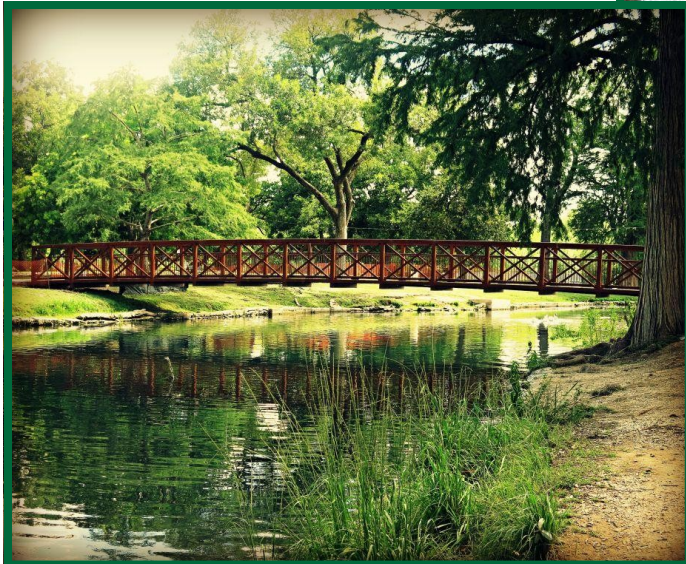


# FY 2013-14

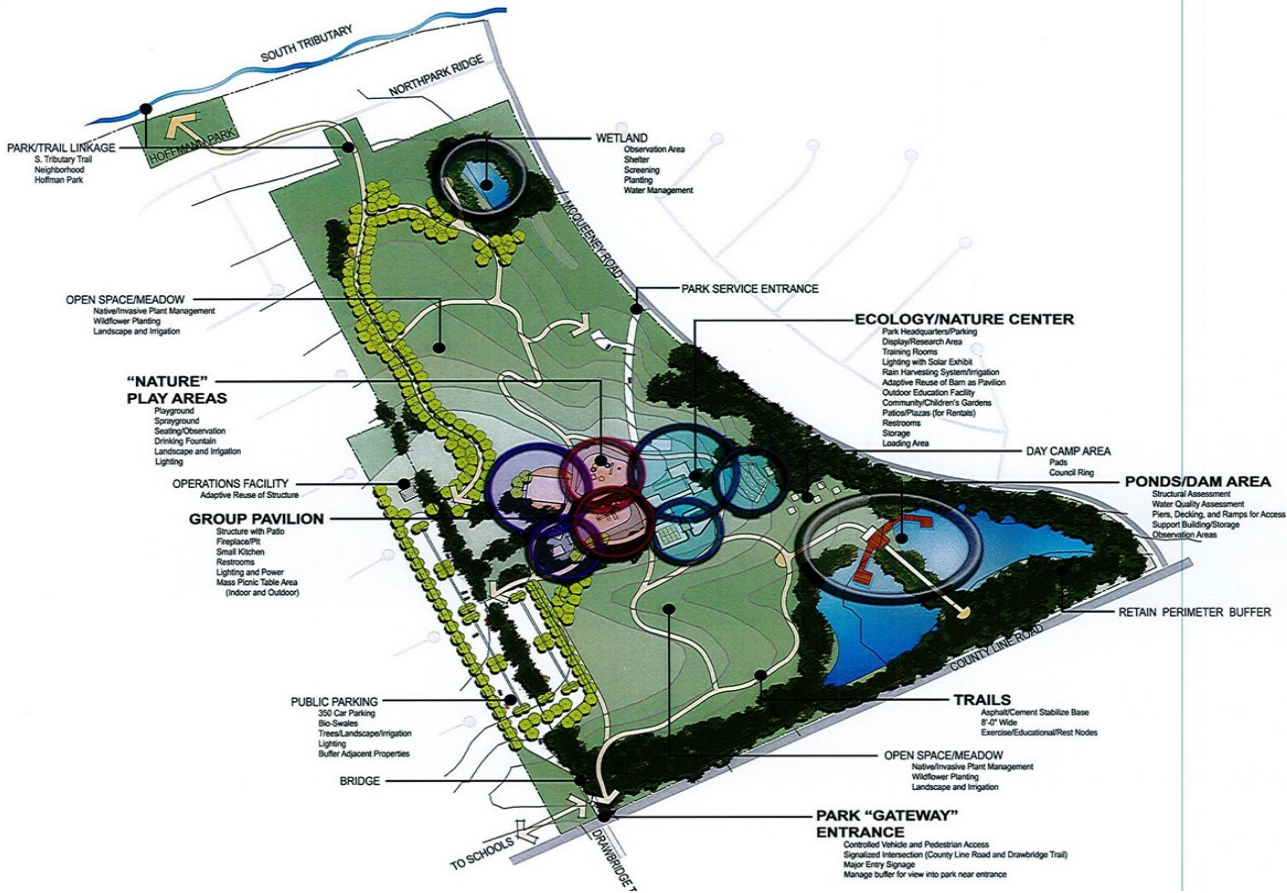
## *Comprehensive Annual Financial Report*



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# Conceptual renderings of the Fischer Park Construction Project and the Renovation of the Landa Park Golf Course; two projects that will be under construction during FY 2013-14



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# Mission

*The City of New Braunfels will add value to our community by planning for the future, providing quality services, encouraging community involvement and being responsive to those we serve.*

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# History of New Braunfels

Several Native American tribes inhabited the New Braunfels area because of the fresh spring water available. The expedition of Domingo Terán de los Ríos of 1691 followed the "El Camino Real" (today a National Historic Trail) which crossed the Guadalupe River near today's Faust Street Bridge. Subsequent French and Spanish expeditions, including those of the Marqués de Aguayo and Louis Juchereau de St. Denis, commonly passed through this area. In 1825, a Mexican land grant gave title of the area around the springs to Juan M. Veramendi. During the eighteenth century, the springs and river (which had been called Las Fontanas and the Little Guadalupe respectively) took the name Comal, Spanish for "flat dish" and Guadalupe.

1836 saw the formation of the Republic of Texas after years of bloody battles with the Mexican Government who laid claim to this territory. To pay off war debt and weaken political ties with Mexico, the new nation of Texas offered public land to Americans and Europeans. This offer, in conjunction with political strife in their home country, enticed a group of German nobleman to form an immigration company named Adelsverein. German immigrants began to arrive in Indianola, Texas in December 1844 and make their way to San Antonio. On March 13, 1845, Prince Carl of Solms-Braunfels, Germany entered into an agreement with Maria Antonio Garza and her husband Rafael E. Garza for 1,265 acres of the Veramendi land grant for a sum of \$1,111.

The first wagon of German immigrants arrived on Good Friday, March 21, 1845. Prince Solms and his engineer, Nicholas Zink, selected a town site. The town had an open square with streets radiating out at right angles. The original town included 342 lots, each with a narrow street frontage so that the town could remain compact and defensible yet provide street frontage to as many lots as possible. This urban plan was popular in German scholarship of the nineteenth century, set New Braunfels apart from other Texas towns and is still evident today.



**Faust Street Bridge**

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**CITY OF NEW BRAUNFELS, TEXAS**  
**September 30, 2014**

**TABLE OF CONTENTS**

	<b>Page</b>	<b>Exhibit</b>
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal .....	i	
Current City Officials .....	vii	
Organizational Chart.....	viii	
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report .....	1	
Required Supplementary Information:		
Management's Discussion and Analysis .....	4	
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position .....	15	A-1
Statement of Activities .....	16	A-2
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet .....	17	A-3
Reconciliation of the Governmental Funds Balance Sheet to the		
Statement of Net Position .....	18	A-4
Statement of Revenues, Expenditures, and Changes in Fund Balance .....	19	A-5
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,		
and Changes in Fund Balance to the Statement of Activities .....	20	A-6
Proprietary Funds:		
Statement of Fund Net Position .....	21	A-7
Statement of Revenues, Expenses and Changes in Fund Net Position .....	22	A-8
Statement of Cash Flows .....	23	A-9
Component Units:		
Combining Statement of Net Position .....	25	A-10
Combining Statement of Activities .....	26	A-11
Notes to Basic Financial Statements.....	27	
Required Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance		
Budget and Actual – General Fund .....	51	B-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance		
Budget and Actual – Hotel-Motel Tax Fund.....	53	B-2
Schedule of Funding Progress – Pension		
and Other Postemployment Benefits.....	54	B-3
Combining and Individual Fund Information and Other Supplementary Information:		
Combining Financial Schedules – General Fund – Subfunds:		
Combining Balance Sheet .....	55	C-1
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance .....	56	C-2
Combining Financial Statements – Nonmajor Governmental Funds:		
Combining Balance Sheet .....	57	C-3
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	58	C-4

**CITY OF NEW BRAUNFELS, TEXAS**  
**September 30, 2014**

**TABLE OF CONTENTS - CONTINUED**

	<b>Page</b>	<b>Exhibit</b>
Combining Financial Statements – Nonmajor Special Revenue Funds:		
Combining Balance Sheet .....	59	C-5
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	61	C-6
Combining Financial Statements – Nonmajor Capital Projects Funds:		
Combining Balance Sheet .....	63	C-7
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	64	C-8
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:		
Debt Service Fund.....	65	C-9
Community Development Block Grant.....	66	C-10
Grants Fund.....	67	C-11
Special Revenue Donations Fund .....	68	C-12
River Fund .....	69	C-13
Court Security Fund.....	70	C-14
Judicial Efficiency Fund .....	71	C-15
Court Technology Fund .....	72	C-16
Child Safety Fund .....	73	C-17
Stormwater Development Fund .....	74	C-18
Juvenile Case Management Fund.....	75	C-19
Faust Library Fund.....	76	C-20
Federal Court Awards Fund .....	77	C-21
Non-Federal Court Awards Fund.....	78	C-22
Edwards Aquifer HCP Fund .....	79	C-23
Cable Franchise PEG Fund .....	80	C-24
Creeside Town Center Fund.....	81	C-25
Enterprise Maintenance and Equipment Replacement Fund.....	82	C-26
Cemetery Perpetual Care .....	83	C-27

**STATISTICAL SECTION**

Net Position by Component .....	85
Changes in Net Position.....	86
Fund Balances of Governmental Funds .....	89
Changes in Fund Balances of Governmental Funds .....	90
General Governmental Tax Revenues by Source .....	92
Assessed Value and Estimated Value of Taxable Property .....	93
Property Tax Rates – Direct and Overlapping Governments.....	94
Principal Property Taxpayers.....	95
Property Tax Levies and Collections.....	96
Ratios of Outstanding Debt by Type .....	97
Ratios of General Bonded Debt Outstanding.....	98
Direct and Overlapping Governmental Activities Debt.....	99
Legal Debt Margin Information.....	100
Demographic and Economic Statistics .....	101
Principal Employers.....	102
Full-time Equivalent City Government Employees by Function.....	103
Operating Indicators by Function .....	104
Capital Asset Statistics by Function .....	105

**CITY OF NEW BRAUNFELS, TEXAS**  
**September 30, 2014**

**TABLE OF CONTENTS - CONTINUED**

	<b>Page</b>	<b>Exhibit</b>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	106	
Independent Auditors' Report on Compliance With Requirements that Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	108	
Schedule of Expenditures of Federal Awards.....	110	
Note to the Schedule of Expenditures of Federal Awards .....	111	
Schedule of Findings and Questioned Costs.....	112	
Schedule of Status of Prior Year Findings.....	116	

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## INTRODUCTORY SECTION

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## FINANCE DEPARTMENT

March 20, 2015

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, 2014, is hereby submitted. This report was prepared through the cooperative efforts of the Finance Department and the City's independent auditor. The purpose of the report is to provide the City Council, management, staff, the public, and other interested parties with detailed information reflecting the City's financial condition.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed financial statements and schedules are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds, departments, and component units of New Braunfels, Texas.

The City Charter requires an independent auditing firm to annually complete an audit of the books and accounts of every City department. The City's financial statements have been audited by CliftonLarsonAllen, a firm of licensed certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The basic financial statements, including the accompanying notes, represent the core of the financial section. These financial statements present the financial condition of the City as a single entity, as well as the individual funds that account for the City's various governmental and business-type activities. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

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NEW BRAUNFELS, TEXAS 78130

## PROFILE OF THE GOVERNMENT

New Braunfels is a dynamic and historic Texas community of about 62,998 located on Interstate 35, thirty miles north of San Antonio and forty-five miles south of Austin. The population in 2005 was 46,577; the City has seen a 26 percent increase in population in the last ten years. New Braunfels is the largest city in Comal County and serves as the county seat. The City's geographic corporate boundaries encompass 45 square miles. The City's history is one of the richest in Texas and is cherished by its residents who strive to preserve and protect their heritage that reflects both strong German and Hispanic influences. Often referred to as the "City of a Prince" (because it was founded by Prince Carl of Solms Braunfels), early New Braunfels became an important part of Texas civilization and industry. In the 1960's, the community became more committed to preserving its rich history and this has tied into the emerging tourism industry, a major factor in the economy of today's New Braunfels. Visitor attractions abound in New Braunfels and the surrounding area. A city of tradition, New Braunfels today finds itself in a time of rapid changes. Its prime location between San Antonio and Austin drives rapidly increasing population.

As provided in its Home Rule Charter, a Mayor and a six-member City Council govern the City of New Braunfels. The Mayor is elected at large while the remaining Council members represent the six Council Districts of the City. All policy making decisions are vested in the City Council. Among other duties, the City Council appoints a City Manager who directs the day-to-day operations of the City under guidelines and policies of the City Charter and the City Council, and develops the annual budget. Each Council member is elected for a three-year term on a staggered basis. The City Charter limits service to two consecutive terms of office, and not more than three total terms in a lifetime.

The City of New Braunfels is a full service municipal organization with the organizational structure and divisions as depicted in the organizational chart below. The City provides a full range of services that includes police and fire protection; emergency response services; solid waste service and recycling; maintenance of streets and infrastructure; recreational activities; library services; planning and development services; code enforcement and animal control; river management; golf course management; a municipal court; a system of municipal parks; and an airport.

The New Braunfels Industrial Development Corporation (NBIDC) was formed to administer a special 3/8¢ sales tax for economic development. It is a non-profit corporation. The City appoints all NBIDC board members, can remove board members at will, and must approve the NBIDC's budget and plan of work. Because of this, City management has included NBIDC in its financial reports as a discretely presented component unit. In addition, the New Braunfels Utility (NBU) is a City-owned water, wastewater and electric utility serving the City of New Braunfels and some of the surrounding area. The City appoints these board members as well and approves any proposed debt issuance. The City interacts or contracts with various other governmental and non-governmental entities (e.g. Comal County, the New Braunfels Housing Authority and the New Braunfels Independent School District), but is not financially accountable for those entities.

The City of New Braunfels maintains a system of budgetary controls, the objective of which is to ensure compliance with the legal provisions of the annual appropriated budget approved by the City Council. The annual Operating Budget and Plan of Municipal Services is the basic budget document. It governs all expenditures within a certain fiscal year, which runs from October 1 to September 30. This annual budget serves as the foundation for the City's financial planning and management. The budget is proposed by the City Manager and adopted by the City Council in accordance with policies and procedures established by the City Charter, Council ordinances, State requirements and City policies. The budget is prepared and presented by fund (e.g., general fund), department (e.g., police) or function (e.g., debt service), and expenditure group (e.g., employee expenses, operation expenses and capital expenses).

The budget, as adopted by City Council, controls expenditures by fund, department and at the group level for all funds in these categories. These groups are: employee expenses, operations expenses, capital expenses, interfund transfers, debt service, and contingencies for the General Fund, enterprise funds, special revenue funds, and other funds.

This means that, although funds are allocated into individual line items in each budget and those line item



allocations are adopted as part of the budget, departments have some flexibility in expensing these funds within the group. As long as the total appropriation for a group (for example employee expenses) is not exceeded, one or more line items in the group (for example health insurance) may exceed its budget allocation. Council action is required only if a group of expenditures will exceed the budget appropriation.

In the CDBG, Special Revenue, Grants Funds, and New Braunfels Industrial Development Corporation (NBIDC) Budget, appropriations are controlled at the project level. As the Council accepts federal entitlements and grants, as donations are received from outside sources, and as projects are approved, those proceeds are appropriated and available to departments and to NBIDC to expend for identified City purposes and needs.

Capital improvement funds are also controlled at the project level. Expenditures within the individual projects may span fiscal years. However, budgetary control is not exercised by fiscal year; it is by the total project cost and total project expenditures. This provides a more realistic approach to budgetary control for these types of activities.

The City's budget staff prepares the revenue estimates and budget instructions and each City department completes expenditure estimates and budget requests. Estimates and requests are reviewed by the City Manager, and evaluated within the total financial framework of the City. The City Manager makes final decisions as to what budget recommendations are submitted to the City Council. The City Council reviews the budget in a public process. The City Charter mandates that a proposed budget be presented to the City Council at least forty-five days prior to the end of the fiscal year. Furthermore, the Charter requires that a public hearing be held prior to the adoption of the budget.

Monthly reports are generated that allow management, the City Council and citizens (as these reports are posted on the City's website) to monitor expenditures on a fund and departmental basis. Transfers of budget appropriations may occur with the approval of the City Council. This report includes all organizations and activities for which the elected officials exercise financial control.

## **ECONOMIC CONDITION AND OUTLOOK**

In the ten years prior to FY 2009-10, the City of New Braunfels enjoyed a very robust, high growth period. Population grew at an average annual rate of 4.4 percent. Property values increased an average of 12 percent annually. Sales tax growth averaged 13.9 percent annually over the same period, both from major new businesses attracted through economic development agreements as well as general retail growth. The City, during that same time frame, attracted some major business generators, positively affecting the City's property tax revenue.

Between cultural tourism and tourist visits to the Comal River, it is estimated that New Braunfels receives approximately two million visitors a year. A 2009 economic impact analysis found that the tourism industry accounted for approximately \$470 million annually in direct, indirect and induced economic output. This amount constitutes approximately 20 percent of the City's annual total economic output of \$2.4 billion. The tourism and accommodation industry does not, however, provide a majority of the jobs in New Braunfels. Exclusive of government, the City's three largest industries in the value of goods and services provided are manufacturing, health care and social assistance and retail trade. The governmental (school district, local, state and federal), retail trade, health care and social assistance, accommodation and food services, and finance and insurance industries respectively provide the greatest number of jobs in the community.

As with most areas around the country, New Braunfels was impacted by the significant economic downturn. Sales tax in FY 2008-09 was 1.8 percent below the prior fiscal year, the only year the City saw an actual drop in this revenue source. Since then, the City's sales tax revenue has grown annually

– 4.5 percent in FY 2009-10, 7.6 percent in FY 2010-11, 10.2 percent in FY 2011-12, 12.6 percent in FY 2012-13 and 10.3 percent in FY 2013-14. As these statistics show, the growth rate has been steadily increasing annually. Although existing taxable 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, taxable property values showed an overall decline of just less than 1 percent. However, in FY 2011-12, property values began to rebound showing overall growth of 2.2 percent. In FY 2013-14, the City saw growth of 11.1 percent (freeze adjusted taxable), the largest level of growth experienced since the economic downturn. The figures previously mentioned demonstrate that New Braunfels was less severely impacted and is recovering at a faster rate when compared to other communities.

