



POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR END
SEPTEMBER 30

2020





Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to

City of New Braunfels

Texas

For its Annual Financial Report
for the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO



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MESSAGE FROM THE CITY MANAGER



The City of New Braunfels is pleased to present the City's Popular Annual Financial Report (PAFR) for the fiscal year ending September 30, 2020. The purpose

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

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

Robert Camareno | City Manager

CITY COUNCIL

Mayor: Rusty Brockman

District One: Shane Hines

District Two: Justin Meadows

District Three: Harry Bowers

District Four: Matthew Hoyt

District Five: Jason Hurta

District Six: James Blakey



ADMINISTRATION

City Manager: Robert Camareno

City Attorney: Valeria Acevedo

Municipal Court Judge: Rose Zamora

EXECUTIVE STAFF

Assistant City Manager: Kristi Aday

Assistant City Manager: Jordan Matney

Chief Financial Officer: Jared Werner

Interim Police Chief: Keith Lane

Fire Chief: Patrick O'Connell

Public Works Director: Greg Malatek

Human Resources Director: Nokihomis Willis

Information Technology Director: Tony Gonzalez

Parks & Recreation Director: Stacey Laird Dicke

Library Director: Gretchen Pruett

Communications & Community Engagement Director: Jenna Vinson

Economic & Community Development Director: Jeff Jewell

Planning & Community Development Director: Christopher Looney

CITY STATISTICS FY 2020

TOP PROPERTY TAXPAYERS

1. A L 95 Creek Side Town Center
2. Central Texas Corridor Hospital LLC
3. Rush Enterprises
4. Kahlig Enterprise INC
5. PAC Creekside LLC
6. Grey Forest Development LLC
7. BMEF Creekside LLC
8. HEB Grocery CO LP
9. CGT, US Limited
10. New Braunfels Waterpark LLC

TOP TEN EMPLOYERS

- | | |
|---|-------|
| 1. Comal ISD | 3,132 |
| 2. Schlitterbahn Water Park | 2,300 |
| 3. New Braunfels ISD | 1,238 |
| 4. WalMart Distribution Center | 1,215 |
| 5. Rush Enterprises | 859 |
| 6. Hunter Industries-Colorado Materials | 826 |
| 7. Comal County | 792 |
| 8. TaskUs | 700 |
| 9. Sysco | 570 |
| 10. City of New Braunfels | 480 |



DID YOU KNOW?

POLICE RESPONSE TIME: 7:25

ANNUAL FLIGHT OPERATIONS: 68,888

AVERAGE EMS RESPONSE TIME: 5:16

ANNUAL LIBRARY VISITORS: 175,000

WASTE DIVERTED FROM LANDFILL: 30%

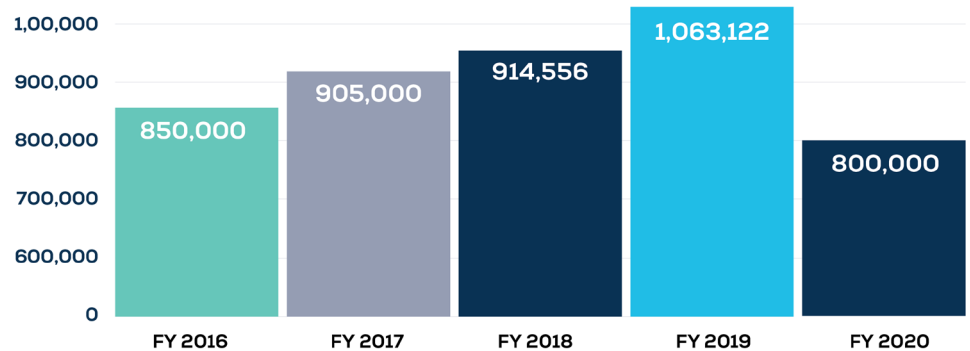
GOLF ROUNDS PLAYED: 36,924

RIVER WRISTBANDS SOLD: 253,000

POPULATION
90,209
NEW BRAUNFELS



ANNUAL CIRCULATION OF LIBRARY MATERIALS



SALES TAX INFORMATION:

SALES TAX RATE 8.25%

STATE 6.25%

COUNTY 0.50%

CITY/NBEDC 1.50%

CITY EMPLOYEES

(FULL-TIME EQUIVALENT)

