><u>750,333</u></u>	<u><u>1,227</u></u>	<u><u>44,034</u></u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	<u><u>577,288</u></u>	-	-
<b>Fund Balances</b>				
Restricted	-	-	-	-
Committed	-	-	113,089	994
Unassigned	<u><u>(7,295)</u></u>	<u><u>(574,659)</u></u>	-	-
Total Fund Balances	<u><u>(7,295)</u></u>	<u><u>(574,659)</u></u>	<u><u>113,089</u></u>	<u><u>994</u></u>
Total Liabilities and Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ 752,962</u></u>	<u><u>\$ 114,316</u></u>	<u><u>\$ 45,028</u></u>

Court Security	Judicial Efficiency	Court Technology	Child Safety	Stormwater Development	Juvenile Case Management
\$ 5,286	\$ 12,708	\$ 15,783	\$ 153,454 30,265	1,364 25,321	\$ 33,294 125,507
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 5,286</b>	<b>\$ 12,708</b>	<b>\$ 15,783</b>	<b>\$ 183,719</b>	<b>\$ 26,685</b>	<b>\$ 158,801</b>
<hr/>					
\$ -	\$ -	\$ 144	\$ 179	\$ -	\$ -
-	-	-	-	-	-
-	-	-	2,919	-	1,855
-	-	144	3,098	-	1,855
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<hr/>					
5,286	12,708	15,639	180,621	26,685	156,946
-	-	-	-	-	-
-	-	-	-	-	-
<b>5,286</b>	<b>12,708</b>	<b>15,639</b>	<b>180,621</b>	<b>26,685</b>	<b>156,946</b>
<b>\$ 5,286</b>	<b>\$ 12,708</b>	<b>\$ 15,783</b>	<b>\$ 183,719</b>	<b>\$ 26,685</b>	<b>\$ 158,801</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING BALANCE SHEET - continued**  
**Nonmajor Special Revenue Funds**  
**September 30, 2013**

	<b>Faust Library</b>	<b>Federal Court Awards</b>	<b>Non-Federal Court Awards</b>	<b>Economic Incentive</b>
<b>ASSETS</b>				
Cash	\$ 1	\$ 176,898	\$ 31,386	\$ -
Pooled and Temporary Investments	-	51,193	40,162	-
Accounts Receivable	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u><u>\$ 1</u></u>	<u><u>\$ 228,091</u></u>	<u><u>\$ 71,548</u></u>	<u><u>\$</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ -	\$ 9,825	\$ 482	\$ -
Due to Other Funds	-	-	-	-
Accrued Wages Payable	-	-	-	-
Total Liabilities	<u><u>\$ -</u></u>	<u><u>9,825</u></u>	<u><u>482</u></u>	<u><u>\$ -</u></u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	-	-	-
<b>Fund Balances</b>				
Restricted	1	218,266	71,066	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u><u>1</u></u>	<u><u>218,266</u></u>	<u><u>71,066</u></u>	<u><u>\$ -</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 1</u></u>	<u><u>\$ 228,091</u></u>	<u><u>\$ 71,548</u></u>	<u><u>\$ -</u></u>

Edwards Aquifer HCP	Cable Franchise PEG	Creekside Town Center	Enterprise Maintenance and Equipment Fund	Total Nonmajor Special Revenue Funds
\$ 2,549	\$ 363,708	\$ 1,110,110	\$ 1,056,176	\$ 3,122,061
-	-	-	-	272,448
-	40,357	105,411	-	145,768
-	-	-	-	752,962
-	-	-	1,588,261	1,588,261
<u>\$ 2,549</u>	<u>\$ 404,065</u>	<u>\$ 1,215,521</u>	<u>\$ 2,644,437</u>	<u>\$ 5,881,500</u>
<hr/>				
\$ 151,335	\$ -	\$ -	\$ 2,693	\$ 194,487
-	-	-	-	748,511
1,850	-	-	-	31,173
<u>153,185</u>	<u>-</u>	<u>-</u>	<u>2,693.00</u>	<u>974,171</u>
<hr/>				
-	-	-	-	577,288
<hr/>				
-	-	1,215,521	-	1,902,739
-	404,065	-	2,641,744	3,159,892
(150,636)	-	-	-	(732,590)
<u>(150,636)</u>	<u>404,065</u>	<u>1,215,521</u>	<u>2,641,744</u>	<u>4,330,041</u>
<u>\$ 2,549</u>	<u>\$ 404,065</u>	<u>\$ 1,215,521</u>	<u>\$ 2,644,437</u>	<u>\$ 5,881,500</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**Nonmajor Special Revenue Funds**  
**Year Ended September 30, 2013**

	<b>Community Development Block Grant</b>	<b>Grants Fund</b>	<b>Special Revenue Donations</b>	<b>River</b>
<b>REVENUE</b>				
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Licenses and Permits	-	-	-	4,312
Fines and Forfeitures	-	-	-	67,055
Parks and Recreation	-	-	-	197,310
Interest	-	-	-	-
Federal Grants	296,300	200,613	-	-
State and Local Grants	-	256,624	-	-
Miscellaneous	-	-	64,875	5
Other Contributions	-	-	69,578	-
Charges and Fees	-	-	-	-
Total Revenues	<u>296,300</u>	<u>457,237</u>	<u>134,453</u>	<u>268,682</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	150,000	-	-
Finance and Tax	-	-	-	-
Planning and Environmental Development	304,408	577,288	-	-
Public Safety	-	297,092	90,079	584,671
Public Works	-	1,295	-	347,837
Parks and Recreation	-	-	9,067	1,337
Civic Center	-	-	-	-
Library	-	27,280	51,528	-
Airport	-	-	3,563	-
Total Expenditures	<u>304,408</u>	<u>1,052,955</u>	<u>154,237</u>	<u>933,845</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(8,108)</u>	<u>(595,718)</u>	<u>(19,784)</u>	<u>(665,163)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Capital Assets	-	-	-	-
Transfers In	-	40,616	-	667,396
Transfers Out	-	-	-	(2,235)
Total Other Financing Sources (Uses)	-	40,616	-	665,161
<b>Net Change in Fund Balance</b>	<u>(8,108)</u>	<u>(555,102)</u>	<u>(19,784)</u>	<u>(2)</u>
<b>Fund Balance - October 1</b>	<u>813</u>	<u>(19,557)</u>	<u>132,873</u>	<u>996</u>
<b>Fund Balance - September 30</b>	<u>\$ (7,295)</u>	<u>\$ (574,659)</u>	<u>\$ 113,089</u>	<u>\$ 994</u>

Court Security	Judicial Efficiency	Court Technology	Child Safety	Stormwater Development	Juvenile Case Management
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
26,335	3,363	35,217	9,651	-	43,792
-	-	-	-	-	-
-	-	-	29	50	120
-	-	-	-	-	-
-	-	-	107,687	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>26,335</u>	<u>3,363</u>	<u>35,217</u>	<u>117,367</u>	<u>50</u>	<u>43,912</u>
-	-	-	-	-	-
-	-	-	-	-	-
21,148	1,015	36,422	78,136	-	47,742
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>21,148</u>	<u>1,015</u>	<u>36,422</u>	<u>78,136</u>	<u>-</u>	<u>47,742</u>
5,187	2,348	(1,205)	39,231	50	(3,830)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,187</u>	<u>2,348</u>	<u>(1,205)</u>	<u>39,231</u>	<u>50</u>	<u>(3,830)</u>
99	10,360	16,844	141,390	26,635	160,776
<u>\$ 5,286</u>	<u>\$ 12,708</u>	<u>\$ 15,639</u>	<u>\$ 180,621</u>	<u>\$ 26,685</u>	<u>\$ 156,946</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Nonmajor Special Revenue Funds - continued**  
**Year Ended September 30, 2013**

	<b>Faust Library</b>	<b>Federal Court Awards</b>	<b>Non-Federal Court Awards</b>
<b>REVENUE</b>			
Ad Valorem Taxes	\$ -	\$ -	\$ -
Sales Taxes	- -	- -	- -
Licenses and Permits	- -	- -	- -
Fines and Forfeitures	- -	- -	- -
Parks and Recreation	- -	- -	- -
Interest	- -	153	37
Federal Grants	- -	191,953	- -
State and Local Grants	- -	- -	- -
Miscellaneous	- -	- -	15,818
Other Contributions	- -	- -	- -
Charges and Fees	- -	- -	- -
Total Revenues	<hr/> - -	<hr/> 192,106	<hr/> 15,855
<b>EXPENDITURES</b>			
<b>Current</b>			
General Government	- -	- -	- -
Finance and Tax	- -	- -	- -
Planning and Environmental Development	- -	- -	- -
Public Safety	- -	131,085	74,103
Public Works	- -	- -	- -
Parks and Recreation	- -	- -	- -
Civic Center	- -	- -	- -
Library	- -	- -	- -
Airport	- -	- -	- -
Total Expenditures	<hr/> - -	<hr/> 131,085	<hr/> 74,103
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<hr/> - -	<hr/> 61,021	<hr/> (58,248)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	- -	- -	4,500
Transfers In	- -	- -	- -
Transfers Out	- -	- -	- -
Total Other Financing Sources (Uses)	<hr/> - -	<hr/> - -	<hr/> 4,500
<b>Net Change in Fund Balance</b>	<hr/> - -	<hr/> 61,021	<hr/> (53,748)
<b>Fund Balance - October 1</b>	<hr/> 1	<hr/> 157,245	<hr/> 124,814
<b>Fund Balance - September 30</b>	<hr/> \$ 1	<hr/> \$ 218,266	<hr/> \$ 71,066