The City also recognizes the value of commercial development to its economic base and continues to encourage commercial growth that will be beneficial to the tax base and support the citizens' needs. The community invests in a business development and primary job recruitment program that has created an average of 831 new primary jobs annually since 2003. Ashley Furniture located and then expanded a distribution center (adding 150 jobs to the existing 200) in the City and Home Depot Supply located a sales facility within the City. These developments had a very positive impact on the City's sales tax revenue. In 2007, the City established a tax increment financing district to facilitate the development of a 400 acre master planned, mixed use development. The original value of all property within that district was \$3.4 million. Today, the development integrates over 1 million square feet of retail with a 130 bed hospital, two multi-family developments and an entertainment complex. The total taxable values of all improvements in the district exceed \$242 million, and the development generates approximately \$3 million in annual sales tax revenue to the City of New Braunfels and Comal County. This property value increment represents a 7,000% increase in less than a decade. Recent infrastructure investments from the state and local governments totaling more than \$20 million has resulted in significant operational, financial and safety enhancements at the City's regional airport. A recently completed runway extension, new taxiway and apron construction, hangar and lighting enhancements have led the airport to be nominated for the Most Improved General Aviation airport by the Aviation Division of the Texas Department of Transportation. As a consequence of these investments, the airport has seen major new developments with two new hangars being constructed in the last three years. These hangars have helped multiple new aircraft base at the airport. These new aircraft have increased fuel sales, property tax revenue and generated new operations at the airport. The City's industrial development corporation has a dedicated funding source and is able to offer incentives for businesses to choose New Braunfels, which is a large differentiator in today's competitive economy.

The long-term economic outlook for the New Braunfels area is positive. Advantages for the community's economic stability and growth include: the close proximity to both San Antonio and Austin; the IH 35 Corridor; the availability of choice industrial sites throughout the City; and the strong tourism sector of the economy. The City expects tourism to remain strong because New Braunfels offers great attractions at reasonable prices. Visitors can enjoy local dining, shopping, the "world's best" water park (Schlitterbahn), and river activities in and along the two rivers running through the heart of the community.

## **MAJOR INITIATIVES**

Since 2004, the City has completed \$77.2 million in capital improvement projects. Streets and drainage improvements make up 55.7 percent of that amount and include projects such as the South Tributary Drainage improvements, the extension of Walnut Avenue to Klein Road and the Church Hill road drainage improvements

among others. Parks and Recreation improvements make up 6.6 percent and include the purchase of the Fischer Park land, a new irrigation system in Landa Park and improvements to the Landa Park Aquatic Complex. The remaining 37.8 percent is made up of various municipal improvement projects such as the renovations to the Civic and Convention center and the construction of two fire stations.

Approximately \$89.6 million of capital improvement projects are in progress or nearing completion. Approximately 45.8 percent is made up of streets and drainage Improvements, driven mainly by the Walnut Avenue widening project (which is near final completion) as well as the North Tributary flood control project. Approximately 32.4 percent is made up of parks and recreation improvements, which includes the construction of Fischer Park as well as the Landa Park riverfront rehabilitation project. The remaining 24.8 percent is made up of various municipal improvement projects such as the downtown pedestrian improvements, the purchase and design of the future City Hall complex and minor renovations to the New Braunfels Police Department headquarters among others.

In May 2013, the citizens approved an \$86 million bond program that includes four propositions: street improvements (\$37.5 million for four projects), drainage improvements (\$24.5 million for five projects), parks improvements (\$20 million for four projects) and expansion of a major education facility in the community (\$4 million). The street projects include \$10 million for City-wide street improvements as well as a major investment in a growing area of the community. The drainage funds will complete four projects and design a fifth in a critical intersection in the City. The parks projects include a recreation center, expansion of a hike and bike trail, development of a neighborhood park, and acquisition of land for a new youth sports complex.

In addition to these various capital improvements, since FY 2004-05, the City has increased its public safety workforce by forty-four percent. This was accomplished within the context of an operating and maintenance property tax rate lower than the rate of ten years ago.

## **FINANCIAL INFORMATION**

The General Fund (alone) ended the year with total fund balance of \$22.62 million which is approximately equal to 141 days of operating expenditures and represents 38.5 percent of the FY 2013-14 General Fund budget. This balance provides adequate protection against unforeseen occurrences and fluctuations in revenue sources. The City's financial policies require at least a 25 percent fund balance (of operating expenditures) and the City has maintained a minimum of a 30 percent balance to protect our strong bond rating. The City receives a significant portion (about 37 percent) of its General Fund revenue from sales tax, a source sensitive to economic fluctuations. Therefore, the City has worked to maintain a minimum operating reserve of at least 110 days.

The City's commitment to sound financial management and strong reserves paid dividends in FY 2007-08 as Standard and Poor's raised the City's bond rating from A+ to AA-. Moody's maintained its rating of Aa2 for the City. And, for the first time, the City received a bond rating from Fitch – also a AA. These ratings were reaffirmed with the City's debt issuances in 2014.

The City maintains a five year capital improvement program (CIP), with all planned capital projects reviewed annually by the City staff and City Council. This annual review allows the City to change and adjust priorities by responding to changing growth patterns, economic conditions, and federal and state mandates. The five year CIP is used exclusively as a planning tool, and therefore does not commit the City to any project or project funding. The intent of the CIP is for the City staff to identify specific capital improvements needed during the subsequent five years and prioritize those projects. Recommended improvements are not approved until official action has been taken by the City Council. As stated, in May 2013, the citizens of New Braunfels approved an \$86 million bond program that includes streets and drainage improvements, park improvements and expansion of the Central Texas Technology Center, an education facility.

The most recently updated five year capital improvement plan is shown below. It identified \$353.4 million in unfunded, needed capital improvements during the next ten years (through 2022). These recommended improvements are identified by the following activities:

Street Improvements	\$170,461,100	32%
Drainage Improvements	\$118,032,000	22%
Parks and park facilities	\$105,351,800	20%
Airport	\$21,377,000	4%
Municipal Improvements	\$121,745,900	22%
Total	\$536,967,800	100%

These improvements provide for new facilities and facilities expansion; airport improvements; equipment acquisition and replacement; roads and storm water drainage systems; park land acquisition; parks and recreation facilities; and public safety facilities.

Annually, the Council also adopts a capital improvement program with the annual operating budget and work plan, authorizing funding for and directing staff to initiate certain projects. Over the last five years, the City has maintained an aggressive program to meet long-standing infrastructure needs in streets, drainage, parks and fire stations. The approval of the bond program helps further this program.

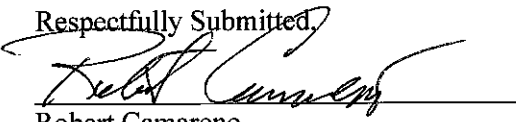
#### AWARDS AND ACKNOWLEDGEMENTS

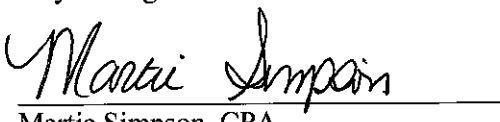
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of New Braunfels for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the sixth year that the government has achieved this prestigious award (in recent history). In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of the Comprehensive Annual Financial Report on a timely basis requires a great deal of cooperation. In recognition of that, the Support Services Department gratefully acknowledges the leadership and support of the City Council and City Manager. Also, the efforts of our Finance staff and external audit firm were invaluable.

Respectfully Submitted,

  
Robert Camareno  
City Manager

  
Martie Simpson, CPA  
Director of Finance



## **CURRENT CITY OFFICIALS**

### **Elected Officials**

Mayor	Barron Casteel
Councilmember, District 1	George Green
Councilmember, District 2	Aja Edwards
Councilmember, District 3	Ron Reaves
Councilmember, District 4	Sandy Nolte
Councilmember, District 5	Wayne Peters
Councilmember, District 6	Leah A. Garcia

### **Appointed Officials**

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

### **Department Directors**

Assistant City Manager	Kristi Aday
Police Chief	Thomas Wibert
Fire Chief	Kenneth Jacks
Public Works Director	Steven Ramsey
Director of Finance	Martie Simpson
Human Resources Director	Gary Wuest
Planning and Community Development Director	vacant
Parks and Recreation Director	Stacey Dicke
Library Director	Gretchen Pruett
Airport Director	Vinicio Llerena

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## **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; plans and plans review for new developments in the City limits, water quality and stormwater management, and maintenance of City facilities.

**Finance** - Is responsible for all City financial and accounting functions; centralized purchasing, grant coordination, coordination and completion of the City's Comprehensive Annual Financial Report and completion of the annual operating and capital budget.

**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.

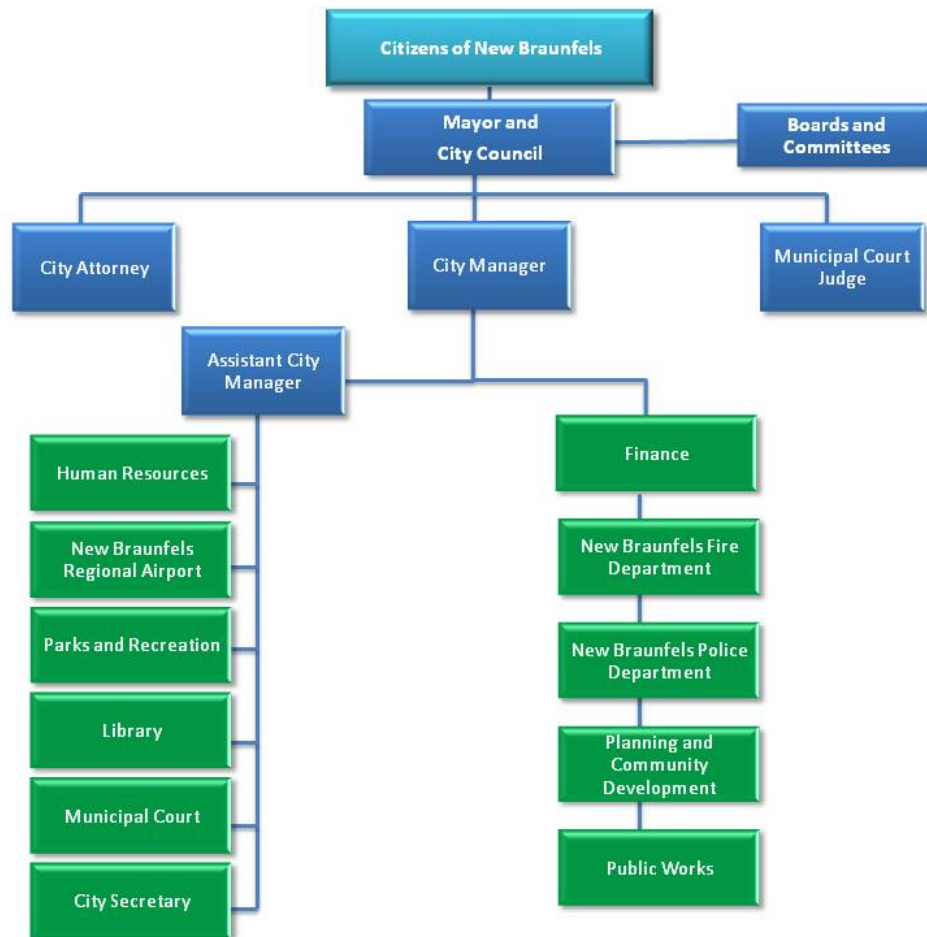
**Parks and Recreation** - Is responsible for the provision of parks and recreation services and facilities. This includes park development and management, program development and administration, special events coordination, management of a spring-fed and Olympic-size pool, and efforts to provide a safe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

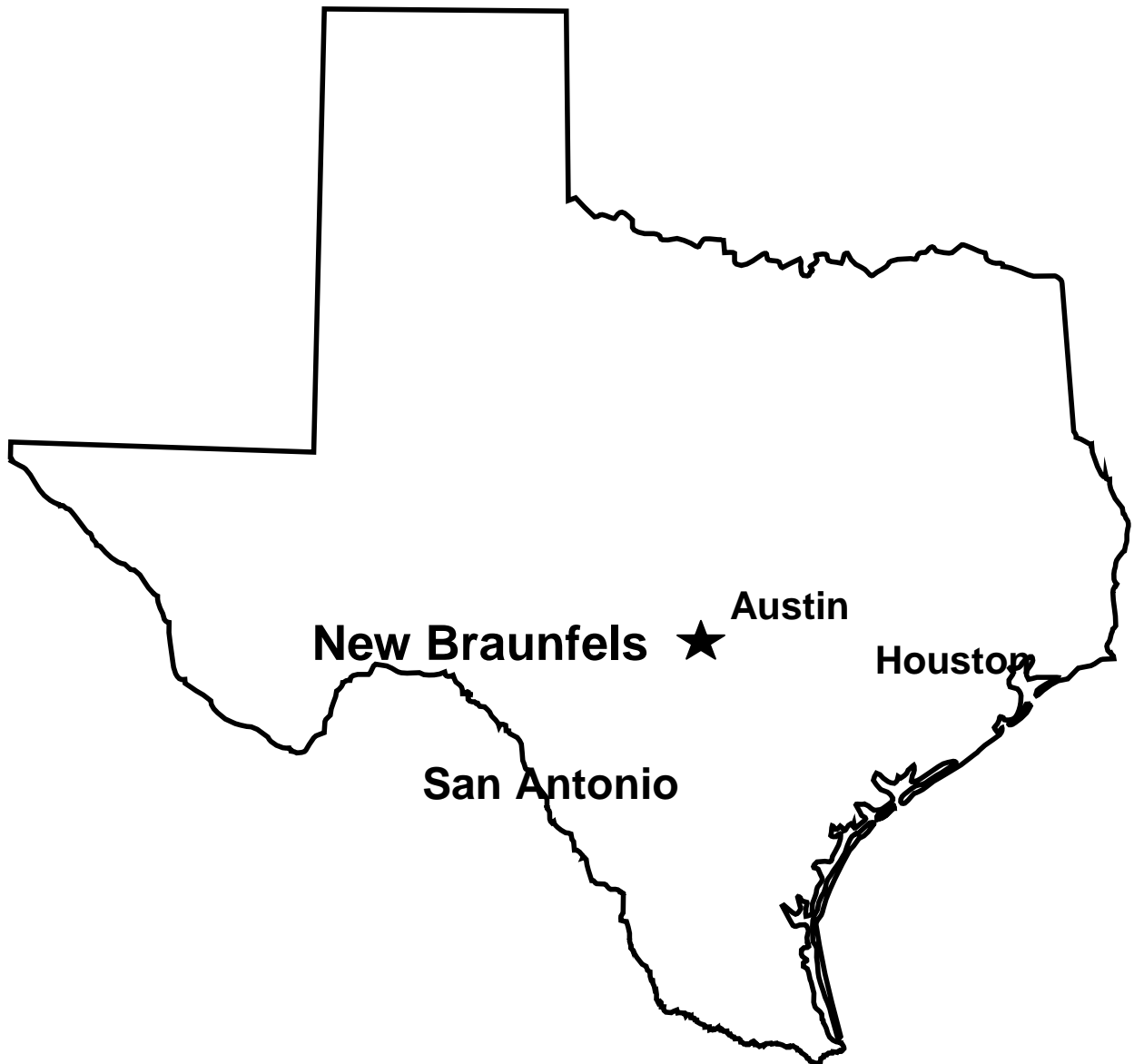
**Airport** - Is responsible for maintaining a safe and efficient air transportation portal for the area as well as planning for future airport development and infrastructure projects.

**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.







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Government Finance Officers Association

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**City of New Braunfels  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO

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## FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Braunfels, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of New Braunfels Utilities, which represent 95.9 percent, 95.1 percent, and 95.8 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for New Braunfels Utilities, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Braunfels as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 13, beginning net position required a restatement to correct a misstatement in the September 30, 2013 financial statements. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and Schedule of Funding Progress - Pension and Other Post Employment Benefits on page 4 through 14 and page 51 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Braunfels's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015, on our consideration of the City of New Braunfels's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of New Braunfels's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Dallas, Texas  
March 20, 2015

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# CITY OF NEW BRAUNFELS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of New Braunfels annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2014. Please read it in conjunction with the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

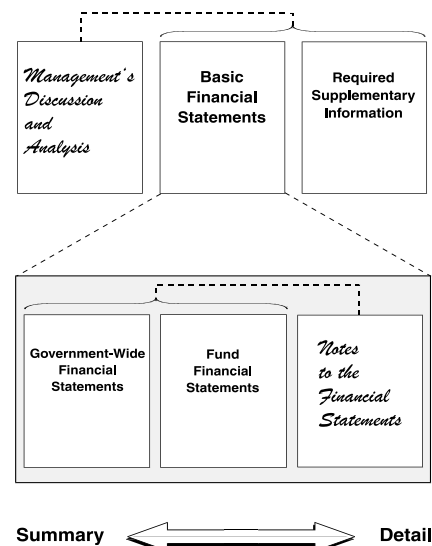
- The City's total combined net position was \$65,727,667 as of September 30, 2014.
- During the year, the City's expenses for governmental activities were \$80,775,093 or \$11,492,767 (14.2 percent) more than the \$69,282,326 generated in taxes and program revenues for governmental activities.
- The General Fund reported an ending fund balance this year of \$22,619,456, an increase of \$2,767,859 or 13.9 percent in comparison to the prior fiscal year. This balance exceeds the City's required 25 percent of operating expenditures. However, it is important to note that this fund balance includes all of the fund balance in the General Fund, Equipment Replacement Fund, and the Facilities Maintenance Fund. The Equipment Replacement Fund contributes \$4,407,998 to this stated fund balance. This fund allows the City to account for equipment replacement and improvements to the Civic/Convention Center in a separate fund and not include these activities – which are business activities – in the general operating fund.
- The City of New Braunfels major revenue sources remained fairly steady or showed growth in FY 2013-14 when compared to the prior year. Taxable property tax values (freeze adjusted) increased by 11.1 percent overall with values from new growth a major portion of the increase. Sales tax revenue grew a healthy 10.3 percent overall in FY 2013-14 in comparison to the prior fiscal year. This maintained the trend of growth in FY 2010-11 (7.6 percent), FY 2011-12 (10.2 percent) and FY 2012-13 (12.2 percent). Looking forward to FY 2014-15, the City expects continued increases in sales tax; this revenue source comprised 37.7 percent of total General Fund revenue in FY 2013-14.
- In fiscal year 2013-14, the City's operating costs were \$4,922,475 or 14 percent less than the prior year. Very few positions were authorized in FY 2013-14. In addition, operating budgets were held fairly flat. The City's equipment replacement program was also suspended in FY 2013-14, which reduced expenditures approximately \$875,000. This was necessary to bring recurring revenues in line with recurring expenditures. Moreover, a onetime settlement occurred in FY 2012-13 (\$691,000), which is also a factor in the year to year decrease. The only compensation adjustments funded in FY 2013-14 were the annual step pay plan increases for uniformed fire and police personnel.
- The City did issue \$13.97 million in general obligation bonds and \$10.125 million in certificates of obligation in FY 2013-14 to fund various needed capital improvement projects. All general obligation bonds were associated with the 2013 bond program; specifically to begin design and right of way acquisition on projects in all four propositions. The Certificates of Obligations were associated with the renovation of the Landa Park Golf Course and the purchase/renovation of Airport facilities. The debt service for the certificates of obligation will be funded by taxpayer revenue.