POLICE 175.0

FIRE 138.0

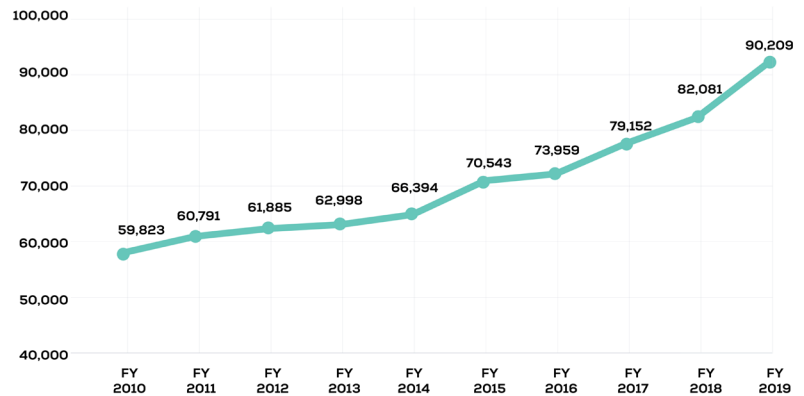
NON-UNIFORM 640.5

ECONOMIC OUTLOOK

POPULATION

Like other communities in the San Antonio-New Braunfels area, the City of New Braunfels saw significant population growth over the last decade. Between the years 2010 and 2019, the City's population grew from 59,823 to 90,209, a 50.8% increase and a 9.9% growth increase from the previous year. Every year, the census releases figures of the fastest growing cities in the country. New Braunfels has been the second fastest growing city in the nation for three out of the past four years. Recently, New Braunfels was recognized as the third fastest growing city in the country from 2010–2019 (collectively). The increase in population is driven by a number of factors such as quality of life and economic opportunity.

POPULATION



SOURCE: US CENSUS BUREAU

ECONOMY

New Braunfels continues to be one of the fastest growing areas in the country. Therefore, overall sustained growth is expected to continue. However, the direct and indirect impact of the pandemic still remains somewhat uncertain. In addition, the state legislature is currently exploring a change in the way local sales taxes are sourced. If this legislation passes, this would result in a loss of sales tax revenue for New Braunfels. The City continues to closely follow this legislative issue and develop various responsive fiscal strategies.

General Fund reserves remain strong. In fact, reserves are projected to continue to grow through FY 2021, driven primarily by conservative budgeting. As a result, short-term budget and fiscal planning will focus heavily on one-time equipment and technology investments that have the potential to increase efficiency and productivity as well as reduce long-term staffing demands. Short-term fiscal priorities also include accounting for the additional operating costs stemming from capital projects underway such as the Police Department Headquarters, Westside Library Branch, Fire station #7, and the Zipp Family Sports Park. The 2019 bond program and associated investments are progressing much faster than initially anticipated. As a result, the City Council will likely begin evaluating future capital investments.

ECONOMIC DEVELOPMENT

RECENT & ONGOING DEVELOPMENTS

CREEKSIDE TAX INCREMENT REINVESTMENT ZONE (TIRZ)

In 2007 the City established a TIRZ district to facilitate the development of a 400-acre master planned, mixed use development (Creekside TIRZ). The original value of all property within that district was approximately \$5 million. Today, the development integrates over 1 million square feet of retail with a 130-bed hospital, various restaurants, multi-family developments, and an entertainment complex. The total taxable values of all improvements in the district exceed \$382 million (2019 values). As the developer works towards fully building out the property, their focus has shifted to the continued development of housing and entertainment. In 2022, the organization is also planning to break ground on a new fire station and training facility within the boundaries of the Creekside TIRZ (Fire Station #7). These construction costs will be fully supported by the Creekside TIRZ, as well.

THE VERAMENDI PROJECT

The Veramendi Development broke ground in FY 2018. This development is a 2,400-acre property that will ultimately include over 5,000 residential units, a town center, a university, and many other mixed-use amenities. At the end of FY 2020, approximately 217 homes were either completed or under construction. Looking ahead, progress is picking up as houses are selling at a pace of 25 to 35 per month. This development is not within the City limits but has entered into a strategic partnership agreement with the City of New Braunfels. Part of that agreement includes the sharing of sales tax revenues. Other direct revenues will be generated from this development such as permitting fees; however, there are likely to be other direct and indirect economic impacts throughout the City from the Veramendi Project.

CONTINENTAL AUTOMOTIVE SYSTEMS, INC.