Economic Incentive	Edwards Aquifer HCP	Cable Franchise PEG	Creekside Town Center	Enterprise Maintenance and Equipment Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 394,369	\$ -	\$ 394,369
-	-	-	608,854	-	608,854
-	-	-	-	-	4,312
-	-	-	-	-	185,413
-	-	-	-	-	197,310
-	-	-	-	-	389
-	-	-	-	-	688,866
-	-	-	-	-	364,311
-	1,142,988	-	-	-	1,223,686
-	-	-	-	-	69,578
-	-	163,201	-	-	163,201
-	1,142,988	163,201	1,003,223	-	3,900,289
1,250	-	155,547	1,500	-	308,297
-	-	-	-	-	881,696
-	-	-	-	-	1,361,493
-	1,326,689	-	-	1,468,880	3,144,701
-	-	-	-	-	10,404
-	-	-	-	54,134	54,134
-	-	-	-	-	78,808
-	-	-	-	-	3,563
1,250	1,326,689	155,547	1,500	1,523,014	5,843,096
(1,250)	(183,701)	7,654	1,001,723	(1,523,014)	(1,942,807)
1,250	32,366	-	-	380,697	385,197
-	-	-	(31,250)	3,784,061	4,525,689
1,250	32,366	-	(31,250)	4,164,758	4,877,401
-	(151,335)	7,654	970,473	2,641,744	2,934,594
-	699	396,411	245,048	-	1,395,447
\$ -	\$ (150,636)	\$ 404,065	\$ 1,215,521	\$ 2,641,744	\$ 4,330,041

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING BALANCE SHEET**  
**Nonmajor Capital Projects Funds**  
**September 30, 2013**

	<b>Roadway Impact Fees</b>	<b>Park Improvement</b>	<b>Certificates of Obligation 2004 Fund</b>
<b>ASSETS</b>			
Cash	\$ 517,971	\$ 294,081	\$ -
Pooled and Temporary Investments	<u>3,007,000</u>	<u>200,810</u>	<u>83,554</u>
Total Assets	<u><u>\$ 3,524,971</u></u>	<u><u>\$ 494,891</u></u>	<u><u>\$ 83,554</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 27,000	\$ -	\$ -
Due to Other Funds	- -	- -	23,471
Accrues Expenses	<u>- -</u>	<u>- -</u>	<u>- -</u>
Total Liabilities	<u><u>27,000</u></u>	<u><u>- -</u></u>	<u><u>23,471</u></u>
<b>Fund Balances</b>			
Restricted	<u>3,497,971</u>	<u>494,891</u>	<u>60,083</u>
Total Fund Balances	<u><u>3,497,971</u></u>	<u><u>494,891</u></u>	<u><u>60,083</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 3,524,971</u></u>	<u><u>\$ 494,891</u></u>	<u><u>\$ 83,554</u></u>

Certificates of Obligation 2007 Fund	Certificates of Obligation 2008 Fund	Certificates of Obligation 2009 Fund	Certificates of Obligation 2011 Fund	Total Nonmajor Capital Projects Funds
\$ 10,032	\$ 243,914	\$ 19,195	\$ 42,130	\$ 1,127,323
846,684	1,117,846	1,683,411	3,607,904	10,547,209
<u>\$ 856,716</u>	<u>\$ 1,361,760</u>	<u>\$ 1,702,606</u>	<u>\$ 3,650,034</u>	<u>\$ 11,674,532</u>
\$ 13,130	\$ 31,951	26,651	329,266	\$ 427,998
-	-	-	-	23,471
-	-	3,499	-	3,499
<u>13,130</u>	<u>31,951</u>	<u>30,150</u>	<u>329,266</u>	<u>454,968</u>
843,586	1,329,809	1,672,456	3,320,768	11,219,564
<u>843,586</u>	<u>1,329,809</u>	<u>1,672,456</u>	<u>3,320,768</u>	<u>11,219,564</u>
<u>\$ 856,716</u>	<u>\$ 1,361,760</u>	<u>\$ 1,702,606</u>	<u>\$ 3,650,034</u>	<u>\$ 11,674,532</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**Nonmajor Capital Projects Funds**  
**Year Ended September 30, 2013**

	<b>Roadway Impact Fees</b>	<b>Park Improvement</b>	<b>Certificates of Obligation 2004 Fund</b>
<b>REVENUE</b>			
Parks and Recreation	\$ -	\$ 270,500	\$ -
Interest	2,849	190	194
State and Local Grants	-	-	-
Miscellaneous	-	-	-
Other Contributions	<u>1,155,202</u>	-	-
Total Revenues	<u>1,158,051</u>	<u>270,690</u>	<u>194</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
Finance and Tax	-	-	-
Public Safety	36,720	-	-
Public Works	671,852	-	-
Parks and Recreation	-	-	5,894
Library	204,470	-	-
Airport	-	-	-
Total Expenditures	<u>913,042</u>	<u>-</u>	<u>5,894</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>245,009</b>	<b>270,690</b>	<b>(5,700)</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	-	-	-
Transfers Out	-	-	(28,186)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(28,186)</u>
<b>Net Change in Fund Balance</b>	<b>245,009</b>	<b>270,690</b>	<b>(33,886)</b>
<b>Fund Balance - October 1</b>	<b><u>3,252,962</u></b>	<b><u>224,201</u></b>	<b><u>93,969</u></b>
<b>Fund Balance - September 30</b>	<b><u>\$ 3,497,971</u></b>	<b><u>\$ 494,891</u></b>	<b><u>\$ 60,083</u></b>