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

### 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.
- Component unit statements provide information about other organizations which provide support to the City.

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

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

### Government-wide Statements

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

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

<i>Type of Statements</i>	<b>Fund Statements</b>			
	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	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
<i>Required financial statements</i>	* Statement of net assets	* Balance sheet	* Statement of net assets	* Statement of fiduciary net assets
	* Statement of activities	* Statement of revenues, expenditures and changes in fund balances	* Statement of revenues, expenses and changes in fund net assets * Statement of cash flows	* Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	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
<i>Type of asset/liability information</i>	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
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

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

### Fund Financial Statements

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

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

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

The City has three kinds of funds:

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

# FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

	Governmental Activities		Business Type Activities		Total		Total Percent Change
	2012-13, restated	2013-14	2012-13, restated	2013-14	2012-13, restated	2013-14	
<b>Assets:</b>							
Cash and cash equivalents	\$ 68,108	\$ 69,079	\$ 3,586	\$ 3,685	\$ 71,694	\$ 72,764	1%
Accounts receivable (net)	5,391	5,903	48	16	5,439	5,919	9%
Due from other govts	1,596	214	-	-	1,596	214	-87%
Prepaid items	-	673	-	-	-	673	100%
Inventories, at cost	-	1	34	40	34	41	21%
<b>Capital assets</b>							
Land & constr. In progress	25,428	25,776	2,299	2,299	27,727	28,075	1%
Other capital assets, net	75,526	89,118	23,949	33,383	99,475	122,501	23%
<b>Total Assets</b>	<b>176,049</b>	<b>190,764</b>	<b>29,916</b>	<b>39,423</b>	<b>205,965</b>	<b>230,187</b>	<b>12%</b>
 Deferred Charge on Refunding	 \$ 900	 \$ 788	 \$ -	 \$ -	 \$ 900	 \$ 788	 -12%
<b>Liabilities:</b>							
Accounts payable	\$ 3,306	\$ 6,318	\$ 243	\$ 165	\$ 3,549	\$ 6,483	83%
Deposits payable	237	320	100	110	337	430	28%
Accrued expenses payable	2,243	2,417	160	164	2,403	2,581	7%
Unearned revenue	-	-	41	106	41	106	159%
<b>Non-current liabilities:</b>							
Due within one year	8,799	9,988	213	339	9,012	10,327	15%
Due in more than one year	124,406	143,708	856	1,612	125,262	145,320	16%
<b>Total Liabilities</b>	<b>138,991</b>	<b>162,751</b>	<b>1,613</b>	<b>2,496</b>	<b>140,604</b>	<b>165,247</b>	<b>18%</b>
<b>Net Position:</b>							
Net investment in capital assets	\$ 17,376	\$ 8,094	\$ 26,249	\$ 34,960	\$ 43,625	\$ 43,054	-1%
<b>Restricted:</b>							
Capital projects	4,826	4,169	-	-	4,826	4,169	-14%
Cemetery perpetual care	94	94	-	-	94	94	0%
Other	3,012	2,616	-	-	3,012	2,616	-13%
Unrestricted	12,650	13,828	2,054	1,967	14,704	15,795	7%
<b>Total Net Position</b>	<b>37,958</b>	<b>28,801</b>	<b>28,303</b>	<b>36,927</b>	<b>66,261</b>	<b>65,728</b>	<b>-1%</b>

**Changes in Net Position.** The City's total revenues were \$80.31 million. A significant portion, \$50.97 million or 63.5 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.) 26.1 percent relates to charges for services (including licenses and permits and parks fees), 0.1 percent is from interest income and 2.5 percent comes from grants and contributions.

The total cost of all programs and services was \$80.8 million; 43.1 percent of the governmental activities costs are for public safety.

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

	Governmental Activities		Business Type Activities		Total		Percentage Change
	2012-13, restated	2013-14	2012-13, restated	2013-14	2012-13, restated	2013-14	
Program Revenues:							
Charges for services	\$ 10,112	\$ 10,512	\$ 10,355	\$ 10,478	\$ 20,467	\$ 20,990	3%
Operating grants and contributions	1,000	1,539	55	43	1,055	1,582	50%
Capital grants and contributions	3,000	-	4,570	441	7,570	441	-94%
General Revenues							
Taxes and Franchise Fees	47,170	50,973	-	-	47,170	50,973	8%
Investment income	187	87	2	1	189	88	-53%
Miscellaneous	6,298	6,172	(233)	67	6,065	6,239	3%
Total Revenues	\$ 67,767	\$ 69,283	\$ 14,749	\$ 11,030	\$ 82,516	\$ 80,313	-2.7%
Expenses:							
General government	\$ 12,083	\$ 14,850	\$ -	\$ -	\$ 12,083	\$ 14,850	23%
Finance and tax	1,305	972	-	-	1,305	972	-26%
Planning and environmental development	3,413	2,489	-	-	3,413	2,489	-27%
Public safety	30,057	31,597	-	-	30,057	31,597	5%
Public works	12,973	8,241	-	-	12,973	8,241	-36%
Parks and recreation	3,632	4,572	-	-	3,632	4,572	26%
Library	2,203	2,400	-	-	2,203	2,400	9%
Civic/Convention Center	5	5	671	924	676	929	37%
Interest on long term debt	3,913	4,985	-	-	3,913	4,985	27%
Airport	219	107	2,305	2,855	2,524	2,962	17%
Solid waste	-	-	5,779	6,171	5,779	6,171	7%
Golf Course	-	-	904	678	904	678	-25%
Total Expenses	\$ 69,803	\$ 70,218	\$ 9,659	\$ 10,628	\$ 79,462	\$ 80,846	2%
Change in net position before Transfers in (out)	(2,036)	(935)	5,090	402	3,054	(533)	-117%
Change in net position	1,618	(8,222)	(1,618)	8,222	-	-	
	(418)	(9,157)	3,472	8,624	3,054	(533)	-117%
Net position - beg. of year	38,376	37,958	24,831	28,303	63,207	66,261	5%
Net position - end of year	\$ 37,958	\$ 28,801	\$ 28,303	\$ 36,927	\$ 66,261	\$ 65,728	-1%

**Figure A-3**  
**Sources of Revenue for Fiscal Year 2013-14**

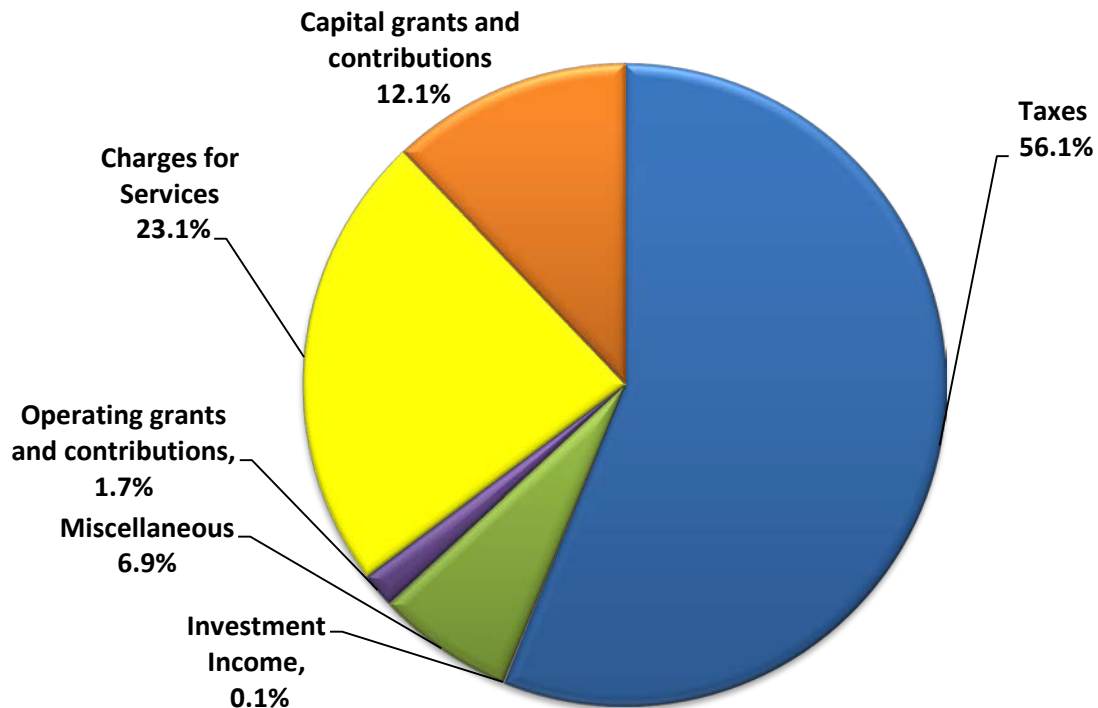


Table A-3 presents the cost of each of the City's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was mostly funded by local tax dollars.

- The cost of all governmental activities this year was \$70.2 million.
- However, the amount that taxpayers paid for these activities through taxes was \$50.97 million.
- Some of the cost was paid by those who directly benefited from the programs (\$10.5 million), or by grants and contributions (\$1.5 million).

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

	Total Cost of Services			Net Cost of Services		
	FY 2012-13	FY 2013-14	% Change	FY 2012-13	FY 2013-14	% Change
Public Safety	\$ 30,057	\$ 31,597	5.1%	\$ 25,418	\$ 27,230	7.1%
Public Works	12,973	8,241	-36.5%	12,441	7,343	-41.0%
Parks and Recreation	3,632	4,572	25.9%	2,033	2,609	28.3%
Planning and Environmental Services	3,413	2,489	-27.1%	(92)	(1,078)	1071.7%
Library	2,203	2,400	8.9%	2,092	2,285	9.2%



### **Business-type Activities**

Revenues derived from the City's business-type activities were \$21.59 million, and operating expenses were \$10.63 million.

### **Governmental Activities**

- The City reduced its total ad valorem property tax rate from \$.425614 per \$100 of valuation in FY 2005-06 to \$.409862. That rate was maintained through FY 2010-11. During that time, the debt service tax rate increased to fully fund all debt service payments while the General Fund portion of the rate decreased by an equal amount. \$.10764 cents in tax rate shifted from debt service to the General Fund in that period. Property values for the ten years prior to FY 2009-10 showed an average annual growth rate of 11.7 percent. With the economic downturn, this robust growth came to a rather abrupt end. FY 2009-10 had growth in values of 2.9 percent and FY 2010-11 values declined by .9 percent overall, then rebounded slightly in FY 2011-12, showing a 2.2 percent growth. In FY 2011-12, the City increased the overall tax rate for the first time since FY 2005-06 with a \$.0385 increase, all in the debt service rate. The General Fund tax rate was held at \$.261362. For FY 2013-14, the City saw taxable property value increases of 11.1 percent. This increase in valuation provided the opportunity to avoid a tax increase and held the tax rate flat at \$.49823.
- Revenues for FY 2013-14 decreased \$2.2 million or 2.7 percent in comparison to FY 2012-13. This decrease was driven in large part by a decrease in Capital grants and contributions.
- The highest percent of the revenues from charges for services in governmental activities was derived from planning and environmental development (building related permits and licenses), public safety (ambulance services fees and emergency services district fire and emergency response services), and parks and recreation. Solid Waste generates the greatest revenues in the business activities.
- The City's General Fund represents the largest single funding source for governmental activities. In FY 2013-14, 56.2 percent of the funds (General Fund alone) went to public safety (police, fire and municipal court). The remaining funding breaks down as follows: 11.0 percent for public works, 8.6 percent for parks and recreation, and 21.2 percent for the library, planning and environmental development, finance and tax, and general government.
- The General Fund's total revenue (including the Equipment Replacement and Facilities Maintenance Funds) for FY 2013-14 was \$46,993,203 which is \$3,465,973 or 8.0 percent greater than the FY 2012-13 revenues. Most of the major revenue sources showed growth for FY 2013-14 in comparison to the prior fiscal year, including sales tax, a significant revenue source to the City. Only two revenue sources experienced a decrease – miscellaneous and investment income. This decrease in miscellaneous revenue is driven entirely by a catch-up payment in FY 2012-13 made by an entity that has a payment in lieu of taxes agreement with the City. Investment income decreased as a result of declining yield(s) from the City's investment portfolio.

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

Revenues from the General Fund (excluding the Equipment Replacement and Facilities Maintenance Fund) totaled \$47.0 million for fiscal year 2013-14 while the expenditures were \$45.0 million, leaving an excess of \$2,015,186. The enterprise funds consist of Airport, Solid Waste, Golf Course, and Civic/Convention Center. The net change in net position from these funds was \$1,542,989, \$969,924, \$6,302,304 and (\$190,857) respectively, for a net total of \$8,624,360.

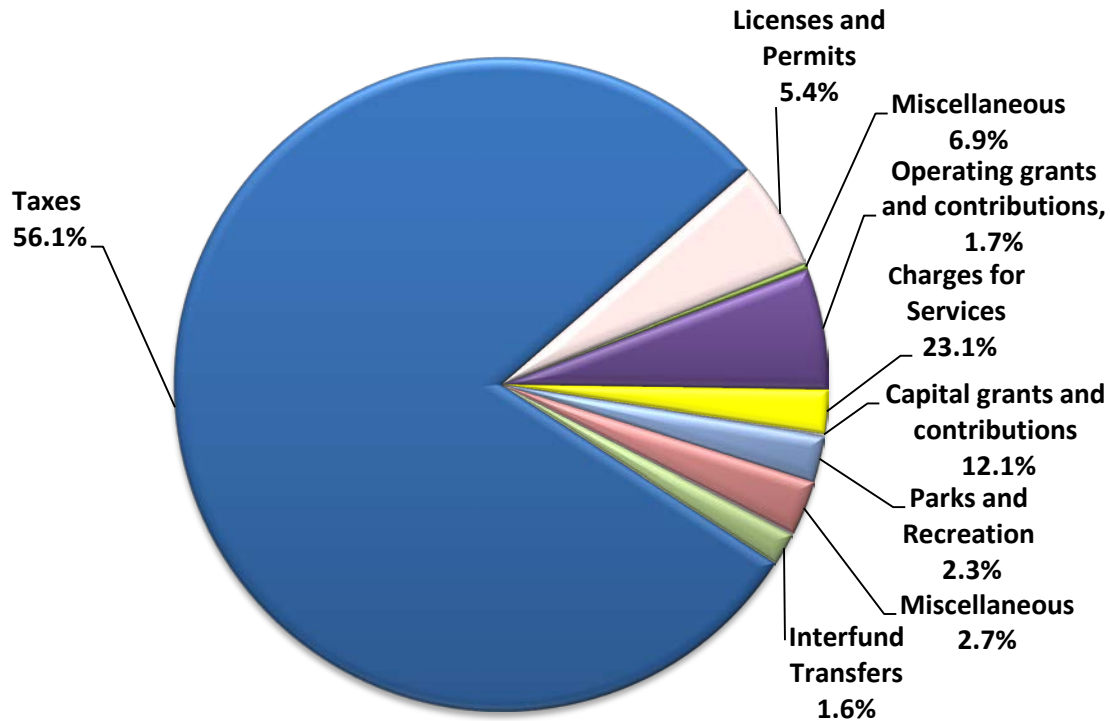
### **General Fund Highlights**

In FY 2013-14, the City focused on developing a structurally balanced budget. In prior years, the City was able to rely on excess fund balance to fund new and recurring initiatives. However, in FY 2013-14, there was no excess fund balance available and all revenue growth was needed to fund existing expenses. However, several positions were funded in FY 2013-14, such as three new Police Officers. Operating budgets were all held fairly flat and very little equipment was included as well. In addition, to ensure that recurring revenues met recurring expenditures, the City temporarily suspended the equipment replacement program. This reduced expenditures by approximately \$875,000. As a result, light vehicles and information technology infrastructure is replaced on an as needed basis as opposed to a

set schedule. Now that the City has brought recurring revenues in line with recurring expenditures, the City will be able to utilize revenue growth to fund unmet needs required to support existing and growing demand for services.

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 2013-14 of \$22,619,456, an increase of \$2,767,859 or 13.9 percent in comparison to the prior fiscal year. The General Fund (alone) had an ending fund balance of \$18,189,372, which is an increase of \$3,000,196 or 19.8 percent in comparison to the prior year. That balance represents 40.4 percent of actual expenditures in that year.

**Figure A-4**  
**Sources of General Fund Revenue for Fiscal Year 2013-14**



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

The City's Debt Service Fund experienced a significant fund balance draw down in FY 2009-10 to bring the balance to the 10 percent level required by the City's financial policies. Since then, the fund's balance has stabilized at about the 10 percent level. As a result, for FY 2012-13, revenue into the fund about equaled the annual debt service payments for principal and interest on all outstanding debt. As stated above, the City increased the ad valorem property tax rate for debt service by \$.02137 to generate sufficient funds for these payments.

