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Comprehensive Annual Financial Report

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Year Ended September 30, 2011

Prepared by  
Support Services Department

Deborah Korinchock, CFO

**CITY OF NEW BRAUNFELS, TEXAS**  
**September 30, 2011**

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## **INTRODUCTORY SECTION**



## SUPPORT SERVICES DEPARTMENT

March 26, 2012

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, 2011, 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, account groups, 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 Davis, Kinard & Co., P.C., a firm of licensed certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2011, are fairly presented in conformity with GAAP. However, the auditors do cite a non-material deficiency regarding accounting for and inventory of fixed assets. This problem is currently being addressed by staff with the new financial management software implemented this fiscal year. 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 57,740 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 51 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 44.3 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. 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 Work Plan 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 public hearings be held prior to the adoption of the budget.

Monthly reports are generated that allow management 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.

As with most areas around the country, New Braunfels has been impacted by the current economic climate. Sales tax in FY 2009-10 was 1.8 percent below the prior fiscal year. FY 2010-11 sales tax rebounded in January 2010 and may exceed the FY 2009-10 experience 7.5 percent. 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. Given the experience of many other communities around the nation, New Braunfels has been much less severely impacted. Other revenue remains fairly flat but permit activity has increased in the last six months, providing some optimism for FY 2011-12.

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. Recently, a major employer in the City – the Scooter Store – expanded their facilities and workforce, creating 500 new jobs. 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 new contractor sales facility within the City. These developments had a very positive impact on the City's sales tax revenue. Most recently, 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 final build-out will include major retailers, a movie theater, a hospital and potentially other medical facilities. The current economic climate has impacted this development, slowing the rate of retail space construction. However, the City and the developer continue to explore ways to make this project thrive. A pool manufacturer recently moved its headquarters to New Braunfels and another major mixed use (retail, residential and office space) project has begun development. As stated, the retail developments have been impacted by the recent economic downturn; however, the projections are for the ultimate build out to be achieved, but in a longer time frame than originally planned. The City's industrial development corporation has funding available to offer incentives for businesses to choose New Braunfels, a plus in today's economy.

The long-term economic outlook for the New Braunfels area is positive. National recessions have historically impacted New Braunfels less than other areas of the country and Texas and the area rebounded more quickly from any negative impacts seen. This is the expectation coming out of the latest economic downtown. 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 \$103.4 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 \$103.4 million in debt, \$82.3 or 80 percent is for streets and drainage improvements, the top priority for citizens and the Council. In addition, in FY 2007-08, the City completed a \$12 million renovation/expansion of the Civic and Convention Center to offer businesses, trade shows and local events a state-of-the-art facility to enjoy.

Over the last three years, the City has also issued debt to fund \$11.8 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 in the preliminary design phase. This investment in parks will allow the City to enhance its current parks and recreation opportunities.

Construction of a new fire station was also completed in FY 2007-08. The City had not renovated nor added any fire stations since the mid 1970's. The new station is one of three planned over the next five years. Currently, construction is underway for a second new station and is expected to be completed in July 2012.

Major improvements to the City's municipal airport include overlay of one of the two runways to improve its condition and make it useable to larger aircraft as well as completion of an apron and taxiway where additional hangers will be built. One runway will also be extended to, again, facilitate its use by larger jets. All these efforts follow the airport's master plan. A strategic business plan for the airport has also recently been completed to define the road map for the airport's infrastructure improvements, marketing plans and business approach.

The City has begun construction on the largest single public improvement in recent history. This project improves a major thoroughfare through the City. Walnut Avenue will be expanded and improved, both the roadway itself and the immediately adjacent area. Landscaping and other amenities will create a park-like area on one side of the roadway. Utility improvements will also be completed as 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 addition to these infrastructure improvements, over the last five years, the City has increased its public safety workforce by twenty-five percent. This was accomplished without an increase in the City's property tax rate during the same period. Robust growth in both property values and sales tax (through FY 2008-09) allowed for this expansion within existing tax rates. The economic slowdown has impacted the City so, over the last two years, no new positions were added.

## **FINANCIAL INFORMATION**

The General Fund (alone) ended the year with total fund balance of \$18.3 million which is approximately equal to 172 days of operating expenditures and represents 45.7 percent of the FY 2011-12 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 35 percent balance to protect our strong bond rating. The City receives a significant portion (about 33 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 128 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 A1 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 2011.

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.

The most recently updated plan is shown below. It identified \$224.9 million in unfunded, needed capital improvements during the next ten years (through 2018). These recommended improvements are identified by the following activities:

Streets and Drainage Improvements	\$102,239,213	45%
Parks and park facilities	\$75,081,220	33%
Airport	\$12,613,200	6%
Municipal Improvements	\$34,920,500	16%
<b>Total</b>	<b>\$224,854,133</b>	<b>100%</b>

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 four years, the City has maintained an aggressive program to meet long-standing infrastructure needs in streets, drainage, parks and fire stations.

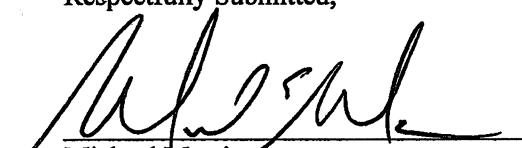
#### AWARDS AND ACKNOWLEDGEMENTS

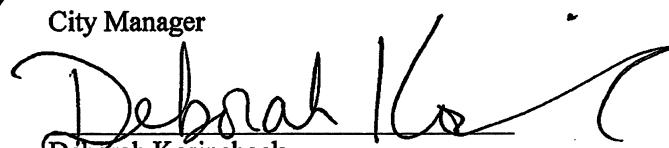
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of New Braunfels for its comprehensive annual financial report for the fiscal year ended September 30, 2010. This was the third year 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,

  
Michael Morrison  
City Manager

  
Deborah Korinchock  
Support Services Director

## **CURRENT CITY OFFICIALS**

### **Elected Officials**

Mayor	Gale Pospisil
Councilmember, District 1	Richard Zapata
Councilmember, District 2	Mark Goodner
Councilmember, District 3	Mike Ybarra
Councilmember, District 4	Sandy Nolte
Councilmember, District 5	Bryan Miranda
Councilmember, District 6	Steven Digges

### **Appointed Officials**

City Manager	Michael Morrison
City Attorney	Valeria Acevedo
Municipal Court Judge	Sara Hartin

### **Department Directors**

Assistant City Manager	Robert Camareno
Police Chief	Thomas Wibert
Fire Chief	John Robinson
Public Works Director	Steven Ramsey
Support Services Director	Deborah Korinchock
Human Resources Director	Julie O'Connell
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. 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.

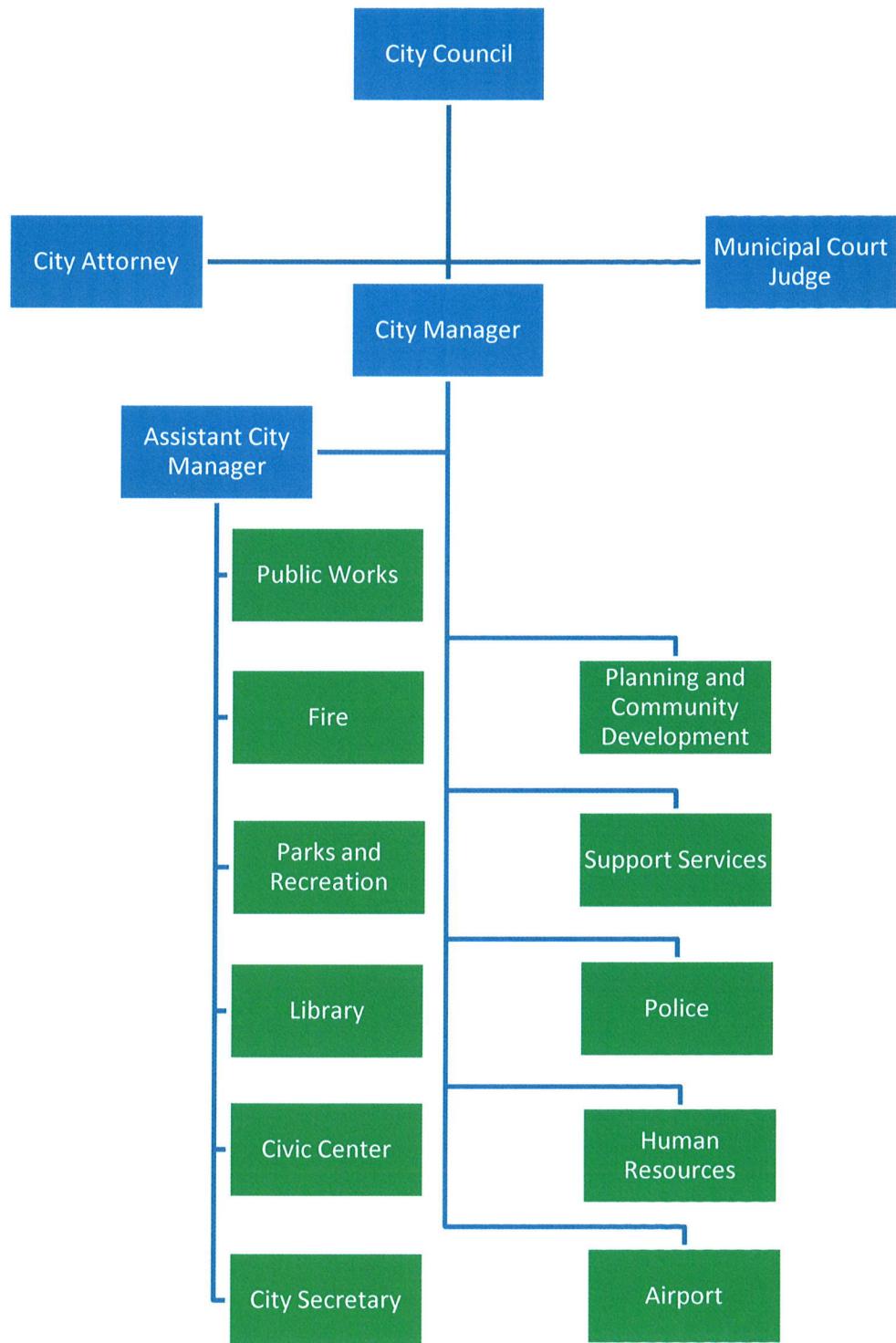
**Parks and Recreation** - Is responsible for the provision of parks and recreation services and facilities. This includes park development and management, program development and administration, special events coordination, management of a spring-fed and Olympic-size pool, and efforts to provide a safe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





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of New Braunfels  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Danison*

President

*Jeffrey P. Emer*

Executive Director

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

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 City of New Braunfels, Texas, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 96.2 percent, 95.5 percent, and 96.2 percent, respectively, of the assets, net assets, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for New Braunfels Utilities, is based on the report of the other auditors.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Braunfels, Texas, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 45 through 48 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, individual nonmajor fund budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the individual nonmajor fund budgetary comparison schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Davis Kinard & Co., PC*  
Certified Public Accountants

Abilene, Texas  
March 19, 2012

# 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, 2011. Please read it in conjunction with the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

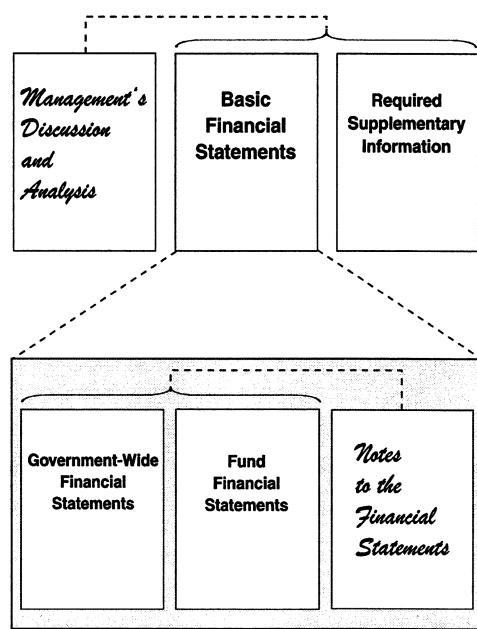
- The City's total combined net assets were \$60,825,391 as of September 30, 2011.
- During the year, the City's expenses for governmental activities were \$57,468,489 or \$3,147,611 (5.8 percent) more than the \$54,320,878 generated in taxes and program revenues for governmental activities.
- The General Fund reported an ending fund balance this year of \$27,611,439, an increase of \$1,220,864 or 4.6 percent in comparison to the prior fiscal year. This balance greatly 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 Facilities Maintenance Fund. The Equipment Replacement Fund includes \$3,699,770 in fund balance that has been contributed by the Solid Waste Fund and the other enterprise funds.
- The City of New Braunfels fared much better than many other cities in FY 2010-11 as our major revenue sources remained fairly steady. Property tax values declined only slightly. Sales tax revenue dipped in early FY 2009-10, but began rebounding somewhat and by fiscal year end. That trend continued into FY 2010-11 with year-end total sales tax revenue showing with an overall increase of 7.5 percent in comparison to the prior year.
- In fiscal year 2010-11, the City maintained operating costs at prior year levels. No new positions were authorized, no salary increase programs were approved and non-personnel expenses were carefully managed, particularly in the General Fund.
- The City did issue \$18.2 million in certificates of obligation in FY 2010-11 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), purchase of property for municipal facilities, airport improvements, flood warning system, repairs to parks from a major flood event in 2010, and two drainage improvement projects.

### 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.
  - 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.

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



- 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 assets 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	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
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	Activities the agency operates similarly to private businesses	Instances in which the agency is the trustee or agent for someone else's resources
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, expenditures and changes in fund net assets</li> <li>Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>Statement of fiduciary net assets</li> <li>Statement of changes in fiduciary net assets</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 ascertainability 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 assets and how they have changed. Net assets—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 assets 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 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
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	
<b>Assets:</b>							
Cash and cash equivalents	\$ 46,549	\$ 56,055	\$ 3,924	\$ 2,398	\$ 50,473	\$ 58,453	16%
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable (net)	4,819	4,586	6	2	4,825	4,588	-5%
Due from other govts	174	713	-	-	174	713	310%
Due from component units	-	54	-	-	-	54	-
Prepaid items	-	-	-	-	-	-	-
Inventories, at cost	2	2	16	1	18	3	-83%
Bond issuance costs, net	1,004	1,038	-	-	1,004	1,038	3%
Restricted assets							
Capital assets							
Land & constr. in progress	21,719	23,683	1,060	1,060	22,779	24,743	9%
Other capital assets, net	66,329	69,726	6,935	5,891	73,264	75,617	3%
<b>Total Assets</b>	<b>\$ 140,596</b>	<b>\$ 155,857</b>	<b>\$ 11,941</b>	<b>\$ 9,352</b>	<b>\$ 152,537</b>	<b>\$ 165,209</b>	<b>8%</b>
<b>Liabilities:</b>							
Accounts payable	\$ 2,642	\$ 3,023	\$ 1,051	\$ 221	\$ 3,693	\$ 3,244	-12%
Deposits payable	226	290	38	45	264	335	27%
Accrued expenses payable	2,304	2,081	126	147	2,430	2,228	-8%
Overdrafts payable		630	-	-	-	630	-
Unearned revenue	-	-	29	37	29	37	28%
Non-current liabilities:							
Due within one year	4,505	5,073	93	41	4,598	5,114	11%
Due in more than one year	77,260	92,121	513	675	77,773	92,796	19%
<b>Total Liabilities</b>	<b>\$ 86,937</b>	<b>\$ 103,218</b>	<b>\$ 1,850</b>	<b>\$ 1,166</b>	<b>\$ 88,787</b>	<b>\$ 104,384</b>	<b>18%</b>
<b>Net Assets:</b>							
Invested in capital assets	\$ 25,853	\$ 26,047	\$ 7,940	\$ 6,951	\$ 33,793	\$ 32,998	-2%
Restricted:							
Debt service			-	-	-	-	-
Capital projects	2,691	3,202	-	-	2,691	3,202	19%
Cemetery perpetual care	146	135	-	-	146	135	-8%
Other	996	1,234	-	-	996	1,234	24%
Unrestricted	23,973	22,021	2,151	1,235	26,124	23,256	-11%
<b>Total Net Assets</b>	<b>\$ 53,659</b>	<b>\$ 52,639</b>	<b>\$ 10,091</b>	<b>\$ 8,186</b>	<b>\$ 63,750</b>	<b>\$ 60,825</b>	<b>-5%</b>

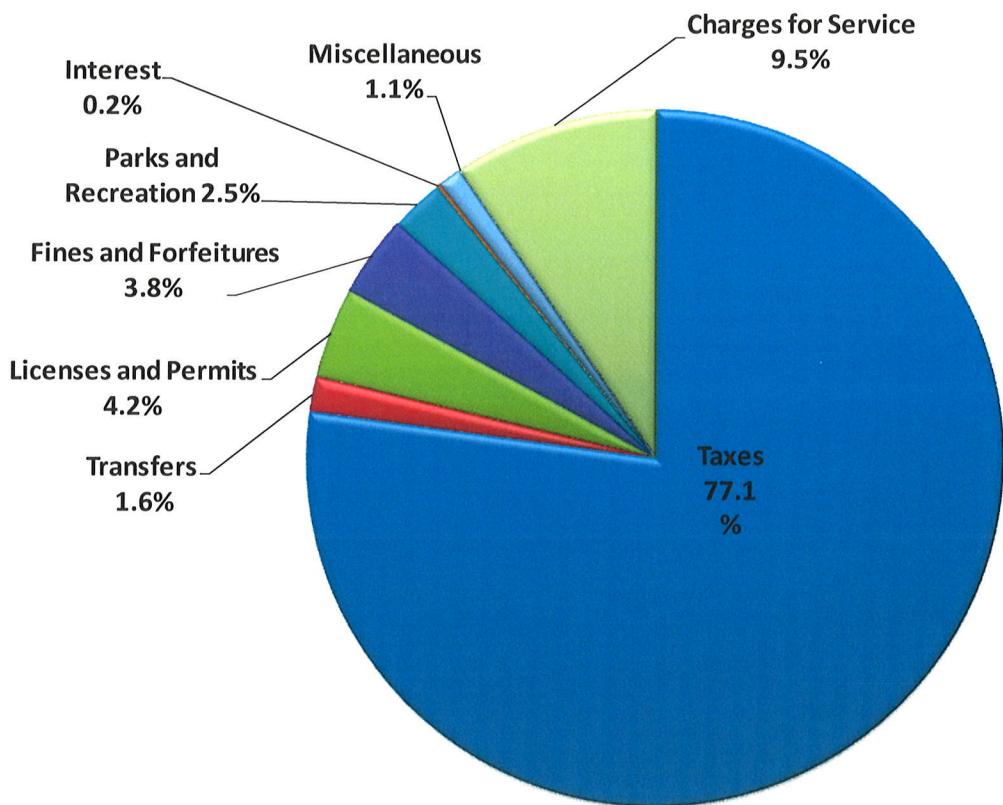
**Changes in Net Assets.** The City's total revenues were \$63.74 million. A significant portion, \$39.79 million or 62.4 percent the City's revenue comes from taxes and franchise fees (contributions from the City owned utility and other franchised utilities). (See Figure A-3.) 28.5 percent relates to charges for services (including licenses and permits and parks fees), .2 percent is from interest income and 7.2 percent comes from grants and contributions.

The total cost of all programs and services was \$66.7 million; 42.8 percent of these costs are for public safety.