Certificates of Obligation 2007 Fund	Certificates of Obligation 2008 Fund	Certificates of Obligation 2009 Fund	Certificates of Obligation 2011 Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ 270,500
1,660	127	2,580	8,369	15,969
-	-	-	1,616,502	1,616,502
500	-	-	12,595	13,095
-	-	-	-	1,155,202
<u>2,160</u>	<u>127</u>	<u>2,580</u>	<u>1,637,466</u>	<u>3,071,268</u>
-	18,300	-	-	18,300
45,910	8,325	968,240	-	1,059,195
14,102	582,092	-	3,522,998	4,791,044
983,063	-	16,550	579,881	1,585,388
-	-	-	-	204,470
-	-	-	259,872	259,872
<u>1,043,075</u>	<u>608,717</u>	<u>984,790</u>	<u>4,362,751</u>	<u>7,918,269</u>
<u>(1,040,915)</u>	<u>(608,590)</u>	<u>(982,210)</u>	<u>(2,725,285)</u>	<u>(4,847,001)</u>
-	28,186	-	166,725	194,911
-	-	-	-	<u>(28,186)</u>
<u>-</u>	<u>28,186</u>	<u>-</u>	<u>166,725</u>	<u>166,725</u>
<u>(1,040,915)</u>	<u>(580,404)</u>	<u>(982,210)</u>	<u>(2,558,560)</u>	<u>(4,680,276)</u>
<u>1,884,501</u>	<u>1,910,213</u>	<u>2,654,666</u>	<u>5,879,328</u>	<u>15,899,840</u>
<u>\$ 843,586</u>	<u>\$ 1,329,809</u>	<u>\$ 1,672,456</u>	<u>\$ 3,320,768</u>	<u>\$ 11,219,564</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Ad valorem Taxes	\$ 8,118,435	\$ 8,118,435	\$ 8,019,094	\$ (99,341)
Interest	500	500	44,981	44,481
Other Contributions	1,681,294	1,681,294	1,691,512	10,218
<b>Total Revenues</b>	<b>9,800,229</b>	<b>9,800,229</b>	<b>9,755,587</b>	<b>(44,642)</b>
<b>EXPENDITURES</b>				
General Government - Operations	-	-	73,766	(73,766)
<b>Debt Service:</b>				
Principal	5,825,000	5,825,000	5,825,000	-
Interest	4,327,917	4,327,917	4,242,148	85,769
Bond Issuance Costs and Fees	-	-	184,749	(184,749)
<b>Total Expenditures</b>	<b>10,152,917</b>	<b>10,152,917</b>	<b>10,325,663</b>	<b>(172,746)</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(352,688)</b>	<b>(352,688)</b>	<b>(570,076)</b>	<b>(217,388)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	611,598	611,598	611,598	-
Proceeds from bond issuance	-	-	10,840,000	10,840,000
Premium Received on the Issuance of Debt	-	-	819,102	819,102
Payments to escrow agent for bond refunding	-	-	(11,677,243)	(11,677,243)
<b>Total Other Financing Sources (Uses)</b>	<b>611,598</b>	<b>611,598</b>	<b>593,457</b>	<b>(18,141)</b>
<b>Net Change in Fund Balance</b>	<b>258,910</b>	<b>258,910</b>	<b>23,381</b>	<b>(235,529)</b>
<b>Fund Balance - October 1</b>	<b>785,975</b>	<b>785,975</b>	<b>785,975</b>	<b>-</b>
<b>Fund Balance - September 30</b>	<b>\$ 1,044,885</b>	<b>\$ 1,044,885</b>	<b>\$ 809,356</b>	<b>\$ (235,529)</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Federal Grants	\$ 500,711	\$ 500,711	\$ 296,300	\$ (204,411)
Total Revenues	<u>500,711</u>	<u>500,711</u>	<u>296,300</u>	<u>(204,411)</u>
<b>EXPENDITURES</b>				
Planning and Environmental Devel.-Operations	-	-	304,408	(304,408)
Total Expenditures	<u>-</u>	<u>-</u>	<u>304,408</u>	<u>(304,408)</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	500,711	500,711	(8,108)	(508,819)
<b>Fund Balance - October 1</b>	813	813	813	-
<b>Fund Balance - September 30</b>	<u>\$ 501,524</u>	<u>\$ 501,524</u>	<u>\$ (7,295)</u>	<u>\$ (508,819)</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GRANTS FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Federal Grants	\$ 1,482,749	\$ 1,482,749	\$ 200,613	\$ (1,282,136)
State and Local Grants	206,358	206,358	256,624	50,266
Total Revenues	<u>1,689,107</u>	<u>1,689,107</u>	<u>457,237</u>	<u>(1,231,870)</u>
<b>EXPENDITURES</b>				
General Government - Operations	-	-	150,000	(150,000)
Planning and Environmental Development -Capital	-	-	577,288	(577,288)
Public Safety				
Employee	-	-	96,557	(96,557)
Operations	-	-	120,419	(120,419)
Capital	-	-	80,116	(80,116)
	<u>-</u>	<u>-</u>	<u>297,092</u>	<u>(297,092)</u>
Public Works-Operations	-	-	1,295	(1,295)
Library-Operations	-	-	27,280	(27,280)
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,052,955</u>	<u>(1,052,955)</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>1,689,107</b>	<b>1,689,107</b>	<b>(595,718)</b>	<b>(2,284,825)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	10,304	10,304	40,616	30,312
Total Other Financing Sources (Uses)	<u>10,304</u>	<u>10,304</u>	<u>40,616</u>	<u>30,312</u>
<b>Net Change in Fund Balance</b>	<b>1,699,411</b>	<b>1,699,411</b>	<b>(555,102)</b>	<b>(2,254,513)</b>
<b>Fund Balance - October 1</b>	<b>(19,557)</b>	<b>(19,557)</b>	<b>(19,557)</b>	<b>-</b>
<b>Fund Balance - September 30</b>	<b>\$ 1,679,854</b>	<b>\$ 1,679,854</b>	<b>\$ (574,659)</b>	<b>\$ (2,254,513)</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL REVENUE DONATIONS FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Intergovernmental	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Other Contributions	75,000	75,000	69,578	(5,422)
Miscellaneous	40,000	40,000	64,875	24,875
<b>Total Revenues</b>	<b><u>125,000</u></b>	<b><u>125,000</u></b>	<b><u>134,453</u></b>	<b><u>9,453</u></b>
<b>EXPENDITURES</b>				
General Government-Operations	-	-	-	-
Public Safety-Operations	108,500	108,500	90,079	18,421
Parks and Recreation-Operations	20,000	20,000	9,067	10,933
Library				
Operations	80,000	80,000	45,748	34,252
Capital	-	-	5,780	(5,780)
	<u>80,000</u>	<u>80,000</u>	<u>51,528</u>	<u>28,472</u>
Airport-Operations	-	-	3,563	(3,563)
<b>Total Expenditures</b>	<b><u>208,500</u></b>	<b><u>208,500</u></b>	<b><u>154,237</u></b>	<b><u>54,263</u></b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b><u>(83,500)</u></b>	<b><u>(83,500)</u></b>	<b><u>(19,784)</u></b>	<b><u>63,716</u></b>
<b>Fund Balance - October 1</b>	<b><u>132,873</u></b>	<b><u>132,873</u></b>	<b><u>132,873</u></b>	<b><u>-</u></b>
<b>Fund Balance - September 30</b>	<b><u>\$ 49,373</u></b>	<b><u>\$ 49,373</u></b>	<b><u>\$ 113,089</u></b>	<b><u>\$ 63,716</u></b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**RIVER FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Licenses and Permits	\$ 5,700.00	\$ 5,700	\$ 4,312	\$ (1,388)
Fines and Forfeitures	150,000	150,000	67,055	(82,945)
Parks and Recreation	330,000	330,000	197,310	(132,690)
Miscellaneous	-	-	5	5
<b>Total Revenues</b>	<b>485,700</b>	<b>485,700</b>	<b>268,682</b>	<b>(217,018)</b>
<b>EXPENDITURES</b>				
Public Safety				
Employee	518,819	540,920	579,230	(38,310)
Operations	8,000	8,000	5,441	2,559
	<b>526,819</b>	<b>548,920</b>	<b>584,671</b>	<b>(35,751)</b>
Public Works				
Employee	279,634	279,634	210,161	69,473
Operations	195,638	195,638	137,676	57,962
	<b>475,272</b>	<b>475,272</b>	<b>347,837</b>	<b>127,435</b>
Parks and Recreation				
Employee	-	-	774	(774)
Operations	-	-	563	(563)
	<b>-</b>	<b>-</b>	<b>1,337</b>	<b>(1,337)</b>
<b>Total Expenditures</b>	<b>1,002,091</b>	<b>1,024,192</b>	<b>933,845</b>	<b>90,347</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(516,391)</b>	<b>(538,492)</b>	<b>(665,163)</b>	<b>(126,671)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	516,391	538,492	667,396	128,904
Transfers Out	-	-	(2,235)	(2,235)
<b>Total Other Financing Sources (Uses)</b>	<b>516,391</b>	<b>538,492</b>	<b>665,161</b>	<b>126,669</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>(2)</b>
<b>Fund Balance - October 1</b>	<b>995</b>	<b>995</b>	<b>996</b>	<b>-</b>
<b>Fund Balance - September 30</b>	<b>\$ 995</b>	<b>\$ 995</b>	<b>\$ 994</b>	<b>\$ (2)</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**COURT SECURITY FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b> <b>Basis</b>	<b>with Final</b> <b>Budget</b>
<b>REVENUE</b>				
Fines and Forfeitures	\$ 24,663	\$ 24,663	\$ 26,335	\$ 1,672
Total Revenues	<u>24,663</u>	<u>24,663</u>	<u>26,335</u>	<u>1,672</u>
<b>EXPENDITURES</b>				
Public Safety				
Employee	21,064	21,064	20,824	240
Operations	-	-	324	(324)
Total Expenditures	<u>21,064</u>	<u>21,064</u>	<u>21,148</u>	<u>(84)</u>
Excess (Deficiency) of Revenue over Expenditures	3,599	3,599	5,187	1,588
Net Change in Fund Balance	3,599	3,599	5,187	1,588
Fund Balance - October 1	<u>100</u>	<u>100</u>	<u>99</u>	<u>-</u>
Fund Balance (Deficit) - September 30	<u>\$ 3,699</u>	<u>\$ 3,699</u>	<u>\$ 5,286</u>	<u>\$ 1,588</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**JUDICIAL EFFICIENCY FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b> <b>with Final</b> <b>Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUE</b>				
Fines and Forfeitures	\$ 5,051.00	\$ 5,051	\$ 3,363	\$ (1,688)
Total Revenues	<u>5,051</u>	<u>5,051</u>	<u>3,363</u>	<u>(1,688)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety-Operations	12,000	12,000	1,015	10,985
Total Expenditures	<u>12,000</u>	<u>12,000</u>	<u>1,015</u>	<u>10,985</u>
<b>Excess (Deficiency) of Revenue over</b>				
<b>Expenditures</b>	(6,949)	(6,949)	2,348	9,297
<b>Fund Balance - October 1</b>	<u>10,360</u>	<u>10,360</u>	<u>10,360</u>	<u>-</u>
<b>Fund Balance - September 30</b>	<u>\$ 3,411</u>	<u>\$ 3,411</u>	<u>\$ 12,708</u>	<u>\$ 9,297</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**COURT TECHNOLOGY FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b> <b>with Final</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUE</b>				
Fines and Forfeitures	\$ 33,304	\$ 33,304	\$ 35,217	\$ 1,913
Total Revenues	<u>33,304</u>	<u>33,304</u>	<u>35,217</u>	<u>1,913</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety-Operations	38,000	38,000	36,422	1,578
Total Expenditures	<u>38,000</u>	<u>38,000</u>	<u>36,422</u>	<u>1,578</u>
<b>Excess (Deficiency) of Revenue over</b>				
<b>Expenditures</b>	(4,696)	(4,696)	(1,205)	3,491
<b>Fund Balance - October 1</b>	<u>16,844</u>	<u>16,844</u>	<u>16,844</u>	-
<b>Fund Balance - September 30</b>	<u>\$ 12,148</u>	<u>\$ 12,148</u>	<u>\$ 15,639</u>	<u>\$ 3,491</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CHILD SAFETY FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Fines and Forfeitures	\$ 10,000.00	\$ 10,000	\$ 9,651	\$ (349)
Interest	-	-	29	29
State and Local Grants	<u>102,000</u>	<u>102,000</u>	<u>107,687</u>	<u>5,687</u>
<b>Total Revenues</b>	<b><u>112,000</u></b>	<b><u>112,000</u></b>	<b><u>117,367</u></b>	<b><u>5,367</u></b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety				
Employee	67,808	67,808	63,213	(4,595)
Operations	100,000	100,000	14,923	85,077