The City's self insurance fund experienced much higher claims expenditures for medical services in FY 2009-10 than in the several years prior. However, in the three fiscal years since that time, the City saw a return to costs more in line with prior years' expenditure growth. This allowed the City to begin rebuilding the fund balance in this fund. This was accomplished by increased premium contributions (from the City and employees) as well as a one-time transfer of funds from the General Fund to the Self Insurance Fund of \$500,000 in FY 2010-11 and \$400,000 in FY 2011-12. In addition, in FY 2013-14, 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 2013-14, the City reported four capital improvement funds as major funds – the 2012 Certificates of Obligation Fund, the 2013 Certificates of Obligation Fund, the 2014 General Obligation Fund, and the 2014 Certificates of Obligation Fund. The 2012 certificates showed a decrease of \$7,610,747 in fund balance as expenditures were made for design and construction of projects. The 2013 certificates showed a decrease of \$6,718,980 in fund balance as project expenditures were made in the fund. The 2014 bonds showed an increase of (\$10,622,469) due to \$14.7 million in debt that was issued and some project expenditures were made in the fund. The 2014 certificates showed an increase of (\$1,811,662) due to \$10.4 million in debt that was issued and project expenditures were made in the fund. Over the last several years, the City has been issuing debt to fund projects in stages so that the proceeds of debt can be expended timely and projects can keep moving forward into the next phase without interruption due to lack of funding.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of FY 2013-14, the City had invested \$274.8 million (excluding depreciation) in a broad range of capital assets including land, equipment, buildings, streets and drainage improvements as well as park and airport improvements. Currently, the City has undertaken the single largest public improvement project that will expand a major City thoroughfare. The project includes utility relocation and improvements, pavement widening and significant landscaping and amenities to create a park-like environment along the roadway. The 2012-13 balance below have been adjusted for a restatement see Note 13: Restatement of the financial statements. More detailed information about the City's capital assets is presented in Note 4: Capital Assets of the financial statements.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		Total – Percentage Change
	2012-13, restated	2013-14	2012-13, restated	2013-14	2012-13, restated	2013-14	
Land	\$25,428	\$25,776	2,299	2,299	\$27,727	\$28,075	1.3%
Construction in Progress	-	-	-	-	-	-	0.0%
Road Network	87,583	95,660	-	-	87,583	95,660	9.2%
Buildings	43,283	47,823	17,110	19,405	60,393	67,228	11.3%
Equipment	21,154	22,975	8,989	9,039	30,143	32,014	6.2%
Airport Easements	-	-	38	38	38	38	0.0%
Improvements	23,360	32,447	13,119	19,368	36,479	51,815	42.0%
Totals at Historical Cost	\$200,808	\$224,681	\$41,555	\$50,149	\$242,363	\$274,830	13.4%
Total accumulated depreciation	\$ (99,854)	\$ (109,787)	\$ (15,307)	\$ (14,467)	(115,161)	(124,254)	7.9%
Net capital assets	\$100,954	\$114,894	\$26,248	\$35,682	\$127,202	\$150,576	18.4%

### Long Term Debt

At year-end, the City had \$154.86 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 and general obligation bonds for drainage and street improvements, expansion/renovation of the Civic/Convention Center, major park land acquisition and park land improvements, construction of two new fire stations, land purchases and design work for a new public works and fire training facility, and airport improvements. \$13.97 million in general obligation bonds and \$10.125 million of certificates of obligation were issued in FY 2013-14 to continue the City's program of infrastructure improvements. More detailed information about the City's debt is presented in the Notes to the Financial Statements.

#### Bond Ratings

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

The City's commitment to sound financial management and strong reserves paid dividends in FY 2007-08 as Standard and Poors raised the City's bond rating from A+ to AA-. Moody's maintained its rating of Aa2 for the City. And, for the first time, the City received a bond rating from Fitch – also an AA. These ratings were reaffirmed in 2014 when the City issued the general obligation bonds and 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.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	<u>2012-13</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2013-14</u>	
Certificates of Obligation Debt	\$ 97,030	\$ 100,970			\$ 97,030	\$ 100,970	4.1%
General Obligation Debt	21,305	34,685			21,305	34,685	62.8%
Deferred loss on bond refunding	(899)	(788)			(899)	(788)	-12.3%
Bond Premium	3,464	4,126			3,464	4,126	19.1%
Loan Payable	-	673	-	721	-	1,394	0.0%
Net Pension Obligation	2,703	2,926	295	318	2,998	3,244	8.2%
Net OPEB Obligation	4,748	6,224	519	680	5,267	6,904	31.1%
Compensated absences payable	3,955	4,092	255	232	4,210	4,324	2.7%
Total long-term debt	<u>\$ 132,306</u>	<u>\$ 152,908</u>	<u>\$ 1,069</u>	<u>\$ 1,951</u>	<u>\$ 133,375</u>	<u>\$ 154,859</u>	16.1%

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

- The City reduced its total ad valorem property tax rate from \$.425614 per \$100 of valuation in FY 2005-06 to \$.409862. That rate was maintained through FY 2010-11. During that time, the debt service tax rate increased to fully fund all debt service payments while the General Fund portion of the rate decreased by an equal amount. \$.10763 cents in tax rate shifted from debt service to the General Fund in that period. Property values for the ten years prior to FY 2009-10 showed an average annual growth rate of 11.7 percent. With the economic downturn, this robust growth came to a rather abrupt end. FY 2009-10 had growth in values of 2.9 percent and FY 2010-11 values declined by .9 percent overall, then rebounded slightly in FY 2011-12, showing a 2.2 percent growth. In FY 2011-12, the City increased the overall tax rate for the first time since FY 2005-06 with a \$.0385 increase, all in the debt service rate. The General Fund tax rate was held at \$.261362. For FY 2013-14, the City saw property value increases of 5.5 percent and again increased the overall tax rate to \$.49823, increasing both the debt service component (by \$.021371) and the General Fund component (by \$.009515). For the FY 2013-14 Adopted Budget, the tax rate was held flat. This was achieved due to a 11.1 percent increase in taxable assessed valuation.
- The City of New Braunfels sits in an excellent geographic position – on the main transportation corridor between Austin and San Antonio. It attracts businesses and residents interested in living in a smaller city. However, it offers the advantage of proximity to big city attractions and opportunities. This positioning is contributing to the City's strong population and economic growth. This resulted in the City's revenues and tax base remaining stable, even through the recession; revenues have begun to once again show growth.
- The City of New Braunfels, prior to FY 2008-09, enjoyed a very robust, high growth period. Population during that time grew at an average annual rate of 5.4 percent. The City, during that same time frame, attracted some major business generators, affecting the City's property and sales tax revenues. Ashley Furniture located a distribution center in the City and Home Depot sited a new contractor sales facility within the City. Both these developments had a very positive impact on the City's sales tax revenue. More recently, a million plus square foot retail facility opened the first phase of that development. The City created a tax increment financing zone (TIRZ) to provide economic development assistance to that development. A pool manufacturer moved its headquarters to New Braunfels and another major mixed use (retail, residential and office space) project began development. The retail developments were impacted by the economic downturn; however, the projections are for the ultimate build out to be achieved, but in a longer time frame than originally planned. The development will now also include a major department store and a hospital complex.
- Sales tax revenue declined in FY 2008-09 for the first time in eight years. However, sales tax rebounded in FY 2009-10 to finish the year at 4.5 percent above the prior twelve months and FY 2010-11 finished at 7.6 percent above FY 2009-10. FY 2011-12 and FY 2012-13 saw a continuation of the positive trend, with sales tax growing 10.2 percent and 12.6 percent, respectively, and FY 2013-14 saw 10.3 percent overall growth. The FY 2014-15 Adopted Budget includes a net growth of 2.7 percent in sales tax revenue. Sales tax growth is expected to slow in FY 2014-15, driven entirely by legislation that permanently affected sales tax collections in New Braunfels. The FY 2013-14 Adopted Budget includes moderate growth for other major revenue sources.

- New Braunfels weathered the economic downturn by holding positions open, delaying salary increases, and postponing expenditures whenever possible. No layoffs were required to keep the City's budget balanced. In FY 2012-13, revenues actually exceeded budget estimates in some areas, particularly sales tax. This is a very positive sign for the New Braunfels economy and for City revenues. In FY 2011-12, some new positions were added to provide sufficient resources to meet the continued demand for increased services. In addition, a new fire station was opened in the latter part of the fiscal year and 18 firefighter positions were added to staff that facility. In FY 2012-13, the City's Adopted Budget included salary increases for employees as well as a few new positions in critical areas such as land development. The FY 2013-14 Adopted Budget focused on and succeeded in bringing recurring expenditures in line with recurring revenues. This was achieved by funding very few new positions in the General Fund, minimal salary increases and suspending the City's vehicle replacement program (both contributions into the fund and current year purchases of vehicles). Looking toward FY 2014-15, several challenges remain – the loss of sales tax revenue from an economic development agreement (impacted by legislative changes); whether the vehicle replacement program can be reinstituted; addressing salaries City-wide to remain market competitive; and meeting the continued increasing demand for services. In FY 2014-15, revenue growth afforded the opportunity to fund compensation increases for all City Employees. The Compensation increases in FY 2014-15 are part of a compensation plan update; after completion of a market study, it was determined that all City Employees are behind the market. It is anticipated it will take several years to update the plans and employees salaries to current market conditions. The FY 2014-15 Budget also included a total of 23 new positions to support existing and growing demands for services. The positions included five Police Officers and one Evidence and Property Technicians, two Public Works Inspectors, one Westside Community Center Specialist, one Animal Control Officer and various Parks and Recreation positions to support the operating and maintenance of Fischer Park, a new 62 acre park scheduled to open in FY 2014-15. The FY 2014-15 Budget also partially reinstates the equipment replacement program.
- General Fund operating expenditures and transfers out were \$45.4 million in FY 2013-14 (this amount reflects only the General Fund, not the Equipment Replacement and Facilities Maintenance Funds). The General Fund (stand alone) operating expenditure budget for FY 2014-15 is \$50.96 million, an increase of \$5,562,219 or 12.3 percent in comparison to the FY 2013-14 actual amount. As mentioned earlier, the increase is driven by the first phase of a compensation plan implementation, new positions to support existing and increasing demand for services and a partial reinstatement of the equipment replacement program.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. For questions about this report, separately issued statements for New Braunfels Utilities or the Housing Authority, or for additional financial information, contact the City's Support Services Department.

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## BASIC FINANCIAL STATEMENTS

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## CITY OF NEW BRAUNFELS, TEXAS

## STATEMENT OF NET POSITION

September 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 8,609,733	\$ 874,278	\$ 9,484,011	\$ 23,237,597
Pooled and Temporary Investments	60,469,271	2,811,107	63,280,378	44,336,283
Receivables, net	5,903,126	16,427	5,919,553	39,724,723
Due from Other Governments	213,923	-	213,923	-
Inventories, at cost	1,181	40,157	41,338	1,289,359
Prepaid Items	673,062	-	673,062	218,534
Other Current Assets	-	-	-	724,576
Restricted Assets				
Cash and Cash Equivalents	-	-	-	6,248,244
Pooled and Temporary Investments	-	-	-	3,183,519
Unamortized debt issuance costs	-	-	-	-
Other Noncurrent Assets	-	-	-	1,196,212
Net Pension Obligation Asset	-	-	-	6,158,069
Capital Assets				
Land and Construction in Progress	25,776,261	2,298,941	28,075,202	
Other Capital Assets, net	89,117,527	33,382,606	122,500,133	289,727,119
Total Assets	190,764,084	39,423,516	230,187,600	416,044,235
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	788,470	-	788,470	-
Total Deferred charge on refunding	788,470	-	788,470	-
LIABILITIES				
Accounts Payable	6,318,060	165,385	6,483,445	20,242,669
Deposits Payable	320,398	109,555	429,953	4,147,626
Accrued Expenses Payable	2,417,123	164,328	2,581,451	124,812
Unearned Revenue	-	105,879	105,879	995,030
Noncurrent Liabilities				
Due Within one Year:				
Bonds Payable	7,685,000	-	7,685,000	1,638,463
Loan Payable	119,891	128,485	248,376	-
Accrued Compensated Absences	2,183,789	232,292	2,416,081	704,529
Due in more than one year:				
Bonds Payable	132,095,938	-	132,095,938	42,099,387
Loan Payable	553,171	592,684	1,145,855	-
Net Pension Obligation	2,925,681	318,074	3,243,755	-
Net OPEB Obligation	6,224,209	679,956	6,904,165	-
Accrued Compensated Absences	1,908,505	-	1,908,505	805,861
Total Liabilities	162,751,765	2,496,638	165,248,403	70,758,377
NET POSITION				
Net Investment in Capital Assets	8,094,224	34,960,378	43,054,602	248,841,410
Restricted for				
Debt Service	-	-	-	468,846
Capital Projects	4,169,223	-	4,169,223	-
Cemetery Perpetual Care (nonexpendable)	94,114	-	94,114	-
Impact Fees	-	-	-	5,985,964
Municipal Court	407,601	-	407,601	-
Library	1	-	1	-
Public Safety	275,678	-	275,678	-
Tourism	1,932,041	-	1,932,041	-
Unrestricted	13,827,907	1,966,500	15,794,407	89,989,638
Total Net Position	\$ 28,800,789	\$ 36,926,878	\$ 65,727,667	\$ 345,285,858

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2014**

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General Government	\$ 14,850,419	\$ 1,095,307	\$ 46,941	\$ -
Finance and Tax	972,284			
Planning and Environmental Development	2,488,864	3,334,906	232,157	-
Public Safety	31,597,445	3,107,561	1,259,659	-
Public Works	8,240,505	897,438	-	-
Parks and Recreation	4,571,717	1,962,837	-	-
Civic Center	4,990			
Library	2,399,793	114,400	-	-
Airport	107,206		-	-
Interest and Fees on Long-Term Debt	4,984,577		-	
Total Governmental Activities	<u>70,217,800</u>	<u>10,512,449</u>	<u>1,538,757</u>	<u>-</u>
<b>Business-Type Activities</b>				
Airport	2,855,213	2,387,229	42,759	157,637
Solid Waste	6,170,748	7,590,835	-	-
Golf Course	678,572	128,384	-	264,000
Civic Center	923,876	371,614	-	19,500
Total Business-Type Activities	<u>10,628,409</u>	<u>10,478,062</u>	<u>42,759</u>	<u>441,137</u>
<b>Total Primary Government</b>	<u>\$ 80,846,209</u>	<u>\$ 20,990,511</u>	<u>\$ 1,581,516</u>	<u>\$ 441,137</u>
<b>Component Units</b>				
Industrial Development Corporation	\$ 3,464,492			
New Braunfels Utilities	120,639,061	124,016,546		21,254,325
Total Component Units	<u>\$ 124,103,553</u>	<u>\$ 124,016,546</u>	<u>\$ -</u>	<u>\$ 21,254,325</u>

**General Revenues and Transfers**

Taxes  
Property  
Sales  
Hotel/motel occupancy  
Franchise  
Mixed beverage  
Investment income  
Contributions not restricted to programs  
Special item-proceeds from LCRA litigation  
Miscellaneous  
Transfers  
Total General Revenues and Transfers

**Change in Net Position**

**Net Position - Beginning, As Restated**

**Net Position - Ending**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	
\$ (13,708,171)		\$ (13,708,171)	
(972,284)		(972,284)	
1,078,199		1,078,199	
(27,230,225)		(27,230,225)	
(7,343,067)		(7,343,067)	
(2,608,880)		(2,608,880)	
(4,990)		(4,990)	
(2,285,393)		(2,285,393)	
(107,206)		(107,206)	
(4,984,577)		(4,984,577)	
<u>(58,166,594)</u>		<u>(58,166,594)</u>	
	\$ (267,588)	(267,588)	
	1,420,087	1,420,087	
	(286,188)	(286,188)	
	<u>(532,762)</u>	<u>(532,762)</u>	
	333,549	333,549	
	<u>333,549</u>	<u>(57,833,045)</u>	
			\$ (3,464,492)
			<u>24,631,810</u>
			<u>21,167,318</u>
20,082,270	-	20,082,270	-
18,613,158	-	18,613,158	5,343,590
3,603,690	-	3,603,690	-
8,283,249	-	8,283,249	-
389,516	-	389,516	-
87,183	947	88,130	185,202
1,989,197	-	1,989,197	-
-	-	-	20,500,000
4,182,857	68,261	4,251,118	671,987
(8,221,603)	8,221,603	-	-
<u>49,009,517</u>	<u>8,290,811</u>	<u>57,300,328</u>	<u>26,700,779</u>
(9,157,077)	8,624,360	(532,717)	47,868,097
<u>37,957,866</u>	<u>28,302,518</u>	<u>66,260,384</u>	<u>297,417,761</u>
<u>\$ 28,800,789</u>	<u>\$ 36,926,878</u>	<u>\$ 65,727,667</u>	<u>\$ 345,285,858</u>

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2014**

	<b>General Fund</b>	<b>Hotel / Motel Tax Fund</b>	<b>Debt Service Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,852,475	\$ 364,207	\$ 912,100
Investments	17,415,011	1,142,178	461,939
Receivables (net of allowances for uncollectibles)			
Interest	41,586	-	-
Accounts	4,649,897	-	-
Taxes	302,044	494,218	193,181
Due from Other Governments	49,264	-	31,655
Due from Other Funds	215,466	-	-
Inventories	1,181	-	-
Prepaid Expenses	673,062	-	-
<b>Total Assets</b>	<b>\$ 26,199,986</b>	<b>\$ 2,000,603</b>	<b>\$ 1,598,875</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 1,700,259	\$ 433,205	\$ 126,383
Due to Other Governments	3,492	-	-
Due to Component Unit	-	-	-
Deposits Payable	320,398	-	-
Accrued Expenditures	1,254,337	-	-
Due to Other Funds	-	-	-
<b>Total Liabilities</b>	<b>3,278,486</b>	<b>433,205</b>	<b>126,383</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue	\$ 302,044	\$ -	\$ 193,181
<b>Fund Balance</b>			
Nonspendable	1,181	-	-
Restricted	-	1,567,398	1,279,311
Committed	-	-	-
Assigned	4,430,084	-	-
Unassigned	18,188,191	-	-
<b>Total Fund Balance</b>	<b>22,619,456</b>	<b>1,567,398</b>	<b>1,279,311</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 26,199,986</b>	<b>\$ 2,000,603</b>	<b>\$ 1,598,875</b>

<b>Certificates of Obligation 2012 Fund</b>	<b>Certificates of Obligation 2013 Fund</b>	<b>General Obligation 2014 Fund</b>	<b>Certificates of Obligation 2014 Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 160,814	\$ 231,243	\$ 21,147	\$ 8,959	\$ 3,434,874	\$ 7,985,819
6,993,655	9,799,237	10,900,671	2,575,186	10,680,327	59,968,204
19,536	10,500	-	-	-	71,622
-	-	-	-	192,164	4,842,061
-	-	-	-	-	989,443
-	-	-	-	136,496	217,415
-	-	-	-	-	215,466
-	-	-	-	-	1,181
-	-	-	-	-	673,062
<u>\$ 7,174,005</u>	<u>\$ 10,040,980</u>	<u>\$ 10,921,818</u>	<u>\$ 2,584,145</u>	<u>\$ 14,443,861</u>	<u>\$ 74,964,273</u>
\$ 1,018,529	\$ 1,619,892	\$ 298,893	\$ 772,483	\$ 348,416	\$ 6,318,060
-	-	-	-	-	3,492
-	-	-	-	-	-
-	-	-	-	-	320,398
18,497	-	456	-	19,489	1,292,779
-	-	-	-	215,466	215,466
<u>1,037,026</u>	<u>1,619,892</u>	<u>299,349</u>	<u>772,483</u>	<u>583,371</u>	<u>8,150,195</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495,225</u>
-	-	-	-	94,114	95,295
6,136,979	8,421,088	10,622,469	1,811,662	11,090,914	40,929,821
-	-	-	-	2,862,547	2,862,547
-	-	-	-	-	4,430,084
-	-	-	-	(187,085)	18,001,106
<u>6,136,979</u>	<u>8,421,088</u>	<u>10,622,469</u>	<u>1,811,662</u>	<u>13,860,490</u>	<u>66,318,853</u>
<u>\$ 7,174,005</u>	<u>\$ 10,040,980</u>	<u>\$ 10,921,818</u>	<u>\$ 2,584,145</u>	<u>\$ 14,443,861</u>	<u>\$ 74,964,273</u>