### **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 has been maintained through FY 2010-11. Because property values declined slightly overall in FY 2010-11, this rate generated slightly less revenue to the City. The General Fund property tax rate dropped from \$.282179 in FY 2009-10 to \$.261362 in FY 2010-11, a decrease of \$.020817 or 7.4 percent. The Debt Service tax rate increased by the same amount, from \$.127683 in FY 2009-10 to \$.1485 or 16.3 percent to cover principal and interest payment for outstanding debt. Over the last five years, the operations and maintenance portion of the tax rate was reduced from \$.368999 in FY 2005-06 to the current \$.261362, a decrease of \$.107637 or 29.2 percent. This was possible because of the growth in other revenue sources as well as ad valorem property value increases. This trend of growth ended in FY 2009-10.
- Revenues for FY 2010-11 increased \$4,288,812 or 8.6 percent in comparison to FY 2009-10. This increase was driven mainly by charges for services, sales tax revenue and payments from the utilities, particularly the City owned utility. Sales tax revenue grew by \$895,713 or 7.1 percent overall. The revenue from the City owned electric, water and wastewater utility's contribution, along with other franchised utilities, showed an increase of \$461,910 or 6.6 percent. Charges for services across the City increased \$1,789,193 or 10.9. One major factor contributing to this was an increase in solid waste refuse and recycling collection fees. Other charges for services also showed some increases. Other revenue sources also showed less significant increases but did contribute to the overall higher revenues.
- The highest percent of the revenues from charges for services 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.
- The City's General Fund represents the largest single funding source for governmental activities. In FY 2010-11, 59.1 percent of the funds went to public safety (police, fire and municipal court). The remaining funding breaks down as follows: 10.1 percent for public works, 9.1 percent for parks and recreation, and 21.7 percent for the library, planning and community development and general government.
- The General Fund's total revenue for FY 2010-11 was \$39,548,545 which is \$1,592,716 or 4.2 percent greater than the FY 2009-10 revenues. All revenue sources remained flat or shows some growth for FY 2010-11 in comparison to the prior fiscal year. The graph below shows the breakdown by revenue source (stated in percentages) in the General Fund.

Figure A-3  
Sources of General Fund Revenue for Fiscal Year 2010-11



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

	Governmental Activities		Business-type Activities		Total		Percentage
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	Change
<b>Program Revenues:</b>							
Charges for services	\$ 8,016	\$ 9,080	\$ 8,374	\$ 9,099	\$ 16,390	\$ 18,179	11%
Operating grants and contributions	1,874	2,760		71	1,874	2,831	51%
Capital grants and contributions	837	1,555	955	223	1,792	1,778	-1%
<b>General Revenues</b>							
Taxes and Franchise Fees	37,909	39,790			37,909	39,790	5%
Investment income	189	114	14	3	203	117	-42%
Miscellaneous	1,206	1,021		25	1,206	1,046	-13%
<b>Total Revenues</b>	<b>\$ 50,031</b>	<b>\$ 54,320</b>	<b>\$ 9,343</b>	<b>\$ 9,421</b>	<b>\$ 59,374</b>	<b>\$ 63,741</b>	<b>7%</b>
<b>Expenses:</b>							
General government	\$ 5,409	\$ 7,918			\$ 5,409	\$ 7,918	46%
Finance and tax	966	912			966	912	-6%
Planning and environmental development	2,861	3,350			2,861	3,350	17%
Public safety	27,303	28,515			27,303	28,515	4%
Public works	6,631	6,674			6,631	6,674	1%
Parks and recreation	5,321	5,070			5,321	5,070	-5%
Library	1,769	1,836			1,769	1,836	4%
Civic/Convention Center			752	746	752	746	-1%
Interest on long term debt	3,552	3,184			3,552	3,184	-10%
Airport	249	9	1,730	1,968	1,979	1,977	0%
Solid waste			6,389	5,505	6,389	5,505	-14%
Golf Course			884	979	884	979	11%
<b>Total Expenses</b>	<b>\$ 54,061</b>	<b>\$ 57,468</b>	<b>\$ 9,755</b>	<b>\$ 9,198</b>	<b>\$ 63,817</b>	<b>\$ 66,666</b>	<b>4%</b>
Change in net assets before transfers	(4,030)	(3,148)	(412)	223	(4,442)	(2,925)	-34%
Transfers in (out)	1,015	2,128	(1,015)	(2,128)	-	-	
<b>Change in net assets</b>	<b>(3,015)</b>	<b>(1,020)</b>	<b>(1,427)</b>	<b>(1,905)</b>	<b>(4,443)</b>	<b>(2,925)</b>	<b>-34%</b>
Net assets- beg. of year, rest:	56,674	53,659	11,518	10,091	68,192	63,750	-7%
<b>Net assets- end of year</b>	<b>\$ 53,659</b>	<b>\$ 52,639</b>	<b>\$ 10,091</b>	<b>\$ 8,186</b>	<b>\$ 63,750</b>	<b>\$ 60,825</b>	<b>-5%</b>

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 \$57.5 million.
- However, the amount that taxpayers paid for these activities through taxes was \$39.8 million.
- Some of the cost was paid by those who directly benefited from the programs (\$9.1 million), or by grants and contributions (\$4.3 million).

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

	Total Cost of Services			Net Cost of Services		
	2009-10	2010-11	% Change	2009-10	2010-11	% Change
Public safety	\$27,303	28,515	4.4%	\$22,612	22,440	(.8)
Public works	6,631	6,674	.6%	5,501	4,903	(10.8%)
Parks and recreation	5,321	5,070	(4.7%)	4,127	3,712	(10.1%)
Planning and environmental development	2,861	3,350	17.1%	447	722	61.5%
Library	1,769	1,836	3.8%	1,617	1,592	(15.%)

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

Revenues derived from the City's business-type activities were \$9.4 million, and operating expenses were \$9.2 million.

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

Revenues from the General Fund (excluding the Equipment Replacement and Facilities Maintenance Fund) totaled \$39.4 million for fiscal year 2010-11 while the expenditures were \$38.9 million, leaving a difference of \$470,284. The enterprise funds consist of Airport, Solid Waste, Golf Course and Civic/Convention Center. The net change in net assets from these funds was (\$240,054), (\$1,502,901), (\$72,243) and (\$89,229), respectively, for a net total of (\$1,904,427).

#### **General Fund Highlights**

In FY 2009-10, the City focused on managing expenditures in reaction to the continued economic downturn and flat revenues. The FY 2009-10 Adopted Budget did not include any new positions nor did it fund pay increases; capital expenditures were minimized. As a result, no layoffs were required and the City had a higher than budgeted General Fund ending balance. This, along with some growth in sales tax and other revenue sources, allowed the City to move into the FY 2010-11 Budget in a better position. The FY 2010-11 Budget funded raises for employees and began addressing some of the pent up demand for capital expenditures, including replacement vehicles. The City was able to maintain current service levels without an overall increase in the tax rate.

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 2010-11 of \$27,611,439, an increase of \$1,220,864 or 4.6 percent in comparison to the prior fiscal year. This balance includes funds in the Equipment Replacement Fund contributed by the Solid Waste enterprise fund (\$3,699,770). The General Fund (alone) had an ending fund balance of \$18,293,289, which is a reduction of \$1,457,082 or 7.4 percent in comparison to the prior year. That balance represents 44 percent of actual expenditures in that year. The ending balance helps fund expenditures in FY 2011-12.

#### **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. For FY 2010-11, since the fund balance was at the appropriate level, revenue into the fund about equaled the annual debt service payments for principal and interest on all outstanding debt. The City increased the ad valorem property tax rate for debt service 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 past several years. However, FY 2010-11 saw a return to costs more in line with prior years' expenditures. 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. To continue rebuilding the fund's assets, the City will transfer \$400,000 from the General Fund to the Self Insurance Fund in FY 2011-12. In addition, 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 2010-11, the City reported two capital improvement funds as major funds – the 2009 Certificates of Obligation Fund and the 2011 Certificates of Obligation Fund. The 2009 certificates showed a decrease of \$673,026 in fund balance while the 2011 certificates showed a significant increase (\$11,662,637) as the proceeds from the debt issuance were received and then partially expended. In both cases, the City continues to move projects forward – design, land acquisition and construction – that require funding from these funds. Over the last several years, the City has begun issuing debt to fund projects in stages so that the proceeds of debt can be expended timely and that projects can keep moving forward into the next phase without interruption due to lack of funding. This accounts for the draw downs in these funds.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2010-11, the City had invested \$176.5 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. The City also recently completed a major project to enlarge and renovate the Civic/Convention Center, a \$12.4 million project. (See Table A-4.) 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 34 of the financial statements.

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

	Governmental Activities		Business-type Activities		Total	2010-11	Total – Percentage Change
	2009-10	2010-11	2009-10	2010-11			
Land	\$21,719	\$23,683	\$1,060	1,060	\$22,779	\$24,743	8.6%
Construction in Progress	0	0	0	0	0	0	0%
Road Network	62,805	68,249	0	0	62,805	68,249	8.7%
Buildings	27,130	29,556	5,258	5,257	32,388	34,813	7.5%
Equipment	16,916	20,516	6,440	6,504	23,356	27,020	15.7%
Airport Easements	0	0	38	38	38	38	0%
Improvements	18,673	18,017	3,379	3,609	22,052	21,626	1.9%
Totals at historical cost	\$147,243	\$160,021	\$16,175	\$16,468	\$163,418	\$176,489	8.0%
Total accumulated depreciation	(59,195)	(66,611)	(8,179)	(9,517)	(67,374)	(76,178)	13.0%
Net capital assets	<u>\$88,049</u>	<u>\$93,410</u>	<u>\$7,995</u>	<u>\$6,951</u>	<u>\$96,044</u>	<u>\$100,361</u>	4.5%

### Long Term Debt

At year-end, the City \$97.8 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 a two new fire stations, land purchases and design work for a new public works and fire training facility, and airport improvements. \$18.2 million in certificates of obligation were issued in FY 2010-11 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 and Fitch and an A1 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 A1 for the City. And, for the first time, the City received a bond rating from Fitch – also a AA-. These ratings were reaffirmed in 2009 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 36.

**Table A-5**

**City's Long Term Obligations**  
*(in thousands of dollars)*

	Governmental Activities		Business-type Activities		Total		Total Percentage
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	
Certificates of Obligation payable	0		55		55		
General Obligation Debt	76,080	90,155	0		76,080	90,155	18.5%
Deferred loss on bond refunding	(374)	(353)	0		(374)	(353)	(5.6%)
Bond Premium	838	785	0		838	785	(6.3%)
Net Pension Obligation	1,351	2,044	223	146	1,497	2,267	51.4%
Net OPEB Obligation	1,869	2,664	291	203	2,070	2,955	42.7%
Compensated absences payable	2,001	1,899	201	201	2,202	2,100	4.6%
 Total long-term debt	 \$81,765	 \$97,194	 \$604	 \$715	 \$82,368	 \$97,909	 18.9%

**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 has been maintained since that time, including FY 2010-11. During that time, however, the City has shifted more of the rate to debt service. In FY 2005-06, the debt service rate was \$.056615. For FY 2010-11, the debt service rate was \$.1485, an increase of \$.091885 or 162 percent. This increase was needed as the City issued debt in 2006, 2007, 2008, 2009 and 2011. An offsetting decrease in the operations and maintenance tax rate occurred. The City was able to lower the General Fund tax rate (operations and maintenance) because other revenue sources were increasing including sales tax and building permits.
- 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.
- 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. Most recently, a million plus square foot retail facility has 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 have been 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 growth just described slowed significantly in FY 2009-10 due to the continued national recession. Sales tax revenue declined in FY 2008-09 for the first time in the last 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 7.5 percent above FY 2009-10. Other revenue sources had slowed or decreased in FY 2009-10 but many of those saw some rebound as well in FY 2009-10 and FY 2010-11 including hotel/motel tax and building permits.
- The FY 2011-12 Adopted Budget assumed moderate growth in sales tax with most other revenue sources continuing to be projected as flat or with some small increases. For the first time in three years, some new positions and programs were approved for FY 2011-12. New staff included positions for the new stormwater utility, additional vehicle maintenance staff (with some reduction in outside contracted services that helped offset position costs), parks maintenance staff, a traffic engineer, emergency dispatchers, a code enforcement officer, a plans examiner and a GIS analyst. However, no salary increases for existing employees were funded.

- To date, New Braunfels has weathered the economic downturn by holding positions open, delaying salary increases, and postponing expenditures whenever possible. No layoffs have been required to keep the City's budget balanced.
- The City's appraised property values exhibited strong growth through FY 2008-09. However, since FY 2009-10, appraised values remained fairly flat. Over the previous ten years (prior to FY 2008-09), the average annual growth in values was 10.9 percent. This contributed to the City's strong financial position. For FY 2010-11, the City saw a .9 percent decrease from the prior year. This slowdown is expected to continue and perhaps even decline further over the next several years as the appraised values react to current market and economic conditions.
- General Fund operating expenditures and transfers were \$41.5 million in FY 2010-11 (this amount reflects on the General Fund, not the Equipment Replacement and Facilities Maintenance Funds). The General Fund (stand alone) operating expenditure budget for FY 2011-12 is \$43.2 million, an increase of \$1.7 million or 4.1 percent in comparison to the FY 2010-11 actual amount. This increase results from some new positions that were added in FY 2011-12 as well as transfers to the Facilities Maintenance Fund to replenish funds drawn down to repair flood damaged areas and the Self Insurance Fund to continue to rebuild it's reserves.

#### **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.

## **BASIC FINANCIAL STATEMENTS**

## CITY OF NEW BRAUNFELS, TEXAS

## STATEMENT OF NET ASSETS

September 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 11,282,661	\$ 591,804	\$ 11,874,465	\$ 19,347,799
Pooled and Temporary Investments	44,771,752	1,806,375	46,578,127	40,782,516
Receivables, net	4,585,892	2,257	4,588,149	23,298,974
Due from Other Governments	712,582		712,582	
Due from Component Units	54,036		54,036	
Inventories, at cost	2,050	964	3,014	1,074,181
Prepaid Items				184,689
Bond issuance costs, net	1,038,103		1,038,103	
Restricted Assets				
Cash and Cash Equivalents				6,238,974
Pooled and Temporary Investments				4,477,901
Net pension obligation asset				4,079,702
Capital Assets				
Land and Construction in Progress	23,683,267	1,060,017	24,743,284	43,405,715
Other Capital Assets, net	69,726,634	5,890,986	75,617,620	182,093,987
<b>Total Assets</b>	<b>155,856,977</b>	<b>9,352,403</b>	<b>165,209,380</b>	<b>324,984,438</b>
<b>LIABILITIES</b>				
Accounts Payable	3,022,964	221,276	3,244,240	12,640,994
Overdrafts Payable	629,722		629,722	
Deposits Payable	289,925	45,114	335,039	3,447,339
Accrued Expenses Payable	2,080,832	147,417	2,228,249	104,217
Due to Primary Government				54,036
Unearned Revenue		36,964	36,964	
Noncurrent liabilities				
Due within one year:				
Bonds Payable	4,715,000		4,715,000	1,579,003
Capital Leases Payable				957,500
Accrued Compensated Absences	357,756	41,358	399,114	556,563
Due in more than one year:				
Bonds Payable	85,871,988		85,871,988	30,772,345
Capital Leases Payable				1,776,248
Net Pension Obligation	2,043,801	223,455	2,267,256	
Net OPEB Obligation	2,663,957	291,222	2,955,179	
Accrued Compensated Absences	1,541,792	159,446	1,701,238	679,280
<b>Total Liabilities</b>	<b>103,217,737</b>	<b>1,166,252</b>	<b>104,383,989</b>	<b>52,567,525</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt	26,047,147	6,951,003	32,998,150	195,111,336
Restricted for				
Debt Service				2,593,480
Capital Projects	3,201,580		3,201,580	
Cemetery Perpetual Care (nonexpendable)	134,950		134,950	
Impact Fees				7,408,655
Other Purposes	1,234,256		1,234,256	714,740
Unrestricted	22,021,307	1,235,148	23,256,455	66,588,702
<b>Total Net Assets</b>	<b>\$ 52,639,240</b>	<b>\$ 8,186,151</b>	<b>\$ 60,825,391</b>	<b>\$ 272,416,913</b>

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

**CITY OF NEW BRAUNFELS, TEXAS**

**STATEMENT OF ACTIVITIES**

**Year Ended September 30, 2011**

<b>Functions / Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General Government	\$ 7,917,902	\$ 259,616	\$ 75,452	\$
Finance and Tax	911,877			
Planning and Environmental Development	3,349,736	2,384,790	242,944	
Public Safety	28,515,343	4,684,096	1,390,892	
Public Works	6,674,727	221,763		1,550,085
Parks and Recreation	5,069,574	1,352,267		5,400
Library	1,836,202	177,424	67,256	
Airport	8,727			
Interest and Fees on Long-Term debt	3,184,401		983,391	
<b>Total Governmental Activities</b>	<b>57,468,489</b>	<b>9,079,956</b>	<b>2,759,935</b>	<b>1,555,485</b>
<b>Business-Type Activities</b>				
Airport	1,967,970	1,406,265	53,537	223,284
Solid Waste	5,505,765	6,414,691		
Golf Course	979,073	957,131		
Civic Center	746,074	321,284	17,000	
<b>Total Business-Type Activities</b>	<b>9,198,882</b>	<b>9,099,371</b>	<b>70,537</b>	<b>223,284</b>
<b>Total Primary Government</b>	<b>\$ 66,667,371</b>	<b>\$ 18,179,327</b>	<b>\$ 2,830,472</b>	<b>\$ 1,778,769</b>
<b>Component Units</b>				
Industrial Development Corporation	\$ 3,103,435	\$	\$	\$
New Braunfels Utilities	109,896,030	116,615,437		8,451,534
<b>Total Component Units</b>	<b>\$ 112,999,465</b>	<b>\$ 116,615,437</b>	<b>\$</b>	<b>\$ 8,451,534</b>
<b>General Revenues and Transfers</b>				
Taxes				
Property				
Sales				
Hotel/motel occupancy				
Franchise				
Mixed beverage				
Investment income				
Contributions not restricted to programs				
Gain on sale of assets				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
<b>Change in Net Assets</b>				
Net Assets - Beginning, as restated				
Net Assets - Ending				

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

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (7,582,834)		\$ (7,582,834)	
(911,877)		(911,877)	
(722,002)		(722,002)	
(22,440,355)		(22,440,355)	
(4,902,879)		(4,902,879)	
(3,711,907)		(3,711,907)	
(1,591,522)		(1,591,522)	
(8,727)		(8,727)	
(2,201,010)		(2,201,010)	
<u>(44,073,113)</u>		<u>(44,073,113)</u>	
\$ (284,884)		(284,884)	
908,926		908,926	
(21,942)		(21,942)	
(407,790)		(407,790)	
<u>194,310</u>		<u>194,310</u>	
194,310		(43,878,803)	
		\$ (3,103,435)	
		<u>15,170,941</u>	
		<u>12,067,506</u>	
16,037,716		16,037,716	
13,457,399		13,457,399	4,105,888
2,614,836		2,614,836	
7,448,025		7,448,025	
232,155		232,155	
114,275	3,321	117,596	440,609
205,395		205,395	
61,278		61,278	
754,423	25,488	779,911	829,642
2,127,546	(2,127,546)	-	
<u>43,053,048</u>	<u>(2,098,737)</u>	<u>40,954,311</u>	<u>5,376,139</u>
(1,020,065)	(1,904,427)	(2,924,492)	17,443,645
<u>53,659,305</u>	<u>10,090,578</u>	<u>63,749,883</u>	<u>254,973,268</u>
\$ 52,639,240	\$ 8,186,151	\$ 60,825,391	\$ 272,416,913

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

**CITY OF NEW BRAUNFELS, TEXAS**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2011**

	General Fund	Grants Fund	Hotel / Motel Fund	Tax Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,479,159	\$		\$ 295,689
Investments	20,336,005			440,863
Receivables (net of allowances for uncollectibles)				
Interest	8,656			
Accounts	382,204			
Taxes	3,633,090			246,836
Due from Other Governments	19,361		624,870	
Due from Component Units				
Due from Other Funds				
Inventories	2,050			
<b>Total Assets</b>	<b>\$ 30,860,525</b>	<b>\$ 624,870</b>	<b>\$ 983,388</b>	
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 1,366,131	\$ 31,487	\$	599,963
Overdrafts Payable		575,874		
Deposits Payable	289,925			
Accrued Expenditures	1,145,537		5,067	
Due to Other Funds	18,012			
Deferred Revenue	429,481			
<b>Total Liabilities</b>	<b>3,249,086</b>	<b>612,428</b>	<b>599,963</b>	
<b>Fund Balance</b>				
Nonspendable	2,050			
Restricted		12,442		383,425
Committed				
Assigned	9,318,150			
Unassigned	18,291,239			
<b>Total Fund Balance</b>	<b>27,611,439</b>	<b>12,442</b>	<b>383,425</b>	
<b>Total Liabilities and Fund Balance</b>	<b>\$ 30,860,525</b>	<b>\$ 624,870</b>	<b>\$ 983,388</b>	