Capital	<u>80,000</u>	<u>80,000</u>	-	80,000
<b>Total Expenditures</b>	<b><u>247,808</u></b>	<b><u>247,808</u></b>	<b><u>78,136</u></b>	<b><u>160,482</u></b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(135,808)</b>	<b>(135,808)</b>	<b>39,231</b>	<b>165,849</b>
<b>Fund Balance - October 1</b>	<b><u>141,390</u></b>	<b><u>141,390</u></b>	<b><u>141,390</u></b>	<b><u>-</u></b>
<b>Fund Balance - September 30</b>	<b><u>\$ 5,582</u></b>	<b><u>\$ 5,582</u></b>	<b><u>\$ 180,621</u></b>	<b><u>\$ 165,849</u></b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STORMWATER DEVELOPMENT FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
<b>REVENUE</b>			<b>Basis</b>	<b>Budget</b>
Interest	\$ -	\$ -	\$ 50	\$ 50
Charges and Fees	10,000	10,000	-	(10,000)
<b>Total Revenues</b>	<b>10,000</b>	<b>10,000</b>	<b>50</b>	<b>(9,950)</b>
 <b>EXPENDITURES</b>				
<b>Current</b>				
Public Works				
Operations	40,000	40,000	-	40,000
Capital	8,400	8,400	-	8,400
<b>Total Expenditures</b>	<b>48,400</b>	<b>48,400</b>	<b>-</b>	<b>48,400</b>
 <b>Excess (Deficiency) of Revenue over</b>				
<b>Expenditures</b>	<b>(38,400)</b>	<b>(38,400)</b>	<b>50</b>	<b>38,450</b>
 <b>Fund Balance - October 1</b>	<b>94,591</b>	<b>94,591</b>	<b>26,635</b>	
 <b>Fund Balance - September 30</b>	<b>\$ 56,191</b>	<b>\$ 56,191</b>	<b>\$ 26,685</b>	<b>\$ 38,450</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**JUVENILE CASE MANAGEMENT FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Fines and Forfeitures	\$ 41,472	\$ 41,472	\$ 43,792	\$ 2,320
Interest	-	-	120	120
<b>Total Revenues</b>	<b>41,472</b>	<b>41,472</b>	<b>43,912</b>	<b>2,440</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety				
Employee	49,571	49,571	47,742	1,829
Operations	5,000	5,000	-	5,000
<b>Total Expenditures</b>	<b>54,571</b>	<b>54,571</b>	<b>47,742</b>	<b>6,829</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(13,099)</b>	<b>(13,099)</b>	<b>(3,830)</b>	<b>9,269</b>
<b>Fund Balance - October 1</b>	<b>160,776</b>	<b>160,776</b>	<b>160,776</b>	<b>-</b>
<b>Fund Balance - September 30</b>	<b>\$ 147,677</b>	<b>\$ 147,677</b>	<b>\$ 156,946</b>	<b>\$ 9,269</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FAUST LIBRARY FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Library-Operations	\$ -	\$ -	\$ -	\$ -
Total Expenditures	-	-	-	-
<b>Excess (Deficiency) of Revenue over Expenditures</b>				
Fund Balance - October 1	1	1	1	-
Fund Balance - September 30	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FEDERAL COURT AWARDS FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Interest	\$ -	\$ -	\$ 153	\$ 153
Federal Grants	-	-	191,953	191,953
Total Revenues	-	-	192,106	192,106
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety				
Employee	1,500	1,500	265	(1,235)
Operations	141,500	141,500	124,329	(17,171)
Capital	26,000	26,000	6,491	(19,509)
Total Expenditures	169,000	169,000	131,085	(37,915)
Excess (Deficiency) of Revenue over Expenditures	(169,000)	(169,000)	61,021	230,021
<b>Fund Balance - October 1</b>	<u>157,245</u>	<u>157,245</u>	<u>157,245</u>	<u>-</u>
<b>Fund Balance - September 30</b>	<u><u>\$ (11,755)</u></u>	<u><u>\$ (11,755)</u></u>	<u><u>\$ 218,266</u></u>	<u><u>\$ 230,021</u></u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**NON-FEDERAL COURT AWARDS FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Interest	\$ -	\$ -	\$ 37	\$ 37.00
Miscellaneous	- -	- -	15,818	15,818
Total Revenues	<u>- -</u>	<u>- -</u>	<u>15,855</u>	<u>15,855</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety				
Employee	500	500	-	500
Operations	90,500	90,500	47,249	43,251
Capital	35,000	35,000	26,854	8,146
Total Expenditures	<u>126,000</u>	<u>126,000</u>	<u>74,103</u>	<u>51,897</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(126,000)</b>	<b>(126,000)</b>	<b>(58,248)</b>	<b>67,752</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	- -	- -	4,500	4,500
Total Other Financing Sources (Uses)	<u>- -</u>	<u>- -</u>	<u>4,500</u>	<u>4,500</u>
<b>Net Change in Fund Balance</b>	<b>(126,000)</b>	<b>(126,000)</b>	<b>(53,748)</b>	<b>72,252</b>
<b>Fund Balance - October 1</b>	<b>124,814</b>	<b>124,814</b>	<b>124,814</b>	<b>-</b>
<b>Fund Balance - September 30</b>	<b><u>\$ (1,186)</u></b>	<b><u>\$ (1,186)</u></b>	<b><u>\$ 71,066</u></b>	<b><u>\$ 72,252</u></b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ECONOMIC INCENTIVE FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUE</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government-Operations	-	-	1,250	(1,250)
Total Expenditures	-	-	1,250	(1,250)
<b>Excess (Deficiency) of Revenue over Expenditures</b>	-	-	(1,250)	1,250
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	1,250	(1,250)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	1,250	(1,250)
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - October 1</b>	-	-	-	-
<b>Fund Balance - September 30</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**EDWARDS AQUIFER HCP FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Intergovernmental	\$ 2,236,919	\$ 2,236,919	\$ -	\$ (2,236,919)
Miscellaneous	-	-	1,142,988	1,142,988
<b>Total Revenues</b>	<b>2,236,919</b>	<b>2,236,919</b>	<b>1,142,988</b>	<b>(1,093,931)</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Works				
Employee	45,223	45,223	24,047	(21,176)
Operations	19,630	1,458,226	1,015,846	(442,380)
Capital	2,236,919	798,323	286,796	(511,527)
<b>Total Expenditures</b>	<b>2,301,772</b>	<b>2,301,772</b>	<b>1,326,689</b>	<b>(975,083)</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(64,853)</b>	<b>(64,853)</b>	<b>(183,701)</b>	<b>(118,848)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	64,853	64,853	32,366	(32,487)
<b>Total Other Financing Sources (Uses)</b>	<b>64,853</b>	<b>64,853</b>	<b>32,366</b>	<b>(32,487)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(151,335)</b>	<b>(151,335)</b>
<b>Fund Balance - October 1</b>	<b>699</b>	<b>699</b>	<b>699</b>	<b>-</b>
<b>Fund Balance - September 30</b>	<b>\$ 699</b>	<b>\$ 699</b>	<b>\$ (150,636)</b>	<b>\$ (151,335)</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CABLE FRANCHISE PEG FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b> <b>with Final</b> <b>Budget</b>
	<b>Original</b>	<b>Final</b>		
			<b>GAAP</b> <b>Basis</b>	
<b>REVENUE</b>				
Franchise Taxes	\$ 154,000	\$ 154,000	\$ 163,201	\$ 9,201
Total Revenues	<u>154,000</u>	<u>154,000</u>	<u>163,201</u>	<u>9,201</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government				
Operations	75,000	75,000	679	74,321
Capital	<u>350,000</u>	<u>350,000</u>	<u>154,868</u>	<u>195,132</u>
Total Expenditures	<u>425,000</u>	<u>425,000</u>	<u>155,547</u>	<u>269,453</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(271,000)	(271,000)	7,654	278,654
<b>Fund Balance - October 1</b>	<u>396,411</u>	<u>396,411</u>	<u>396,411</u>	<u>-</u>
<b>Fund Balance - September 30</b>	<u>\$ 125,411</u>	<u>\$ 125,411</u>	<u>\$ 404,065</u>	<u>\$ 278,654</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CREEKSIDE TOWN CENTER FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
			<b>GAAP</b>	<b>with Final</b>
	<b>Original</b>	<b>Final</b>	<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Ad valorem Taxes	\$ 369,950	\$ 369,950	\$ 394,369	\$ 24,419.00
Sales Tax	457,250	457,250	608,854	151,604
Interest	-	-	-	-
<b>Total Revenues</b>	<b>827,200</b>	<b>827,200</b>	<b>1,003,223</b>	<b>176,023</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government-Operations	-	-	1,500	(1,500)
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>(1,500)</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>827,200</b>	<b>827,200</b>	<b>1,001,723</b>	<b>174,523</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(31,250)	(31,250)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(31,250)</b>	<b>(31,250)</b>
<b>Net Change in Fund Balance</b>	<b>827,200</b>	<b>827,200</b>	<b>970,473</b>	<b>143,273</b>
<b>Fund Balance - October 1</b>	<b>245,048</b>	<b>245,048</b>	<b>245,048</b>	<b>-</b>
<b>Fund Balance - September 30</b>	<b>\$ 1,072,248</b>	<b>\$ 1,072,248</b>	<b>\$ 1,215,521</b>	<b>143,273</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ENTERPRISE MAINTENANCE AND EQUIPMENT REPLACEMENT FUND**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Interest	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Miscellaneous	20,000	20,000	-	(20,000)
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Works-Operations	14,000	14,000	-	14,000
Public Works-Capital	1,473,146	1,473,146	1,468,880	4,266
Civic Center-Operations	45,000	45,000	44,989	11
Civic Center-Capital	146,000	146,000	9,145	136,855
Total Expenditures	<u>1,678,146</u>	<u>1,678,146</u>	<u>1,523,014</u>	<u>155,132</u>
Excess (Deficiency) of Revenue over Expenditures	(1,648,146)	(1,648,146)	(1,523,014)	125,132
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Capital Assets	-	-	380,697	380,697
Transfers in	3,785,653	3,755,653	3,784,061	28,408
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>3,785,653</u>	<u>3,755,653</u>	<u>4,164,758</u>	<u>409,105</u>
Net Change in Fund Balance	2,137,507	2,107,507	2,641,744	534,237
<b>Fund Balance - October 1</b>				
<b>Fund Balance - September 30</b>				
	<u>\$ 2,137,507</u>	<u>\$ 2,107,507</u>	<u>\$ 2,641,744</u>	<u>\$ 534,237</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CEMETERY PERPETUAL CARE**  
**Year Ended September 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Licenses and Permits	\$ 750.00	\$ 750	\$ 575	\$ (175)
Interest	-	-	81	81
Other Contributions	-	-	485	485
Miscellaneous	-	-	5,500	5,500
<b>Total Revenues</b>	<b>750</b>	<b>750</b>	<b>6,641</b>	<b>5,891</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Parks and Recreation - Operations	80,000	80,000	300	79,700
<b>Total Expenditures</b>	<b>80,000</b>	<b>80,000</b>	<b>300</b>	<b>79,700</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(79,250)</b>	<b>(79,250)</b>	<b>6,341</b>	<b>85,591</b>
<b>Fund Balance - October 1</b>	<b>87,844</b>	<b>87,844</b>	<b>87,844</b>	<b>-</b>
<b>Fund Balance - September 30</b>	<b>\$ 8,594</b>	<b>\$ 8,594</b>	<b>\$ 94,185</b>	<b>\$ 85,591</b>