Continental Automotive Systems, Inc. is a manufacturer of automotive technologies with multiple facilities in the United States and is a supplier to the global automotive market. The proposed project, including investment and job creation, would result in the establishment of a modern manufacturing facility that would represent a continuation of expansion and growth in the United States to serve Continental Automotive's customers. The company plans to build an approximate 205,000 square foot manufacturing and research facility with a total estimated capital investment of \$110 million on Kohlenberg Road, located on the northbound side of Interstate 35. The facility will focus on the manufacturing of autonomous driving technology and will employ up to an average of 576 employees.

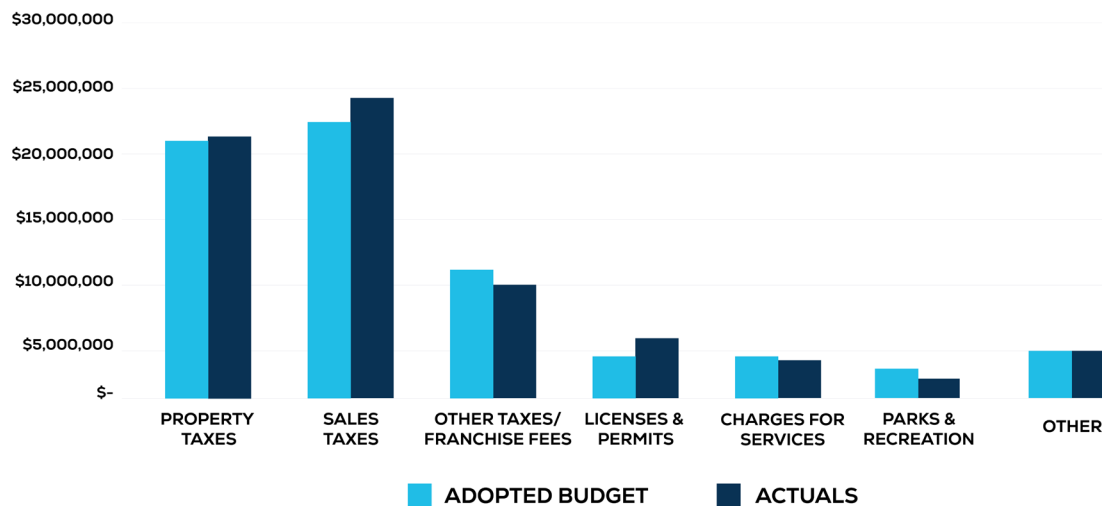
RIVER MILL TIRZ

In December 2019, the City Council established the River Mill Tax Increment Reinvestment Zone (TIRZ No. 2). Similar to Creekside TIRZ No. 1, the City's participation is limited to 85% of the real and business personal property tax revenue and 1/3 of all sales tax revenue. The current property owner is finalizing redevelopment plans for the approximate seven-acre Mill area, which is conveniently located off I-35, directly behind the current marketplace shopping area. The conceptual plan includes various uses for the property such as a hotel, entertainment venue, and boutique retail, as well as other multi-family housing options. The City is currently engaging other public sector partners to participate in the TIRZ as well. The project and finance plan has not been approved, therefore the City Council has not established a board for TIRZ No. 2 at this point. Once the project and finance plan is approved, a board will be established to oversee the utilization of the incremental funds to support appropriate public improvements in accordance with section 311 of the Texas Tax Code.

GENERAL FUND REVENUE

In FY 2020, budgeted revenues in the General fund totaled \$71,797,746. At fiscal year end, the total actual revenue totaled \$72,320,595, approximately 1% over budget. The increase is driven by various sources, such as collections of property tax, sales tax, and increases in licenses and permits. Charges for Services, Parks and Recreation and Fines and Forfeitures all saw a significant decline in the comparison of budget to actuals. The decline is predominantly the result of the COVID-19 pandemic.