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

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**CITY OF NEW BRAUNFELS, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2014**

<b>Total Fund Balances - Governmental Funds</b>	\$ 66,318,853
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	114,893,788
Bonds (\$135,655,000) and notes payable (\$673,062) are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(136,328,062)
Net pension obligation (\$2,925,681) and other postemployment benefits obligation (\$6,224,209) are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(9,149,890)
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.	(4,092,294)
The City uses internal service funds to charge the costs of certain activities to individual funds. Assets and liabilities of the internal service funds are included in governmental activities.	991,788
Interest payable on bonds is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due.	(991,151)
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.	(3,337,468)
Revenues from property taxes, fines and federal grant revenue are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide financial statements.	495,225

<b>Net Position of Governmental Activities</b>	<u><u>\$ 28,800,789</u></u>
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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, 2014**

	<b>General Fund</b>	<b>Hotel / Motel Tax Fund</b>	<b>Debt Service Fund</b>	<b>Certificates of Obligation 2012 Fund</b>
<b>REVENUES</b>				
Taxes	\$ 37,935,407	\$ 3,603,690	\$ 9,231,049	\$ -
Licenses and Permits	2,574,374	-	-	-
Intergovernmental	151,413	-	-	-
Fines and Forfeitures	1,021,664	-	-	-
Parks and Recreation	1,101,988	-	-	-
Interest	31,782	385	345	14,912
Federal Grants	-	-	-	-
State and Local Grants	-	-	-	-
Miscellaneous	1,218,358	219,465.00	-	-
Other Contributions	-	-	1,665,528	-
Charges for Services	2,958,217	-	-	-
Total Revenues	<u>46,993,203</u>	<u>3,823,540</u>	<u>10,896,922</u>	<u>14,912</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	\$ 4,922,475	\$ 2,325,507	\$ -	\$ -
Finance and Tax	833,972	-	-	-
Planning and Environmental Development	2,445,433	-	-	-
Public Safety	26,416,207	-	-	-
Public Works	5,161,896	-	-	1,647,686
Parks and Recreation	3,776,344	-	-	6,293,331
Civic Center	-	-	-	-
Library	1,779,392	-	-	-
Airport	-	-	-	-
<b>Debt Service</b>				
Principal	-	-	6,775,000	-
Interest	-	-	4,761,656	-
Bond Issuance Costs and Fees	-	-	3,438	-
Total Expenditures	<u>45,335,719</u>	<u>2,325,507</u>	<u>11,540,094</u>	<u>7,941,017</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<u>1,657,484</u>	<u>1,498,033</u>	<u>(643,172)</u>	<u>(7,926,105)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	784,064	-	1,113,127	-
Transfers Out	(424,994)	(1,065,897)	-	-
Proceeds from Sale of Capital Assets	78,243	-	-	-
Proceeds from Long-term Debt Issued	-	-	-	-
Premium Received on the Issuance of Debt	-	-	-	-
Proceeds from Loan Payable	673,062	-	-	-
Total Other Financing Sources (Uses)	<u>1,110,375</u>	<u>(1,065,897)</u>	<u>1,113,127</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>2,767,859</u>	<u>432,136</u>	<u>469,955</u>	<u>(7,926,105)</u>
<b>Fund Balance - October 1</b>	<u>19,851,597</u>	<u>1,135,262</u>	<u>809,356</u>	<u>14,063,084</u>
<b>Fund Balance - September 30</b>	<u><u>\$ 22,619,456</u></u>	<u><u>\$ 1,567,398</u></u>	<u><u>\$ 1,279,311</u></u>	<u><u>\$ 6,136,979</u></u>



Certificates of Obligation 2013 Fund	General Obligation 2014 Fund	Certificates of Obligation 2014 Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,431,278	\$ 52,201,424
-	-	-	6,050	2,580,424
-	-	-	-	151,413
-	-	-	213,119	1,234,783
-	-	-	781,198	1,883,186
33,730	671	186	5,004	87,015
844,538	-	-	1,145,640	1,990,178
-	-	-	311,962	311,962
63	-	-	1,127,177	2,565,063
-	-	-	1,928,829	3,594,357
-	-	-	175,063	3,133,280
<u>878,331</u>	<u>671</u>	<u>186</u>	<u>7,125,320</u>	<u>69,733,085</u>
\$ 2,695,235	\$ -	\$ -	\$ 2,546,972	\$ 12,490,189
-	-	-	13,747	847,719
-	-	-	283,223	2,728,656
1,869,283	-	-	1,921,941	30,207,431
2,531,864	3,878,202	-	5,098,824	18,318,472
1,392,696	-	6,588,524	746,268	18,797,163
-	-	-	61,106	61,106
-	-	-	280,013	2,059,405
-	-	1,800,000	177,100	1,977,100
-	-	-	-	6,775,000
-	-	-	-	4,761,656
-	223,992	186,727	-	414,157
<u>8,489,078</u>	<u>4,102,194</u>	<u>8,575,251</u>	<u>11,129,194</u>	<u>99,438,054</u>
<u>(7,610,747)</u>	<u>(4,101,523)</u>	<u>(8,575,065)</u>	<u>(4,003,874)</u>	<u>(29,704,969)</u>
-	-	-	1,929,390	3,826,581
-	-	-	-	(1,490,891)
-	-	-	291,184	369,427
-	13,970,000	10,125,000	-	24,095,000
-	753,992	261,727	-	1,015,719
-	-	-	-	673,062
<u>-</u>	<u>14,723,992</u>	<u>10,386,727</u>	<u>2,220,574</u>	<u>28,488,898</u>
(7,610,747)	10,622,469	1,811,662	(1,783,300)	(1,216,071)
16,031,835	-	-	15,643,790	67,534,924
<u>\$ 8,421,088</u>	<u>\$ 10,622,469</u>	<u>\$ 1,811,662</u>	<u>\$ 13,860,490</u>	<u>\$ 66,318,853</u>

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

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**CITY OF NEW BRAUNFELS, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2014**

**Total Net Change in Fund Balance - Governmental Funds** \$ (1,216,071)

Amounts reported for *governmental activities* in the statement of activities are different because:

The City uses internal service funds to charge the costs of certain activities to individual funds. Net change in net position of the internal service funds is reported with governmental activities.	177,367
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.	24,219,761
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources.	(10,280,263)
The issuance of bonds (\$24,095,000) and notes payable (\$673,062) 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.	(24,768,062)
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.	6,775,000
Deferred losses on refunding and bond premiums are amortized over the life of the bonds in the government-wide financial statements. The net effect of capitalizing bond premiums of \$1,015,719, amortization of bond premiums of \$353,671 and deferred charge on refunding of \$110,806 decreases net position.	(772,854)
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.	(51,629)
Long-term liabilities for certain employee benefits are accrued in the government-wide financial statements, but are not reported in the fund financial statements.	
Increase in compensated absences	(137,019)
Increase in net pension obligation	(222,727)
Increase in other postemployment benefit obligation	(1,475,976)
Revenues from property taxes and federal grant revenue are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide financial statements. The effect of recognizing deferred revenue of \$495,225 and removing prior year's deferred revenue of \$1,899,829 is to increase net position.	(1,404,604)

**Change in Net Position of Governmental Activities** \$ (9,157,077)

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2014**

	<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	\$ 250,281	\$ 282,927	\$ 127,211
Pooled and Temporary Investments	-	2,509,790	301,317
Receivables (net of allowances for uncollectibles)			
Accounts	16,427	-	-
Inventories, at cost	-	40,157	-
Total Current Assets	<u>266,708</u>	<u>2,832,874</u>	<u>428,528</u>
<b>Noncurrent Assets</b>			
Capital Assets (net of accumulated depreciation)			
Nondepreciable	2,163,941	-	135,000
Depreciable	13,455,535	4,756,052	7,716,447
Total Noncurrent Assets	<u>15,619,476</u>	<u>4,756,052</u>	<u>7,851,447</u>
<b>Total Assets</b>	<u>15,886,184</u>	<u>7,588,926</u>	<u>8,279,975</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 31,282	\$ 92,180	\$ 21,608
Deposits Payable	53,005	-	-
Accrued Expenses Payable	12,991	114,549	24,589
Unearned Revenue	-	-	105,879
Current Portion of Long-Term Liabilities			
Accrued Compensated Absences	14,808	177,340	18,556
Loan Payable	-	-	128,485
Total Current Liabilities	<u>112,086</u>	<u>384,069</u>	<u>299,117</u>
<b>Long-Term Liabilities (net of current portion)</b>			
Net Pension Obligation	27,548	214,083	48,629
Net Other Postemployment Benefits Obligation	56,855	455,885	106,548
Accrued Compensated Absences	-	-	-
Loan Payable	-	-	592,684
Total Noncurrent Liabilities	<u>84,403</u>	<u>669,968</u>	<u>747,861</u>
Total Liabilities	<u>196,489</u>	<u>1,054,037</u>	<u>1,046,978</u>
<b>NET POSITION</b>			
Net investment in Capital Assets	15,619,476	4,756,052	7,130,278
Unrestricted (deficit)	<u>70,219</u>	<u>1,778,837</u>	<u>102,719</u>
<b>Total Net Position</b>	<u>\$ 15,689,695</u>	<u>\$ 6,534,889</u>	<u>\$ 7,232,997</u>

			<b>Governmental Activities</b>
<b>Civic Center</b>	<b>Total</b>		<b>Internal Service</b>
\$ 213,859	\$ 874,278	\$ 623,914	
-	2,811,107	501,067	
-	16,427	-	
-	40,157	-	
<u>213,859</u>	<u>3,741,969</u>	<u>1,124,981</u>	
-	2,298,941	-	
7,454,572	33,382,606	-	
<u>7,454,572</u>	<u>35,681,547</u>	<u>-</u>	
<u>7,668,431</u>	<u>39,423,516</u>	<u>1,124,981</u>	
\$ 20,315	\$ 165,385	\$ -	
56,550	109,555	-	
12,199	164,328	133,193	
-	105,879	-	
21,588	232,292	-	
-	128,485	-	
<u>110,652</u>	<u>905,924</u>	<u>133,193</u>	
27,814	318,074	-	
60,668	679,956	-	
-	-	-	
-	592,684	-	
<u>88,482</u>	<u>1,590,714</u>	<u>-</u>	
<u>199,134</u>	<u>2,496,638</u>	<u>133,193</u>	
7,454,572	34,960,378	-	
14,725	1,966,500	991,788	
<u>\$ 7,469,297</u>	<u>\$ 36,926,878</u>	<u>\$ 991,788</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 POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended September 30, 2014**

	<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	\$ 2,387,229	\$ 7,590,835	\$ 128,384
State and Local Grants	42,759	-	-
Miscellaneous	1,564	64,780	1,157
Total Operating Revenues	<u>2,431,552</u>	<u>7,655,615</u>	<u>129,541</u>
<b>OPERATING EXPENSES</b>			
Insurance premiums	-	-	-
Claims	-	-	-
Personnel	419,839	2,888,277	393,941
Fuel and Oil for Resale	1,437,488	-	-
Depreciation and Amortization	623,917	973,676	63,400
Purchased Services	287,744	1,382,314	89,239
Professional Services	37,420	25,000	-
Supplies	48,805	901,481	126,967
Total Operating Expenses	<u>2,855,213</u>	<u>6,170,748</u>	<u>673,547</u>
<b>Operating Income (Loss)</b>	<u>(423,661)</u>	<u>1,484,867</u>	<u>(544,006)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	-	844	103
Interest Expense	-	-	(5,025)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>844</u>	<u>(4,922)</u>
<b>Income Before Contributions and Transfers</b>	<u>(423,661)</u>	<u>1,485,711</u>	<u>(548,928)</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital Contributions	1,980,107	2,172,068	6,810,175
Transfers In	90,000	-	43,000
Transfers Out	(103,457)	(2,687,855)	(1,943)
Total Contributions and Transfers	<u>1,966,650</u>	<u>(515,787)</u>	<u>6,851,232</u>
<b>Change in Net Position</b>	<u>1,542,989</u>	<u>969,924</u>	<u>6,302,304</u>
<b>Net Position - Beginning of Year as restated</b>	<u>14,146,706</u>	<u>5,564,965</u>	<u>930,693</u>
<b>Net Position - End of Year</b>	<u>\$ 15,689,695</u>	<u>\$ 6,534,889</u>	<u>\$ 7,232,997</u>

		<b>Governmental Activities</b>	
<b>Civic Center</b>	<b>Total</b>	<b>Internal Service</b>	
\$ 371,614	\$ 10,478,062	\$ 5,553,370	
-	42,759	-	
760	68,261	61	
<u>372,374</u>	<u>10,589,082</u>	<u>5,553,431</u>	
-	-	843,225	
-	-	4,451,774	
340,925	4,042,982	-	
-	1,437,488	-	
368,341	2,029,334	-	
180,336	1,939,633	-	
-	62,420	81,233	
34,274	1,111,527	-	
<u>923,876</u>	<u>10,623,384</u>	<u>5,376,232</u>	
<u>(551,502)</u>	<u>(34,302)</u>	<u>177,199</u>	
-	947	168	
-	(5,025)	-	
-	(4,078)	168	
<u>(551,502)</u>	<u>(38,380)</u>	<u>177,367</u>	
36,080	10,998,430	-	
356,468	489,468	-	
(31,903)	(2,825,158)	-	
<u>360,645</u>	<u>8,662,740</u>		
(190,857)	8,624,360	177,367	
<u>7,660,154</u>	<u>28,302,518</u>	<u>814,421</u>	
<u>\$ 7,469,297</u>	<u>\$ 36,926,878</u>	<u>\$ 991,788</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, 2014**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Airport</b>	<b>Solid Waste</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 2,463,184	\$ 7,655,615
Cash Received for Interfund Services Provided and Used	-	-
Cash Paid for Supplies and Materials	(1,819,023)	(2,390,158)
Cash Paid for Premiums, Claims, and Administrative Charges	-	-
Cash Paid for Personnel Services	(403,412)	(2,764,834)
Net Cash Provided by (Used in) Operating Activities	240,749	2,500,623
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash Received from Other Funds	90,000	-
Cash Contribution Received	-	-
Cash Paid to Other Funds	(103,457)	(2,687,855)
Net Cash Provided by (Used in) Noncapital Financing Activities	(13,457)	(2,687,855)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Capital Assets	-	(26,452)
Proceeds from Loan Payable	-	-
Interest Paid on Long-Term Debt	-	-
Net Cash Used by Capital and Related Financing Activities	-	(26,452)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash Paid for Purchase of Investments	-	-
Cash Received from Interest Income	-	-
Net Cash Provided by (Used in) Investing Activities	-	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	227,292	(213,684)
<b>Cash and Cash Equivalents - October 1</b>	22,989	496,611
<b>Cash and Cash Equivalents - September 30</b>	\$ 250,281	\$ 282,927



Business-type Activities - Enterprise Fund			Governmental Activities
Golf Course	Civic Center	Total	Internal Service
\$ 200,472	\$ 376,174	\$ 10,695,445	\$ -
-	-	-	5,553,431
(212,871)	(213,329)	(4,635,381)	-
-	-	-	(5,376,232)
(387,927)	(321,735)	(3,877,908)	(50,413)
(400,326)	(158,890)	2,182,156	126,786
43,000	356,468	489,468	-
283,502	-	283,502	-
(1,943)	(31,903)	(2,825,158)	-
324,559	324,565	(2,052,188)	-
(721,169)	-	(747,621)	-
721,169	-	721,169	-
(5,025)	-	(5,025)	-
(5,025)	-	(31,477.0)	-
-	-	-	-
-	-	-	-
-	-	-	-
(80,792)	165,675	98,491	126,786
208,003	48,184	775,787	497,128
\$ 127,211	\$ 213,859	\$ 874,278	\$ 623,914

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, 2014**

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Airport</u>	<u>Solid Waste</u>
<b>RECONCILIATION OF OPERATING INCOME LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (423,661)	\$ 1,484,867
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	623,917	973,676
(Increase) Decrease in Operating Assets:		
Accounts Receivable (net)	23,878	
Inventories	-	(6,104)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(7,566)	(75,259)
Accrued Expenses	(2,987)	4,578
Unearned Revenue	-	-
Net Pension/Other Postemployment Benefits Obligations	16,336	124,447
Accrued Compensated Absences	3,078	(5,582)
Customer Deposits	7,754	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 240,749</u>	<u>\$ 2,500,623</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITY</b>		
Capital Assets Contributed from Governmental Funds	<u>\$ 1,980,107</u>	<u>\$ 2,172,068</u>

<b>Business-type Activities - Enterprise Fund</b>			<b>Governmental Activities</b>
<b>Golf Course</b>	<b>Civic Center</b>	<b>Total</b>	<b>Internal Service</b>
\$ (544,006)	\$ (551,502)	\$ (34,302)	\$ 177,199
63,400	368,341	2,029,334	-
8,091		31,969	-
-	-	(6,104)	-
3,335	1,281	(78,209)	
2,902	(195)	4,298	(50,413)
65,280	-	65,280	-
27,250	15,887	183,920	-
(24,138)	3,498	(23,144)	-
(2,440)	3,800	9,114	-
<u>\$ (400,326)</u>	<u>\$ (158,890)</u>	<u>\$ 2,182,156</u>	<u>\$ 126,786</u>
<u>\$ 6,526,673</u>	<u>\$ 36,080</u>	<u>\$ 10,714,928</u>	<u>\$ -</u>

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**September 30, 2014**

	<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	\$ 4,904,579	\$ 18,333,018	\$ 23,237,597
Pooled and Temporary Investments	11,039,784	2,093,960	13,133,744
Receivables (net of allowances for uncollectibles)			
Interest	9,651	45,258	54,909
Accounts	1,078,757	38,591,057	39,669,814
Inventory	-	1,289,359	1,289,359
Prepaid Items	-	218,534	218,534
Other current assets	-	724,576	724,576
Restricted assets			
Cash and Cash Equivalents	-	6,248,244	6,248,244
<b>Noncurrent Assets</b>			
Investments			
Restricted	-	3,183,519	3,183,519
Unrestricted	-	31,202,539	31,202,539
Unamortized debt issuance costs	-	-	-
Other noncurrent assets	-	1,196,212	1,196,212
Net Pension Obligation Asset	-	6,158,069	6,158,069
Capital Assets, net of depreciation	-	289,727,119	289,727,119
<b>Total Assets</b>	<b>\$ 17,032,771</b>	<b>\$ 399,011,464</b>	<b>\$ 416,044,235</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 150,829	\$ 20,091,840	\$ 20,242,669
Deposits Payable	-	4,147,626	4,147,626
Accrued Expenses Payable	-	124,812	124,812
Noncurrent Liabilities			
Due within One Year			
Compensated Absences	-	704,529	704,529
Capital Leases Payable Current	-	-	-
Revenue Bonds Payable Current	-	1,638,463	1,638,463
Due in More than One Year			
Compensated Absences	-	805,861	805,861
Long-term Debt, net of Discount	-	42,099,387	42,099,387
Deferred Revenue	-	995,030	995,030
<b>Total Liabilities</b>	<b>150,829</b>	<b>70,607,548</b>	<b>70,758,377</b>
<b>Net Position</b>			
Net investment in capital assets	\$ -	\$ 248,841,410	\$ 248,841,410
Restricted for			
Debt Service	-	468,846	468,846
Capital Projects	-	-	-
Other Purposes	-	5,985,964	5,985,964
Unrestricted	16,881,942	73,107,696	89,989,638
Total Net Position	16,881,942	328,403,916	345,285,858
<b>Total Liabilities and Net Position</b>	<b>\$ 17,032,771</b>	<b>\$ 399,011,464</b>	<b>\$ 416,044,235</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, 2014**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Industrial Development Corporation	New Braunfels Utilities	Total
<b>Component Units</b>							
Industrial Development Corporation	\$ 3,464,492	\$ -	\$ -	\$ -	\$ (3,464,492)	\$ -	\$ (3,464,492)
New Braunfels Utilities	120,639,061	124,016,546	-	21,254,325	-	24,631,810	24,631,810
Total Component Units	<u>\$ 124,103,553</u>	<u>\$ 124,016,546</u>	<u>\$ -</u>	<u>\$ 21,254,325</u>	<u>(3,464,492)</u>	<u>24,631,810</u>	<u>21,167,318</u>
<b>General Revenues</b>							
					5,343,590	-	5,343,590
					31,372	153,830	185,202
					-	20,500,000	20,500,000
					671,987	-	671,987
					<u>6,046,949</u>	<u>20,653,830</u>	<u>26,700,779</u>

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

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**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

**NOTE 1: REPORTING ENTITY**

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

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

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

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

New Braunfels Utilities (NBU) is a legally separate entity which provides waterworks, sanitary sewer, and electric services in the New Braunfels area. City Council appoints the New Braunfels Utility Board of Trustees, and approves utility rates and the issuance of debt. The NBU is presented as an enterprise component unit. Complete financial statements for the NBU may be obtained at the entity's administrative offices at 263 Main Plaza, New Braunfels, Texas 78130. The NBU's financial statements are presented on a July 31, 2014 year-end.