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## STATISTICAL SECTION

## STATISTICAL SECTION

This part of the City of New Braunfels' 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 government's overall financial health.

Contents	Page
Financial Trends	85
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	91
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax revenues.</i>	
Debt Capacity	96
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	100
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	103
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the service the government provides and the activities it performs.</i>	

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

Table 1

**City of New Braunfels, Texas**  
**Net Position by Component**  
**Last Nine Fiscal Years**  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>									
Net investment in capital assets	\$ 25,698	\$ 19,682	\$ 16,701	\$ 28,406	\$ 24,535	\$ 25,853	\$ 26,047	\$ 25,891	\$ 24,207
Restricted	3,149	30,529	17,170	8,705	5,001	3,834	4,571	4,587	7,931
Unrestricted	17,607	5,562	25,817	23,302	27,138	23,972	22,021	15,937	12,650
Total governmental activities net position	<u>\$ 46,454</u>	<u>\$ 55,773</u>	<u>\$ 59,688</u>	<u>\$ 60,413</u>	<u>\$ 56,674</u>	<u>\$ 53,659</u>	<u>\$ 52,639</u>	<u>\$ 46,415</u>	<u>\$ 44,788</u>
<b>Business-type activities</b>									
Net investment in capital assets	\$ 4,772	\$ 6,330	\$ 8,620	\$ 8,716	\$ 8,414	\$ 7,940	\$ 6,951	\$ 8,200	\$ 11,549
Restricted	3,585	3,860	3,363	2,251	3,103	2,151	1,235	1,930	2,054
Unrestricted	8,357	10,190	11,983	10,967	11,517	10,091	8,186	10,130	13,603
Total business-type activities net position	<u>\$ 8,357</u>	<u>\$ 10,190</u>	<u>\$ 11,983</u>	<u>\$ 10,967</u>	<u>\$ 11,517</u>	<u>\$ 10,091</u>	<u>\$ 8,186</u>	<u>\$ 10,130</u>	<u>\$ 13,603</u>
<b>Primary government</b>									
Net investment in capital assets	\$ 30,470	\$ 26,012	\$ 25,321	\$ 37,122	\$ 32,949	\$ 33,793	\$ 32,998	\$ 34,091	\$ 35,756
Restricted	3,149	30,529	17,170	8,705	5,001	3,834	4,571	4,587	7,931
Unrestricted	21,192	9,422	29,180	25,553	30,241	26,123	23,256	17,867	14,704
Total primary government net position	<u>\$ 54,811</u>	<u>\$ 65,963</u>	<u>\$ 71,671</u>	<u>\$ 71,380</u>	<u>\$ 68,191</u>	<u>\$ 63,750</u>	<u>\$ 60,825</u>	<u>\$ 56,545</u>	<u>\$ 58,391</u>

Source: City financial statements

Table 2

**City of New Braunfels, Texas**  
**Changes in Net Position**  
**Last Nine Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

Table 2

City of New Braunfels, Texas  
 Changes in Net Position  
 Last Nine Fiscal Years  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

	Program Revenues								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>									
Charges for services:									
General government	\$ 167	\$ 430	\$ 1,984	\$ 150	\$ 95	\$ 155	\$ 158	\$ 260	\$ 165
Finance and tax	-	2,904	2,197	2,269	1,967	2,000	2,385	2,988	1,182
Planning and environmental development	1,662	252	2,362	2,827	4,477	4,245	4,684	3,822	3,209
Public safety	2,618	1,052	602	656	620	295	222	1,141	3,936
Public works	16	81	1,162	1,337	1,375	1,181	1,352	1,386	75
Parks and recreation	839	90	82	90	103	137	177	98	1,600
Library	-	71	58	179	1,739	1,874	2,760	1,366	111
Facilities maintenance	58	632	1,803	1,531	801	701	837	1,555	2,072
Civic/Convention Center	487	626	490	985	11,137	10,727	13,395	13,038	3,000
Operating grants and contributions	-	8,032	8,906	9,785					14,113
Capital grants and contributions	<u>5,937</u>	<u>8,032</u>	<u>8,906</u>	<u>9,785</u>	<u>11,137</u>	<u>10,727</u>	<u>13,395</u>	<u>13,038</u>	<u>14,113</u>
<b>Business-type activities:</b>									
Charges for services:									
Airport	668	918	841	1,028	783	1,361	1,406	1,667	1,771
Solid Waste	5,009	5,351	5,259	5,046	5,690	5,855	6,415	7,020	7,215
Golf Course	843	910	890	1,056	1,103	867	957	975	1,076
Civic/Convention Center	-	154	-	9	87	650	955	223	279
Operating grants and contributions	<u>6,674</u>	<u>7,256</u>	<u>6,999</u>	<u>7,217</u>	<u>8,450</u>	<u>9,329</u>	<u>9,393</u>	<u>2,224</u>	<u>55</u>
Capital grants and contributions	<u>6,674</u>	<u>7,256</u>	<u>6,999</u>	<u>7,217</u>	<u>8,450</u>	<u>9,329</u>	<u>9,393</u>	<u>2,224</u>	<u>4,570</u>
Total business-type activities program revenues	<u>12,611</u>	<u>15,288</u>	<u>15,905</u>	<u>17,002</u>	<u>19,587</u>	<u>20,056</u>	<u>22,788</u>	<u>25,253</u>	<u>14,980</u>
Total primary government program revenues	<u>12,611</u>	<u>15,288</u>	<u>15,905</u>	<u>17,002</u>	<u>19,587</u>	<u>20,056</u>	<u>22,788</u>	<u>25,253</u>	<u>29,093</u>
Net (expense) revenue	<u>\$ (23,652)</u>	<u>\$ (25,212)</u>	<u>\$ (30,446)</u>	<u>\$ (37,102)</u>	<u>\$ (40,741)</u>	<u>\$ (43,334)</u>	<u>\$ (44,073)</u>	<u>\$ (52,396)</u>	<u>\$ (55,691)</u>
Governmental activities	<u>1,083</u>	<u>997</u>	<u>144</u>	<u>(598)</u>	<u>220</u>	<u>(426)</u>	<u>194</u>	<u>3,129</u>	<u>5,321</u>
Business-type activities	<u>\$ (22,569)</u>	<u>\$ (24,215)</u>	<u>\$ (30,302)</u>	<u>\$ (37,700)</u>	<u>\$ (40,521)</u>	<u>\$ (43,760)</u>	<u>\$ (43,879)</u>	<u>\$ (49,267)</u>	<u>\$ (50,370)</u>

Table 2

**City of New Braunfels, Texas**  
**Changes in Net Position**  
**Last Nine Fiscal Years**  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

General Revenues and Other Changes in Net Position		2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>										
Taxes										
Property taxes, levied for general purposes	\$ 7,319	\$ 9,154	\$ 9,800	\$ 9,809	\$ 10,781	\$ 10,838	\$ 10,340	\$ 10,578	\$ 11,206	
Property taxes, levied for debt service	2,890	1,382	2,385	3,774	4,688	4,992	5,698	7,260	8,019	
Sales tax	8,580	10,315	11,200	11,974	11,858	12,562	13,457	14,665	16,420	
Hotel/Motel occupancy taxes	2,563	2,747	2,096	2,346	2,155	2,486	2,615	3,118	3,375	
Franchise taxes	4,792	5,320	6,125	5,869	6,351	6,986	7,448	7,694	7,875	
Mixed beverage										
Investment income	1,404	2,618	3,314	2,544	740	189	114	155	187	
Other contributions	436	169	545	775	357	643	817	1,052	1,806	
Miscellaneous	753	2,824	(2,827)	699	(304)	1,015	2,127	1,268	4,492	
Transfers										
Total governmental activities	<b>28,737</b>	<b>34,531</b>	<b>32,664</b>	<b>38,000</b>	<b>37,002</b>	<b>40,274</b>	<b>43,053</b>	<b>46,172</b>	<b>55,273</b>	
<b>Business-type activities:</b>										
Investment income	98	172	199	109	30	14	3	2	2	
Miscellaneous income							25	82	(233)	
Transfers	(48)	664	2,827	(699)	304	(1,015)	(2,127)	(1,269)	(1,618)	
Total business-type activities	<b>50</b>	<b>836</b>	<b>3,026</b>	<b>(590)</b>	<b>334</b>	<b>(1,001)</b>	<b>(2,099)</b>	<b>(1,185)</b>	<b>(1,849)</b>	
Total primary government	<b>\$ 28,787</b>	<b>\$ 35,367</b>	<b>\$ 35,690</b>	<b>\$ 37,410</b>	<b>\$ 37,336</b>	<b>\$ 39,273</b>	<b>\$ 40,954</b>	<b>\$ 44,987</b>	<b>\$ 53,424</b>	
<b>Change in Net Position</b>										
Governmental activities	\$ 5,085	\$ 9,319	\$ 2,218	\$ 898	\$ (3,739)	\$ (3,060)	\$ (1,020)	\$ (6,224)	\$ (418)	
Business-type activities	1,133	1,833	3,170	(1,188)	554	(1,427)	(1,905)	1,944	3,472	
Total primary government	<b>\$ 6,218</b>	<b>\$ 11,152</b>	<b>\$ 5,388</b>	<b>\$ (290)</b>	<b>\$ (3,185)</b>	<b>\$ (4,487)</b>	<b>\$ (2,925)</b>	<b>\$ (4,280)</b>	<b>\$ 3,054</b>	