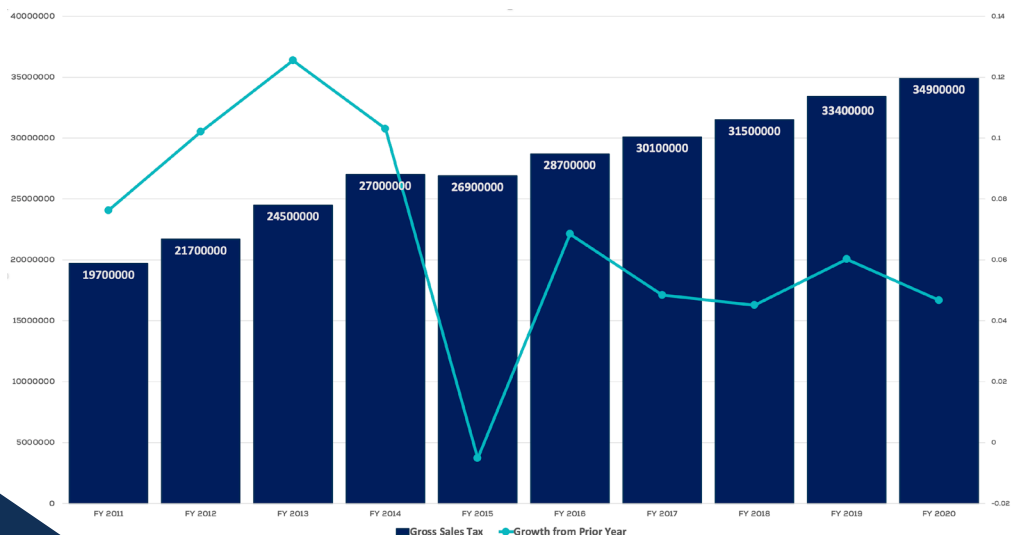
FY 2020 BUDGET TO ACTUALS



PROPERTY & SALES TAX

Property and sales taxes make up a significant portion of total General Fund revenue (63%). While property taxes can be estimated based on property values and the tax rate, sales tax tends to be a more volatile source of revenue because it is directly correlated to economic conditions and consumer spending patterns. Sales tax remains the single largest source of revenue for the General Fund (33%). As a result, staff budgets this revenue source conservatively. COVID-19 did not have the negative effect on sales taxes that had been anticipated.

GROSS SALES TAX COLLECTIONS AND GROWTH

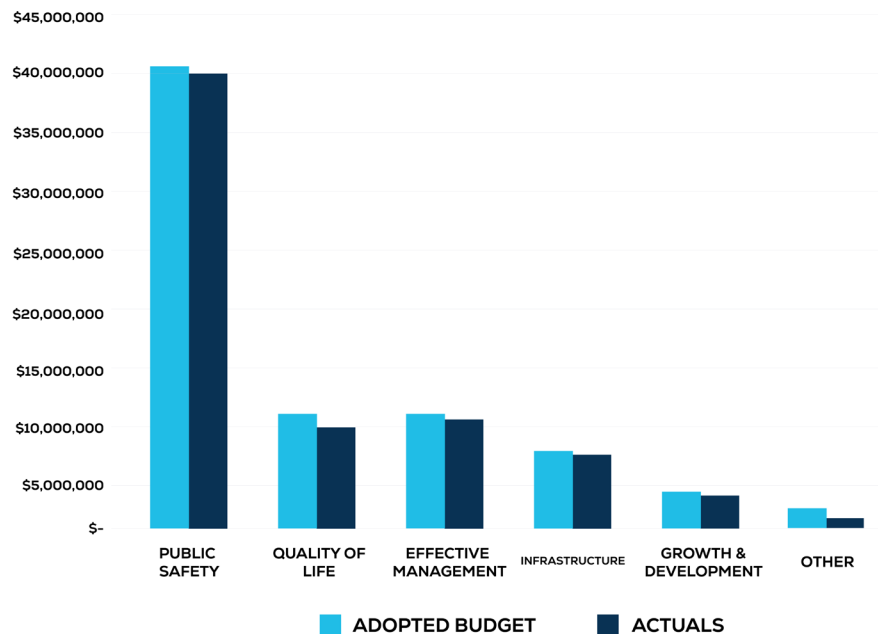


GENERAL FUND EXPENDITURES

STRATEGIC PRIORITIES

The focus throughout the annual budget development process is meeting City Council's five Strategic Priorities of infrastructure, public safety, effective management, quality of life, and growth & development. The strategic priorities are all service enhancements designed to continuously improve and deliver on the demand of our growing community. In fiscal year 2020, General Fund budgeted expenditures totaled \$74,327,032 (does not include interfund transfers). General Fund actuals totaled \$71,357,644 (does not include interfund transfers), which is approximately 6% under budget. This is primarily related to a hiring freeze in effect from March through September as well as operational savings from facility closures and reduced capacities all related to the COVID-19 pandemic.