The New Braunfels Industrial Development Corporation is a legally separate nonprofit entity which was organized under the laws of the State of Texas to provide economic development benefits for the City of New Braunfels. The entity is presented as a governmental component unit. City Council appoints the board of directors and approves expenditures. Separate financial statements are not prepared.

The City also has the following related organization:

The Housing Authority of the City of New Braunfels is a nonprofit entity which was organized under the laws of the State of Texas to provide housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development. City Council appoints the board of directors of the Authority. However, the City is not financially accountable for the Authority, because the Authority's operations are subsidized by the federal government, it sets its own budget subject to federal approval, sets its rental rate, and it can issue debt in its own name. The City is not responsible for deficits or liabilities of the Authority. Separately audited financial statements may be obtained at the City's administrative offices at 424 Castell Avenue, New Braunfels, Texas 78130.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

The accounting and reporting policies of the City conform to generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units. The following is a summary of the more significant policies and practices used by the City.

**Government-wide and fund financial statements**

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Governmental funds**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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



**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

The City reports the following major governmental funds:

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

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

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

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

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

*2014 General Obligation:* This fund accounts for the expenditures of the proceeds from the June 2014 debt issuance for street improvements, construction of drainage, equip parks and a recreation center, and construct and build Central Texas Technology Center.

*2014 Certificates of Obligation:* This fund accounts for the expenditures of the proceeds from the June 2014 debt issuance for permanent public improvements to the City-owned golf course and City Hall.

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

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

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

*Permanent Fund:* The City uses this fund to account for nonexpendable trust arrangements where the principal may not be spent, and the earnings must be spent for a particular purpose. This fund is used to report the activity of the Cemetery Perpetual Care Fund.

**Proprietary funds**

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

The City reports the following major enterprise funds:

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

Additionally, the City reports the following proprietary fund:

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

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

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

**Stewardship, compliance, and accountability**

**Budgetary information**

The City follows the procedures outlined below in establishing budgetary data reflected in the financial statements:

Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

Two meetings of the City Council are then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meetings must have been given.

Prior to the start of the fiscal year, the budget is legally enacted through passage of an ordinance by the City Council.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds, which adopted project-length budgets. The legal level of budgetary control (i.e., the level at which expenditures may not exceed appropriations) is the fund, department, and at the group level for all funds in similar expenditure categories with the following exceptions. Budgets are controlled at the division level for Support Services, Planning and Community Development and Public Works divisions. Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council. As required by law, such amendments are made before the fact, and are reflected in the official minutes of the City Council. During the year, the budget was amended as necessary.

**Estimates**

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

**Encumbrances**

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

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

**Cash and cash equivalents**

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

Property taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Inventories and prepaid items

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

Capital assets

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

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

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

Receivables and payables

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

Compensated absences

On retirement or death of certain employees, the City pays accrued sick leave in a lump sum payment to such employee or his/her estate. Non Civil Service employees with 15 or more years of service are eligible to receive one-half of their accumulated sick leave up to 480 hours. These employees are also eligible if they retire with 10 or more years of service. Police and Fire personnel covered by Civil Service receive payment for all accumulated sick leave up to 720 hours for Police and Fire (non-shift), and 1,080 for Fire shift personnel. Police came under Civil Service October 1, 2011. Employees are paid for all accrued vacation leave when they leave the City's employ. The City accrues its liability for such accumulated unpaid benefits in the government-wide financial statements and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Fund balance

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

*Nonspendable* - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The City's fund balance reported as Nonspendable at September 30, 2014 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.

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

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

	General Fund	Hotel/ Motel Tax Fund	Debt Service Fund	C.O. 2012 Fund	C.O. 2013 Fund	G.O. 2014 Fund	C.O. 2014 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:									
Inventories	\$ 1,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,181
Cemetery									
Perpetual Care	-	-	-	-	-	-	-	94,114	94,114
Restricted to:									
Tourism	-	1,567,398	-	-	-	-	-	-	1,567,398
Debt Service	-	-	1,279,311	-	-	-	-	-	1,279,311
Grants	-	-	-	-	-	-	-	-	-
Stormwater									
Development	-	-	-	-	-	-	-	37,558	37,558
Library	-	-	-	-	-	-	-	1	1
Capital Projects	-	-	-	6,136,979	8,421,088	10,622,469	1,811,662	10,005,433	36,997,631
TIRZ	-	-	-	-	-	-	-	364,643	364,643
Law Enforcement	-	-	-	-	-	-	-	407,601	407,601
Municipal Court	-	-	-	-	-	-	-	275,678	275,678
Committed to:									
Special Donation	-	-	-	-	-	-	-	166,313	166,313
River Fund	-	-	-	-	-	-	-	995	995
IT	-	-	-	-	-	-	-	412,312	412,312
Enterprise									
Equipment	-	-	-	-	-	-	-	2,282,927	2,282,927
Assigned to:									
Equipment									
Replacement*	4,407,998	-	-	-	-	-	-	-	4,407,998
Facilities									
Maintenance	22,086	-	-	-	-	-	-	-	22,086
Unassigned	18,188,191	-	-	-	-	-	-	(187,085)	18,001,106
	<u>\$ 22,619,456</u>	<u>\$ 1,567,398</u>	<u>\$ 1,279,311</u>	<u>\$ 6,136,979</u>	<u>\$ 8,421,088</u>	<u>\$ 10,622,469</u>	<u>\$ 1,811,662</u>	<u>\$ 13,860,490</u>	<u>\$ 66,318,853</u>

*Minimum fund balance policy*

The City will maintain an operating reserve for use in the event of unanticipated, extraordinary expenditures and/or the loss of a major revenue source. In the General Fund, the operating reserve and specified contingencies shall be established at a minimum of 25 percent of the General Fund budgeted expenditures for the current fiscal year. For all other Special Revenue Funds, the operating reserve shall equal 10 percent of the budgeted annual expenditures. These funds can only be appropriated by an affirmative vote of five of the seven Council members.

Capital project funds' reserves will be established by project, not by fund and will, in general, reflect 3 percent of the total project costs.

The City will maintain a balance in the Debt Service Funds equal to not less than ten percent of the principal and interest payments on outstanding debt for each fiscal year. These funds can only be appropriated by an affirmative vote of five of the seven Council members.

Interfund activity

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

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

**Deposits and investments**

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

**Cash deposits**

The City's cash deposits at September 30, 2014 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

**Investments**

The City is required by Government Code Chapter 2256, the Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the area of investment practices, management reports, and establishment of appropriate policies. All investments are administered by City management under terms of an investment policy and strategy that is updated to conform to the Texas Public Funds Investment Act (the Act) as last amended. The preservation of capital is the City's most important investment objective. Other objectives include providing liquidity and maximizing earnings within the constraints of other objectives. The City is in substantial compliance with the requirements of the Act and with local policies.

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

The City's and New Braunfels Utilities cash and investments at September 30, 2014 are shown below.

Type of Security	Fair Value	Percentage of Total	Credit Rating	Investment Maturity		
				Less than 1 Year	1-2 Years	
Primary Government and Industrial Development Corporation						
Component Unit						
2A-7 like Local Government Pools	\$ 45,098,631	50.84%	SP-1+	\$ 45,098,631	\$ -	
Money Market Mutual Funds	2,526,098	2.85%	MG 1	2,526,098	-	
Municipal Obligations	22,836,793	25.74%	AAA	22,836,793	-	
Federal Home Loan Bank	1,170,279	1.32%		-	1,170,279.00	
Demand Deposits	14,388,590	16.22%		14,388,590		
Certificates of Deposit	2,688,361	3.03%		2,688,361		
Total Investments	<u>\$ 88,708,752</u>	<u>100.00%</u>		<u>\$ 87,538,473</u>	<u>\$ 1,170,279.00</u>	
Component Unit - NBU						
U.S. Agencies	\$ 23,846,175	39.05%	AA+	\$ -	\$ 23,846,175	
U.S. Treasuries	2,050,782	3.36%	AAA	2,050,782	-	
State & Local Bonds	290,351	0.48%	Aa2	-	290,351	
Certificates of Deposit	10,292,711	16.86%		10,292,711	-	
Demand Deposit and Money Market	16,217,079	26.56%		16,217,079	-	
Pooled Funds	8,364,182	13.70%	AAAm	8,364,182	-	
Total Investments	<u>\$ 61,061,280</u>	<u>100.00%</u>		<u>\$ 36,924,754</u>	<u>\$ 24,136,526.00</u>	

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

**Analysis of specific deposit and investment risks**

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year-end, neither the City nor its component units were significantly exposed to credit risk. At September 30, 2014, the City and its component unit's investments, other than those which are obligations of or guaranteed by the U.S. Government, are rated as to credit quality as shown in the above tables.

b. Custodial Credit Risk

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

c. Concentration of Credit Risk

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

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

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, neither the City nor its component units were exposed to foreign currency risk.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

**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, 2014**

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2014, was as follows:

	<b>Beginning Balance</b>	<b>Adjustments</b>	<b>Restated Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<i>Governmental Activities</i>						
Capital Assets Not Being Depreciated						
Land	\$ 25,427,970	\$ -	\$ 25,427,970	\$ 348,291	\$ -	\$ 25,776,261
Total - Capital Assets Not Being Depreciated	<u>25,427,970</u>	<u>-</u>	<u>25,427,970</u>	<u>348,291</u>	<u>-</u>	<u>25,776,261</u>
Capital Assets Being Depreciated						
Road Network	87,583,417	-	87,583,417	8,076,896	-	95,660,313
Buildings	31,862,798	11,420,081	43,282,879	4,540,480	-	47,823,359
Improvements Other than Buildings	23,360,104	-	23,360,104	9,086,718	-	32,446,822
Machinery and Equipment	21,153,794	-	21,153,794	2,167,376	(346,695)	22,974,475
Total - Capital Assets Being Depreciated	<u>163,960,113</u>	<u>11,420,081</u>	<u>175,380,194</u>	<u>23,871,470</u>	<u>(346,695)</u>	<u>198,904,969</u>
Less Accumulated Depreciation for:						
Road Network	(45,293,065)	-	(45,293,065)	(4,737,542)	-	(50,030,607)
Buildings	(12,019,228)	(18,250,971)	(30,270,199)	(951,639)	-	(31,221,838)
Improvements Other than Buildings	(9,506,482)	-	(9,506,482)	(1,622,341)	-	(11,128,823)
Machinery and Equipment	(14,784,128)	-	(14,784,128)	(2,968,741)	346,695	(17,406,174)
Total - Accumulated Depreciation	<u>(81,602,903)</u>	<u>(18,250,971)</u>	<u>(99,853,874)</u>	<u>(10,280,263)</u>	<u>346,695</u>	<u>(109,787,442)</u>
Capital Assets Being Depreciated, net	<u>82,357,210</u>	<u>(6,830,890)</u>	<u>75,526,320</u>	<u>13,591,207</u>	<u>-</u>	<u>89,117,527</u>
Governmental Activities Capital Assets, net	<u>\$ 107,785,180</u>	<u>\$ (6,830,890)</u>	<u>\$ 100,954,290</u>	<u>\$ 13,939,498</u>	<u>\$ -</u>	<u>\$ 114,893,788</u>
<i>Business-type Activities</i>						
Capital Assets Not Being Depreciated						
Land	\$ 2,298,941	\$ -	\$ 2,298,941	\$ -	\$ -	\$ 2,298,941
Total - Capital Assets Not Being Depreciated	<u>2,298,941</u>	<u>-</u>	<u>2,298,941</u>	<u>-</u>	<u>-</u>	<u>2,298,941</u>
Capital Assets Being Depreciated						
Buildings	5,265,649	11,844,652	17,110,301	2,294,340	-	19,404,641
Improvements Other than Buildings	5,198,123	7,921,206	13,119,329	6,248,521	-	19,367,850
Machinery and Equipment	8,989,456	-	8,989,456	2,919,688	(2,869,476)	9,039,668
Airspace Easement	37,515	-	37,515	-	-	37,515
Total - Capital Assets Being Depreciated	<u>19,490,743</u>	<u>19,765,858</u>	<u>39,256,601</u>	<u>11,462,549</u>	<u>(2,869,476)</u>	<u>47,849,674</u>
Less Accumulated Depreciation for:						
Buildings	(1,918,523)	(4,873,950)	(6,792,473)	(566,841)	-	(7,359,314)
Improvements Other than Buildings	(2,196,837)	(1,068,293)	(3,265,130)	(411,252)	-	(3,676,382)
Machinery and Equipment	(6,107,733)	876,371	(5,231,362)	(1,050,303)	2,869,476	(3,412,189)
Airspace Easement	(18,245)	-	(18,245)	(938)	-	(19,183)
Total Accumulated Depreciation	<u>(10,241,338)</u>	<u>(5,065,872)</u>	<u>(15,307,210)</u>	<u>(2,029,334)</u>	<u>2,869,476</u>	<u>(14,467,068)</u>
Capital Assets Being Depreciated, net	<u>9,249,405</u>	<u>14,699,986</u>	<u>23,949,391</u>	<u>9,433,215</u>	<u>-</u>	<u>33,382,606</u>
Business-Type Activities Capital Assets, net	<u>\$ 11,548,346</u>	<u>\$ 14,699,986</u>	<u>\$ 26,248,332</u>	<u>\$ 9,433,215</u>	<u>\$ -</u>	<u>\$ 35,681,547</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

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

**Governmental Activities**

General Government	\$ 1,212,735
Finance and Tax	194,789
Planning and Environmental Development	512,252
Public Safety	5,679,257
Public Works	1,407,002
Parks and Recreation	905,005
Library	369,223
Total Governmental Activities	<u>\$ 10,280,263</u>

**Business-type Activities**

Airport	\$ 623,917
Solid Waste	973,676
Golf Course	63,400
Civic Center	368,341
Total Business-type Activities	<u>\$ 2,029,334</u>

**Component Unit - NBU**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclasses and Retirements</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land and Improvements	\$ 26,259,192	\$ 82,494	\$ -	\$ 26,341,686
Construction in Progress	31,894,494	34,657,681	(34,007,127)	32,545,048
Total capital assets, not being depreciated	<u>58,153,686</u>	<u>34,740,175</u>	<u>(34,007,127)</u>	<u>58,886,734</u>
Capital Assets Being Depreciated				
Buildings	49,429,385	452,884	(315,544)	49,566,725
Infrastructure	285,308,820	32,432,063	(1,121,799)	316,619,084
Equipment	40,735,763	1,323,922	-	42,059,685
Wells and springs	540,047	-	-	540,047
Total Capital assets being depreciated	<u>376,014,015</u>	<u>34,208,869</u>	<u>(1,437,343)</u>	<u>408,785,541</u>
Less accumulated depreciation for:				
Buildings	(25,249,812)	(1,134,621)	315,495	(26,068,938)
Infrastructure	(115,384,949)	(9,661,473)	696,944	(124,349,478)
Equipment	(25,482,022)	(1,603,417)	-	(27,085,439)
Wells and springs	(433,187)	(8,114)	-	(441,301)
Total accumulated depreciation	<u>(166,549,970)</u>	<u>(12,407,625)</u>	<u>1,012,439</u>	<u>(177,945,156)</u>
Capital assets being depreciated, net	<u>209,464,045</u>	<u>21,801,244</u>	<u>(424,904)</u>	<u>230,840,385</u>
<b>Total Component Unit-NBU</b>	<u>\$ 267,617,731</u>	<u>\$ 56,541,419</u>	<u>\$ (34,432,031)</u>	<u>\$ 289,727,119</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

**NOTE 5: INTERFUND BALANCES AND TRANSFERS**

Interfund balances result from time lags between the dates of payment for goods and service and collection of revenues. Interfund balances at September 30, 2014 consisted of the following:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 215,466

Transfers between funds occur primarily to finance programs accounted for in on fund with resources collected in other funds in accordance with budgetary authorizations. Interfund transfers among governmental and enterprise funds at September 30, 2014 consisted of the following:

	Transfers Out Reported in:							
	Governmental Funds			Enterprise Funds				
		Hotel/Motel						Total
Transfers In Reported in:	General Fund	Tax Fund		Airport	Solid Waste	Golf Course	Civic Center	Transfers In
Governmental Funds								
General Fund	\$ 68,106	\$ -		\$ 50,010	\$ 634,045	\$ -	\$ 31,903	\$ 784,064
Debt Service Fund	-	609,429		40,000	463,698	-	-	1,113,127
Nonmajor governmental funds	223,888	100,000		13,447	1,590,112	1,943	-	1,929,390
Total Transfers Out - Governmental Funds	291,994	709,429		103,457	2,687,855	1,943	31,903	3,826,581
Enterprise Funds								
Airport	90,000	-		-	-	-	-	90,000
Golf Course	43,000	-		-	-	-	-	43,000
Civic Center	-	356,468		-	-	-	-	356,468
Total Transfers Out - Enterprise Funds	133,000	356,468		-	-	-	-	489,468
Total Transfers Out	\$ 424,994	\$ 1,065,897		\$ 103,457	\$ 2,687,855	\$ 1,943	\$ 31,903	\$ 4,316,049
				</				

**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 8 and 9 for more information on the net pension and OPEB obligations. Changes in long-term obligations for the year ended September 30, 2014, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
General Obligation Debt	\$ 118,335,000	\$ 24,095,000	\$ (6,775,000)	\$ 135,655,000	\$ 7,685,000
Bond Premium	3,463,890	1,015,719	(353,671)	4,125,938	-
Subtotal	121,798,890	25,110,719	(7,128,671)	139,780,938	7,685,000
Equipment Loan Payable	-	673,062	-	673,062	119,891
Net Pension Obligation	2,702,954	4,481,036	(4,258,309)	2,925,681	-
Net OPEB Obligation	4,748,233	1,555,184	(79,208)	6,224,209	-
Compensated Absences	3,955,275	2,320,808	(2,183,789)	4,092,294	2,183,789
Total Governmental Activities	<u>\$ 133,205,352</u>	<u>\$ 34,140,809</u>	<u>\$ (13,649,977)</u>	<u>\$ 153,696,184</u>	<u>\$ 9,988,680</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Business-type activities</b>					
Equipment Loan Payable	\$ -	\$ 721,169	\$ -	\$ 721,169	\$ 128,485
Net Pension Obligation	294,697	470,330	(446,953)	318,074	-
Net OPEB Obligation	519,413	169,158	(8,615)	679,956	-
Compensated Absences	255,436	234,693	(257,837)	232,292	232,292
Total Business-Type Activities	<u>\$ 1,069,546</u>	<u>\$ 1,595,350</u>	<u>\$ (713,405)</u>	<u>\$ 1,951,491</u>	<u>\$ 360,777</u>
<b>Component Units</b>					
Bonds Payable	\$ 44,802,054	\$ 155,575	\$ (1,615,000)	\$ 43,342,629	\$ 1,638,463
Bond Premium	518,982	-	(123,761)	395,221	-
Capital Leases Payable	772,500	-	(772,500)	-	-
Compensated Absences	1,483,318	1,536,455	(1,509,383)	1,510,390	704,529
Total Component Units	<u>\$ 47,576,854</u>	<u>\$ 1,692,030</u>	<u>\$ (4,020,644)</u>	<u>\$ 45,248,240</u>	<u>\$ 2,342,992</u>

	<b>Date of Issue</b>	<b>Final Maturity</b>	<b>Amount of Issue</b>	<b>Interest Rates</b>	<b>Balance 9/30/14</b>
<b>Governmental activities</b>					
Certificates of Obligation	2004	2020	26,000,000	2.50 - 5.00%	\$ 1,270,000
G.O. Refunding Bonds	2006	2025	10,600,000	4.00 - 4.125%	9,845,000
Certificates of Obligation	2006A	2021	1,600,000	3.60 - 4.50%	935,000
Certificates of Obligation	2006B	2026	8,000,000	4.00 - 5.125%	5,865,000
Certificates of Obligation	2007	2027	17,500,000	4.00 - 5.25%	10,530,000
Certificates of Obligation	2008	2028	14,300,000	3.50 - 5.25%	11,200,000
Tax Notes	2008	2015	2,000,000	3.40%	320,000
Certificates of Obligation	2009	2029	9,500,000	2.00 - 4.50%	7,440,000
G.O. Refunding Bonds	2010	2018	730,000	1.00 - 2.95%	350,000
Certificates of Obligation	2011	2031	18,200,000	4.05%	16,455,000
Certificates of Obligation	2012	2032	19,470,000	2.00 - 5.00%	18,035,000
Certificates of Obligation	2013	2033	19,490,000	3.00 - 5.00%	18,795,000
G.O. Refunding Bonds	2013	2023	3,820,000	2.00 - 3.00%	3,530,000
G.O. Refunding Bonds	2013A	2020	7,020,000	2.00 - 4.00%	6,990,000
Certificates of Obligation	2014A	2034	6,845,000	2.00 - 5.00%	13,970,000
Certificates of Obligation	2014B	2034	3,280,000	2.00 - 5.00%	6,845,000
General Obligation	2014	2034	13,970,000	2.00 - 5.00%	3,280,000
					<u>\$ 135,655,000</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

Debt service requirements on long-term debt at September 30, 2014 are as follows:

Year Ended September 30,	Governmental Activities		
	Principal	Interest	Total
2015	\$ 7,685,000	\$ 5,545,730	\$ 13,230,730
2016	7,635,000	5,093,388	12,728,388
2017	7,885,000	4,812,328	12,697,328
2018	7,775,000	4,523,278	12,298,278
2019	7,785,000	4,235,206	12,020,206
2020-2024	41,955,000	16,469,054	58,424,054
2025-2029	35,120,000	7,874,390	42,994,390
2030-2034	19,815,000	1,814,054	21,629,054
Totals	\$ 135,655,000	\$ 50,367,428	\$ 186,022,428

The City entered in a ten year loan payable of \$1,394,231 with an interest rate of 2.09% with a national bank on May 30, 2014. The proceeds of the loan were to acquire capital assets in which the loan is secured by. Debt service requirements on loan payable are shown below.

**Loan Payable**

Year Ended September 30,	Governmental Activities			Year Ended September 30,	Business-type Activities		
	Principal	Interest	Total		Principal	Interest	Total
2015	\$ 119,891	\$ 14,066	\$ 133,957	2015	\$ 128,485	\$ 15,074	\$ 143,559
2016	119,891	11,560	131,451	2016	128,485	12,388	140,873
2017	119,891	9,054	128,945	2017	128,485	9,703	138,188
2018	119,891	6,548	126,439	2018	128,485	7,018	135,503
2019	30,595	4,043	34,638	2019	32,788	4,332	37,120
2020-2024	162,903	10,284	173,187	2020-2024	174,441	11,159	185,600
Totals	\$ 673,062	\$ 55,555	\$ 728,617	Totals	\$ 721,169	\$ 59,674	\$ 780,843

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, 2014 are as follows:

Year Ended September 30,	Bonds Payable		
	Principal	Interest	Total
2015	\$ 1,638,463	\$ 1,497,744	\$ 3,136,207
2016	1,666,090	1,450,669	3,116,759
2017	1,703,660	1,409,494	3,113,154
2018	1,761,284	1,357,219	3,118,503
2019	1,809,069	1,306,519	3,115,588
2020-2024	8,298,094	5,678,694	13,976,788
2025-2029	8,205,969	4,413,225	12,619,194
2030-2034	10,765,000	2,611,419	13,376,419
2035-2037	7,495,000	530,750	8,025,750
	\$ 43,342,629	\$ 20,255,733	\$ 63,598,362

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

Net Position reported on the government-wide statement of net position at September 30, 2014 includes the following:

***Governmental Activities***

Net Investment in Capital Assets	
Nondepreciated	\$ 25,776,261
Depreciated	89,117,527
Less: related debt excluding unspent bond proceeds	<u>(106,799,564)</u>
Total net investment in capital assets	8,094,224
Restricted for:	
Capital projects	4,169,223
Cemetery perpetual fund (nonexpendable)	94,114
Municipal court	407,601
Library	1
Public safety	275,678
Tourism	<u>1,932,041</u>
Total restricted net position	6,878,658
Unrestricted	<u>13,827,907</u>
 Total governmental activities net position	 <u><u>\$ 28,800,789</u></u>

***Business-type Activities***

Net Investment in Capital Assets	
Nondepreciated	\$ 2,298,941
Depreciated	33,382,606
Less: related debt excluding unspent bond proceeds	<u>(721,169)</u>
Total net investment in capital assets	34,960,378
Unrestricted	<u>1,966,500</u>
 Total business-type activities net position	 <u><u>\$ 36,926,878</u></u>

**Fund deficit**

The Community Development Block Grant Fund, Grants Fund and Edwards Aquifer HCP Fund had deficit balances of \$22,619, \$12,886, and \$151,580, respectively, as of September 30, 2014. The City plans to eliminate the deficits in coming years through positive changes in fund balances.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

**NOTE 8: RETIREMENT PLANS**

**Plan description**

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. The report may be obtained from TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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

	<b><u>Plan Year 2013</u></b>	<b><u>Plan Year 2014</u></b>
Employee Deposit Rate	7%	7%
Matching Ratio (City to Employee):	2 to 1	2 to 1
Member is invested after:	5 years	5 years
Members can retire at certain ages, based on the years		
of service with the City	5 years/age 60	5 years/age 60
Service Retirement Eligibility for the City is:	20 years/any age	20 years/any age
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

**Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). 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 for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. 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 (i.e., the December 31, 2013 valuation will determine the contribution rate beginning

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

January 1, 2015). The annual pension cost and net pension obligation/(asset) are as follows:

Annual Required Contribution (ARC)	\$ 4,921,905
Interest on Net Pension Obligation	209,836
Adjustment to the ARC	(180,375)
Annual Pension Cost (APC)	4,951,366
Contributions Made	(4,705,262)
Increase in Net Pension Obligation	246,104
Net Pension Obligation, beginning of year	2,997,651
Net Pension Obligation, end of year	<u>\$ 3,243,755</u>

<b>Trend Information</b>				
<b>Fiscal Year Ending</b>	<b>Annual Pension Cost</b>	<b>Actual Contributions Made</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
9/30/2012	\$ 4,393,427	\$ 3,951,767	89.9%	\$ 2,709,447
9/30/2013	4,801,367	4,513,163	94.0%	2,997,651
9/30/2014	4,951,366	4,705,262	95.0%	3,243,755

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

<b>Valuation Date</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2013</b>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	26.2 years: Closed period	25.1 years: Closed period	30.0 years: Closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.0%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes Inflation at Cost-of-living Adjustments	3.00%	3.00%	3.00%
	2.1%	2.1%	2.1%

**Funded status and funding progress**

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).



**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

<b>Schedule of Actuarial Liabilities and Funding Progress</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Funded Ratio</b>	<b>Unfunded ALL (UAAL)</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
	(A)	(B)	(A)/(B)	(D) = (B) - (A)	(E)	(D)/(E)
12/31/2013	\$ 81,696,000	\$ 114,178,940	71.6%	\$ 32,482,940	\$ 28,208,878	115.2%

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

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented in exhibit B-3 as part of required supplementary information 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 2014, 2013, and 2012 were \$37,082; \$35,821; and \$34,785; respectively, which equaled the required contribution each year.

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

**Plan description**

In addition to providing pension benefits, the City provides certain health care benefits to retired employees under a single-employer defined benefit healthcare plan. The plan does not issue separate financial statements.

The City maintains self-funded medical, prescription drug, dental, and vision coverage for eligible employees and retired employees and their dependents. All retirees are eligible to continue their health insurance coverage at the same cost that the City pays for its employees. Thus, in effect, the City is subsidizing the cost of the higher premiums for its retirees. The City also provides \$7,500 in life insurance coverage for its retirees through TMRS. To be eligible for coverage after retirement, employees must be covered as an active employee in the City health program at the time of retirement, reach their 60th birthday and have 5 years of service with the City, or have earned 20 years of TMRS service, and pay a plan premium as set by the City for themselves and their dependents.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

**Funding policy**

Plan members are required to pay a premium for themselves and their dependents. Currently, the premium is set at \$525 per retiree and an additional premium of \$485 for spouses, \$450 for children, and \$593 for spouse and children.

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

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

The City's OPEB cost for the fiscal year ending September 30, 2014 is as follows:

Annual Required Contribution	\$ 1,722,978
Interest on OPEB Obligation	210,706
Adjustment to ARC	(209,341)
Annual OPEB Cost (Expense)	1,724,343
Net Employer Contributions	(87,824)
Increase (Decrease) in net OPEB Obligation	1,636,519
Net OPEB Obligation - as of beginning of year	5,267,646
Net OPEB Obligation - as of end of year	<u>\$ 6,904,165</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:

<b>Fiscal Year Ending</b>	<b>Net Employer Contributions</b>	<b>Annual OPEB Cost</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>	<b>Annual Required Contribution</b>	<b>Percentage of ARC Contributed</b>
9/30/2012	\$ 299,581	\$ 1,455,584	20.58%	\$ 4,111,183	\$ 1,454,819	20.59%
9/30/2013	295,210	1,451,673	20.34%	5,267,646	1,451,673	20.34%
9/30/2014	87,824	1,724,343	5.09%	6,904,165	1,722,978	5.10%

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Annual Covered Payroll</b>	<b>UAAL as Percentage of Covered Payroll</b>
10/1/2009	\$ -	\$ 14,016,512	\$ 14,016,512	0.00%	\$ 19,693,129	71.2%
9/30/2012	-	10,473,000	10,473,000	0.00%	22,675,522	46.2%
9/30/2014	-	12,861,627	12,861,627	0.00%	23,741,806	54.2%

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

**Actuarial methods and assumptions**

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

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

Significant methods and assumptions were as follows:

Investment rate of return	4.00%
Actuarial cost method	Unit Credit method
Amortization method	level percent of payroll, 30 years- open period
Salary growth	3.00%
Asset valuation method	Not applicable
Healthcare cost tends	For 2015 through 2019, L&E best estimate assumptions, developed by observation and extrapolation of plan experience and industry data. Thereafter, rates developed using the baseline projection of the SoA Long-Run Medical Cost Trend Model.
Inflation rate	2.00%
Post-retirement benefit increases	None other than healthcare cost increases (reported above)

**NOTE 10: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. 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 \$4,502,187 in health claims and paid \$924,458 for administrative costs for the year ended September 30, 2014. The City contributed \$4,451,774 and City employees contributed \$783,845 to the health insurance program for the year ended September 30, 2014.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

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

The transactions of the self-insurance plan are reported in the Insurance Internal Service Fund. The City pays a specified monthly amount for each employee and a portion of an employee's dependent coverage which averages approximately \$617. The largest portion of this amount is dedicated to the direct payment of claims. The remaining part of the monthly amount is dedicated to the payment of administrative fees and commercial insurance for excess claims. The commercial insurance coverage becomes effective when the claims exceed the maximum amount per employee.

Estimated health claims that have been incurred but not reported are accrued at year-end. The estimated liability for health claims is \$133,192 at September 30, 2014. The estimated liability for health claims is based upon historical claims experience. The change in the claim liability for the years ended September 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Claims Payable Beginning of Year	\$ 183,605	\$ 297,045
Claims Incurred	4,451,774	4,463,228
Claims Paid (Calculated)	<u>(4,502,187)</u>	<u>(4,576,668)</u>
Claims Payable End of Year	<u>\$ 133,192</u>	<u>\$ 183,605</u>

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

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

At September 30, 2014, the City is involved in various lawsuits pending against the City. These lawsuits generally involve claims relating to general liability, automobile liability, civil rights actions, and various contractual matters. In the opinion of management, any liabilities resulting from such litigation would not have a material adverse effect on the City's financial statements.

**NOTE 12: OPERATING LEASE**

NBU has an operating lease with LCRA to lease certain transmission assets to LCRA. Payments for the lease facilities are based on the original cost of the facilities, adjusted for depreciation, and are updated annually to reflect additions, retirements, and depreciation. The terms of the lease are perpetual, but may be terminated by either party upon five years written notice. Lease revenues were \$891,824 in fiscal year 2014. The receipts for fiscal year 2015 are expected to be \$855,667. Due to the nature of the agreement, the amount of receipts beyond that time have not been determined. The original cost of the transmission assets was \$20,741,772 and the accumulated depreciation totals \$10,064,347.

**CITY OF NEW BRAUNFELS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**September 30, 2014**

**NOTE 13: RESTATEMENT**

This restatement is disclosed in order to display the flow of financial activity that cannot be stated elsewhere.

During the fiscal year the City of New Braunfels performed a detailed reconciliation process over capital assets. This process identified previously unrecorded contributed road work improvements, unrecorded City owned buildings and errors in historic depreciation expense calculations. The summation of the identified errors created an overstatement of capital assets of \$6,830,890 in governmental activities and a understatement of \$14,699,985 in business-type activities.

Governmental Activities

Net Position 9-30-13, as previously stated	\$ 44,788,756
Restatement	(6,830,890)
<b>Net Position 9-30-13, as restated</b>	<b>\$37,957,866</b>

Business-type Activities

	Airport	Solid Waste	Golf Course	Civic Center	Total Business-type Activities
Net Position 9-30-13, as previously stated	\$ 7,721,196	\$ 4,779,830	\$ 684,569	\$ 416,938	\$ 13,602,533
Restatement	6,425,510	785,135	246,124	7,243,216	14,699,985
<b>Net Position 9-30-13, as restated</b>	<b>\$14,146,706</b>	<b>\$5,564,965</b>	<b>\$ 930,693</b>	<b>\$7,660,154</b>	<b>\$ 28,302,518</b>

**NOTE 14: SUBSEQUENT ACCOUNTING PRONOUNCEMENTS**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the City in fiscal year 2015. The City is in the process of evaluating the impact of this pronouncement on its financial statements. GASBS No. 68 will require the City to record its proportionate share of the unfunded pension plan liabilities in the Texas Municipal Retirement System and other plans. Although the amount of the liability is unknown, it is presumed to be material.

In January 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement will be effective for the City in fiscal year 2015. The City is in the process of evaluating the impact of this pronouncement on its financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combination* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement will be effective for the City in fiscal year 2015. The City is in the process of evaluating the impact (if any) of this pronouncement on its financial statements.