Source: Statement of Activities from City CAFRs

Table 3

**City of New Braunfels, Texas**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

Source: Balance Sheet

Table 4

**City of New Braunfels, Texas**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes and transfers	\$ 21,846	\$ 26,057	\$ 28,918	\$ 31,515	\$ 33,898	\$ 35,823	\$ 38,778	\$ 39,841	\$ 43,365	\$ 47,119
Licenses and permits	1,459	1,731	2,061	1,705	1,792	1,542	1,490	1,693	2,340	2,252
Intergovernmental										107
Charges for services	799	1,492	1,594	2,278	2,484	3,377	3,001	3,857	3,946	3,093
Fines and forfeitures	927	1,132	1,318	931	1,168	1,191	1,465	1,845	1,233	1,173
Parks and recreation	623	838	1,294	1,130	1,491	1,384	1,180	1,358	1,062	1,528
Interest	226	1,359	2,573	3,267	2,511	715	185	114	302	187
Federal grants	1,677	402	1,022	800	306	385	635	1,137	267	689
State and local grants										
Other contributions	35		86	1,257	1,669	1,830	2,067	1,773	1,150	1,980
Miscellaneous	591	748	442	843	1,255	1,467	830	1,073	2,047	2,917
Charges and fees		30	252							4,440
<b>Total Revenues</b>	<b>28,183</b>	<b>33,789</b>	<b>39,694</b>	<b>43,940</b>	<b>46,797</b>	<b>47,974</b>	<b>49,838</b>	<b>53,245</b>	<b>55,769</b>	<b>65,485</b>
<b>Expenditures</b>										
General government	1,672	3,397	3,401	5,783	5,952	5,200	5,183	6,764	8,312	8,550
Finance and tax	591	651	760	859	1,171	862	811	742	870	1,120
Planning and environmental devel.	1,670	1,321	1,671	2,438	2,391	2,511	2,463	2,959	2,335	3,264
Public safety	13,362	15,131	18,192	18,122	25,919	23,176	22,631	26,137	34,934	28,311
Public works	3,874	2,761	3,066	7,532	16,751	20,670	13,566	13,742	10,112	20,863
Parks and recreation	2,434	3,072	3,218	5,690	4,812	5,713	6,395	4,953	5,907	5,555
Library	3,394	1,006	1,399	1,369	1,551	1,645	1,560	1,602	1,608	2,020
Facilities maintenance										
Civic/Convention Center		296	346	229	260	1,493	4,458			55
Contributions		269	259	7,374						
Housing assistance payments			38		112					
Airport								15	249	9
Capital projects										263
	1,154		6,980							90

Table 4

**City of New Braunfels, Texas**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Debt service										
Principal	905	1,234	343	1,390	2,805	3,575	4,000	4,140	4,715	5,825
Interest	391	1,430	1,547	1,529	2,540	3,182	3,513	3,222	3,961	4,242
Other	422	2	1	542	243	151	3	107	249	185
<b>Total Expenditures</b>	<b>29,829</b>	<b>31,724</b>	<b>41,221</b>	<b>52,969</b>	<b>68,853</b>	<b>68,193</b>	<b>60,374</b>	<b>64,377</b>	<b>73,003</b>	<b>80,253</b>
Excess of revenues over (under) expenditures	(1,646)	2,065	(1,527)	(9,029)	(22,056)	(20,219)	(10,536)	(11,132)	(17,234)	(14,768)
Other financing sources (uses)										
Transfer in	3,277	1,267	5,688	4,127	4,389	3,641	2,399	3,486	4,975	6,871
Transfer out	(1,447)	(514)	(2,864)	(3,854)	(3,690)	(3,946)	(1,384)	(1,858)	(4,106)	(5,253)
Proceeds from issuance of debt	33,684			37,700	16,300	9,500		18,930	19,470	30,330
Premium (discount) on debt issuance				46	100	65			1,526	1,795
Payment to bond escrow agent				(10,432)		(10,432)		(719)		(11,677)
Proceeds from sale of assets				45	25	68	12	114	121	412
Net other financing sources (uses)	<b>35,514</b>	<b>753</b>	<b>2,824</b>	<b>27,632</b>	<b>17,124</b>	<b>9,328</b>	<b>1,027</b>	<b>19,953</b>	<b>21,986</b>	<b>22,478</b>
Net change in fund balances	<b>\$ 33,868</b>	<b>\$ 2,818</b>	<b>\$ 1,297</b>	<b>\$ 18,603</b>	<b>\$ (4,932)</b>	<b>\$ (10,891)</b>	<b>\$ (9,509)</b>	<b>\$ 8,821</b>	<b>\$ 4,752</b>	<b>\$ 7,710</b>
Debt service as a percentage of noncapital expenditures	<b>5.8%</b>	<b>8.7%</b>	<b>5.5%</b>	<b>6.5%</b>	<b>8.1%</b>	<b>10.1%</b>	<b>12.4%</b>	<b>11.6%</b>	<b>12.2%</b>	<b>12.8%</b>

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

**City of New Braunfels, Texas**  
**General Governmental Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Utilities Transfer</b>	<b>Hotel Occupancy Tax</b>	<b>Mixed Beverage Tax</b>	<b>Total</b>
2004	7,391	7,454	664	4,106	1,607	136	21,358
2005	10,122	8,580	713	4,241	1,849	77	25,582
2006	10,535	10,315	809	4,769	1,923	131	28,482
2007	11,938	11,200	874	5,251	2,096	156	31,515
2008	13,519	11,974	939	4,929	2,343	190	33,894
2009	15,266	11,858	1,045	5,306	2,155	193	35,823
2010	15,830	12,562	1,336	5,650	2,486	220	38,084
2011	16,089	13,457	1,629	5,819	2,615	232	39,841
2012	17,828	14,665	1,475	6,065	3,118	211	42,775
2013	19,174	16,420	1,671	6,204	3,375	275	47,119

Data Source: City CAFRs and detailed financial records

Table 6

**City of New Braunfels, Texas**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Fiscal Year Ended	Total Assessed	Total Real Property	Personal Property	Tax Exempt Real Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Estimated Taxable Value		Assessed Value <sup>1</sup> as a Percentage of Actual Value
							Total	Direct Tax Rate	
2004	\$ 2,652,608	\$ 2,607,147	\$ 293,171	\$ 389,147	\$ 2,263,461	\$ 2,263,461	0.37110	2,263,461	85.33%
2005	2,900,318	3,134,226	302,113	423,841	2,476,477	0.44833	2,476,477	85.39%	
2006	3,436,339	3,500,619	324,616	501,538	2,934,801	0.42561	2,934,801	85.40%	
2007	3,825,235	4,074,265	359,825	524,642	3,300,593	0.40986	3,300,593	86.28%	
2008	4,434,090	4,485,101	330,689	635,571	3,798,519	0.40986	3,798,519	85.67%	
2009	4,815,790	4,731,368	4,379,000	715,980	4,099,810	0.40986	4,099,810	85.13%	
2010	4,731,368	4,488,892	382,795	789,412	3,941,956	0.40986	3,941,956	83.32%	
2011	4,871,687	4,610,203	349,205	809,339	4,062,348	0.40986	4,062,348	83.39%	
2012	4,959,408	4,665,542	379,051	853,111	4,106,297	0.44836	4,106,297	82.80%	
2013	5,044,593			866,905	4,177,688	0.46734	4,177,688	82.82%	

Source: Comal County Appraisal District

<sup>1</sup>Assessed Actual Values are net of local option over-65 exemptions, state mandated agricultural exemptions, and disabled veterans' exemptions.

Table 7

**City of New Braunfels, Texas**  
**Property Tax Rates<sup>1</sup>**  
**Direct and Overlapping<sup>2</sup> Governments**  
**(per \$100 of assessed value)**  
**Last Ten Fiscal Years**

Fiscal Year	City of New Braunfels Tax Rate					Overlapping Tax Rates					Total Direct & Overlapping Tax Rates					
	General Government	Debt Service	Total	Comal County	Guadalupe County	Navarro County	New ISD	Braunfels ISD	Comal ISD	NBISD	Comal ISD	NBISD	Comal ISD	NBISD	Comal ISD	NBISD
											Overlapping Rates	Total Direct & Overlapping Rates	Overlapping Rates	Total Direct & Overlapping Rates	Overlapping Rates	Total Direct & Overlapping Rates
2004	0.32423	0.04688	0.37110	0.33374	0.41310	1.62030	1.85500	1.83000	1.83000	2.55984	2.53484	2.40450	2.40450	2.40450	2.40450	
2005	0.32026	0.12807	0.44833	0.33374	0.40300	1.85510	1.82000	1.82000	1.82000	2.60207	2.60207	2.70643	2.70643	2.70643	2.70643	
2006	0.36900	0.05662	0.42561	0.35375	0.40310	1.88000	1.82000	1.80000	1.80000	2.59936	2.57936	2.70871	2.70871	2.70871	2.70871	
2007	0.32702	0.08285	0.40986	0.31520	0.40310	1.82000	1.65250	1.64000	1.64000	2.37756	2.36506	2.63296	2.63296	2.63296	2.63296	
2008	0.29486	0.11500	0.40986	0.31799	0.38950	1.44000	1.34486	1.31000	1.31000	2.07272	2.03786	2.23936	2.23936	2.23936	2.23936	
2009	0.28218	0.12768	0.40986	0.30802	0.38950	1.44000	1.33880	1.31000	1.31000	2.05669	2.02779	2.23936	2.23936	2.23936	2.23936	
2010	0.28218	0.12768	0.40986	0.31296	0.38950	1.44000	1.33910	1.31000	1.31000	2.06192	2.03282	2.23936	2.23936	2.23936	2.23936	
2011	0.26136	0.14850	0.40986	0.33400	0.39990	1.46000	1.33910	1.37000	1.37000	2.08296	2.11386	2.26976	2.26976	2.26976	2.26976	
2012	0.26136	0.18700	0.44836	0.35042	0.40360	1.46000	1.33910	1.43000	1.43000	2.13788	2.22878	2.31196	2.31196	2.31196	2.31196	
2013	0.26856	0.19878	0.46734	0.35042	0.40360	1.43000	1.33910	1.43000	1.43000	2.15687	2.24777	2.30094	2.30094	2.30094	2.30094	

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

<sup>1</sup>Tax rate is per \$100 of taxable assessed value

<sup>2</sup>Overlapping rates are those of local and county governments that apply to property owners within the City of New Braunfels. Overlapping rates are shown for each of the three school districts serving New Braunfels

Table 8

City of New Braunfels, Texas  
 Principal Property Taxpayers  
 Fiscal Year End 2013 and 2004