FY 2020 ADOPTED BUDGET TO ACTUALS



BALANCE SHEET GOVERNMENTAL FUNDS

| | FY 2018 | FY 2019 | FY 2020 |
|--|-----------------------|-----------------------|-----------------------|
| ASSETS | | | |
| Cash and Equity in pooled cash and investments | \$ 81,370,074 | \$ 115,600,210 | \$ 164,726,819 |
| Investments | 4,992,929 | 5,031,003 | 5,131,376 |
| Receivables, net of allowance: | 8,255,066 | 8,283,616 | 8,274,930 |
| Taxes | - | - | - |
| Account | - | - | - |
| Due from other governments | - | 41,951 | - |
| Due from other funds | 22,160,498 | 4,147,348 | 417,712 |
| Inventory | 1,164 | 565 | 2,830 |
| Restricted Cash | 1,202,259 | 1,212,126 | 1,219,630 |
| Total Assets | \$ 117,981,990 | \$ 134,316,819 | \$ 179,773,297 |
| LIABILITIES | | | |
| Accounts Payable | \$ 8,495,859 | \$ 9,757,413 | \$ 11,135,202 |
| Due to other funds | 23,490,075 | 4,147,348 | 1,191,624 |
| Accrued wages payable | 882,189 | 1,062,880 | 1,350,823 |
| Total Liabilities | \$ 32,868,123 | \$ 14,967,641 | \$ 13,677,649 |
| DEFERED INFLOW OF RESOURCES | | | |
| Unavailable revenue - property taxes | \$ 532,129 | \$ 593,152 | \$ 745,072 |
| FUND BALANCES | | | |
| Nonspendable | \$ 169,717 | \$ 223,242 | \$ 225,447 |
| Restricted | 56,071,011 | 82,728,988 | 130,313,081 |
| Committed | 7,413,139 | 9,728,569 | 6,519,109 |
| Assigned | 551,352 | 1,124,345 | 798,164 |
| Unassigned | 20,376,519 | 24,950,882 | 27,494,775 |
| Total Fund Balances | \$ 84,581,738 | \$ 118,756,026 | \$ 165,350,576 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 117,981,990 | \$ 134,316,819 | \$ 179,773,297 |

Source: FY 2020 Comprehensive Annual Financial Report

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

| REVENUES | FY 2018 | FY 2019 | FY 2020 |
|---|-----------------|----------------|-----------------|
| Taxes and franchise fees, including interest | \$ 69,560,283 | \$ 78,435,288 | \$ 80,278,527 |
| Other | 25,901,206 | 27,431,798 | 27,850,830 |
| Total Revenues | \$ 95,461,489 | \$ 105,867,086 | \$ 108,129,357 |
| EXPENDITURES | | | |
| Current operating expenditures | \$ 96,562,549 | \$ 91,980,413 | \$ 112,184,263 |
| Debt service | 17,487,109 | 19,514,542 | 24,564,188 |
| Total Expenditures | \$ 114,049,658 | \$ 111,494,955 | \$ 136,748,451 |
| Excess (deficiency) of revenues over expenditures | \$ (18,588,169) | \$ (5,627,869) | \$ (28,619,094) |
| OTHER FINANCING SOURCES | | | |
| Transfers in | \$ 9,441,121 | \$ 19,663,581 | \$ 9,475,343 |
| Transfers out | (7,180,648) | (17,265,610) | (7,164,232) |
| Sale of capital assets | 6,000 | 199,001 | 18,648 |
| Capital lease | 1,593,974 | | 62,240,000 |
| Other | 24,361,026 | 37,205,185 | 10,643,887 |
| Total other financing sources (uses) | \$ 28,221,473 | \$ 39,802,157 | \$ 75,213,646 |
| Net changes in fund balance | 9,633,304 | 34,174,288 | 46,594,552 |
| Fund Balances, October 1 | 74,948,434 | 84,581,738 | 118,756,026 |
| Fund Balances, September 30 | \$ 84,581,738 | \$ 118,756,026 | \$ 165,350,578 |