Debt Service Fund	Certificates of Obligation Fund	Certificates of Obligation Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 531,755	\$ 552,822	\$ 456,510	\$ 2,372,090	\$ 10,688,025
58,681	4,296,471	11,709,171	7,929,670	44,770,861
		2,833		11,489
		95,219	24,534	501,957
192,520				4,072,446
10,083			58,268	712,582
			54,036	54,036
			18,012	18,012
				2,050
<u>\$ 793,039</u>	<u>\$ 4,849,293</u>	<u>\$ 12,263,733</u>	<u>\$ 10,456,610</u>	<u>\$ 60,831,458</u>
\$ 262,074	\$ 635,053	\$ 128,256	\$ 3,022,964	
		53,848	629,722	
			289,925	
1,864	9,465	14,127	1,176,060	
			18,012	
<u>192,520</u>				<u>622,001</u>
<u>192,520</u>	<u>263,938</u>	<u>644,518</u>	<u>196,231</u>	<u>5,758,684</u>
600,519	4,585,355	11,619,215	134,950	137,000
			10,021,530	27,222,486
			104,047	104,047
				9,318,150
			(148)	18,291,091
<u>600,519</u>	<u>4,585,355</u>	<u>11,619,215</u>	<u>10,260,379</u>	<u>55,072,774</u>
<u>\$ 793,039</u>	<u>\$ 4,849,293</u>	<u>\$ 12,263,733</u>	<u>\$ 10,456,610</u>	<u>\$ 60,831,458</u>

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**September 30, 2011**

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 55,072,774</b>
<i>Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	93,409,901
Bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(90,155,000)
Net pension obligation (\$2,043,801) and other postemployment benefits obligation (\$2,663,957) are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(4,707,758)
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.	(1,899,548)
The City uses internal service funds to charge the costs certain activities to individual funds. Assets and liabilities of the internal service funds are included in governmental activities.	378,544
Interest payable on bonds is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due.	(687,789)
Bond issuance costs are recorded as expenditures when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements over the life of the bonds.	1,038,103
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.	(431,988)
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.	<u>622,001</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 52,639,240</u></b>

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**Year Ended September 30, 2011**

	General Fund	Grants Fund	Hotel / Motel Fund	Tax Fund
<b>REVENUES</b>				
Taxes	\$ 30,841,773	\$		\$ 2,613,202
Licenses and Permits	1,687,277			
Fines and Forfeitures	1,522,790			
Parks and Recreation	992,875			
Interest	81,825			563
Federal Grants			893,807	
State and Local Grants			463,524	
Miscellaneous	602,676	10,000		26
Other Contributions	9,000			
Charges for Services	3,810,329			
<b>Total Revenues</b>	<b>39,548,545</b>	<b>1,367,331</b>		<b>2,613,791</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	4,071,573			1,750,331
Finance and Tax	742,238			
Planning and Environmental Development	2,241,522	436,626		
Public Safety	23,727,635	666,507		
Public Works	4,036,669	68,831		
Parks and Recreation	3,699,838	73,117		
Library	1,446,475	19,181		
Airport				
<b>Debt Service</b>				
Principal				
Interest				
Bond issuance costs and fees				
<b>Total Expenditures</b>	<b>39,965,950</b>	<b>1,264,262</b>		<b>1,750,331</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(417,405)</b>	<b>103,069</b>		<b>863,460</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,494,187			
Transfers Out	(931,911)			(923,178)
Proceeds from sale of capital assets	75,993			
Proceeds from the issuance of debt				
Payment to bond refunding escrow agent				
<b>Total Other Financing Sources (Uses)</b>	<b>1,638,269</b>			<b>(923,178)</b>
<b>Net Change in Fund Balance</b>	<b>1,220,864</b>	<b>103,069</b>		<b>(59,718)</b>
<b>Fund Balance - October 1, as restated</b>	<b>26,390,575</b>	<b>(90,627)</b>		<b>443,143</b>
<b>Fund Balance - September 30</b>	<b>\$ 27,611,439</b>	<b>\$ 12,442</b>		<b>\$ 383,425</b>

Debt Service Fund	Certificates of Obligation 2009 Fund	Certificates of Obligation 2011 Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,698,009	\$	\$	\$ 687,875	\$ 39,840,859
			5,791	1,693,068
			322,391	1,845,181
			364,792	1,357,667
471	5,661	10,837	14,777	114,134
			242,945	1,136,752
			90,577	554,101
		45,072	414,902	1,072,676
983,391			780,736	1,773,127
			46,763	3,857,092
<u>6,681,871</u>	<u>5,661</u>	<u>55,909</u>	<u>2,971,549</u>	<u>53,244,657</u>
	31,587		910,736	6,764,227
	21		46	742,305
			280,502	2,958,650
	416,474		1,326,284	26,136,900
	196,517	6,407,175	3,032,752	13,741,944
	34,088	98,339	1,048,291	4,953,673
			136,667	1,602,323
			8,727	8,727
4,140,000				4,140,000
3,221,789				3,221,789
19,120		87,758		106,878
<u>7,380,909</u>	<u>678,687</u>	<u>6,593,272</u>	<u>6,744,005</u>	<u>64,377,416</u>
<u>(699,038)</u>	<u>(673,026)</u>	<u>(6,537,363)</u>	<u>(3,772,456)</u>	<u>(11,132,759)</u>
609,798			381,912	3,485,897
			(3,262)	(1,858,351)
			38,403	114,396
730,000		18,200,000		18,930,000
(719,354)				(719,354)
<u>620,444</u>		<u>18,200,000</u>	<u>417,053</u>	<u>19,952,588</u>
(78,594)	(673,026)	11,662,637	(3,355,403)	8,819,829
<u>679,113</u>	<u>5,258,381</u>	<u>(43,422)</u>	<u>13,615,782</u>	<u>46,252,945</u>
<u>\$ 600,519</u>	<u>\$ 4,585,355</u>	<u>\$ 11,619,215</u>	<u>\$ 10,260,379</u>	<u>\$ 55,072,774</u>

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

**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, 2011**

<b>Total Net Change in Fund Balance - Governmental Funds</b>	<b>\$ 8,819,829</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 certain activities to individual funds. Net change in net assets of the internal service funds is reported with governmental activities.	204,321
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.	12,542,922
Capital assets donated by component units are not recorded in the fund financial statements but are capital contributions and increases capital assets in the government wide financial statements.	869,136
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.	(53,118)
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources.	(7,997,304)
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.	(18,930,000)
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.	4,855,000
Bond issuance costs are expended in the fund financial statements when paid but are capitalized and amortized in the government-wide financial statements. The net effect of capitalizing bond issuance cost of \$104,528 and amortization of \$70,218 increases net assets.	34,310
Deferred losses on refunding are recorded as an other financing use in the fund financial statements but are deferred and amortized in the government-wide financial statements.	4,354
Deferred losses on refunding and bond premiums are amortized over the life of the bonds in the government-wide financial statements.	27,728
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.	39,738
Long-term liabilities for certain employee benefits are accrued in the government-wide financial statements, but are not reported in the fund financial statements.	
Decrease in compensated absences	101,410
Increase in net pension obligation	(692,391)
Increase in other postemployment benefit obligation	(795,272)
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 statements. The effect of recognizing deferred tax revenue of \$622,001 and removing prior year's deferred tax recognized of \$672,729 is to decrease net assets.	(50,728)
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ (1,020,065)</b>

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**September 30, 2011**

<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	\$ 29,739	\$ 235,754	\$ 16,520
Pooled and Temporary Investments		1,505,787	300,588
Receivables (net of allowances for uncollectibles)			
Accounts			2,047
Inventories, at cost		964	
Total Current Assets	<u>29,739</u>	<u>1,742,505</u>	<u>319,155</u>
<b>Noncurrent Assets</b>			
Capital Assets (net of accumulated depreciation)			
Nondepreciable	925,017		135,000
Depreciable	4,843,473		375,173
Total Noncurrent Assets	<u>5,768,490</u>		510,173
<b>Total Assets</b>	<u>5,798,229</u>	<u>1,742,505</u>	<u>829,328</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	46,897	102,174	25,006
Deposits Payable	31,621		2,743
Accrued Expenses Payable	12,166	98,269	24,480
Deferred Revenue			36,964
Current Portion of Long-Term Liabilities			
Accrued Compensated Absences	2,069	34,802	3,101
Total Current Liabilities	<u>92,753</u>	<u>235,245</u>	<u>92,294</u>
<b>Long-Term Liabilities (net of current portion)</b>			
Net Pension Obligation	18,180	149,527	35,520
Net Other Postemployment Benefits Obligation	23,602	194,973	46,324
Accrued Compensated Absences	8,971	131,344	13,220
Total Noncurrent Liabilities	<u>50,753</u>	<u>475,844</u>	<u>95,064</u>
<b>Total Liabilities</b>	<u>143,506</u>	<u>711,089</u>	<u>187,358</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	5,768,490		510,173
Unrestricted	<u>(113,767)</u>	<u>1,031,416</u>	<u>131,797</u>
<b>Total Net Assets</b>	<u>\$ 5,654,723</u>	<u>\$ 1,031,416</u>	<u>\$ 641,970</u>

		Governmental Activities	
		Internal Service	
Civic Center	Total		
\$ 309,791	\$ 591,804	\$ 594,636	
	1,806,375	891	
210	2,257		
	964		
<u>310,001</u>	<u>2,401,400</u>		<u>595,527</u>
		1,060,017	
672,340	5,890,986		
<u>672,340</u>	<u>6,951,003</u>		
982,341	9,352,403		<u>595,527</u>
47,199	221,276		
10,750	45,114		
12,502	147,417	216,983	
	36,964		
<u>1,386</u>	<u>41,358</u>		
<u>71,837</u>	<u>492,129</u>		<u>216,983</u>
20,228	223,455		
26,323	291,222		
5,911	159,446		
<u>52,462</u>	<u>674,123</u>		
<u>124,299</u>	<u>1,166,252</u>		<u>216,983</u>
672,340	6,951,003		
185,702	1,235,148	378,544	
<u>\$ 858,042</u>	<u>\$ 8,186,151</u>		<u>\$ 378,544</u>

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**Year Ended September 30, 2011**

<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	\$ 1,406,265	\$ 6,414,691	\$ 957,131
State and Local Grants	53,537		
Miscellaneous	3,337	14,906	2,064
<b>Total Operating Revenues</b>	<b>1,463,139</b>	<b>6,429,597</b>	<b>959,195</b>
<b>OPERATING EXPENSES</b>			
Insurance premiums			
Claims			
Personnel	329,928	2,454,701	575,995
Fuel and oil for resale	867,881		
Depreciation and amortization	415,618	780,891	84,535
Purchased services	219,906	1,277,201	156,456
Professional services	102,905		9,418
Supplies	31,732	992,972	151,395
<b>Total Operating Expenses</b>	<b>1,967,970</b>	<b>5,505,765</b>	<b>977,799</b>
<b>Operating Income (Loss)</b>	<b>(504,831)</b>	<b>923,832</b>	<b>(18,604)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income		2,937	384
Interest Expense			(1,274)
<b>Total Nonoperating Revenues (Expenses)</b>		<b>2,937</b>	<b>(890)</b>
<b>Income Before Contributions and Transfers</b>	<b>(504,831)</b>	<b>926,769</b>	<b>(19,494)</b>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	223,284		
Transfers In	50,000		
Transfers Out	(8,507)	(2,429,670)	(52,749)
<b>Total Contributions and Transfers</b>	<b>264,777</b>	<b>(2,429,670)</b>	<b>(52,749)</b>
<b>Change in Net Assets</b>	<b>(240,054)</b>	<b>(1,502,901)</b>	<b>(72,243)</b>
<b>Net Assets - Beginning of Year</b>	<b>5,894,777</b>	<b>2,534,317</b>	<b>714,213</b>
<b>Net Assets - End of Year</b>	<b>\$ 5,654,723</b>	<b>\$ 1,031,416</b>	<b>\$ 641,970</b>

Civic Center	Total	Governmental Activities	
		Internal Service	
\$ 321,284	\$ 9,099,371	\$ 4,555,926	
17,000	70,537		
5,181	25,488		
<u>343,465</u>	<u>9,195,396</u>	<u>4,555,926</u>	
			580,421
			4,149,451
338,166	3,698,790		
	867,881		
72,060	1,353,104		
314,054	1,967,617		
634	112,957	121,874	
<u>21,160</u>	<u>1,197,259</u>	<u>4,851,746</u>	
<u>746,074</u>	<u>9,197,608</u>	<u>4,851,746</u>	
(402,609)	(2,212)	(295,820)	
			3,321
			(1,274)
	2,047	141	
<u>(402,609)</u>	<u>(165)</u>	<u>(295,679)</u>	
			223,284
313,380	363,380	500,000	
	(2,490,926)		
<u>313,380</u>	<u>(1,904,262)</u>	<u>500,000</u>	
(89,229)	(1,904,427)	204,321	
947,271	10,090,578	174,223	
<u>\$ 858,042</u>	<u>\$ 8,186,151</u>	<u>\$ 378,544</u>	

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended September 30, 2011**

<u>Business-type Activities - Enterprise Funds</u>			
	<u>Airport</u>	<u>Solid Waste</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 1,464,898	\$ 6,429,597	
Cash Received for Interfund Services Provided and Used			
Cash Paid for Supplies and Materials	(1,204,271)	(3,085,581)	
Cash Paid for Premiums, Claims, and Administrative Charges			
Cash Paid for Personnel Services	(314,860)	(2,352,207)	
Net Cash Provided (Used) by Operating Activities	<u>(54,233)</u>	<u>991,809</u>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash Received from Other Funds	50,000		
Cash Paid to Other Funds	<u>(8,507)</u>	<u>(2,429,670)</u>	
Net Cash Provided (Used) by Noncapital Financing Activities	<u>41,493</u>	<u>(2,429,670)</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Contributions			
Purchases of Capital Assets	(56,458)		
Principal Retirement of Long-Term Debt			
Interest Paid on Long-Term Debt			
Net Cash Used by Capital and Related Financing Activities	<u>(56,458)</u>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and Investment Income Received		7,631	
(Increase) Decrease in Pooled and Temporary Investments		997,372	
Net Cash Provided (Used) by Investing Activities		<u>1,005,003</u>	
Net Increase (Decrease) in Cash and Restricted Cash	(69,198)	(432,858)	
<b>Cash and Cash Equivalents - October 1</b>	<u>98,937</u>	<u>668,612</u>	
<b>Cash and Cash Equivalents - September 30</b>	<u>\$ 29,739</u>	<u>\$ 235,754</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, 2011**

<u>Business-type Activities - Enterprise Funds</u>			
	<u>Airport</u>	<u>Solid Waste</u>	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (504,831)	\$ 923,832	
Adjustments to reconcile operating income to net cash Provided (Used) by operating activities	415,618	780,891	
Depreciation and amortization	20,280		
(Gain) Loss on disposal of fixed assets	(5)	(7,258)	
(Increase) Decrease in Operating Assets:			
Accounts Receivable (net)	15,039		
Inventories	(843,726)	13,279	
Increase (Decrease) in Operating Liabilities:			
Accounts Payable	(4,350)	109,752	
Accrued Expenses	2,223	(7,258)	
Deferred Revenue	15,073		
Net Pension/Other Postemployment Benefits Obligations	(5)		
Accrued Compensated Absences	1,759		
Customer Deposits	\$ (54,233)	\$ 991,809	
Net Cash Provided (Used) by Operating Activities	<u>\$ (54,233)</u>	<u>\$ 991,809</u>	
<b>NONCASH CAPITAL &amp; RELATED FINANCING ACTIVITY</b>			
Capital assets contributed from governmental funds	<u>\$ 223,284</u>	<u>\$</u>	

Golf Course	Civic Center	Total	Governmental Activities Internal Service
\$ (18,604)	\$ (402,609)	\$ (2,212)	\$ (295,820)
84,535	72,060	1,353,104	20,280
(993)	(210)	(1,203)	15,039
2,565	15,365	(830,146)	(203,973)
3,390	2,594	21,486	
7,738		7,738	
25,598	15,457	165,880	
(321)	7,297	(287)	
	5,250	7,009	
<u>\$ 103,908</u>	<u>\$ (284,796)</u>	<u>\$ 756,688</u>	<u>\$ (499,793)</u>
<u>\$</u>	<u>\$</u>	<u>\$ 223,284</u>	<u>\$</u>

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
**September 30, 2011**

	<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	\$ 328,261	\$ 19,019,538	\$ 19,347,799
Pooled and Temporary Investments	11,208,207	4,425,969	15,634,176
Receivables (net of allowances for uncollectibles)			
Interest	5,738	131,434	137,172
Taxes	870,991		870,991
Accounts		22,290,811	22,290,811
Inventory		1,074,181	1,074,181
Prepaid Items		184,689	184,689
Restricted assets			
Cash and cash equivalents		6,238,974	6,238,974
Pooled and Temporary Investments		2,123,833	2,123,833
<b>Noncurrent Assets</b>			
Investments			
Restricted		2,354,068	2,354,068
Unrestricted		25,148,340	25,148,340
Net pension obligation asset		4,079,702	4,079,702
Capital Assets, net of depreciation		225,499,702	225,499,702
<b>Total Assets</b>	<b>\$ 12,413,197</b>	<b>\$ 312,571,241</b>	<b>\$ 324,984,438</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 200,941	\$ 12,440,053	\$ 12,640,994
Deposits Payable		3,447,339	3,447,339
Accrued Expenses Payable		104,217	104,217
Due to Primary Government	54,036		54,036
Noncurrent Liabilities			
Due within one year			
Compensated Absences		556,563	556,563
Capital leases payable current		957,500	957,500
Revenue bonds payable current		1,579,003	1,579,003
Due in more than one year			
Compensated Absences		679,280	679,280
Capital leases payable long-term		1,776,248	1,776,248
Long-term debt, net of discount		30,772,345	30,772,345
<b>Total Liabilities</b>	<b>254,977</b>	<b>52,312,548</b>	<b>52,567,525</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt		195,111,336	195,111,336
Restricted for			
Debt Service		2,593,480	2,593,480
Central Facilities		714,740	714,740
Impact Fees		7,408,655	7,408,655
Unrestricted	12,158,220	54,430,482	66,588,702
<b>Total Net Assets</b>	<b>12,158,220</b>	<b>260,258,693</b>	<b>272,416,913</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,413,197</b>	<b>\$ 312,571,241</b>	<b>\$ 324,984,438</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, 2011**

<b>Functions / Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for</b>	<b>Operating</b>	<b>Capital</b>
		<b>Services</b>	<b>Grants and</b>	<b>Grants and</b>
<b>Component Units</b>				
Industrial Development Corporation	\$ 3,103,435	\$ -	\$ -	\$ -
New Braunfels Utilities	<u>109,896,030</u>	<u>116,615,437</u>		<u>8,451,534</u>
<b>Total Component Units</b>	<b><u>\$ 112,999,465</u></b>	<b><u>\$ 116,615,437</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,451,534</u></b>

**General Revenues**

Taxes- Sales tax  
 Investment income  
 Miscellaneous  
 Total General Revenues

**Change in Net Assets**

**Net Assets - Beginning, as restated**

**Net Assets - Ending**

<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Industrial Development Corporation</b>	<b>New Braunfels Utilities</b>	<b>Total</b>
\$ (3,103,435)	\$ (3,103,435)	
<u>(3,103,435)</u>	<u>15,170,941</u>	<u>15,170,941</u>
		<u>12,067,506</u>
4,105,888		4,105,888
28,819	411,790	440,609
829,642	-	829,642
<u>4,964,349</u>	<u>411,790</u>	<u>5,376,139</u>
1,860,914	15,582,731	17,443,645
<u>10,297,306</u>	<u>244,675,962</u>	<u>254,973,268</u>
<u>\$ 12,158,220</u>	<u>\$ 260,258,693</u>	<u>\$ 272,416,913</u>

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

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

September 30, 2011

**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.

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in the financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City.

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, 2011 year end.

The New Braunfels Industrial Development Corporation is a legally separate non-profit 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 non-profit 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, 2011**

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

The accounting and reporting policies of the City conform to U.S. generally accepted accounting principles (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), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the 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 assets 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). The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements.

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, 2011**

**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.

*Grants Fund:* This fund accounts for the receipt and expenditures of federal and state awards. This is accounted for as a special revenue fund type by the City.

*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.

*2009 Certificates of Obligation:* This fund accounts for the expenditures of the proceeds from the August 2009 debt issuance for permanent public improvements, park improvement projects, purchase of land and construction of a public works, a municipal complex, and municipal court purposes.