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Rush Truck Leasing	\$ 41,629,540	1	1.00%			
Central Texas Corridor Hospital (Resolute Health)	28,625,330	2	0.69%			
Creekside Town Center	25,131,520	3	0.60%			
Sundance Apartments	20,178,640	4	0.48%			
Augusta Gruene Apartments	18,536,710	5	0.44%			
Bucees	18,318,250	6	0.44%			
Landmark Garden Apartments	15,500,000	7	0.37%			
Westpointe Village	15,163,080	8	0.36%			
Health Care Reit Inc.	15,126,910	9	0.36%			
Coleman Co Inc	14,811,167	10	0.35%	\$ 11,926,799	1	
Triden Westshore Colony			10,200,000		2	0.45%
NB Marketplace			9,513,680		3	0.42%
H.E. Butt Grocery Co.			9,041,010		4	0.40%
Walmart Real Estate Trust			8,919,370		5	0.39%
Southwestern Bell Telephone			8,884,790		6	0.39%
Bluebonnet Motors			8,719,380		7	0.39%
New Braunfels Office Ltd			8,000,000		8	0.35%
Walmart Supercenter			7,971,020		9	0.35%
Metra United Grand Cypress			7,505,200		10	0.33%
<b>Totals</b>	<b>\$ 213,021,147</b>		<b>5.10%</b>	<b>\$ 90,681,249</b>		<b>3.48%</b>

Source: Comal County Tax Assessor-Collector's Office

Table 9

City of New Braunfels, Texas  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

Fiscal Year Ended	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy
2004	\$ 7,853	\$ 7,643	97.32%	\$ 210	\$ 7,853	\$ 7,853	100.0%
2005	10,149	10,105	99.57%	24	10,129	10,129	99.8%
2006	10,494	9,680	96.67%	797	10,477	10,477	99.8%
2007	11,820	11,568	97.87%	229	11,797	11,797	99.8%
2008	13,422	13,094	97.56%	286	13,380	13,380	99.7%
2009	15,178	14,817	98.06%	274	15,091	15,091	99.4%
2010	15,623	15,210	97.36%	257	15,467	15,467	99.0%
2011	15,838	15,612	98.57%	400	16,012	16,012	101.1%
2012	17,747	17,431	98.22%	325	17,756	17,756	100.1%
2013	19,108	19,092	99.92%	19,092	19,092	19,092	99.9%

Source: Comal County Tax Assessor and City CAFR

Note: Taxes stated are for General Fund and Debt Service Funds.

Table 10

**City of New Braunfels, Texas**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
 (amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities				Business Type Activities				Total Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>			
	General Obligation Bonds		Certificates of Obligation		Revenue Bond		Capital Leases							
	Capital Leases	Capital Leases	Revenue Bond	Capital Leases	Capital Leases	Capital Leases	Capital Leases	Capital Leases						
2004	\$ 1,760	\$ 34,975	\$ 8	\$ 340	\$ 36	\$ 37,119	2.2%	\$ 832						
2005	915	33,445	4	300	24	34,688	1.9%	745						
2006	34,020	-	-	255	13	34,288	1.7%	692						
2007	10,600	50,060	-	210	-	60,870	2.8%	1,169						
2008	10,600	63,555	-	160	-	74,315	3.1%	1,377						
2009	10,545	78,645	-	110	-	89,300	3.8%	1,598						
2010	10,490	65,590	-	55	-	76,135	3.2%	1,319						
2011	10,975	79,180	-	-	-	90,155	3.5%	1,507						
2012	10,725	94,190	-	-	-	104,915	4.0%	1,726						
2013	21,305	97,030	-	-	-	118,335	-	1,912						
								N/A						

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

<sup>1</sup>See the Schedule of Demographic and Economic Statistics for personal income and population data.

Table 11

**City of New Braunfels, Texas**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands, except per capita amount)**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>			<b>Total</b>	<b>Actual Taxable Value<sup>1</sup> of Property</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita<sup>2</sup></b>
2004	\$ 1,760	\$ -	\$ -	\$ 1,760	1,760	0.08%	\$ 39	
2005	915	-	-	915	915	0.04%	20	
2006	-	-	-	-	-	0.00%	-	
2007	10,600	-	-	10,600	10,600	0.32%	204	
2008	10,600	-	-	10,600	10,600	0.28%	196	
2009	10,545	-	-	10,545	10,545	0.26%	189	
2010	10,490	-	-	10,490	10,490	0.27%	182	
2011	10,975	-	-	10,975	10,975	0.27%	183	
2012	10,725	786	-	9,939	9,939	0.24%	163	
2013	21,305	809	-	20,496	20,496	0.49%	331	

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

<sup>1</sup>See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

<sup>2</sup>Population data can be found in the Schedule of Demographic and Economic Statistics

Table 12

**City of New Braunfels, Texas**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2013**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable<sup>1</sup></b>	<b>Estimated Share of Overlapping Debt</b>
Debt repaid with property taxes:			
New Braunfels Independent School District	\$135,287,758	80.9%	\$ 109,407,210
Comal Independent School District	498,246,213	13.5%	67,063,940
Navarro Independent School District	23,751,357	1.0%	239,889
Guadalupe County	19,181,414	5.9%	1,125,949
Comal County	59,095,100	30.9%	18,266,295
Subtotal - overlapping debt	735,561,842		196,103,283
City of New Braunfels direct debt	\$ 118,335,000	100%	118,335,000
Total direct and overlapping debt			<u><u>\$ 314,438,283</u></u>

Source: Debt outstanding data provided by the ISD and the County and is as of December 31, 2011

**Note:**

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of New Braunfels. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses 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.

<sup>1</sup>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.

Table 13

**City of New Braunfels, Texas**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
 (amounts expressed in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 265,261	\$ 290,032	\$ 343,634	\$ 382,524	\$ 443,409	\$ 481,579	\$ 473,137	\$ 487,169	\$ 495,941	\$ 504,459
Total net debt applicable to limit	1,760	915	-	10,600	10,600	10,545	10,490	10,975	10,725	21,305
Legal debt margin	\$ 263,501	\$ 289,117	\$ 343,634	\$ 371,924	\$ 432,809	\$ 471,034	\$ 462,647	\$ 476,194	\$ 485,216	\$ 483,154
Total net debt applicable to the limit as a percentage of debt limit	0.7%	0.3%	0.0%	2.8%	2.4%	2.2%	2.2%	2.3%	2.2%	4.2%

**Legal Debt Margin Calculation for Fiscal Year 2011**

Assessed Value	\$ 4,177,688
Add Back: exempt real property	866,905
Total Assessed Value	\$ 5,044,593
Debt limit (10% of total assessed value)	504,459
Debt applicable to limit:	
General obligation bonds	21,305
Legal debt margin	\$ 483,154

Note: Under state finance law, the City of New Braunfels' 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.

Table 14

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Total Wages</b>		<b>Average Annual Pay</b>	<b>School Enrollment<sup>3</sup></b>	<b>Unemployment Rate<sup>4</sup></b>
		<b>All Industries<sup>2</sup></b>	<b>(expressed in thousands)</b>			
2004	44,596	\$ 1,668,024		\$ 29,679	18,881	4.8%
2005	46,577	1,850,843		31,167	20,008	4.2%
2006	49,514	2,030,917		32,380	21,134	3.9%
2007	52,056	2,191,376		33,380	22,366	3.4%
2008	53,975	2,361,258		34,348	23,656	4.0%
2009	55,867	2,349,085		34,565	24,371	5.7%
2010	57,740	2,388,266		34,998	24,941	5.8%
2011	59,823	2,544,510		35,970	14,273	6.1%
2012	60,791	2,642,199		37,555	15,883	5.1%
2013	61,885	Not Available		Not Available	17,261	4.6%

<sup>2</sup>Total wages and average annual pay is for Comal and Guadalupe counties combined; data provided by the Bureau of Labor Statistics

<sup>3</sup>School enrollment is for Comal County through 2010; 2011 and all following years are for City of New Braunfels only

<sup>4</sup>Data is for the City of New Braunfels

Table 15

**City of New Braunfels, Texas**  
**Principal Employers**  
**Current Year and Ten Years Ago**

<u>Employer</u>	2013			2004		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Comal ISD	2,400	1	8.0%	1,800	1	8.1%
Schlitterbahn Water Park	1,863	2	6.2%	1,700	2	7.7%
Wal-Mart Distribution Center	1,035	3	3.5%	1,200	4	5.4%
New Braunfels ISD	1,005	4	3.4%	850	6	3.8%
Comal County	616	5	2.1%	521	8	2.3%
City of New Braunfels	540	6	1.8%	437	9	2.0%
Christus Santa Rosa Hospital	534	7	1.8%	871	5	3.9%
Hunter Industries-Colorado Materials	525	8	1.8%	700	7	3.2%
HD Supply	384	9	1.3%	-	-	0.0%
Checks in the Mail, Inc.	332	10	1.1%	430	10	1.9%
The Scooter Store	17		0.1%	1,500	3	6.8%
<b>Total</b>	<b>9,251</b>		<b>31.0%</b>	<b>10,209</b>		<b>38.4%</b>

Source: Greater New Braunfels Chamber of Commerce

Table 16

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>GENERAL FUND</b>										
City Secretary	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
City Attorney	2.0	3.0	3.0	2.0	2.0	2.0	3.0	3.0	4.0	4.0
City Manager	3.0	1.0	1.0	3.0	4.0	5.0	4.0	5.0	5.0	5.0
Human Resources	0.0	0.0	0.0	0.0	0.0	0.0	6.0	6.0	7.0	7.0
Support Services	7.0	8.0	10.0	14.0	18.0	14.0	14.0	15.0	16.0	17.0
Municipal Court	5.0	7.0	8.0	10.0	11.0	11.0	11.0	11.0	10.0	10.0
Police	99.0	99.0	103.5	115.0	123.0	140.0	139.0	139.0	143.0	148.0
Fire	83.0	89.0	95.0	104.0	114.0	116.0	116.0	116.0	134.0	134.0
Planning and Community Development	14.0	16.5	19.0	21.0	23.0	24.0	25.0	24.0	26.0	29.0
Planning and Comm. Dev. - Main Street	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0
Parks and Recreation	127.5	129.5	135.5	150.0	151.0	152.0	140.0	140.5	141.5	150.5
Public Works	34.0	35.0	40.0	42.0	46.0	42.0	42.0	41.5	47.0	44.5
Library	17.0	16.3	21.8	24.0	25.5	25.8	25.8	26.5	26.5	28.5
<b>Total General Fund</b>	<b>396.5</b>	<b>409.3</b>	<b>441.8</b>	<b>490.0</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>GOLF COURSE FUND</b>										
	10.5	10.0	10.0	10.0	10.0	13.0	13.0	12.0	11.5	11.5
<b>AIRPORT FUND</b>										
	2.0	3.5	3.5	3.5	3.5	4.5	5.5	6.0	6.0	7.0
<b>SOLID WASTE FUND</b>										
	60.0	53.0	53.0	53.0	51.0	51.0	44.5	48.0	50.5	
<b>CAPITAL PROJECT FUNDS</b>										
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0
<b>CIVIC/CONVENTION CENTER FUND</b>										
	0.0	0.0	0.0	0.0	0.0	8.0	8.0	8.0	8.0	8.5
<b>RIVER ACTIVITIES FUND</b>										
	0.0	24.0	24.0	24.0	20.0	20.0	16.0	16.0	67.5	54.5
<b>FACILITIES MAINTENANCE FUND</b>										
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0
<b>CDBG FUND</b>										
	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0
	<b>470.0</b>	<b>500.8</b>	<b>533.3</b>	<b>581.5</b>	<b>608.0</b>	<b>640.3</b>	<b>623.3</b>	<b>619.0</b>	<b>706.0</b>	<b>720.5</b>