Source: FY 2020 Comprehensive Annual Financial Report

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – ENTERPRISE FUNDS

| | Airport | Solid Waste | Golf Course | Civic/Con. Center | TOTALS |
|--|----------------------|----------------------|---------------------|----------------------|----------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 2,296,320 | \$ 10,176,299 | \$ 1,633,819 | \$ 274,475 | \$ 14,380,913 |
| Miscellaneous | 2,583 | 102,288 | 26,509 | 363 | 131,743 |
| Total Operating Revenues | \$ 2,298,903 | \$ 10,278,587 | \$ 1,660,328 | \$ 274,838 | \$ 14,512,656 |
| OPERATING EXPENSES | | | | | |
| Personnel | 624,293 | 4,006,427 | 805,886 | 479,711 | 5,916,317 |
| Contractual services | 309,212 | 2,527,670 | 144,602 | 223,344 | 3,204,828 |
| Supplies | 1,022,619 | 1,012,971 | 333,160 | 32,456 | 2,401,206 |
| Depreciation | 1,341,830 | 1,170,829 | 540,136 | 430,480 | 3,483,275 |
| Total Operating Expenses | \$ 3,297,954 | \$ 8,717,897 | \$ 1,823,784 | \$ 1,165,991 | \$ 15,005,626 |
| Operating Income (Loss) | \$ (999,051) | \$ 1,560,690 | \$ (163,456) | \$ (891,153) | \$ (492,970) |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Investment earnings | - | 26,641 | - | - | 26,641 |
| Gain of sale of assets | - | 254,881 | 1,093 | 52 | 256,026 |
| Intergovernmental | 1,223,699 | 3,744,586 | 24,245 | 17,779 | 5,010,309 |
| Total Nonoperating Revenues (Expenses) | \$ 1,223,699 | \$ 4,026,108 | \$ 25,338 | \$ 17,831 | \$ 5,292,976 |
| Income Before Contributions and Transfers | \$ 224,648 | \$ 5,586,798 | \$ (138,118) | \$ (873,322) | \$ 4,800,006 |
| Transfers in | 99,910 | - | - | 355,000 | 454,910 |
| Transfers (out) | (557,243) | (2,093,205) | (75,025) | (40,548) | (2,766,021) |
| Change in Net Position | \$ (232,685) | \$ 3,493,593 | \$ (213,143) | \$ (558,870) | \$ 2,488,895 |
| Beginning Net Position | 13,618,671 | 2,891,078 | 5,015,689 | 5,826,487 | 27,351,925 |
| Ending Net Position | \$ 13,385,986 | \$ 6,384,671 | \$ 4,802,546 | \$ 5,267,617 | \$ 29,840,820 |

Source: FY 2020 Comprehensive Annual Financial Report

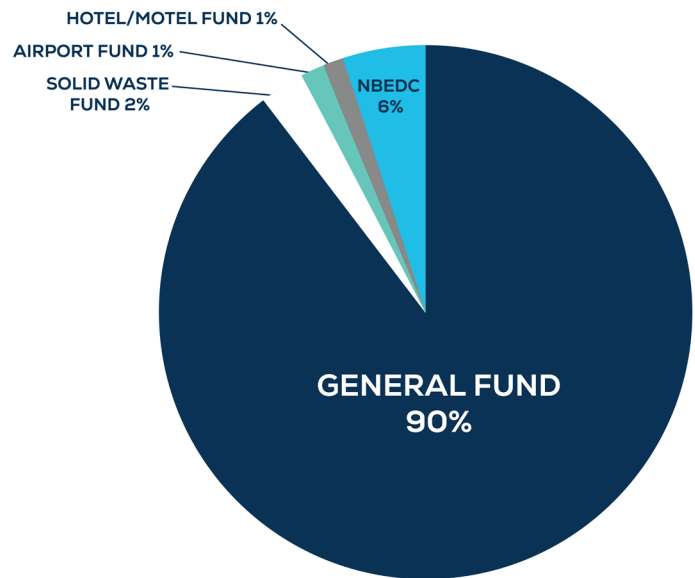




DEBT OBLIGATIONS

USES OF DEBT

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



Outstanding Debt By Funding Source *

(as of 9/30/2020)

| | |
|--|-----------------------|
| General Fund | \$ 209,430,000 |
| Airport Fund | 2,855,000 |
| Solid Waste Fund | 4,870,000 |
| Hotel/Motel Fund | 3,065,000 |
| New Braunfels Economic Development Corp. (NBEDC) | 14,195,000 |
| Total | \$ 234,415,000 |

* Doesn't include TIRZ debt.



City of
New Braunfels