*2011 Certificates of Obligation:* This fund accounts for the expenditures of the proceeds from the May 2011 debt issuance for street, sidewalk and drainage improvements, airport improvements, purchase of land and parks and recreational facilities improvements.

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 non-expendable 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 assets and changes in net assets.

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, 2011**

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenues include all taxes.

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 committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**Use of FASB Pronouncements in Enterprise Funds**

Private-sector standards of accounting and financial reporting issued on or before December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The City has elected not to follow private-sector guidance issued after November 30, 1989 for its business-type and enterprise fund activities.

**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 adopt 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.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

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

**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 Assets 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.

**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

**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 any accrued sick leave in a lump sum payment to such employee or his/her estate. Employees with 15 or more years of service are eligible. The maximum pay-out is 1,080 hours for fire department employees, and 480 hours for other employees. 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.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

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

**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, 2011 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, or by another city official or the finance division to which the City Council has delegated authority, 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.

Details of constraints on fund balances of governmental funds at September 30, 2011 are as follows:

	General Fund	Grants Fund	Hotel/ Motel Tax Fund	Debt Service Fund	C.O. 2009 Fund	C. O. 2011 Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>								
Inventories	\$ 2,050							\$ 2,050
Cemetery								
Perpetual Care							134,950	134,950
<b>Restricted to:</b>								
Tourism			383,425					383,425
Debt Service				600,519				600,519
Grants	12,442						813	13,255
Stormwater								
Development							94,591	94,591
Library							34,441	34,441
Capital Projects					4,585,355	11,619,215	8,525,125	24,729,695
TIRZ							658,016	658,016
Law Enforcement							392,917	392,917
Municipal Court							315,627	315,627
<b>Committed to:</b>								
Special Donation							103,052	103,052
River Fund							995	995
<b>Assigned to:</b>								
Equipment								
Replacement*	8,436,109							8,436,109
Facilities								
Maintenance	882,041							882,041
Unassigned	18,291,239						(148)	18,291,091
	<u>\$ 27,611,439</u>	<u>\$ 12,442</u>	<u>\$ 383,425</u>	<u>\$ 600,519</u>	<u>\$ 4,585,355</u>	<u>\$ 11,619,215</u>	<u>\$ 10,260,379</u>	<u>\$ 55,072,774</u>

\* Includes \$3,699,770 contributed by proprietary funds, mainly Solid Waste Fund, for future capital purchases.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

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

*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 upon consolidation. 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 assets.

**NOTE 3: DETAILED NOTES ON FUNDS AND COMPONENT UNITS**

**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, 2011 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 (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance 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.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE 3: DETAILED NOTES ON FUNDS AND COMPONENT UNITS (continued)**

The City's investments at September 30, 2011 are shown below.

Type of Security	Fair Value	Percentage of Total	Credit Rating	Investment Maturity	
				Less than 1 Year	1-2 Years
<b>Primary Government</b>					
U.S. Government Agency Securities					
FHLMC	\$ 14,995,935	25.95%	AAA	\$ -	\$ 14,995,935
FFCB	13,000,000	22.50%	AAA		13,000,000
2A-7 like Local Government Pools	22,895,743	39.62%	AAA	22,895,743	
Money Market Mutual Funds	6,894,657	11.93%	AAA	6,894,657	
<b>Total Investments</b>	<b>\$ 57,786,335</b>	<b>100.00%</b>		<b>\$ 29,790,400</b>	<b>\$ 27,995,935</b>
<b>Component Units</b>					
Certificate of Deposit	\$ 6,241,999	8.85%	N/A	\$ -	\$ 6,241,999
U.S. Government Agency Securities					
FHLMC	5,498,509	7.80%	AAA		5,498,509
FFCB	3,000,000	4.25%	AAA	3,000,000	
FNMA	27,810,210	39.44%	AAA		27,810,210
2A-7 like Local Government Pools	12,458,346	17.67%	AAA	12,458,346	
Money Market Mutual Funds	15,509,865	21.99%	AAA	15,509,865	
<b>Total Investments</b>	<b>\$ 70,518,929</b>	<b>100.00%</b>		<b>\$ 30,968,211</b>	<b>\$ 39,550,718</b>

**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, 2011, 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.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE 3: DETAILED NOTES ON FUNDS AND COMPONENT UNITS (continued)**

**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.

**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, 2011**

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<i>Governmental Activities</i>				
Capital Assets Not Being Depreciated				
Land	\$ 21,719,078	\$ 1,964,189	\$ -	\$ 23,683,267
Total Capital Assets Not Being Depreciated	<u>21,719,078</u>	<u>1,964,189</u>	<u>-</u>	<u>23,683,267</u>
Capital Assets Being Depreciated				
Road Network	62,804,602	5,444,335	-	68,248,937
Buildings	27,130,348	2,425,756	-	29,556,104
Improvements Other than Buildings	18,672,936	1,842,393	-	20,515,329
Machinery and Equipment	16,915,863	1,735,385	(634,039)	18,017,209
Total - Capital Assets Being Depreciated	<u>125,523,749</u>	<u>11,447,869</u>	<u>(634,039)</u>	<u>136,337,579</u>
Less Accumulated Depreciation for:				
Road Network	(33,527,542)	(3,412,448)		(36,939,990)
Buildings	(8,918,231)	(985,203)		(9,903,434)
Improvements Other than Buildings	(6,214,347)	(1,025,766)		(7,240,113)
Machinery and Equipment	(10,534,442)	(2,573,887)	580,921	(12,527,408)
Total Accumulated Depreciation	<u>(59,194,562)</u>	<u>(7,997,304)</u>	<u>580,921</u>	<u>(66,610,945)</u>
Capital Assets Being Depreciated, net	<u>66,329,187</u>	<u>3,450,565</u>	<u>(53,118)</u>	<u>69,726,634</u>
Governmental Activities Capital Assets, net	<u>\$ 88,048,265</u>	<u>\$ 5,414,754</u>	<u>(53,118)</u>	<u>\$ 93,409,901</u>
<i>Business-Type Activities</i>				
Capital Assets Not Being Depreciated				
Land	\$ 1,060,017	\$ -	\$ -	\$ 1,060,017
Total Capital Assets Not Being Depreciated	<u>1,060,017</u>	<u>-</u>	<u>-</u>	<u>1,060,017</u>
Capital Assets Being Depreciated				
Buildings	5,257,536		-	5,257,536
Improvements Other than Buildings	3,379,407	229,390	-	3,608,797
Machinery and Equipment	6,439,792	100,168	(35,490)	6,504,470
Airspace Easement	37,515	-	-	37,515
Total - Capital Assets Being Depreciated	<u>15,114,250</u>	<u>329,558</u>	<u>(35,490)</u>	<u>15,408,318</u>
Less Accumulated Depreciation for:				
Buildings	(1,392,500)	(175,251)	-	(1,567,751)
Improvements Other than Buildings	(1,567,659)	(177,074)	-	(1,744,733)
Machinery and Equipment	(5,203,848)	(999,841)	15,210	(6,188,479)
Airspace Easement	(15,431)	(938)	-	(16,369)
Total Accumulated Depreciation	<u>(8,179,438)</u>	<u>(1,353,104)</u>	<u>15,210</u>	<u>(9,517,332)</u>
Capital Assets Being Depreciated, net	<u>6,934,812</u>	<u>(1,023,546)</u>	<u>(20,280)</u>	<u>5,890,986</u>
Business-Type Activities Capital Assets, net	<u>\$ 7,994,829</u>	<u>\$ (1,023,546)</u>	<u>(20,280)</u>	<u>\$ 6,951,003</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

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

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

**Governmental Activities**

General Government	\$ 822,662
Finance and Tax	136,044
Planning and Environmental Development	315,078
Public Safety	3,374,318
Public Works	1,854,776
Parks and Recreation	1,062,444
Library	236,046
Facilities Maintenance	195,936
<b>Total Governmental Activities</b>	<b><u>\$ 7,997,304</u></b>

**Business-type Activities**

Airport	\$ 415,618
Solid Waste	780,891
Golf Course	84,535
Civic Center	72,060
<b>Total Business-type Activities</b>	<b><u>\$ 1,353,104</u></b>

**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	\$ 21,343,772		\$ -	\$ 21,343,772
Construction in Progress	12,250,234	18,996,093	(9,184,384)	22,061,943
Total capital assets, not being depreciated	<u>33,594,006</u>	<u>18,996,093</u>	<u>(9,184,384)</u>	<u>43,405,715</u>
Capital Assets Being Depreciated				
Buildings	47,207,670	84,395		47,292,065
Infrastructure	240,400,861	9,387,230	(1,860,420)	247,927,671
Equipment	31,651,292	878,590	(138,686)	32,391,196
Wells and springs	502,097	-		502,097
Total capital assets being depreciated	<u>319,761,920</u>	<u>10,350,215</u>	<u>(1,999,106)</u>	<u>328,113,029</u>
Less accumulated depreciation for:				
Buildings	(21,581,664)	(1,111,377)		(22,693,041)
Infrastructure	(93,303,206)	(8,032,547)	611,455	(100,724,298)
Equipment	(21,326,863)	(995,879)	138,646	(22,184,096)
Wells and springs	(410,919)	(6,688)		(417,607)
Total accumulated depreciation	<u>(136,622,652)</u>	<u>(10,146,491)</u>	<u>750,101</u>	<u>(146,019,042)</u>
Capital assets being depreciated, net	<u>183,139,268</u>	<u>203,724</u>	<u>(1,249,005)</u>	<u>182,093,987</u>
<b>Total Component Unit - NBU</b>	<b><u>\$ 216,733,274</u></b>	<b><u>19,199,817</u></b>	<b><u>(10,433,389)</u></b>	<b><u>\$ 225,499,702</u></b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE 5: INTERFUND BALANCES AND ACTIVITY**

<b>Due To Fund</b>	<b>Due From Fund</b>	<b>Amount</b>	<b>Purpose</b>
Nonmajor - Creekside Town Center	General Fund	\$ 18,012	Short-term loans

Transfers to and from other funds at September 30, 2011, consisted of the following:

<b>Transfer From</b>	<b>Transfer To</b>	<b>Amount</b>	<b>Purpose</b>
General Fund	Internal Service Fund	\$ 500,000	Fund expenditures in excess of revenues generated by activities
General Fund	Nonmajor - River	381,000	Fund expenditures in excess of revenues generated by activities
General Fund	Enterprise - Airport	50,000	Fund expenditures in excess of revenues generated by activities
General Fund	Nonmajor - Langland		
General Fund	Library	912	Close Fund
Nonmajor - River	GF - Equipment Replacement	3,262	Fund future vehicle purchases
Hotel/Motel Tax	EF-Civic Center	313,380	Civic/Convention Center operations and maintenance
Hotel/Motel Tax	Debt Service Fund	609,798	Fund debt service for expansion and renovation of Civic/Convention Center
Enterprise- Airport	GF - Equipment Replacement	8,507	Fund future vehicle purchases
Enterprise-Solid Waste	GF - Equipment Replacement	1,840,887	Fund future vehicle purchases
Enterprise-Solid Waste	General Fund	588,782	Administrative support and street maintenance
Enterprise-Golf Course	General Fund	50,030	Administrative support
Enterprise-Golf Course	GF - Equipment Replacement	2,719	Fund future vehicle purchases
		<b><u>\$ 4,349,277</u></b>	

**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, 2011, are as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
General Obligation Debt	\$ 76,080,000	\$ 18,930,000	\$ (4,855,000)	\$ 90,155,000	\$ 4,715,000
Deferred loss on bond refunding	(374,140)	(4,354)	25,487	(353,007)	
Bond Premium	838,210	-	(53,215)	784,995	
Subtotal	76,544,070	18,925,646	(4,882,728)	90,586,988	4,715,000
Net Pension Obligation	1,351,410	3,851,862	(3,159,471)	2,043,801	
Net OPEB Obligation	1,868,685	1,184,557	(389,285)	2,663,957	
Compensated Absences	2,000,958	30,920	(132,330)	1,899,548	357,756
<b>Total Governmental Activities</b>	<b>\$ 81,765,123</b>	<b>\$ 23,992,985</b>	<b>\$ (8,563,814)</b>	<b>\$ 97,194,294</b>	<b>\$ 5,072,756</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

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

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Business-Type Activities</b>					
Certificates of Obligation	\$ 55,000	\$ -	\$ (55,000)	\$ -	\$ -
Net Pension Obligation	146,251	429,500	(352,296)	223,455	-
Net OPEB Obligation	202,546	132,083	(43,407)	291,222	-
Compensated Absences	201,091	5,181	(5,468)	200,804	41,358
<b>Total Business-Type Activities</b>	<b>\$ 604,888</b>	<b>\$ 566,764</b>	<b>\$ (456,171)</b>	<b>\$ 715,481</b>	<b>\$ 41,358</b>
<b>Component Units</b>					
Bonds Payable	\$ 33,709,034	\$ 153,490	\$ (1,511,176)	\$ 32,351,348	\$ 1,579,003
Capital Leases Payable	3,648,748	-	(915,000)	2,733,748	957,500
Compensated Absences	1,244,786	683,976	(692,919)	1,235,843	556,563
<b>Total Component Units</b>	<b>\$ 38,602,568</b>	<b>\$ 837,466</b>	<b>\$ (3,119,095)</b>	<b>\$ 36,320,939</b>	<b>\$ 3,093,066</b>
<b>Governmental Activities</b>					
	Date of Issue	Maturity Date	Amount of Issue	Interest Rate	Amount Outstanding
Certificates of Obligation	2003	2023	\$ 6,270,000	2.75 - 4.00%	\$ 4,540,000
Certificates of Obligation	2004	2020	26,000,000	2.50 - 5.00%	11,935,000
G.O. Refunding Bonds	2006	2025	10,600,000	4.00 - 4.125%	10,435,000
Certificates of Obligation	2006A	2021	1,600,000	3.60 - 4.50%	1,250,000
Certificates of Obligation	2006B	2026	8,000,000	4.00 - 5.125%	6,870,000
Certificates of Obligation	2007	2027	17,500,000	4.00 - 5.25%	13,545,000
Certificates of Obligation	2008	2028	14,300,000	3.50 - 5.25%	12,830,000
Tax Notes	2008	2015	2,000,000	3.40%	1,205,000
Certificates of Obligation	2009	2029	9,500,000	2.00-4.50%	8,805,000
G.O. Refunding Bonds	2010	2018	730,000	1.00-2.95%	540,000
Certificates of Obligation	2011	2031	18,200,000	4.05%	18,200,000
					<b>\$ 90,155,000</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. At September 30, 2011, the outstanding balance on all defeased bonds is \$8,700,000 in tax-supported debt and is scheduled to be redeemed on October 1, 2014.

In October 2010, the City issued \$730,000 in G.O. Refunding Bonds to refund \$715,000 of 1998 C.O.s, which were redeemed in full at the time of bond issuance. The current refunding reduced total debt service payments over the next seven years by \$49,233. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$44,240.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

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

Debt service requirements on long-term debt at September 30, 2011, are as follows:

Year Ended September 30,	Governmental Activities			Total
	Principal	Interest		
2012	\$ 4,715,000	\$ 3,963,311	\$ 8,678,311	
2013	5,115,000	3,605,178	8,720,178	
2014	5,340,000	3,389,666	8,729,666	
2015	5,585,000	3,164,400	8,749,400	
2016	5,295,000	2,937,238	8,232,238	
2017-2021	27,000,000	11,240,731	38,240,731	
2022-2026	26,555,000	5,219,568	31,774,568	
2027-2031	10,550,000	875,994	11,425,994	
Total	\$ 90,155,000	\$ 34,396,086	\$ 124,551,086	

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, 2011, are as follows:

Year Ended September 30,	Bonds Payable			Capital Lease Payable		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 1,579,003	\$ 1,250,604	\$ 2,829,607	\$ 957,500	\$ 127,441	\$ 1,084,941
2013	1,602,286	1,206,941	2,809,227	1,003,749	83,626	1,087,375
2014	1,614,084	1,158,246	2,772,330	772,499	36,694	809,193
2015	1,648,713	1,108,371	2,757,084			-
2016	1,686,496	1,052,346	2,738,842			-
2017-2021	9,230,415	4,266,079	13,496,494			-
2022-2026	6,182,165	2,674,860	8,857,025			-
2027-2031	5,109,467	1,662,800	6,772,267			-
2032-2036	4,225,000	483,825	4,708,825			-
	\$32,877,629	\$14,864,072	\$47,741,701			
				\$ 2,733,748	\$ 247,761	\$ 2,981,509

**NOTE 7: 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).

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE 7: RETIREMENT PLANS (continued)**

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:

	Plan Year 2010	Plan Year 2011
Employee Deposit Rate:	7%	7%
Matching Ratio (City to Employee):	2 to 1	2 to 1
Member is vested after:	5 years	5 years
Members can retire at certain ages, based on the years of service with the City		
Service Retirement Eligibility for the City is:	5 years/age 60 20 years/any age	5 years/age 60 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:

Annual Required Contribution (ARC)	\$ 4,262,140
Interest on Net Pension Obligation	112,325
Adjustment to the ARC	<u>(93,103)</u>
Annual Pension Cost (APC)	\$ 4,281,362
Contributions Made	<u>(3,511,767)</u>
Increase (decrease) in net pension obligation	769,595
Net Pension Obligation, beginning of year	<u>1,497,661</u>
Net Pension Obligation, end of year	<u><u>\$ 2,267,256</u></u>

**Trend Information**

Fiscal Year Ending	Annual Pension Cost	Actual Contributions Made	Percentage of of APC Contributed	Net Pension Obligation
9/30/2009	\$ 3,645,716	\$ 2,987,998	82.0%	\$ 657,718
9/30/2010	3,957,629	3,117,686	78.8%	1,497,661
9/30/2011	4,281,362	3,511,767	82.0%	2,267,256

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE 7: RETIREMENT PLANS (continued)**

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Valuation Date	12/31/2008	12/31/2009	12/31/2010 - prior to restructuring	12/31/2010 - Restructured
Actuarial Cost Method	Projected Unit Credit Level Percent of Payroll			
Amortization Method	29 Years - Closed Period	28 Years - Closed Period	27.1 Years - Closed Period	27.2 Years - Closed Period
GASB 25 Equivalent Single Amorization Period				
Amorization Period for new Gains/Losses	30 Years	30 Years 10-year Smoothed Market	30 Years 10-year Smoothed Market	30 Years 10-year Smoothed Market
Asset Valuation Method	Amortized Cost			
Actuarial Assumptions:				
Investment Rate of Return*	7.5%	7.5%	7.5%	7.0%
Projected Salary Increases*	Varies by age and service			
* Includes Inflation at Cost-of-living Adjustments	3.0%	3.0%	3.0%	3.0%
	2.1%	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).

Schedule of Actuarial Liabilities and Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded ALL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(A)	(B)	(A)/(B)	(D) = (B) - (A)	(E)	(D)/(E)
12/31/2008	\$ 29,987,078	\$ 58,286,550	51.4%	\$ 28,299,472	\$ 23,139,532	122.3%
12/31/2009	32,679,235	61,497,809	53.1%	28,818,574	22,785,966	126.5%
12/31/2010 <sup>1</sup>	36,647,114	67,415,207	54.4%	30,768,093	23,146,599	132.9%
12/31/2010 <sup>2</sup>	59,092,704	88,268,964	66.9%	29,176,260	23,146,599	126.0%

<sup>1</sup> Actuarial valuation performed under the original fund structure

<sup>2</sup> Actuarial valuation performed under the new fund structure

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE 7: RETIREMENT PLANS (continued)**

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 2011, 2010 and 2009 were \$38,331, \$35,602, and \$42,185, respectively, which equaled the required contribution each year.

**NOTE 8: 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 60<sup>th</sup> birthday and have 5 years of service with the City, or have earned 20 years of TMRS service, and pay a plan premium as set by the City for themselves and their dependents.