Source: City of New Braunfels Annual Budget

Table 17

**City of New Braunfels, Texas**  
**Operating Indicators by Function**  
**Last Eight Fiscal Years**

Function	Fiscal Years							
	2006	2007	2008	2009	2010	2011	2012	2013
Police								
Serious crimes that result in arrest or cleared for prosecution	N/A	N/A	N/A	N/A	N/A	1,087	957	900
Avg. time from intake of crimes in progress call until officer on scene	N/A	N/A	N/A	N/A	N/A	6:10	6:41	6:36
Fire								
Response times - structure fire	N/A	N/A	N/A	N/A	N/A	4:43	3:45	4:30
Response times - EMS	N/A	N/A	N/A	N/A	N/A	5:30	5:32	5:30
Smoke detectors issued/inspected/updated	N/A	N/A	N/A	N/A	N/A	762	842	1,200
Public Works								
Subdivision plans reviewed within 30 days of receipt	50%	50%	50%	100%	100%	100%	100%	90%
Permits reviewed	232	265	280	274	296	285	240	240
Miles of roadway repaired/improved	1	2	2	2	4	4	14	38
Acres of right-of-way mowed	165	174	174	174	185	185	165	188
Solid Waste								
Waste diverted from landfill	N/A	13%	13%	13%	13%	20%	36%	35%
Residential operating cost per ton collected	N/A	N/A	N/A	N/A	N/A	\$ 63.32	\$ 94.00	\$ 104.00
Parks and Recreation								
Participants in recreation programs	2,588	2,623	2,710	2,426	2,126	3,198	3,080	3,000
Athletic leagues teams' participants	N/A	N/A	N/A	N/A	N/A	196	212	190
Golf course rounds played	40,062	42,000	42,500	47,976	41,000	40,574	39,140	43,000
Planning and Community Development								
Residential permits issued	N/A	1,924	2,034	1,924	2,116	1,019	1,556	1,603
Commercial permits issued	N/A	282	291	282	310	552	442	455
Calls for service - Animal Control	5,493	5,250	5,504	6,144	5,040	5,994	5,553	6,900
Cases abated without court action - Code Compliance	90%	95%	97%	97%	92%	96%	98%	98%
Special projects completed	N/A	N/A	N/A	N/A	N/A	4	5	15
Historic landmark designations	1	10	4	7	7	6	3	3
Airport Operations								
Flight operations annually	30,000	64,000	58,000	47,462	58,000	32,340	28,099	39,880
Gallons of fuel sold	N/A	N/A	N/A	N/A	N/A	221,106	289,882	308,000
Library								
Visitors annually	232,630	241,000	257,868	270,838	378,000	313,996	312,138	285,000
Annual circulation of library materials	431,563	440,000	482,064	568,327	802,500	756,549	762,491	800,000
Database accesses	N/A	N/A	N/A	N/A	N/A	14,117	18,021	28,000
Municipal Court								
Time from plea to trial	1 year	1 year	1 year	1 year	45 days	123 days	27 days	37 days
Time to issue warrant for failure to appear	1 year	1 year	1 year	1 year	75 days	1 year	72 days	96 days

\* Information is not available prior to fiscal year 2006 as the City did not begin tracking performance indicators until that time.

Sources: City budget document

Table 18

**City of New Braunfels, Texas**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year						2013
	2004	2005	2006	2007	2008	2009	
<b>Public Safety</b>							
Police and Fire:							
Police stations	1	1	1	1	1	1	1
Fire stations	4	4	4	4	5	5	6
Highways and streets							
Streets (miles)							
Area in square miles							
Culture and recreation							
Parks acreage	291	291	349	349	373	373	373
Swimming pools	2	2	2	2	2	2	2
Golf course	1	1	1	1	1	1	1

Sources: Various city departments.

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**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***

City Council  
City of New Braunfels  
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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of New Braunfels, TX as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise City of New Braunfels, TX's basic financial statements, and have issued our report thereon dated March 7, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of New Braunfels, TX'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 City of New Braunfels, TX's internal control. Accordingly, we do not express an opinion on the effectiveness of City of New Braunfels, TX'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 entity'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2013-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of New Braunfels, TX'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 of New Braunfels's Response to Findings**

City of New Braunfels, TX's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. City of New Braunfels, TX's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

Dallas, Texas  
March 7, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City Council  
City of New Braunfels  
New Braunfels, Texas

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

We have audited City of New Braunfels, TX's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of New Braunfels, TX's major federal programs for the year ended September 30, 2013. City of New Braunfels, TX'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of City of New Braunfels, TX'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 City of New Braunfels, TX'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 City of New Braunfels, TX's compliance.

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

In our opinion, City of New Braunfels, TX 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, 2013.

## Report on Internal Control Over Compliance

Management of City of New Braunfels, TX 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 City of New Braunfels, TX'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 OMB Circular A-133, 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 City of New Braunfels, TX'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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

Dallas, Texas  
March 7, 2014

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended September 30, 2013**

<u>Grantor Agency/Program Title</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program			
Community Development Block Grant Entitlement Program	14.218	B-12-MC-48-0512	\$ 304,409
			304,409
<u>National Parks Service</u>			
Direct Program			
Save America's Treasures Grant	15.929	48-09-ML-0946	150,000
			150,000
<u>Federal Emergency Management Agency</u>			
Passed Through Texas Department of Public Safety			
Legislative Pre-Disaster Mitigation Grant	97.047	LPDM-PJ-06-TX-2010-006	457,077
Legislative Pre-Disaster Mitigation Grant	97.047	LPDM-PJ-06-TX-2009-010	349,219
Repetitive Flood Claim Grant	97.092	RFC-PJ-06-TX-2012-004	577,288
			1,383,584
<u>U.S. Department of Homeland Security</u>			
Passed Through Texas Department of Public Safety			
State Homeland Security Grant Program	97.073	11-SR-50820-01	86,801
State Homeland Security Grant Program	97.073	12-SR-50820-02	23,460
			110,261
<u>U.S. Department of Justice</u>			
Direct Program			
Edward Byrne Memorial Justice Assistance Grant	16.738*	2012-DJ-BX-0841	10,110
Department of Justice Recovery Act Grant (ARRA)	16.804*	SB-B9-1157	20,230
			30,340
<u>National Highway Traffic Safety Administration</u>			
Passed Through Texas Department of Transportation			
Selective Traffic Enforcement Program	20.600	583EGF6060	77,942
			77,942
			<u><u>\$ 2,056,536</u></u>

\* Clustered program as identified in the OMB Compliance Supplement 2013

**CITY OF NEW BRAUNFELS**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**September 30, 2013**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying "Schedule of Expenditures of Federal Awards" includes the federal grant activity of the City of New Braunfels and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended September 30, 2013**

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted?

No

**Federal Awards**

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? No

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

No

Identification of major programs:

**CFDA Number(s)**      **Name of Federal Program or Cluster**

14.218	Community Development Block Grant
97.047	Legislative Pre-Disaster Mitigation Grant
97.092	Repetitive Flood Claim Grant

Dollar threshold used to distinguish between Type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended September 30, 2013**

**Section II - Financial Statement Findings**

**2013-001 Property and Equipment Records**

**Criteria**

Maintaining detailed property records aids in the accounting for property disposals, substantiates insurance claims for lost or damaged items, assists in a more accurate calculation of depreciation expense and provides controls to safeguard the assets.

**Condition**

During our audit, it was noted that the City was in the process of implementing a system for tracking of property and equipment records. This implementation was not completed at year end. As a result, detailed records over property and equipment were available.

**Cause**

The City records expenditures on an annual basis through specific general ledger accounts; however, a separate subsidiary ledger is not maintained to track capital assets, including depreciation on individual assets.

**Effect**

Because the City has not completed the implementation of a system for tracking detailed records over property and equipment, it is difficult to properly and accurately track depreciation by asset, or to calculate the net book value of assets that are being disposed of. This leads to an increased chance of error in accounting or potential misappropriation of property and equipment.

**Recommendation**

We recommend that the City complete the implementation of the system for tracking capital assets. The ledger should include a detailed property record for each asset, including a property identification number assigned and affixed to each asset. At a minimum, the detailed property records should include a description, asset number, serial number (when applicable), location, original cost, date of acquisition, assigned useful life, method of depreciation and accumulated depreciation.

**Management's Response**

The City agrees with the finding. This issue is currently being addressed by staff with the new financial management software implemented this fiscal year. Responsible official: Debi Korinchock. Estimated completion date: September 30, 2014.

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended September 30, 2013**

**Section III - Federal Awards Findings and Questioned Costs**

No findings noted in the current year.

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS**  
**Year Ended September 30, 2013**

2012-01 – This is reported as Finding 2013-001 in the current year.