**Funding Policy**

Plan members are required to pay a premium for themselves and their dependents. Currently, the premium is set at \$525 per retiree and an additional premium of \$509 for spouses and \$384 per child. The plan is financed on a pay-as-you-go basis.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE 8: POST-RETIREMENT HEALTH CARE BENEFITS (continued)**

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, 2011, is as follows:

Annual required contribution	\$ 1,305,584
Interest on OPEB obligation	82,849
Adjustment to ARC	<u>(71,793)</u>
Annual OPEB cost (expense)	1,316,640
Net employer contributions	<u>(432,691)</u>
Increase (decrease) in net OPEB obligation	883,949
Net OPEB obligation - as of beginning of year	2,071,230
Net OPEB obligation - as of end of year	<u>\$ 2,955,179</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
9/30/2009	\$ 92,068	\$ 964,188	9.55%	\$ 872,120	\$ 964,188	9.55%
9/30/2010	111,125	1,310,235	8.48%	2,071,230	1,305,584	8.51%
9/30/2011	432,691	1,316,640	32.86%	2,955,179	1,305,584	33.14%

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

Actuarial Valuation Date	Actuarial		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll	UAAL as Percentage of Covered Payroll
	Value of Assets (a)	Accrued Liability (AAL) (b)				
10/1/2007	\$ -	\$ 10,366,358	\$ 10,366,358	0%	\$ 17,528,226	59.1%
10/1/2009	-	14,016,512	14,016,512	0%	19,693,129	71.2%

**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 multiyear 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.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE 8: POST-RETIREMENT HEALTH CARE BENEFITS (continued)**

Significant methods and assumptions were as follows:

Investment rate of return	4.0%
Actuarial cost method	entry age method, level percent of payroll
Amortization method	level percent of payroll, 30 years- open period
Salary growth	4.0% per annum
Asset valuation method	Not applicable
Healthcare cost trends	Initial annual trend rates of 8%, 8%, 17% and 3% for medical, dental, vision and administrative costs to level out at 5%, 5%, 3% and 3% for medical, dental, vision and administrative costs from years 2020-2022
Inflation rate	3.0%
Post-retirement benefit increases	None other than healthcare cost increases (reported above)

**NOTE 9: 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 2011, 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 \$4,353,424 in health claims and paid \$653,734 for administrative costs for the year ended September 30, 2011. The City contributed \$3,354,393 and City employees contributed \$1,238,639 to the health insurance program for the year ended September 30, 2011.

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 \$216,983 at September 30, 2011. The estimated liability for health claims is based upon historical claims experience. The change in the claim liability for the years ended September 30, 2011 and 2010 are as follows:

	2011	2010
Claims payable beginning of year	\$ 420,956	\$ 293,017
Claims incurred	4,149,451	4,670,449
Claims paid (calculated)	(4,353,424)	(4,542,510)
Claims payable end of year	<u><u>\$ 216,983</u></u>	<u><u>\$ 420,956</u></u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE 10: 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, 2011, 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 11: DEFICIT IN FUND BALANCE**

At September 30, 2011, the Special Revenue Economic Incentive Fund had deficit fund balance of \$148 due to pending reimbursements. Funds were available from other sources; therefore, no adverse affect to the fund is anticipated.

**NOTE 12: PRIOR PERIOD ADJUSTMENTS**

During 2011, the City reallocated taxes previously recorded in the General Fund and Debt Service Fund to the Special Revenue Creekside Town Center Fund, a tax increment reinvestment fund. The effect of the allocation is as follows:

	Fund Balance		Net Assets	
			Industrial	
	General Fund	Creekside Town Center Fund	Governmental Activities	Development Corporation
As previously stated September 30, 2010	\$ 26,405,643	\$ 375,205	\$ 53,614,102	\$ 10,342,510
Reallocation of Taxes	<u>(15,068)</u>	<u>60,271</u>	<u>45,203</u>	<u>(45,204)</u>
Beginning fund balance October 1, 2010 as restated	<u>\$ 26,390,575</u>	<u>\$ 435,476</u>	<u>\$ 53,659,305</u>	<u>\$ 10,297,306</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF NEW BRAUNFELS, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**Year Ended September 30, 2011**

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget		
	Original	Final				
<b>REVENUES</b>						
<b>Taxes and Transfers</b>						
Ad valorem	\$ 10,235,172	\$ 10,235,172	\$ 10,119,636	\$ (115,536)		
Sales	12,360,000	12,360,000	13,040,334	680,334		
Other	1,586,000	1,586,000	1,862,648	276,648		
Intergovernmental transfer	5,711,000	5,711,000	5,819,155	108,155		
Licenses and Permits	1,508,400	1,508,400	1,687,277	178,877		
<b>Charges for Services</b>						
Ambulance	1,600,000	1,600,000	1,747,062	147,062		
Other	1,875,400	1,875,400	2,063,267	187,867		
Fines and Forfeitures	1,081,700	1,081,700	1,522,790	441,090		
<b>Parks and Recreation</b>						
Pools	525,000	525,000	494,998	(30,002)		
Park fees	245,270	245,270	134,165	(111,105)		
Other	366,300	366,300	363,712	(2,588)		
Interest	100,000	100,000	58,300	(41,700)		
Other Contributions	2,000	2,000	9,000	7,000		
Miscellaneous	157,200	157,200	437,350	280,150		
<b>Total Revenues</b>	<b>37,353,442</b>	<b>37,353,442</b>	<b>39,359,694</b>	<b>2,006,252</b>		
<b>EXPENDITURES</b>						
<b>Current</b>						
<b>General Government</b>						
City Council	24,400	24,400	33,107	(8,707)		
City Attorney	541,767	643,767	627,101	16,666		
Administration	477,777	544,277	542,045	2,232		
City Secretary	217,699	217,699	223,713	(6,014)		
Emergency Management	112,763	112,763	94,614	18,149		
Information Technology	683,701	668,701	544,225	124,476		
GIS	223,016	223,016	216,902	6,114		
Nondepartmental	2,783,200	1,171,200	1,104,624	66,576		
Human Resources	594,252	585,252	573,091	12,161		
<b>Total General Government</b>	<b>5,658,575</b>	<b>4,191,075</b>	<b>3,959,422</b>	<b>231,653</b>		
<b>Finance and Tax Collection</b>						
Support Services	680,671	680,670	742,238	(61,568)		
<b>Total Finance and Tax Collection</b>	<b>680,671</b>	<b>680,670</b>	<b>742,238</b>	<b>(61,568)</b>		
<b>Planning and Environmental Development</b>						
Environmental Services	670,021	670,021	672,746	(2,725)		
Planning	880,627	880,627	860,315	20,312		
Building Inspections	628,284	628,284	599,546	28,738		
Main Street	135,289	135,289	108,915	26,374		
<b>Total Planning and Environmental Dev.</b>	<b>2,314,221</b>	<b>2,314,221</b>	<b>2,241,522</b>	<b>72,699</b>		

**CITY OF NEW BRAUNFELS, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE - continued**  
**GENERAL FUND**  
**Year Ended September 30, 2011**

	<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>Public Safety</b>				
Police	\$ 10,406,158	\$ 10,907,158	\$ 10,939,378	\$ (32,220)
Fire	10,517,198	11,474,198	11,460,224	13,974
Municipal Court	613,268	613,268	597,716	15,552
Total Public Safety	<u>21,536,624</u>	<u>22,994,624</u>	<u>22,997,318</u>	<u>(2,694)</u>
<b>Public Works</b>				
Administration and Engineering	783,709	783,709	788,686	(4,977)
Facilities Maintenance	313,204	313,204	327,493	(14,289)
Streets	2,374,186	2,374,186	2,390,101	(15,915)
Drainage	529,406	529,406	447,466	81,940
Total Public Works	<u>4,000,505</u>	<u>4,000,505</u>	<u>3,953,746</u>	<u>46,759</u>
<b>Parks and Recreation</b>				
Administration	762,530	762,530	766,152	(3,622)
Aquatics	548,228	548,228	466,314	81,914
Maintenance	1,758,185	1,704,185	1,655,237	48,948
Rangers	258,227	258,227	188,117	70,110
Recreation and Athletics	571,111	571,111	472,869	98,242
Total Parks and Recreation	<u>3,898,281</u>	<u>3,844,281</u>	<u>3,548,689</u>	<u>295,592</u>
<b>Library, Civic Center, Technology Center</b>				
Library	1,440,245	1,449,245	1,446,475	2,770
Total Library and Civic Center	<u>1,440,245</u>	<u>1,449,245</u>	<u>1,446,475</u>	<u>2,770</u>
<b>Total Expenditures</b>	<b><u>39,529,122</u></b>	<b><u>39,474,621</u></b>	<b><u>38,889,410</u></b>	<b><u>585,211</u></b>
Excess of Revenues Over (Under) Expenditures	(2,175,680)	(2,121,179)	470,284	2,591,463
<b>Other Financing Sources (Uses)</b>				
Transfers In	638,812	638,812	638,812	-
Transfers Out	(2,903,597)	(2,958,097)	(2,571,852)	386,245
Proceeds from Sale of Capital Assets	-	4,700	5,674	974
Total Other Financing Sources (Uses)	<u>(2,264,785)</u>	<u>(2,314,585)</u>	<u>(1,927,366)</u>	<u>387,219</u>
Change in Fund Balance	(4,440,465)	(4,435,764)	(1,457,082)	2,978,682
Fund Balance - October 1, as restated	<u>19,750,371</u>	<u>19,750,371</u>	<u>19,750,371</u>	<u>-</u>
Fund Balance - September 30	<b><u>\$ 15,309,906</u></b>	<b><u>\$ 15,314,607</u></b>	<b><u>\$ 18,293,289</u></b>	<b><u>\$ 2,978,682</u></b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GRANTS FUND**  
**Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final	GAAP Basis	with Final Budget
<b>REVENUE</b>				
Federal Grants	\$	\$ 150,000	\$ 893,807	\$ 743,807
State and Local Grants	441,066	1,402,026	463,524	(938,502)
Miscellaneous		10,000	10,000	
<b>Total Revenues</b>	<b>441,066</b>	<b>1,562,026</b>	<b>1,367,331</b>	<b>(194,695)</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government		150,000		150,000
Planning and Environmental Development		210,192	436,626	(226,434)
Public Safety	378,497	868,344	666,507	201,837
Public Works	40,400	29,000	68,831	(39,831)
Parks and Recreation	11,169	13,175	73,117	(59,942)
Library	11,000	26,981	19,181	7,800
<b>Total Expenditures</b>	<b>441,066</b>	<b>1,297,692</b>	<b>1,264,262</b>	<b>33,430</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>				
		264,334	103,069	(161,265)
<b>Fund Balance - October 1</b>	<b>(90,627)</b>	<b>(90,627)</b>	<b>(90,627)</b>	<b></b>
<b>Fund Balance - September 30</b>	<b>\$ (90,627)</b>	<b>\$ 173,707</b>	<b>\$ 12,442</b>	<b>\$ (161,265)</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HOTEL-MOTEL TAX FUND**  
**Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final	GAAP Basis	with Final Budget
<b>REVENUE</b>				
Taxes	\$ 2,420,000	\$ 2,606,000	\$ 2,613,202	\$ 7,202
Interest			563	563
Miscellaneous			26	26
<b>Total Revenues</b>	<b>2,420,000</b>	<b>2,606,000</b>	<b>2,613,791</b>	<b>7,791</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government				
Chamber of Commerce	1,179,400	1,382,500	1,382,453	47
Arts and Heritage Organizations	315,965	367,880	367,878	2
<b>Total Expenditures</b>	<b>1,495,365</b>	<b>1,750,380</b>	<b>1,750,331</b>	<b>49</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>924,635</b>	<b>855,620</b>	<b>863,460</b>	<b>7,840</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(804,140)	(935,270)	(923,178)	12,092
<b>Total Other Financing Sources (Uses)</b>	<b>(804,140)</b>	<b>(935,270)</b>	<b>(923,178)</b>	<b>12,092</b>
<b>Net Change in Fund Balance</b>	<b>120,495</b>	<b>(79,650)</b>	<b>(59,718)</b>	<b>19,932</b>
<b>Fund Balance - October 1</b>	<b>443,143</b>	<b>443,143</b>	<b>443,143</b>	<b>-</b>
<b>Fund Balance - September 30</b>	<b>\$ 563,638</b>	<b>\$ 363,493</b>	<b>\$ 383,425</b>	<b>\$ 19,932</b>

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING BALANCE SCHEDULE**

**General Fund - Subfunds**

**September 30, 2011**

	General Fund	Equipment Replacement Fund	Facilities Maintenance Fund	Totals
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,868,146	\$ 1,212,540	\$ 398,473	\$ 6,479,159
Pooled and Temporary Investments	12,552,492	7,272,129	511,384	20,336,005
Receivables, net				
Taxes	3,633,090			3,633,090
Accounts	382,204			382,204
Interest	4,762	3,894		8,656
Due from Other Governments	19,361			19,361
Inventories	2,050			2,050
<b>Total Assets</b>	<b><u>\$ 21,462,105</u></b>	<b><u>\$ 8,488,563</u></b>	<b><u>\$ 909,857</u></b>	<b><u>\$ 30,860,525</u></b>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities</b>				
Accounts Payable	\$ 1,285,861	\$ 52,454	\$ 27,816	\$ 1,366,131
Deposits Payable	289,925			289,925
Accrued Expenditures	1,145,537			1,145,537
Deferred Revenue	429,481			429,481
Due to Other Funds	18,012			18,012
<b>Total Liabilities</b>	<b><u>3,168,816</u></b>	<b><u>52,454</u></b>	<b><u>27,816</u></b>	<b><u>3,249,086</u></b>
 <b>Fund Balances</b>				
Nonspendable	2,050			2,050
Assigned		8,436,109	882,041	9,318,150
Unassigned	18,291,239			18,291,239
<b>Total Fund Balances</b>	<b><u>18,293,289</u></b>	<b><u>8,436,109</u></b>	<b><u>882,041</u></b>	<b><u>27,611,439</u></b>
 <b>Total Liabilities and Fund Balances</b>	<b><u>\$ 21,462,105</u></b>	<b><u>\$ 8,488,563</u></b>	<b><u>\$ 909,857</u></b>	<b><u>\$ 30,860,525</u></b>

Note: Fund balance in the Equipment Replacement Fund includes \$3,699,770 contributed by proprietary funds, mainly Solid Waste Fund, for future capital purchases.

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**General Fund - Subfunds**  
**Year Ended September 30, 2011**

	<b>General Fund</b>	<b>Equipment Replacement Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Totals</b>
<b>REVENUE</b>				
Taxes	\$ 30,841,773	\$	\$	\$ 30,841,773
Licenses and Permits	1,687,277			1,687,277
Fines and Forfeitures	1,522,790			1,522,790
Interest	58,300	22,809	716	81,825
Parks and Recreation	992,875			992,875
Miscellaneous	437,350	55,522	109,804	602,676
Other Contributions	9,000			9,000
Charges for Services	3,810,329			3,810,329
<b>Total Revenues</b>	<b><u>39,359,694</u></b>	<b><u>78,331</u></b>	<b><u>110,520</u></b>	<b><u>39,548,545</u></b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	3,959,422	112,151		4,071,573
Finance and Tax	742,238			742,238
Planning and Environmental	2,241,522			2,241,522
Public Safety	22,997,318	725,700	4,617	23,727,635
Public Works	3,953,746		82,923	4,036,669
Parks and Recreation	3,548,689		151,149	3,699,838
Library	1,446,475			1,446,475
<b>Total Expenditures</b>	<b><u>38,889,410</u></b>	<b><u>837,851</u></b>	<b><u>238,689</u></b>	<b><u>39,965,950</u></b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b><u>470,284</u></b>	<b><u>(759,520)</u></b>	<b><u>(128,169)</u></b>	<b><u>(417,405)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	638,812	1,855,375		2,494,187
Transfers Out	(2,571,852)	1,339,941	300,000	(931,911)
Proceeds from Sale of Capital Assets	5,674	70,319		75,993
<b>Total Other Financing Sources (Uses)</b>	<b><u>(1,927,366)</u></b>	<b><u>3,265,635</u></b>	<b><u>300,000</u></b>	<b><u>1,638,269</u></b>
<b>Net Change in Fund Balance</b>	<b><u>(1,457,082)</u></b>	<b><u>2,506,115</u></b>	<b><u>171,831</u></b>	<b><u>1,220,864</u></b>
<b>Fund Balance - October 1, restated</b>	<b><u>19,750,371</u></b>	<b><u>5,929,994</u></b>	<b><u>710,210</u></b>	<b><u>26,390,575</u></b>
<b>Fund Balance - September 30</b>	<b><u>\$ 18,293,289</u></b>	<b><u>\$ 8,436,109</u></b>	<b><u>\$ 882,041</u></b>	<b><u>\$ 27,611,439</u></b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING BALANCE SHEET**  
**Nonmajor Governmental Funds**  
**September 30, 2011**

	Special Revenue Funds	Capital Projects Funds	Cemetery Perpetual Care	Permanent Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 986,910	\$ 1,378,866	\$ 6,314	\$ 2,372,090	
Pooled and Temporary Investments	611,848	7,177,548	140,274		7,929,670
Accounts Receivable	24,534				24,534
Due from Other Governments	58,268				58,268
Due from Component Units	54,036				54,036
Due from Other Funds	18,012				18,012
<b>Total Assets</b>	<b>\$ 1,753,608</b>	<b>\$ 8,556,414</b>	<b>\$ 146,588</b>	<b>\$ 10,456,610</b>	
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 85,329	\$ 31,289	\$ 11,638	\$ 128,256	
Overdrafts Payable	53,848				53,848
Accrued Wages Payable	14,127				14,127
<b>Total Liabilities</b>	<b>153,304</b>	<b>31,289</b>	<b>11,638</b>	<b></b>	<b>196,231</b>
<b>Fund Balances</b>					
Nonspendable			134,950	134,950	
Restricted	1,496,405	8,525,125			10,021,530
Committed	104,047				104,047
Unassigned	(148)				(148)
<b>Total Fund Balances</b>	<b>1,600,304</b>	<b>8,525,125</b>	<b>134,950</b>	<b></b>	<b>10,260,379</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,753,608</b>	<b>\$ 8,556,414</b>	<b>\$ 146,588</b>	<b>\$ 10,456,610</b>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Nonmajor Governmental Funds**  
**Year Ended September 30, 2011**

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Funds
<b>REVENUE</b>				
Taxes	\$ 687,864	\$ 11	\$ 525	\$ 687,875
Licenses and Permits	5,266			5,791
Fines and Forfeitures	322,391			322,391
Parks and Recreation	359,392	5,400		364,792
Interest	1,058	13,540	179	14,777
Federal Grants	242,945			242,945
State and Local Grants	90,577			90,577
Miscellaneous	246,523	168,379		414,902
Other Contributions	99,787	680,949		780,736
Charges and Fees	46,763			46,763
<b>Total Revenues</b>	<b>2,102,566</b>	<b>868,279</b>	<b>704</b>	<b>2,971,549</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	739,266	171,470		910,736
Finance and Tax	-	46		46
Planning and Environmental Devel.	280,502			280,502
Public Safety	1,224,701	101,583		1,326,284
Public Works	26,223	3,006,529		3,032,752
Parks and Recreation	254,662	779,719	13,910	1,048,291
Library	101,590	35,077		136,667
Airport	8,727			8,727
<b>Total Expenditures</b>	<b>2,635,671</b>	<b>4,094,424</b>	<b>13,910</b>	<b>6,744,005</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(533,105)</b>	<b>(3,226,145)</b>	<b>(13,206)</b>	<b>(3,772,456)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds From Sale of Equipment	38,403			38,403
Transfers In	381,912			381,912
Transfers Out	(3,262)			(3,262)
<b>Total Other Financing Sources (Uses)</b>	<b>417,053</b>			<b>417,053</b>
<b>Net Change in Fund Balance</b>	<b>(116,052)</b>	<b>(3,226,145)</b>	<b>(13,206)</b>	<b>(3,355,403)</b>
<b>Fund Balance - October 1, restated</b>	<b>1,716,356</b>	<b>11,751,270</b>	<b>148,156</b>	<b>13,615,782</b>
<b>Fund Balance - September 30</b>	<b>\$ 1,600,304</b>	<b>\$ 8,525,125</b>	<b>\$ 134,950</b>	<b>\$ 10,260,379</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING BALANCE SHEET**  
**Nonmajor Special Revenue Funds**  
**September 30, 2011**

	<b>Community Development Block Grant</b>	<b>Special Revenue Donations</b>	<b>River</b>	<b>Court Security</b>
<b>ASSETS</b>				
Cash	\$	\$ 111,709	\$ 11,375	\$ 12,527
Pooled and Temporary Investments				
Accounts Receivable				
Due from Other Governments	58,268			
Due from Component Unit				
Due from other Funds				
Total Assets	<b><u>\$ 58,268</u></b>	<b><u>\$ 111,709</u></b>	<b><u>\$ 11,375</u></b>	<b><u>\$ 12,527</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 27,002	\$ 8,657	\$ 2,989	\$
Overdrafts Payable	29,558			
Accrued Wages Payable	895		7,391	1,308
Total Liabilities	<b><u>57,455</u></b>	<b><u>8,657</u></b>	<b><u>10,380</u></b>	<b><u>1,308</u></b>
<b>Fund Balances</b>				
Restricted	813			11,219
Committed		103,052	995	
Unassigned				
Total Fund Balances	<b><u>813</u></b>	<b><u>103,052</u></b>	<b><u>995</u></b>	<b><u>11,219</u></b>
Total Liabilities and Fund Balances	<b><u>\$ 58,268</u></b>	<b><u>\$ 111,709</u></b>	<b><u>\$ 11,375</u></b>	<b><u>\$ 12,527</u></b>

Judicial Efficiency	Court Technology	Child Safety	Stormwater Development	Juvenile Case Management	Langland Library
\$ 7,997	\$ 27,521	\$ 43,229 60,184	\$ 24,401 70,190	\$ 48,746 125,245	\$
<u>\$ 7,997</u>	<u>\$ 27,521</u>	<u>\$ 103,413</u>	<u>\$ 94,591</u>	<u>\$ 173,991</u>	<u>\$ -</u>
\$ 1,388	\$ 713	\$ 1,880	\$	\$	\$
<u>1,388</u>	<u>713</u>	<u>2,879 4,759</u>		<u>1,654</u>	
6,609	26,808	98,654	94,591	172,337	
<u>6,609</u>	<u>26,808</u>	<u>98,654</u>	<u>94,591</u>	<u>172,337</u>	
<u>\$ 7,997</u>	<u>\$ 27,521</u>	<u>\$ 103,413</u>	<u>\$ 94,591</u>	<u>\$ 173,991</u>	<u>\$</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING BALANCE SHEET - continued**  
**Nonmajor Special Revenue Funds**  
**September 30, 2011**

	Faust Library	Sissel Library Trust Fund	Federal Court Awards	Non-Federal Court Awards
<b>ASSETS</b>				
Cash	\$ 34,441	\$	\$ 4,446	\$ 74,940
Pooled and Temporary Investments			315,761	40,078
Accounts Receivable			392	
Due from Other Governments				
Due from Component Unit				
Due from Other Funds				
Total Assets	<b>\$ 34,441</b>	<b>\$</b>	<b>\$ 320,599</b>	<b>\$ 115,018</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$	\$	\$ 41,300	\$ 1,400
Overdrafts Payable				
Accrued Wages Payable				
Total Liabilities	<b>\$</b>	<b>\$</b>	<b>41,300</b>	<b>1,400</b>
<b>Fund Balances</b>				
Restricted	34,441		279,299	113,618
Committed				
Unassigned				
Total Fund Balances	<b>34,441</b>	<b>\$</b>	<b>279,299</b>	<b>113,618</b>
Total Liabilities and Fund Balances	<b>\$ 34,441</b>	<b>\$</b>	<b>\$ 320,599</b>	<b>\$ 115,018</b>

Economic Incentive	Creekside Town Center	Total Nonmajor Special Revenue Funds
\$ 24,142	\$ 585,578 390	\$ 986,910 611,848
		24,534
		58,268
	54,036	54,036
	18,012	18,012
<b>\$ 24,142</b>	<b>\$ 658,016</b>	<b>\$ 1,753,608</b>
\$ 24,290	\$ 85,329	
		53,848
		14,127
<b>\$ 24,290</b>	<b></b>	<b>153,304</b>
	658,016	1,496,405
		104,047
<b>(148)</b>	<b></b>	<b>(148)</b>
<b>(148)</b>	<b>658,016</b>	<b>1,600,304</b>
<b>\$ 24,142</b>	<b>\$ 658,016</b>	<b>\$ 1,753,608</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Nonmajor Special Revenue Funds**  
**Year Ended September 30, 2011**

	<u>Community Development Block Grant</u>	<u>Special Revenue Donations</u>	<u>River</u>	<u>Court Security</u>
<b>REVENUE</b>				
Ad Valorem Taxes	\$	\$	\$	\$
Sales Taxes				
Licenses and Permits			5,266	
Fines and Forfeitures			188,674	29,242
Parks and Recreation			359,392	
Interest				
Federal Grants	242,945			
State and Local Grants		8,512		
Other Contributions		99,787		
Miscellaneous		42,325		
Charges and Fees				
<b>Total Revenues</b>	<b>242,945</b>	<b>150,624</b>	<b>553,332</b>	<b>29,242</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government		5,650		
Planning and Environmental Development	248,642			
Public Safety		47,072	694,466	31,186
Public Works				
Parks and Recreation		18,321	236,341	
Library		44,334		
Airport		8,727		
<b>Total Expenditures</b>	<b>248,642</b>	<b>124,104</b>	<b>930,807</b>	<b>31,186</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(5,697)</b>	<b>26,520</b>	<b>(377,475)</b>	<b>(1,944)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets				
Transfers In			381,000	
Transfers Out			(3,262)	
<b>Total Other Financing Sources (Uses)</b>			<b>377,738</b>	
<b>Net Change in Fund Balance</b>	<b>(5,697)</b>	<b>26,520</b>	<b>263</b>	<b>(1,944)</b>
<b>Fund Balance - October 1, restated</b>	<b>6,510</b>	<b>76,532</b>	<b>732</b>	<b>13,163</b>
<b>Fund Balance - September 30</b>	<b>\$ 813</b>	<b>\$ 103,052</b>	<b>\$ 995</b>	<b>\$ 11,219</b>

Judicial Efficiency	Court Technology	Child Safety	Stormwater Development	Juvenile Case Management	Langland Library
\$	\$	\$	\$	\$	\$
4,863	39,111	11,774		48,727	
		117		90	160
		82,065			
<u>4,863</u>	<u>39,111</u>	<u>93,956</u>	<u>46,763</u>	<u>46,853</u>	<u>48,887</u>
5,448	33,785	96,091		41,022	
		26,223			
<u>5,448</u>	<u>33,785</u>	<u>96,091</u>	<u>26,223</u>	<u>41,022</u>	<u></u>
<u>(585)</u>	<u>5,326</u>	<u>(2,135)</u>	<u>20,630</u>	<u>7,865</u>	<u></u>
					912
					<u>912</u>
(585)	5,326	(2,135)	20,630	7,865	912
<u>7,194</u>	<u>21,482</u>	<u>100,789</u>	<u>73,961</u>	<u>164,472</u>	<u>(912)</u>
<u>\$ 6,609</u>	<u>\$ 26,808</u>	<u>\$ 98,654</u>	<u>\$ 94,591</u>	<u>\$ 172,337</u>	<u>\$</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, 2011**

	Faust Library	Sissel Library Trust Fund	Federal Court Awards	Non-Federal Court Awards
<b>REVENUE</b>				
Ad Valorem Taxes	\$	\$	\$	\$
Sales Taxes				
Licenses and Permits				
Fines and Forfeitures				
Parks and Recreation				
Interest			488	51
Federal Grants				
State and Local Grants				
Other Contributions				
Miscellaneous		57,256	100,704	46,238
Charges and Fees				
Total Revenues		<u>57,256</u>	<u>101,192</u>	<u>46,289</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government				
Planning and Environmental Development				
Public Safety			255,162	20,469
Public Works				
Parks and Recreation				
Library		57,256		
Airport				
Total Expenditures		<u>57,256</u>	<u>255,162</u>	<u>20,469</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>				
			<u>(153,970)</u>	<u>25,820</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets				38,403
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)				38,403
<b>Net Change in Fund Balance</b>			<b>(153,970)</b>	<b>64,223</b>
<b>Fund Balance - October 1, restated</b>	<u>34,441</u>		<u>433,269</u>	<u>49,395</u>
<b>Fund Balance - September 30</b>	<u>\$ 34,441</u>	<u>\$</u>	<u>\$ 279,299</u>	<u>\$ 113,618</u>

Economic Incentive	Creekside Town Center	Total Nonmajor Special Revenue Funds
\$	\$ 270,799	\$ 270,799
	417,065	417,065
	5,266	5,266
	322,391	322,391
	359,392	359,392
	152	1,058
		242,945
		90,577
		99,787
		246,523
		46,763
	<u>688,016</u>	<u>2,102,566</u>
	733,616	739,266
	31,860	280,502
		1,224,701
		26,223
		254,662
		101,590
		8,727
	<u>765,476</u>	<u>2,635,671</u>
	<u>(77,460)</u>	<u>(533,105)</u>
	38,403	38,403
	381,912	381,912
	(3,262)	(3,262)
		<u>417,053</u>
	(77,460)	(116,052)
	<u>(148)</u>	<u>735,476</u>
\$	<u>(148)</u>	<u>\$ 658,016</u>
		\$ 1,600,304

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING BALANCE SHEET**  
**Nonmajor Capital Projects Funds**  
**September 30, 2011**

	Roadway Impact Fees	Park Improvement	Certificates of Obligation 2004 Fund
<b>ASSETS</b>			
Cash	\$ 822,128	\$ 19,381	\$ 702
Pooled and Temporary Investments	1,501,663	200,392	148,031
Total Assets	<b><u>\$ 2,323,791</u></b>	<b><u>\$ 219,773</u></b>	<b><u>\$ 148,733</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ _____	\$ _____	\$ 206
Total Liabilities	<u>_____</u>	<u>_____</u>	<u>206</u>
<b>Fund Balances</b>			
Restricted	2,323,791	219,773	148,527
Total Fund Balances	<u>2,323,791</u>	<u>219,773</u>	<u>148,527</u>
Total Liabilities and Fund Balances	<b><u>\$ 2,323,791</u></b>	<b><u>\$ 219,773</u></b>	<b><u>\$ 148,733</u></b>

Certificates of Obligation 2007 Fund	Certificates of Obligation 2008 Fund	Total Nonmajor Capital Projects Funds
\$ 348,668	\$ 187,987	\$ 1,378,866
2,562,423	2,765,039	7,177,548
<b>\$ 2,911,091</b>	<b>\$ 2,953,026</b>	<b>\$ 8,556,414</b>
\$ 19,596	\$ 11,487	\$ 31,289
19,596	11,487	31,289
2,891,495	2,941,539	8,525,125
2,891,495	2,941,539	8,525,125
<b>\$ 2,911,091</b>	<b>\$ 2,953,026</b>	<b>\$ 8,556,414</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Nonmajor Capital Projects Funds**  
**Year Ended September 30, 2011**

	<u>Roadway Impact Fees</u>	<u>Park Improvement</u>	<u>Certificates of Obligation 2004 Fund</u>
<b>REVENUE</b>			
Taxes	\$	\$	\$
Parks and Recreation			5,400
Interest	1,567	245	899
Miscellaneous			3,455
Other Contributions	<u>680,949</u>		
<b>Total Revenues</b>	<u>682,516</u>	<u>5,656</u>	<u>4,354</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
General Government			
Finance and Tax			
Public Safety			
Public Works	28,500		654,205
Parks and Recreation			102,264
Library			
<b>Total Expenditures</b>	<u>28,500</u>		<u>756,469</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>654,016</u>	<u>5,656</u>	<u>(752,115)</u>
<b>Net Change in Fund Balance</b>	<u>654,016</u>	<u>5,656</u>	<u>(752,115)</u>
<b>Fund Balance -October 1</b>	<u>1,669,775</u>	<u>214,117</u>	<u>900,642</u>
<b>Fund Balance -September 30</b>	<u>\$ 2,323,791</u>	<u>\$ 219,773</u>	<u>\$ 148,527</u>

Certificates of Obligation 2007 Fund	Certificates of Obligation 2008 Fund	Total Nonmajor Capital Projects Funds
\$	\$	\$
5,020	5,809	11
		5,400
164,924		13,540
		168,379
		680,949
<u>5,020</u>	<u>170,733</u>	<u>868,279</u>
171,470		171,470
22	24	46
101,583		101,583
201,766	2,122,058	3,006,529
677,455		779,719
35,077		35,077
<u>1,187,373</u>	<u>2,122,082</u>	<u>4,094,424</u>
<u>(1,182,353)</u>	<u>(1,951,349)</u>	<u>(3,226,145)</u>
(1,182,353)	(1,951,349)	(3,226,145)
<u>4,073,848</u>	<u>4,892,888</u>	<u>11,751,270</u>
<u>\$ 2,891,495</u>	<u>\$ 2,941,539</u>	<u>\$ 8,525,125</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, 2011**

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final	GAAP Basis	with Final Budget
<b>REVENUE</b>				
Ad valorem taxes	\$ 5,770,450	\$ 5,770,450	\$ 5,698,009	\$ (72,441)
Interest	1,200	1,200	471	(729)
Other contributions	983,390	983,390	983,391	1
<b>Total Revenues</b>	<b>6,755,040</b>	<b>6,755,040</b>	<b>6,681,871</b>	<b>(73,169)</b>
<b>EXPENDITURES</b>				
<b>Debt Service:</b>				
Principal	4,125,000	4,125,000	4,140,000	(15,000)
Interest	3,242,912	3,242,912	3,221,789	21,123
Bond issuance costs and fees	10,000	10,000	19,120	(9,120)
<b>Total Expenditures</b>	<b>7,377,912</b>	<b>7,377,912</b>	<b>7,380,909</b>	<b>(2,997)</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(622,872)</b>	<b>(622,872)</b>	<b>(699,038)</b>	<b>(76,166)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	609,798	609,798	609,798	
Proceeds from bond issuance			730,000	730,000
Payments to escrow agent for bond issuance			(719,354)	(719,354)
<b>Total Other Financing Sources (Uses)</b>	<b>609,798</b>	<b>609,798</b>	<b>620,444</b>	<b>10,646</b>
<b>Net Change in Fund Balance</b>	<b>(13,074)</b>	<b>(13,074)</b>	<b>(78,594)</b>	<b>(65,520)</b>
<b>Fund Balance - October 1, restated</b>	<b>679,113</b>	<b>679,113</b>	<b>679,113</b>	
<b>Fund Balance - September 30</b>	<b>\$ 666,039</b>	<b>\$ 666,039</b>	<b>\$ 600,519</b>	<b>\$ (65,520)</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, 2011**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
			<b>GAAP</b>	<b>Basis</b>
<b>REVENUE</b>				
Federal grants	\$ 147,675	\$ 225,982	\$ 242,945	\$ 16,963
Total Revenues	<u>147,675</u>	<u>225,982</u>	<u>242,945</u>	<u>16,963</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Planning and Environmental Devel.	147,675	109,547	248,642	(139,095)
Total Expenditures	<u>147,675</u>	<u>109,547</u>	<u>248,642</u>	<u>(139,095)</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	-	116,435	(5,697)	(122,132)
<b>Fund Balance - October 1</b>	<u>6,510</u>	<u>6,510</u>	<u>6,510</u>	
<b>Fund Balance - September 30</b>	<u>\$ 6,510</u>	<u>\$ 122,945</u>	<u>\$ 813</u>	<u>\$ (122,132)</u>

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Interest	\$ 100	\$ 100	\$	\$ (100)
State and Local Grants		28,512	8,512	(20,000)
Other Contributions	58,800	67,127	99,787	32,660
Miscellaneous		2,800	42,325	39,525
<b>Total Revenues</b>	<b>58,900</b>	<b>98,539</b>	<b>150,624</b>	<b>52,085</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government		2,000	5,650	(3,650)
Public Safety	30,000	44,639	47,072	(2,433)
Parks and Recreation	10,000	23,000	18,321	4,679
Library	35,000	35,000	44,334	(9,334)
Airport		20,000	8,727	11,273
<b>Total Expenditures</b>	<b>75,000</b>	<b>124,639</b>	<b>124,104</b>	<b>535</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(16,100)</b>	<b>(26,100)</b>	<b>26,520</b>	<b>52,620</b>
<b>Fund Balance - October 1</b>	<b>76,532</b>	<b>76,532</b>	<b>76,532</b>	
<b>Fund Balance - September 30</b>	<b>\$ 60,432</b>	<b>\$ 50,432</b>	<b>\$ 103,052</b>	<b>\$ 52,620</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**RIVER FUND**  
**Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final	GAAP Basis	with Final Budget
<b>REVENUE</b>				
Licenses and Permits	\$ 5,000	\$ 5,000	\$ 5,266	\$ 266
Fines and Forfeitures	150,000	150,000	188,674	38,674
Parks and Recreation	330,000	330,000	359,392	29,392
<b>Total Revenues</b>	<b>485,000</b>	<b>485,000</b>	<b>553,332</b>	<b>68,332</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety	585,552	736,552	694,466	42,086
Parks and Recreation	252,705	252,705	236,341	16,364
<b>Total Expenditures</b>	<b>838,257</b>	<b>989,257</b>	<b>930,807</b>	<b>58,450</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(353,257)</b>	<b>(504,257)</b>	<b>(377,475)</b>	<b>126,782</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	356,519	507,519	381,000	(126,519)
Transfers out	(3,262)	(3,262)	(3,262)	(3,262)
<b>Total Other Financing Sources (Uses)</b>	<b>353,257</b>	<b>504,257</b>	<b>377,738</b>	<b>(126,519)</b>
<b>Net Change in Fund Balance</b>			263	263
<b>Fund Balance - October 1</b>	<b>732</b>	<b>732</b>	<b>732</b>	<b>732</b>
<b>Fund Balance - September 30</b>	<b>\$ 732</b>	<b>\$ 732</b>	<b>\$ 995</b>	<b>\$ 263</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, 2011**

	<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>
Fines and Forfeitures	\$ 32,000	\$ 32,000	\$ 29,242	\$ (2,758)
Total Revenues	<u>32,000</u>	<u>32,000</u>	<u>29,242</u>	<u>(2,758)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety	<u>40,498</u>	<u>40,498</u>	<u>31,186</u>	<u>9,312</u>
Total Expenditures	<u>40,498</u>	<u>40,498</u>	<u>31,186</u>	<u>9,312</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(8,498)</b>	<b>(8,498)</b>	<b>(1,944)</b>	<b>6,554</b>
<b>Fund Balance - October 1</b>	<u>13,163</u>	<u>13,163</u>	<u>13,163</u>	
<b>Fund Balance - September 30</b>	<b>\$ 4,665</b>	<b>\$ 4,665</b>	<b>\$ 11,219</b>	<b>\$ 6,554</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**JUDICIAL EFFICIENCY FUND**  
**Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final	GAAP	with Final
			Basis	Budget
<b>REVENUE</b>				
Fines and Forfeitures	\$ 2,900	\$ 2,900	\$ 4,863	\$ 1,963
Total Revenues	<u>2,900</u>	<u>2,900</u>	<u>4,863</u>	<u>1,963</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety	8,000	8,000	5,448	2,552
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>5,448</u>	<u>2,552</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>				
	(5,100)	(5,100)	(585)	4,515
<b>Fund Balance - October 1</b>	<u>7,194</u>	<u>7,194</u>	<u>7,194</u>	<u></u>
<b>Fund Balance - September 30</b>	<u>\$ 2,094</u>	<u>\$ 2,094</u>	<u>\$ 6,609</u>	<u>\$ 4,515</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, 2011**

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final	GAAP	with Final
			Basis	Budget
<b>REVENUE</b>				
Fines and Forfeitures	\$ 45,000	\$ 45,000	\$ 39,111	\$ (5,889)
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>39,111</u>	<u>(5,889)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety	50,057	50,057	33,785	16,272
Total Expenditures	<u>50,057</u>	<u>50,057</u>	<u>33,785</u>	<u>16,272</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>				
	(5,057)	(5,057)	5,326	10,383
<b>Fund Balance - October 1</b>	<u>21,482</u>	<u>21,482</u>	<u>21,482</u>	<u></u>
<b>Fund Balance - September 30</b>	<u>\$ 16,425</u>	<u>\$ 16,425</u>	<u>\$ 26,808</u>	<u>\$ 10,383</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Fines and Forfeitures	\$ 15,000	\$ 15,000	\$ 11,774	\$ (3,226)
Interest			117	117
State and Local Grants	77,500	77,500	82,065	4,565
<b>Total Revenues</b>	<b>92,500</b>	<b>92,500</b>	<b>93,956</b>	<b>1,456</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety	179,450	214,450	96,091	118,359
<b>Total Expenditures</b>	<b>179,450</b>	<b>214,450</b>	<b>96,091</b>	<b>118,359</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(86,950)</b>	<b>(121,950)</b>	<b>(2,135)</b>	<b>119,815</b>
<b>Fund Balance - October 1</b>	<b>100,789</b>	<b>100,789</b>	<b>100,789</b>	
<b>Fund Balance - September 30</b>	<b>\$ 13,839</b>	<b>\$ (21,161)</b>	<b>\$ 98,654</b>	<b>\$ 119,815</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Interest	\$	\$	\$ 90	\$ 90
Charges and Fees	15,000	15,000	46,763	31,763
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>46,853</u>	<u>31,853</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Works	80,000	80,000	26,223	53,777
Total Expenditures	<u>80,000</u>	<u>80,000</u>	<u>26,223</u>	<u>53,777</u>
Excess (Deficiency) of Revenue over Expenditures	(65,000)	(65,000)	20,630	85,630
<b>Fund Balance - October 1</b>	<u>73,961</u>	<u>73,961</u>	<u>73,961</u>	
<b>Fund Balance - September 30</b>	<u>\$ 8,961</u>	<u>\$ 8,961</u>	<u>\$ 94,591</u>	<u>\$ 85,630</u>

**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, 2011**

	<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>				
Fines and Forfeitures	\$ 55,000	\$ 55,000	\$ 48,727	\$ (6,273)
Interest			160	160
<b>Total Revenues</b>	<b>55,000</b>	<b>55,000</b>	<b>48,887</b>	<b>(6,113)</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety	80,630	80,630	41,022	39,608
<b>Total Expenditures</b>	<b>80,630</b>	<b>80,630</b>	<b>41,022</b>	<b>39,608</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(25,630)</b>	<b>(25,630)</b>	<b>7,865</b>	<b>33,495</b>
<b>Fund Balance - October 1</b>	<b>164,472</b>	<b>164,472</b>	<b>164,472</b>	<b></b>
<b>Fund Balance - September 30</b>	<b>\$ 138,842</b>	<b>\$ 138,842</b>	<b>\$ 172,337</b>	<b>\$ 33,495</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**LANGLAND LIBRARY**  
**Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final	GAAP Basis	with Final Budget
	\$	\$	\$	\$
<b>REVENUE</b>				
Interest				
Total Revenues				
<b>EXPENDITURES</b>				
<b>Current</b>				
Library				
Total Expenditures				
<b>Excess (Deficiency) of Revenue over Expenditures</b>				
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			912	
Transfers out				
Total Other Financing Sources (Uses)			912	
<b>Net Change in Fund Balance</b>			912	
<b>Fund Balance - October 1</b>	(912)	(912)	(912)	
<b>Fund Balance - September 30</b>	<u>\$ (912)</u>	<u>\$ (912)</u>	<u>\$</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FAUST LIBRARY**  
**Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final	GAAP	with Final
	\$	\$	\$	\$
<b>REVENUE</b>				
Interest				
Total Revenues				
<b>EXPENDITURES</b>				
<b>Current</b>				
Library	34,440	34,440		34,440
Total Expenditures	<u>34,440</u>	<u>34,440</u>		<u>34,440</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>				
	(34,440)	(34,440)		34,440
<b>Fund Balance - October 1</b>	<u>34,441</u>	<u>34,441</u>	<u>34,441</u>	
<b>Fund Balance - September 30</b>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 34,441</u>	<u>\$ 34,440</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SISSEL LIBRARY TRUST FUND**  
**Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final	GAAP	with Final
	Basis	Basis	Budget	
<b>REVENUE</b>				
Miscellaneous	\$	\$ 75,000	\$ 57,256	\$ (17,744)
Total Revenues		75,000	57,256	(17,744)
<b>EXPENDITURES</b>				
<b>Current</b>				
Library		75,000	57,256	17,744
Total Expenditures		75,000	57,256	17,744
<b>Excess (Deficiency) of Revenue over Expenditures</b>				
Fund Balance - October 1				
Fund Balance - September 30	\$	\$	\$	\$

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u> <u>Basis</u>	<u>with Final</u> <u>Budget</u>
<b>REVENUE</b>				
Interest	\$	\$	\$ 488	\$ 488
Miscellaneous			100,704	100,704
Total Revenues			101,192	101,192
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety		278,500	255,162	23,338
Total Expenditures		278,500	255,162	23,338
<b>Excess (Deficiency) of Revenue over Expenditures</b>		(278,500)	(153,970)	124,530
<b>Fund Balance - October 1</b>	<u>433,269</u>	<u>433,269</u>	<u>433,269</u>	
<b>Fund Balance - September 30</b>	<u>\$ 433,269</u>	<u>\$ 154,769</u>	<u>\$ 279,299</u>	<u>\$ 124,530</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Interest	\$	\$	\$ 51	\$ 51
Miscellaneous			46,238	46,238
<b>Total Revenues</b>			<b>46,289</b>	<b>46,289</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety	24,000	24,000	20,469	3,531
<b>Total Expenditures</b>	<b>24,000</b>	<b>24,000</b>	<b>20,469</b>	<b>3,531</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(24,000)</b>	<b>(24,000)</b>	<b>25,820</b>	<b>49,820</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets			38,403	38,403
<b>Total Other Financing Sources (Uses)</b>			<b>38,403</b>	<b>38,403</b>
<b>Net Change in Fund Balance</b>	<b>(24,000)</b>	<b>(24,000)</b>	<b>64,223</b>	<b>88,223</b>
<b>Fund Balance - October 1</b>	<b>49,395</b>	<b>49,395</b>	<b>49,395</b>	
<b>Fund Balance - September 30</b>	<b>\$ 25,395</b>	<b>\$ 25,395</b>	<b>\$ 113,618</b>	<b>\$ 88,223</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, 2011**

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final	GAAP	with Final
	\$	\$	\$	\$
<b>REVENUE</b>				
Miscellaneous				
Total Revenues				
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety				
Total Expenditures				
<b>Excess (Deficiency) of Revenue over Expenditures</b>				
<b>Fund Balance - October 1</b>		(148)	(148)	(148)
<b>Fund Balance - September 30</b>	\$	(148)	\$	(148)

**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, 2011**

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final	GAAP Basis	with Final Budget
<b>REVENUE</b>				
Ad valorem taxes	\$ 265,036	\$ 265,036	\$ 270,799	\$ 5,763
Sales tax	425,000	425,000	417,065	(7,935)
Interest	500	500	152	(348)
<b>Total Revenues</b>	<b><u>690,536</u></b>	<b><u>690,536</u></b>	<b><u>688,016</u></b>	<b><u>(2,520)</u></b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	60,000	60,000	733,616	(673,616)
Planning and Environmental Devel.			31,860	(31,860)
<b>Debt Service</b>				
Principal	<u>500,000</u>	<u>500,000</u>		500,000
<b>Total Expenditures</b>	<b><u>560,000</u></b>	<b><u>560,000</u></b>	<b><u>765,476</u></b>	<b><u>(205,476)</u></b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>				
	130,536	130,536	(77,460)	(207,996)
<b>Fund Balance - October 1, restated</b>	<b><u>735,476</u></b>	<b><u>735,476</u></b>	<b><u>735,476</u></b>	
<b>Fund Balance - September 30</b>	<b><u>\$ 866,012</u></b>	<b><u>\$ 866,012</u></b>	<b><u>\$ 658,016</u></b>	<b><u>\$ (207,996)</u></b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CEMETERY PERPETUAL CARE**  
**Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final	GAAP Basis	with Final Budget
<b>REVENUE</b>				
Licenses and Permits	\$ 500	\$ 500	\$ 525	\$ 25
Interest			179	179
Total Revenues	<u>500</u>	<u>500</u>	<u>704</u>	<u>204</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Parks and Recreation	140,000	140,000	13,910	126,090
Total Expenditures	<u>140,000</u>	<u>140,000</u>	<u>13,910</u>	<u>126,090</u>
Excess (Deficiency) of Revenue over Expenditures	(139,500)	(139,500)	(13,206)	126,294
<b>Fund Balance - October 1</b>	<u>148,156</u>	<u>148,156</u>	<u>148,156</u>	<u></u>
<b>Fund Balance - September 30</b>	<u>\$ 8,656</u>	<u>\$ 8,656</u>	<u>\$ 134,950</u>	<u>\$ 126,294</u>

## **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	77
<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	84
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax revenues.</i>	
Debt Capacity	89
<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	93
<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	96
<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 Assets by Component**  
**Last Eight Fiscal Years**  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Fiscal Year</b>			<b>2009</b>	<b>2010</b>	<b>2011</b>
				<b>2007</b>	<b>2008</b>				
<b>Governmental activities</b>									
Invested in capital assets, net of related debt	\$ 26,825	\$ 25,698	\$ 19,682	\$ 16,701	\$ 28,406	\$ 24,535	\$ 25,853	\$ 26,047	
Restricted	2,502	3,149	30,529	17,170	8,705	5,001	3,834	4,571	
Unrestricted	14,299	17,607	5,562	25,817	23,302	27,138	23,972	22,021	
Total governmental activities net assets	<u>\$ 43,626</u>	<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>	
<b>Business-type activities</b>									
Invested in capital assets, net of related debt	\$ 4,159	\$ 4,772	\$ 6,330	\$ 8,620	\$ 8,716	\$ 8,414	\$ 7,940	\$ 6,951	
Restricted	-	-	-	-	-	-	-	-	
Unrestricted	2,694	3,585	3,860	3,363	2,251	3,103	2,151	1,235	
Total business-type activities net assets	<u>\$ 6,853</u>	<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>	
<b>Primary government</b>									
Invested in capital assets, net of related debt	\$ 30,984	\$ 30,470	\$ 26,012	\$ 25,321	\$ 37,122	\$ 32,949	\$ 33,793	\$ 32,998	
Restricted	2,502	3,149	30,529	17,170	8,705	5,001	3,834	4,571	
Unrestricted	16,993	21,192	9,422	29,180	25,553	30,241	26,123	23,256	
Total primary government net assets	<u>\$ 50,479</u>	<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>	

Source: City financial statements

(1) Fiscal Year 2004 was the initial year of implementation of GASB Statement No. 34. Fiscal Year 2003 was not restated in GASB No. 34 format.

Table 2

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

Table 2

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

Program Revenues	Fiscal Year						\$ 260
	2004	2005	2006	2007	2008	2009	
<b>Governmental activities:</b>							
Charges for services:							
General government	\$ 215	\$ 167	\$ 430	\$ 150	\$ 95	\$ 155	\$ 158
Finance and tax							
Planning and environmental development	1,308	1,662	2,904	2,197	2,269	1,967	2,000
Public safety	1,557	2,618	252	2,362	2,827	4,477	4,245
Public works	22	16	1,052	602	656	620	295
Parks and recreation	666	839	81	1,162	1,337	1,375	1,181
Library	153	90		82	90	103	137
Facilities maintenance				71			177
Civic/Convention Center							
Operating grants and contributions	1,101	487	632	1,803	1,531	1,739	1,874
Capital grants and contributions	1,090		626	490	801	701	837
Total governmental activities program revenues	<u><u>6,112</u></u>	<u><u>5,937</u></u>	<u><u>8,032</u></u>	<u><u>8,906</u></u>	<u><u>9,785</u></u>	<u><u>11,137</u></u>	<u><u>10,727</u></u>
Business-type activities:							
Charges for services:							
Airport	644	668	918	841	1,028	783	1,361
Solid Waste	4,413	5,009	5,351	5,259	5,046	5,690	5,855
Golf Course	811	843	910	890	1,056	1,103	867
Civic/Convention Center						224	291
Operating grants and contributions							321
Capital grants and contributions							71
Total business-type activities program revenues	<u><u>5,876</u></u>	<u><u>6,674</u></u>	<u><u>7,256</u></u>	<u><u>6,999</u></u>	<u><u>7,217</u></u>	<u><u>8,450</u></u>	<u><u>9,329</u></u>
Total primary government program revenues	<u><u>\$ 11,988</u></u>	<u><u>\$ 12,611</u></u>	<u><u>\$ 15,288</u></u>	<u><u>\$ 15,905</u></u>	<u><u>\$ 17,002</u></u>	<u><u>\$ 19,587</u></u>	<u><u>\$ 20,056</u></u>
Net (expense) revenue							
Governmental activities	\$ (20,091)	\$ (23,652)	\$ (25,212)	\$ (30,446)	\$ (37,102)	\$ (40,741)	\$ (43,334)
Business-type activities	1,203	1,083	997	144	(598)	220	(426)
Total primary government net expense	<u><u>\$ 18,888</u></u>	<u><u>\$ (22,569)</u></u>	<u><u>\$ (24,215)</u></u>	<u><u>\$ (30,302)</u></u>	<u><u>\$ (37,700)</u></u>	<u><u>\$ (40,521)</u></u>	<u><u>\$ (43,760)</u></u>

Table 2

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

	General Revenues and Other Changes in Net Assets						Fiscal Year
	2004	2005	2006	2007	2008	2009	
<b>Governmental activities:</b>							
Taxes							
Property taxes, levied for general purposes	\$ 6,638	\$ 7,319	\$ 9,154	\$ 9,800	\$ 9,809	\$ 10,781	\$ 10,838
Property taxes, levied for debt service	827	2,890	1,382	2,385	3,774	4,688	4,992
Sales tax	7,454	8,580	10,315	11,200	11,974	11,858	12,562
Hotel/Motel occupancy taxes	2,288	2,563	2,747	2,096	2,346	2,155	2,486
Franchise taxes	4,644	4,792	5,320	6,125	5,869	6,351	6,986
Mixed beverage	135				190	193	220
Investment income	226	1,404	2,618	3,314	2,544	740	189
Other contributions			2	26	20	183	343
Miscellaneous		436	169	545	775	357	643
Transfers	1,830	753	2,824	(2,827)	699	(304)	1,015
<b>Total governmental activities</b>	<b>24,042</b>	<b>28,737</b>	<b>34,531</b>	<b>32,664</b>	<b>38,000</b>	<b>37,002</b>	<b>40,274</b>
Business-type activities:							
Investment income	21	98	172	199	109	30	14
Miscellaneous income							3
Transfers		(180)	(48)	664	2,827	(699)	304
Total business-type activities		(159)	50	836	3,026	(590)	334
<b>Total primary government</b>	<b>\$ 23,883</b>	<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>Change in Net Assets</b>							
Governmental activities	\$ 3,951	\$ 5,085	\$ 9,319	\$ 2,218	\$ 898	\$ (3,739)	\$ (3,060)
Business-type activities	1,044	1,133	1,833	3,170	(1,188)	554	(1,427)
<b>Total primary government</b>	<b>\$ 4,995</b>	<b>\$ 6,218</b>	<b>\$ 11,152</b>	<b>\$ 5,388</b>	<b>\$ (290)</b>	<b>\$ (3,185)</b>	<b>\$ (4,487)</b>
							<b>\$ 40,954</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)**

	Fiscal Year						\$ 27,461
	2002	2003	2004	2005	2006	2007	
General Fund							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Assigned	-	-	-	-	-	1,507	\$ 9,318
Unassigned	13,302	14,272	15,393	17,794	22,185	23,647	267
Total general fund	<u>\$ 13,302</u>	<u>\$ 14,272</u>	<u>\$ 15,393</u>	<u>\$ 17,794</u>	<u>\$ 22,185</u>	<u>\$ 25,154</u>	<u>\$ 27,611</u>
All other governmental funds							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135
Restricted	-	-	-	-	-	-	27,222
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned, reported in:							
Debt service fund	256	244	1,178	1,213	1,423	2,473	679
Hotel/Motel Tax fund	-	-	992	1,427	311	174	443
Special revenue funds	2,777	2,354	2,630	2,629	2,151	1,344	312
Permanent fund	-	-	-	-	-	192	144
Capital Project funds (deficit)	1,887	(305)	30,997	29,894	28,185	42,210	146
Total all other governmental funds	<u>\$ 4,920</u>	<u>\$ 2,293</u>	<u>\$ 35,797</u>	<u>\$ 35,163</u>	<u>\$ 32,070</u>	<u>\$ 46,393</u>	<u>\$ 19,802</u>

Source: Statements of Revenues, Expenditures and Changes in Fund balances - Governmental Funds tables in City CAFRS

**Note:** In 2003, the City changed its fiscal year from July 1 through June 30 to October 1 through September 30.

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)**

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					
	2002	2003	2004	2005	2006	2007
Debt service						
Principal	835	850	905	1,234	343	1,390
Interest	374	302	391	1,430	1,547	1,529
Other charges	3	1	422	2	1	542
Total Expenditures	<u>26,227</u>	<u>26,217</u>	<u>29,829</u>	<u>31,724</u>	<u>41,221</u>	<u>52,969</u>
Excess of revenues over (under) expenditures	(1,155)	(684)	(1,646)	2,065	(1,527)	(9,029)
Other financing sources (uses)						
Transfer in	973	593	3,277	1,267	5,688	4,127
Transfer out		(1,533)	(1,447)	(514)	(2,864)	(3,854)
Proceeds from issuance of debt			33,684			37,700
Premium (discount) on debt issuance					46	100
Payment to bond escrow agent					(10,432)	
Proceeds from sale of assets					45	25
Net other financing sources (uses)	<u>733</u>	<u>(940)</u>	<u>35,514</u>	<u>753</u>	<u>2,824</u>	<u>27,632</u>
Net change in fund balances	<u>\$ (422)</u>	<u>\$ (1,624)</u>	<u>\$ 33,868</u>	<u>\$ 2,818</u>	<u>\$ 1,297</u>	<u>\$ 18,603</u>
Debt service as a percentage of noncapital expenditures	<u>4.6%</u>	<u>4.4%</u>	<u>5.8%</u>	<u>8.7%</u>	<u>5.5%</u>	<u>6.5%</u>
					<u>8.1%</u>	<u>8.1%</u>
					<u>10.1%</u>	<u>10.1%</u>
					<u>15.8%</u>	<u>15.8%</u>
					<u>14.4%</u>	<u>14.4%</u>

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

Note: In 2003, the City changed its fiscal year from July 1 through June 30 to October 1 through September 30

**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>
2002	\$ 4,933	\$ 6,864	\$ 627	\$ 3,583	\$ 1,547	\$ 74	\$ 17,628
2003	5,438	6,987	605	3,973	1,453	82	18,538
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

Data Source: City CAFRs and detailed financial records

Note: In 2003, the City changed its fiscal year from July 1 through June 30 to October 1 through September 30

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: Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value <sup>1</sup> as a Percentage of Actual Value	
									\$ 1,964,565	85.89%
2002	\$ 2,287,271				\$ 322,706	\$ 1,964,565	0.31360	\$ 1,964,565		
2003	2,464,844				355,045	2,109,799	0.31850	2,109,799		
2004	2,652,608				389,147	2,263,461	0.37110	2,263,461		
2005	2,900,318	\$ 2,607,147	\$ 293,171		423,841	2,476,477	0.44833	2,476,477		
2006	3,436,339	3,134,226	302,113		501,538	2,934,801	0.42561	2,934,801		
2007	3,825,235	3,500,619	324,616		524,642	3,300,593	0.40986	3,300,593		
2008	4,434,090	4,074,265	359,825		635,571	3,798,519	0.40986	3,798,519		
2009	4,815,790	4,485,101	330,689		715,980	4,099,810	0.40986	4,099,810		
2010	4,731,368	4,379,000	352,368		789,412	3,941,956	0.40986	3,941,956		
2011	4,871,687	4,488,892	382,795		809,339	4,062,348	0.44836	4,062,348		

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.

Note: In 2003, the City changed its fiscal year from July 1 through June 30 to October 1 through September 30

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 Rates		
	General Government	Debt Service	Total	Comal County			Guadalupe County			New Braunfels		
				Comal County	Guadalupe County	Navarro County	ISD	ISD	ISD	Comal ISD	Comal ISD	Comal ISD
2002	0.25560	0.05800	0.31360	0.333375	0.366680	1.63800	1.92100	1.80000	2.56835	2.44735	2.31840	
2003	0.26504	0.05346	0.31850	0.333375	0.36540	1.62030	1.85500	1.83000	2.50725	2.48225	2.30420	
2004	0.32423	0.04688	0.37110	0.33374	0.35310	1.85510	1.82000	1.82000	2.52484	2.52484	2.57930	
2005	0.32026	0.12807	0.44833	0.353375	0.35310	1.88000	1.82000	1.80000	2.62208	2.60208	2.68143	
2006	0.36900	0.05662	0.42561	0.31520	0.34810	1.82000	1.65250	1.64000	2.39332	2.38082	2.59371	
2007	0.32702	0.08285	0.40986	0.31799	0.32950	1.44000	1.34486	1.31000	2.07272	2.03786	2.17936	
2008	0.28218	0.12768	0.40986	0.30802	0.32950	1.44000	1.33880	1.31000	2.05669	2.02789	2.17936	
2009	0.28218	0.12768	0.40986	0.31296	0.33450	1.44000	1.33910	1.31000	2.06192	2.03282	2.18436	
2010	0.26136	0.14850	0.40986	0.33400	0.34490	1.46000	1.33910	1.37000	2.08296	2.11386	2.21476	
2011	0.26136	0.18700	0.44836	0.30542	0.34560	1.46000	1.33910	1.43000	2.09288	2.18378	2.25396	

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

Note: In 2003, the City changed its fiscal year from July 1 through June 30 to October 1 through September 30

Table 8

City of New Braunfels, Texas  
 Principal Property Taxpayers  
 Fiscal Year End 2011 and 2002

Taxpayer	2011			2002			Percentage of Total Taxable Assessed Value
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank		
Creekside Town Center	\$ 31,870,933	1	0.78%				
Rush Truck Leasing	25,614,160	2	0.63%				
NB Retail Ltd.	20,449,090	3	0.50%				
Augusta Gruene Apartments	14,257,090	4	0.35%				
J C Penney Properties Inc.	12,971,430	5	0.32%				
American Opportunity for Housing	12,236,490	6	0.30%				
Triden Westshore Colony LLC	11,391,740	7	0.28%				
Health Care Reit Inc.	11,060,196	8	0.27%				
Coleman Co Inc	10,829,258	9	0.27%				
Symons Corporation	10,645,957	10	0.26%				
Coleman Co Inc				\$ 22,164,200			1.13%
Southwestern Bell Telephone				11,431,630			0.58%
Bluebonnet Motors				10,988,070			0.56%
H.E. Butt Grocery Co.				10,407,440			0.53%
Plains Cotton Cooperative Association				10,397,510			0.53%
NB Marketplace				9,477,180			0.48%
Westshore Colony				9,308,560			0.47%
Walmart Real Estate Bus Trust				8,332,470			0.42%
Metra United Grand Cypress LP				7,338,930			0.37%
New Braunfels Office Ltd				6,937,760			0.35%
Totals	\$ 161,326,344		3.97%	\$ 106,783,750			5.44%

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	95	\$	Amount	Percentage of Levy
2002	\$ 5,311	5,205	98.00%	\$ 95	\$ 5,300		99.8%
2003	7,226	7,048	97.54%	161	7,209		99.8%
2004	7,853	7,643	97.32%	210	7,853		100.0%
2005	10,149	10,105	99.57%	24	10,129		99.8%
2006	10,494	9,680	96.67%	797	10,477		99.8%
2007	11,820	11,568	97.87%	229	11,797		99.8%
2008	13,422	13,094	97.56%	286	13,380		99.7%
2009	15,178	14,817	98.06%	274	15,091		99.4%
2010	15,623	15,210	97.36%	257	15,467		99.0%
2011	15,838	15,612	98.57%		15,612		98.6%

Source: Comal County Tax Assessor and City CAFR

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

Note: In 2003, the City changed its fiscal year from July 1 through June 30 to October 1 through September 30

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				Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>		
	General Obligation Bonds		Certificates of Obligation		Capital Leases		Revenue Bond					
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Revenue Bond	Capital Leases	Primary Government						
2002	\$ 3,280	\$ 2,940	\$ -	\$ 415	\$ -	\$ 6,635	0.4%	\$ 162				
2003	2,545	2,825	-	380	50	5,800	0.4%	137				
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	Not available	1,534				

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.

Note: In 2003, the City changed its fiscal year from July 1 through June 30 to October 1 through September 30

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>
2002	\$ 3,280	\$ 256	\$		3,024		0.15%	\$ 74
2003	2,545	244			2,301		0.11%	54
2004	1,760	1,178			582		0.03%	13
2005	915	1,213			-		0.00%	-
2006	-	1,423			-		0.00%	-
2007	10,600	2,473			8,127		0.25%	156
2008	10,600	2,504			8,096		0.21%	150
2009	10,545	1,725			8,820		0.22%	158
2010	10,490	679			9,811		0.25%	170
2011	10,975	601			10,374		0.26%	176

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

Note: In 2003, the City changed its fiscal year from July 1 through June 30 to October 1 through September 30

Table 12

**City of New Braunfels, Texas**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2011**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable<sup>1</sup></b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property taxes:</b>			
New Braunfels Independent School District	\$133,002,970	85.9%	\$ 114,249,551
Comal Independent School District	527,418,223	17.2%	90,715,934
Navarro Independent School District	24,510,193	2.0%	490,204
Guadalupe County	17,325,000	8.5%	1,472,625
Comal County	56,240,000	33.4%	18,784,160
Subtotal - overlapping debt	758,496,386		225,712,474
City of New Braunfels direct debt	\$ 90,155,000	100%	90,155,000
Total direct and overlapping debt			<u><u>\$ 315,867,474</u></u>

Source: Debt outstanding data provided by the ISD and the County and is as of December 31, 2010

**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)

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Debt Limit	\$228,727	\$246,484	\$265,261	\$290,032	\$343,634	\$382,524	\$443,409	\$481,579	\$473,137	\$ 487,169
Total net debt applicable to limit	3,280	2,545	1,760	915	-	10,600	10,600	10,545	10,490	10,975
Legal debt margin	\$225,447	\$243,939	\$263,501	\$289,117	\$343,634	\$371,924	\$432,809	\$471,034	\$462,647	\$ 476,194
Total net debt applicable to the limit as a percentage of debt limit	1.4%	1.0%	0.7%	0.3%	0.0%	2.8%	2.4%	2.2%	2.2%	2.3%

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

Assessed Value	\$ 4,062,348
Add Back: exempt real property	809,339
Total Assessed Value	<u>\$ 4,871,687</u>

Debt limit (10% of total assessed value)	487,169
Debt applicable to limit:	
General obligation bonds	10,975
Legal debt margin	<u>\$ 476,194</u>

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

Note: In 2003, the City changed its fiscal year from July 1 through June 30 to October 1 through September 30

Table 14

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

<b>Fiscal Year</b>	<b>Population<sup>1</sup></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>			
2002	40,968	\$ 1,484,688	\$	27,861	8,719	5.2%
2003	42,489	1,553,235		28,845	17,437	5.3%
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	6.0%
2011	58,779	Not Available		Not Available	14,273	6.3%

<sup>1</sup>Population data from the Alamo Area Council of Governments

<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 is for City of New Braunfels only

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

Note: In 2003, the City changed its fiscal year from July 1 through June 30 to October 1 through September 30

Table 15

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

<b>Employer</b>	<b>2011</b>			<b>2002</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Comal ISD	2,300	1	8.03%	1,800	1	8.89%
The Scooter Store	1,784	2	6.23%	1,000	4	4.94%
			1,700/96			
Schlitterbahn Water Park	1,689	3	5.90%	full time	2	8.40%
Wal-Mart Distribution Center	1,065	4	3.72%	1,200	3	5.93%
New Braunfels ISD	928	5	3.24%	850	6	4.20%
Christus Santa Rosa Hospital	692	6	2.42%	871	5	4.30%
Comal County	587	7	2.05%	483	8	2.39%
HEB	574	8	2.00%			
Hunter Industries-Colorado Materials	500	9	1.75%	500	7	2.47%
City of New Braunfels	508	10	1.77%	437	10	2.16%
Checks in the Mail, Inc.				450	9	2.22%
<b>Total</b>	<b>10,627</b>		<b>29.08%</b>	<b>9,291</b>		<b>45.88%</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**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<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	2.0	2.0	3.0	3.0	2.0	2.0	2.0	3.0	3.0
City Manager	3.0	3.0	3.0	1.0	1.0	3.0	4.0	5.0	4.0	5.0
Human Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0	6.0
Support Services	6.0	7.0	7.0	8.0	10.0	14.0	18.0	14.0	14.0	15.0
Municipal Court	5.0	5.0	5.0	7.0	8.0	10.0	11.0	11.0	11.0	11.0
Police	85.0	99.0	99.0	99.0	103.5	115.0	123.0	140.0	139.0	139.0
Fire	75.0	82.0	83.0	89.0	95.0	104.0	114.0	116.0	116.0	116.0
Planning and Community Development	14.0	16.0	14.0	16.5	19.0	21.0	23.0	24.0	25.0	24.0
Planning and Comm. Dev. - Main Street	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Parks and Recreation	121.0	127.5	127.5	129.5	135.5	150.0	151.0	152.0	140.0	140.5
Public Works	34.0	37.0	34.0	35.0	40.0	42.0	46.0	42.0	42.0	41.5
Library	17.0	17.0	17.0	16.3	21.8	24.0	25.5	25.8	25.8	26.5
<b>Total General Fund</b>	<b>367.0</b>	<b>400.5</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>GOLF COURSE FUND</b>	<b>12.0</b>	<b>11.0</b>	<b>10.5</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>13.0</b>	<b>12.0</b>
<b>AIRPORT FUND</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>	<b>4.5</b>	<b>5.5</b>	<b>6.0</b>
<b>SOLID WASTE FUND</b>	<b>51.0</b>	<b>54.0</b>	<b>60.0</b>	<b>53.0</b>	<b>53.0</b>	<b>53.0</b>	<b>51.0</b>	<b>51.0</b>	<b>51.0</b>	<b>44.5</b>
<b>CIVIC/CONVENTION CENTER FUND</b>	<b>0.0</b>	<b>8.0</b>	<b>8.0</b>							
<b>RIVER ACTIVITIES FUND</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>20.0</b>	<b>20.0</b>	<b>16.0</b>	<b>16.0</b>
<b>FACILITIES MAINTENANCE FUND</b>	<b>0.0</b>	<b>1.0</b>								
<b>CDBG FUND</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>							
	<b>433.0</b>	<b>468.5</b>	<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>

Source: City of New Braunfels Annual Budget  
Note: In 2003, the City changed its fiscal year from July 1 through June 30 to October 1 through September 30

Table 17

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

Function	<b>Fiscal Years</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Police						
Calls for service	N/A	N/A	N/A	32,628	30,529	33,000
Case clearance rate	N/A	26%	29%	29%	29%	29%
Public Works						
Subdivision plans reviewed within 30 days of receipt	50%	50%	50%	100%	100%	100%
Permits reviewed	232	265	280	274	296	285
Miles of roadway repaired	1	2	2	2	4	4
Acres of right-of-way mowed	165	174	174	174	185	185
Solid Waste						
Waste diverted from landfill	N/A	13%	13%	13%	13%	30%
Collections meeting established schedules	N/A	93%	93%	93%	93%	94%
Parks and Recreation						
Participants in recreation programs	2,588	2,623	2,710	2,426	2,126	2,179
Participants in aquatics programs	1,186	1,372	1,593	1,285	1,347	1,380
Golf course rounds played	40,062	42,000	42,500	47,976	41,000	42,500
Planning and Community Development						
Residential permits issued within four days	N/A	1,924	2,034	1,924	2,116	2,230
Commercial permits issued within ten days	N/A	282	291	282	310	323
Calls for service - Animal Control	5,493	5,250	5,504	6,144	5,040	5,775
Code violations investigated - Code Compliance	925	3,392	3,279	2,921	3,990	4,200
Cases abated without court action - Code Compliance	90%	95%	97%	97%	92%	92%
Development reviews completed per planner - Planning	66	50	46	47	47	50
Historic landmark designations	1	10	4	7	7	9
Airport Operations						
Flight operations annually	30,000	64,000	58,000	47,462	58,000	40,000
Based aircraft	149	152	135	129	149	149
Library						
Visitors annually	232,630	241,000	257,868	270,838	378,000	380,000
Annual circulation of library materials	431,563	440,000	482,064	568,327	802,500	850,000
Library program attendance	10,482	13,500	12,874	15,181	19,150	20,000
Municipal Court						
Time from plea to trial	1 year	1 year	1 year	1 year	45 days	30 days
Time to issue warrant for failure to appear	1 year	1 year	1 year	1 year	75 days	30 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					
	2002	2003	2004	2005	2006	2007
<b>Public Safety</b>						
Police and Fire:						
Police stations	1	1	1	1	1	1
Fire stations	4	4	4	4	4	5
Highways and streets						
Streets (miles)						
Area in square miles						
Culture and recreation						
Parks acreage	274	291	291	291	349	349
Swimming pools	2	2	2	2	2	2
Golf course	1	1	1	1	1	1

Sources: Various city departments.

Note: In 2003, the City changed its fiscal year from July 1 through June 30 to October 1 through September 30

## **FEDERAL AWARDS SECTION**

**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***

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

We have audited 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 the City of New Braunfels, Texas, as of and for the year ended September 30, 2011, which collectively comprise the City of New Braunfels, Texas' basic financial statements and have issued our report thereon dated March 19, 2012. Our report includes a reference to 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. Other auditors audited the financial statements of New Braunfels Utilities (NBU), a discretely presented component unit, as described in our report on the City of New Braunfels, Texas' basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of New Braunfels, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of New Braunfels, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of New Braunfels, Texas' internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Finding 2011-01, that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Dennis Kinard & Co., PC*

Certified Public Accountants

Abilene, Texas  
March 19, 2012

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

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

**Compliance**

We have audited the compliance of the City of New Braunfels, Texas with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. The City of New Braunfels, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance with those requirements 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 the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2011-02.

**Internal Control Over Compliance**

Management of the City of New Braunfels, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of New Braunfels, Texas' internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 the City of New Braunfels, Texas' 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.

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 that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as Finding 2011-02. 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.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Davis Kinard & Co., PC*  
Certified Public Accountants

Abilene, Texas  
March 19, 2012

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended September 30, 2011**

<u>Grantor Agency /Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Direct Program			
Community Development Block Grant Entitlement Program	14.218	B-09-MC-48-0512	\$ 23,340
Community Development Block Grant Entitlement Program	14.218	B-10-MC-48-0512	143,388
Community Development Block Grant Entitlement Program	14.218	B-11-MC-48-0512	<u>81,915</u>
			<u>248,643</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Passed Through Texas Division of Emergency Management			
State Homeland Security Program (SHSP)	97.073	09-SR 50820-01	198,695
Passed Through Texas Department of Public Safety			
Urban Areas Security Initiative	97.008		231,000
State Homeland Security Program (SHSP)	97.073	10-SR 50820-01	<u>130,638</u>
			<u>560,333</u>
<b><u>U.S. Department of Justice</u></b>			
Passed Through Texas Office of the Governor Criminal Justice Division			
Edward Byrne JAG-Connected Neighborhoods-Safe Communities	16.738*	2009-SB-B9-1157	10,639
Edward Byrne JAG - Crime Prevention	16.738*	2000-DJ-BX-0041	1,719
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803*	SU-09-A10-22131-01	<u>16,234</u>
			<u>28,592</u>
<b><u>U.S. Department of Energy</u></b>			
Direct Program			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	DE-SC0003326	304,010
Total Federal Awards			<u>\$ 1,141,578</u>

\* Clustered program as identified in the OMB Compliance Supplement 2011

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended September 30, 2011**

**NOTE 1: SUMMARY OF ACCOUNTING POLICIES**

The City utilizes the General Fund, Special Revenue Funds, and Enterprise Funds to account for and report federal awards. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

In the fund financial statements, all governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. Fund equity (i.e., net assets) is segregated into restricted and unrestricted net asset components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net assets. Proprietary fund revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable.

Governmental funds in the fund financial statements are accounted for using the modified accrual basis of accounting. Expenditures are recognized when the related fund liability is incurred. Grant revenues in the special revenue funds are recognized at the time expenditures are incurred in a particular grant, in an amount proportionate to the percentage of federal or state participation in the expenditures incurred. Cash received from the grantor agencies is treated as deferred revenue until the time it is "earned" or "applied" as revenue. Revenues in the general fund are recognized at the time they become available and measurable.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and accordingly, when such funds are received; they are recorded as deferred revenues until earned. The period of availability for federal grant funds, for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, is in accordance with provisions in Section H. Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.

Amounts reported in the schedule of expenditures of federal awards may not agree with the amounts reported in the related federal financial reports filed with grantor agencies because of accruals which would be included in the next report filed with the agencies.

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**Year Ended September 30, 2011**

**A. Summary of Auditor's Results**

**Financial Statements**

Type of report on financial statements:	Unqualified
Internal control over financial reporting:	
Significant deficiencies identified that are not considered to be material weaknesses?	Yes: 2011-01
Material weaknesses identified?	No
Noncompliance material to financial statements noted?	No

**Federal Awards**

Type of auditor's report issued on compliance for major programs:	Unqualified
Internal control over major programs:	
Significant deficiencies identified that are not considered to be material weaknesses?	Yes: 2011-02
Material weakness identified?	No
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes: 2011-02

**Major Federal Programs:**

Grantor Agency:	U.S. Department of Homeland Security
Program:	State Homeland Security Program (SHSP)
CFDA No.	97.073
Grantor Agency:	U.S. Department of Energy
Program:	Energy Efficiency and Conservation Block Grant
CFDA No.	81.128
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$300,000

The City was classified as a low-risk auditee in the context of OMB Circular A-133.

**B. Findings Required to be Reported in Accordance with *Government Auditing Standards***

*Significant Deficiency*

**Finding 2011 – 01**

*Condition:* During our audit, it was noted that the City does not maintain detailed records over property and equipment.

*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.

*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 no detailed records over property and equipment, there is no way to properly track depreciation by asset, or to calculate the net book value of assets that are being disposed of.

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**Year Ended September 30, 2011**

**B. Findings Required to be Reported in Accordance with *Government Auditing Standards* – continued**

***Recommendation:*** We recommend that the City prepare and maintain a detailed subsidiary ledger of 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 (property identification number assigned to it), serial number (when applicable), location, original cost, date of acquisition, assigned useful life, method of depreciation and accumulated depreciation.

***Views of Responsible Officials and Planned Corrective Action:*** 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: June 30, 2012.

**C. Findings and Questioned Costs Relating to Major Federal Awards**

***Significant Deficiency, Noncompliance***

Federal agency: U.S. Department of Homeland Security  
Federal program: State Homeland Security Program, CFDA 97.073  
Pass-through grantor number: 09-SR 50820-01, 10-SR 50820-01

**Finding 2011 – 02**

***Condition:*** During our review of capital assets, we noted that no complete physical inventory of capital assets has been performed within the last two years, and there is no detailed capital asset listing that contains specific identification information such as serial numbers, original cost, acquisition date, detailed description, or location of assets.

***Criteria:*** Property records containing identifying information and an annual inventory should be taken as required by Uniform Grant Management Standards (UGMS), Section III, Subpart C. 32.d.2.

***Cause:*** The City did take an inventory of vehicles and some equipment at the police station at year-end, but no complete physical inventory of all assets was conducted. Additionally, the equipment that was inventoried was not tied back to any subsidiary ledger. We also noted that there is no detailed listing of capital assets which contains specific identification information such as serial numbers, model numbers, or adequate description of location of items as required by Uniform Grant Management Standards (UGMS), Section III, Subpart C.32.d.1.

***Effect:*** Because no inventory is taken, it is not possible to verify the net book value of assets purchased with federal award dollars and to reimburse the awarding agency in the event that those assets are sold, which is required by the OMB Compliance Supplement.

***Recommendation:*** We recommend that the City prepare and maintain a detailed subsidiary ledger of capital assets to appropriately identify its capital assets and their location in accordance with Uniform Grant Management Standards (UGMS). At a minimum, the detailed property records should include a description, asset number (property identification number assigned to it), serial number (when applicable), location, original cost, date of acquisition, assigned useful life, method of depreciation and accumulated depreciation. We also recommend that the City conduct a complete physical inventory of its capital assets and reconcile the results to the detailed capital asset records.

***Views of Responsible Officials and Planned Corrective Action:*** 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: June 30, 2012.

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**Year Ended September 30, 2011**

N/A - There were no prior year findings relative to federal awards.