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

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## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
<b>Taxes</b>				
Ad valorem	\$ 11,939,477	\$ 11,939,477	11,728,783	\$ (210,694)
Sales	16,284,690	16,284,690	17,708,922	1,424,232
Beverage	269,000	269,000	389,516	120,516
Franchise	7,776,500	7,776,500	8,108,186	331,686
<b>Licenses and Permits</b>				
General Government	139,075	139,075	141,691	2,616
Health	268,000	268,000	242,458	(25,542)
Miscellaneous	162,500	162,500	127,689	(34,811)
Code Enforcement	123,500	123,500	129,940	6,440
Code Enforcement	1,577,858	1,577,858	1,932,576	354,718
<b>Intergovernmental Revenue</b>				
Federal Government	20,000	20,000	42,913	22,913
Contribution	100,000	100,000	108,500	8,500
<b>Charges for Services</b>				-
Charges for Services	8,000	8,000	6,964	(1,036)
Public Safety	3,015,000	3,015,000	2,836,853	(178,147)
Public Works	-	-	0	-
Health Insurance	-	-	0	-
Library	108,000	108,000	114,400	6,400
<b>Fines and Forfeitures</b>				-
Animal Control	17,500	17,500	13,664	(3,836)
Law Enforcement	852,100	852,100	872,359	20,259
Municipal Court	70,000	70,000	59,208	(10,792)
Bailiff	84,000	84,000	76,433	(7,567)
<b>Parks and Recreation</b>				
Aquatics	590,800	590,800	568,398	(22,402)
Recreation	403,750	403,750	317,783	(85,967)
Picnic	161,700	161,700	170,891	9,191
Miscellaneous	46,500	46,500	44,936	(1,564)
Interest	70,000	70,000	28,033	(41,967)
Other Contributions	-	-	0	-
Miscellaneous	1,223,150	1,223,150	1,218,358	(4,792)
<b>Total Revenues</b>	<b>45,311,100</b>	<b>45,311,100</b>	<b>46,989,454</b>	<b>1,678,354</b>
<b>EXPENDITURES</b>				
<b>City Council</b>				
Employee Expenses	129,797	129,797	119,869	9,928
Operations Expenses	40,100	40,100	39,908	192
Total City Council	169,897	169,897	159,777	10,120
<b>City Attorney</b>				
Employee Expenses	454,736	454,736	449,911	4,825
Operations Expenses	230,800	330,800	306,820	23,980
Total City Attorney	685,536	785,536	756,708	28,805
<b>City Administration</b>				
Employee Expenses	846,229	846,229	687,719	158,510
Operations Expenses	95,255	95,255	92,005	3,250
Total City Administration	941,484	941,484	779,724	161,760
<b>Human Resources</b>				
Employee Expenses	515,184	464,184	460,014	4,170
Operations Expenses	126,164	177,164	164,447	12,717
Total Human Resources	641,348	641,348	624,461	16,887
<b>Support Services</b>				
Employee Expenses	1,797,954	1,741,726	1,699,460	42,266
Operations Expenses	488,900	488,900	404,948	83,952
Total Support Services	2,286,854	2,230,626	2,104,408	126,218



**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - continued**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Planning</b>				
Employee Expenses	\$ 2,073,467	\$ 2,073,467	\$ 1,985,326	\$ 88,141
Operations Expenses	515,509	515,509	437,967	77,542
Capital Expenses	-	-	-	-
Total Planning	2,588,976	2,588,976	2,423,293	165,683
<b>Police</b>				
Employee Expenses	10,805,632	10,922,002	10,921,549	453
Operations Expenses	1,340,785	1,320,785	1,309,501	11,284
Capital Expenses	174,000	133,858	133,858	-
Total Police	12,320,417	12,376,645	12,364,908	11,737
<b>Fire</b>				
Employee Expenses	12,045,704	12,190,704	12,181,346	9,358
Operations Expenses	1,780,883	1,740,883	1,672,459	68,424
Capital Expenses	58,400	58,400	53,503	4,897
Total Fire	13,884,987	13,989,987	13,907,308	82,679
<b>Public Works</b>				
Employee Expenses	2,662,181	2,557,181	2,383,990	173,191
Operations Expenses	2,753,245	2,703,245	2,658,624	44,621
Total Public Works	5,415,426	5,260,426	5,042,614	217,812
<b>Parks and Recreation</b>				
Employee Expenses	2,611,841	2,611,841	2,486,392	125,449
Operations Expenses	1,408,240	1,358,240	1,276,619	81,621
Total Parks and Recreation	4,020,081	3,970,081	3,763,011	207,070
<b>Library</b>				
Employee Expenses	1,290,486	1,293,986	1,290,005	3,981
Operations Expenses	527,300	523,800	489,387	34,413
Total Library	1,817,786	1,817,786	1,779,392	38,394
<b>Nondepartmental</b>				
Operations Expenses	1,361,248	1,361,248	1,246,076	115,172
Contingencies	(525,000)	(525,000)	22,565	(547,565)
Total Nondepartmental	836,248	836,248	1,268,641	(432,393)
<b>Total Expenditures</b>	<b>45,609,040</b>	<b>45,609,040</b>	<b>44,974,245</b>	<b>634,772</b>
Excess of Revenues Over (Under) Expenditures	(297,940)	(297,940)	2,015,209	2,313,126
<b>Other Financing Sources (Uses)</b>				
Transfers In	685,055	685,055	715,958	(30,903)
Transfers Out	(721,558)	(721,558)	(424,994)	296,564
Proceeds from Sale of Capital Assets	-	-	20,984	20,984
Total Other Financing Sources (Uses)	(36,503)	(36,503)	311,948	286,645
Change in Fund Balance	(334,443)	(334,443)	2,327,157	2,599,771
Fund Balance - October 1	15,189,174	15,189,174	15,189,174	-
Fund Balance - September 30	<u>\$ 14,854,731</u>	<u>\$ 14,854,731</u>	<u>\$ 17,516,331</u>	<u>\$ 2,599,771</u>

Note: Certain transfers out are budgeted within departmental budgets. Thus, to more accurately reflect the departmental budgets, these transfers out are reported within the departments rather than as other financing uses.

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HOTEL-MOTEL FUND**  
**Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final	GAAP Basis	with Final Budget
<b>REVENUE</b>				
Taxes	\$ 3,554,935	\$ 3,554,935	3,603,690	\$ 48,755
Interest	-	-	385	385
Miscellaneous	-	-	219,465	219,465
Total Revenues	<u>3,554,935</u>	<u>3,554,935</u>	<u>3,823,540</u>	<u>268,605</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government - Operations	<u>2,585,240</u>	<u>2,621,240</u>	<u>2,325,507</u>	<u>295,733</u>
Total Expenditures	<u>2,585,240</u>	<u>2,621,240</u>	<u>2,325,507</u>	<u>295,733</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	969,695	933,695	1,498,033	(27,128)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(1,065,897)</u>	<u>(1,065,897)</u>	<u>(1,065,897)</u>	-
Total Other Financing Sources (Uses)	<u>(1,065,897)</u>	<u>(1,065,897)</u>	<u>(1,065,897)</u>	-
<b>Net Change in Fund Balance</b>	(96,202)	(132,202)	432,136	(27,128)
<b>Fund Balance - October 1</b>	<u>1,135,262</u>	<u>1,135,262</u>	<u>1,135,262</u>	-
<b>Fund Balance - September 30</b>	<u>\$ 1,039,060</u>	<u>\$ 1,003,060</u>	<u>\$ 1,567,398</u>	<u>\$ (27,128)</u>

**CITY OF NEW BRAUNFELS, TEXAS  
SCHEDULE OF FUNDING PROGRESS  
PENSION  
AND OTHER POSTEMPLOYMENT BENEFITS  
Year Ended September 30, 2014**

**Pension**

<b>Year</b>	<b>Actuarial</b>	<b>Actuarial</b>	<b>Actuarial</b>	<b>Actuarial</b>	<b>Funded</b>	<b>Covered</b>	<b>UAAL as a</b>
<b>Ending</b>	<b>Valuation</b>	<b>Value of</b>	<b>Liability (AAL)</b>	<b>Unfunded AAL</b>	<b>Ratio</b>	<b>Payroll</b>	<b>Percentage of</b>
<b><u>Date</u></b>	<b><u>Assets</u></b>	<b><u>Unit Credit</u></b>	<b><u>Actuary Method</u></b>	<b><u>(UAAL)</u></b>	<b><u>Ratio</u></b>	<b><u>Payroll</u></b>	<b><u>Covered</u></b>
9/30/2012	12/31/2011	\$ 65,548,163	\$ 94,893,431	\$ 29,345,268	69.1%	\$ 24,680,046	118.9%
9/30/2013	12/31/2012	73,007,644	101,466,756	28,459,112	72.0%	25,599,821	111.2%
9/30/2014	12/31/2013	81,696,000	114,178,940	32,482,940	71.6%	28,208,878	115.2%

**Other Postemployment Benefits**

<b>Year</b>	<b>Actuarial</b>	<b>Actuarial</b>	<b>Actuarial</b>	<b>Actuarial</b>	<b>Funded</b>	<b>Covered</b>	<b>UAAL as a</b>
<b>Ending</b>	<b>Valuation</b>	<b>Value of</b>	<b>Liability (AAL)</b>	<b>Unfunded AAL</b>	<b>Ratio</b>	<b>Payroll</b>	<b>Percentage of</b>
<b><u>Date</u></b>	<b><u>Assets</u></b>	<b><u>Unit Credit</u></b>	<b><u>Actuary Method</u></b>	<b><u>(UAAL)</u></b>	<b><u>Ratio</u></b>	<b><u>Payroll</u></b>	<b><u>Covered</u></b>
9/30/2012	9/30/2012	\$ -	\$ 10,472,870	\$ 10,472,870	0.00%	\$ 22,675,522	46.2%
9/30/2013	9/30/2012	-	10,473,000	10,473,000	0.00%	22,675,522	46.2%
9/30/2014	9/30/2014	-	12,861,627	12,861,627	0.00%	23,741,806	54.2%

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## OTHER SUPPLEMENTARY INFORMATION

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING BALANCE SHEET**  
**General Fund - Subfunds**  
**September 30, 2014**

	<b>General Fund</b>	<b>Equipment Replacement Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Totals</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,652,740	\$ 173,787	\$ 25,948	\$ 2,852,475
Pooled and Temporary Investments	13,123,197	4,279,297	12,517	17,415,011
Receivables, net				
Taxes	302,044	-	-	302,044
Accounts	4,649,897	-	-	4,649,897
Interest	41,586	-	-	41,586
Due from Other Governments	49,264	-	-	49,264
Due from Other Funds	215,466	-	-	215,466
Inventories	1,181	-	-	1,181
Prepaid Expenses	673,062	-	-	673,062
Total Assets	<u>\$ 21,708,437</u>	<u>\$ 4,453,084</u>	<u>\$ 38,465</u>	<u>\$ 26,199,986</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 1,641,840	\$ 45,086	\$ 13,333	\$ 1,700,259
Due to Other Governments	3,492	-	-	3,492
Due to Component Unit	-	-	-	-
Due to Other Funds	-	-	-	-
Deposits Payable	320,398	-	-	320,398
Accrued Expenditures	1,251,291	-	3,046	1,254,337
Total Liabilities	<u>3,217,021</u>	<u>45,086</u>	<u>16,379</u>	<u>3,278,486</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	<u>302,044</u>	<u>-</u>	<u>-</u>	<u>302,044</u>
<b>Fund Balances</b>				
Nonspendable	1,181	-	-	1,181
Assigned	-	4,407,998	22,086	4,430,084
Unassigned	18,188,191	-	-	18,188,191
Total Fund Balances	<u>18,189,372</u>	<u>4,407,998</u>	<u>22,086</u>	<u>22,619,456</u>
Total Liabilities, Deferred inflows of Resources and Fund Balances	<u>\$ 21,708,437</u>	<u>\$ 4,453,084</u>	<u>\$ 38,465</u>	<u>\$ 26,199,986</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**General Fund - Subfunds**  
**Year Ended September 30, 2014**

	<b>General Fund</b>	<b>Equipment Replacement Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Totals</b>
<b>REVENUE</b>				
Taxes	\$ 37,935,407	\$ -	\$ -	\$ 37,935,407
Licenses and Permits	2,574,374	-	-	2,574,374
Intergovernmental	151,413	-	-	151,413
Fines and Forfeitures	1,021,664	-	-	1,021,664
Interest	28,033	3,675	74	31,782
Parks and Recreation	1,101,988	-	-	1,101,988
Miscellaneous	1,218,358	-	-	1,218,358
Other Contributions	-	-	-	-
Charges for Services	2,958,217	-	-	2,958,217
Total Revenues	<u>46,989,454</u>	<u>3,675</u>	<u>74</u>	<u>46,993,203</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	4,859,770	62,705	-	4,922,475
Finance and Tax	833,972	-	-	833,972
Planning and Environmental	2,423,293	22,140	-	2,445,433
Public Safety	26,272,216	143,991	-	26,416,207
Public Works	5,042,614	-	119,282	5,161,896
Parks and Recreation	3,763,011	-	13,333	3,776,344
Civic Center	-	-	-	-
Library	1,779,392	-	-	1,779,392
Total Expenditures	<u>44,974,268</u>	<u>228,836</u>	<u>132,615</u>	<u>45,335,719</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>2,015,186</u>	<u>(225,161)</u>	<u>(132,541)</u>	<u>1,657,484</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	715,958	68,106	-	784,064
Transfers Out	(424,994)	-	-	(424,994)
Proceeds from Debt Issuance	673,062	-	-	673,062
Proceeds from Sale of Capital Assets	20,984	57,259	-	78,243
Total Other Financing Sources (Uses)	<u>985,010</u>	<u>125,365</u>	<u>-</u>	<u>1,110,375</u>
<b>Net Change in Fund Balance</b>	3,000,196	(99,796)	(132,541)	2,767,859
<b>Fund Balance - October 1</b>	<u>15,189,176</u>	<u>4,507,794</u>	<u>154,627</u>	<u>19,851,597</u>
<b>Fund Balance - September 30</b>	<u>\$ 18,189,372</u>	<u>\$ 4,407,998</u>	<u>\$ 22,086</u>	<u>\$ 22,619,456</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING BALANCE SHEET**  
**Nonmajor Governmental Funds**  
**September 30, 2014**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b><u>Permanent Fund</u> Cemetery Perpetual Care</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,345,755	\$ 1,080,520	\$ 8,599	\$ 3,434,874
Pooled and Temporary Investments	1,573,164	9,021,648	85,515	10,680,327
Accounts Receivable	192,164	-	-	192,164
Due from Other Governments	136,496	-	-	136,496
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 4,247,579</u>	<u>\$ 10,102,168</u>	<u>\$ 94,114</u>	<u>\$ 14,443,861</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 276,618	\$ 71,798	\$ -	\$ 348,416
Accrued Expenditures	18,023	1,466	-	19,489
Due to Other Funds	191,995	23,471	-	215,466
Total Liabilities	<u>486,636</u>	<u>96,735</u>	<u>-</u>	<u>583,371</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Nonspendable	-	-	94,114	94,114
Restricted	1,085,481	10,005,433	-	11,090,914
Committed	2,862,547	-	-	2,862,547
Unassigned	(187,085)	-	-	(187,085)
Total Fund Balances	<u>3,760,943</u>	<u>10,005,433</u>	<u>94,114</u>	<u>13,860,490</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,247,579</u>	<u>\$ 10,102,168</u>	<u>\$ 94,114</u>	<u>\$ 14,443,861</u>



**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**Nonmajor Governmental Funds**  
**Year Ended September 30, 2014**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Fund Cemetery Perpetual Care</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUE</b>				
Taxes	\$ 1,431,278	\$ -	\$ -	\$ 1,431,278
Licenses and Permits	6,050	-	-	6,050
Fines and Forfeitures	212,619	-	500	213,119
Parks and Recreation	654,598	126,600	-	781,198
Interest	534	4,441	29	5,004
Federal Grants	1,145,640	-	-	1,145,640
State and Local Grants	311,962	-	-	311,962
Miscellaneous	1,084,484	42,693	-	1,127,177
Other Contributions	215,169	1,713,660	-	1,928,829
Charges and Fees	175,063	-	-	175,063
Total Revenues	<u>5,237,397</u>	<u>1,887,394</u>	<u>529</u>	<u>7,125,320</u>
<b>EXPENDITURES</b>				
General Government	2,546,972	-	-	2,546,972
Finance and Tax	-	13,747	-	13,747
Planning and Environmental Devel.	283,223	-	-	283,223
Public Safety	1,367,507	554,434	-	1,921,941
Public Works	3,626,195	1,472,629	-	5,098,824
Parks and Recreation	14,778	730,890	600	746,268
Civic Center	61,106	-	-	61,106
Library	72,349	207,664	-	280,013
Airport	54,939	122,161	-	177,100
Total Expenditures	<u>8,027,069</u>	<u>3,101,525</u>	<u>600</u>	<u>11,129,194</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(2,789,672)</u>	<u>(1,214,131)</u>	<u>(71)</u>	<u>(4,003,874)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,929,390	-	-	1,929,390
Transfers Out	-	-	-	-
Proceeds From Sale of Capital Assets	291,184	-	-	291,184
Total Other Financing Sources (Uses)	<u>2,220,574</u>	<u>-</u>	<u>-</u>	<u>2,220,574</u>
<b>Net Change in Fund Balance</b>	(569,098)	(1,214,131)	(71)	(1,783,300)
<b>Fund Balance - October 1</b>	<u>4,330,041</u>	<u>11,219,564</u>	<u>94,185</u>	<u>15,643,790</u>
<b>Fund Balance - September 30</b>	<u>\$ 3,760,943</u>	<u>\$ 10,005,433</u>	<u>\$ 94,114</u>	<u>\$ 13,860,490</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING BALANCE SHEET**  
**Nonmajor Special Revenue Funds**  
**September 30, 2014**

	<b>Community Development Block Grant</b>	<b>Grants Fund</b>	<b>Special Revenue Donations</b>	<b>River</b>
<b>ASSETS</b>				
Cash	\$ 15,804	\$ -	\$ 168,205	\$ 31,211
Pooled and Temporary Investments	-	-	-	-
Accounts Receivable	-	-	-	-
Due from Other Governments	-	136,496	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 15,804</u>	<u>\$ 136,496</u>	<u>\$ 168,205</u>	<u>\$ 31,211</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 38,423	\$ -	\$ 1,892	\$ 24,593
Due to Other Funds	-	148,421	-	-
Accrued Wages Payable	-	961	-	5,623
Total Liabilities	<u>38,423</u>	<u>149,382</u>	<u>1,892</u>	<u>30,216</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted	-	-	-	-
Committed	-	-	166,313	995
Unassigned	(22,619)	(12,886)	-	-
Total Fund Balances	<u>(22,619)</u>	<u>(12,886)</u>	<u>166,313</u>	<u>995</u>
Total Liabilities and Fund Balances	<u>\$ 15,804</u>	<u>\$ 136,496</u>	<u>\$ 168,205</u>	<u>\$ 31,211</u>

<b>Court Security</b>	<b>Judicial Efficiency</b>	<b>Court Technology</b>	<b>Child Safety</b>	<b>Stormwater Development</b>	<b>Juvenile Case Management</b>
\$ 7,839	\$ 17,988	\$ 20,710	\$ 188,096	\$ 113,838	\$ 30,207
-	-	-	30,275	25,329	125,549
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 7,839</u>	<u>\$ 17,988</u>	<u>\$ 20,710</u>	<u>\$ 218,371</u>	<u>\$ 139,167</u>	<u>\$ 155,756</u>
\$ -	\$ 73	\$ 86	\$ 4,607	\$ 101,609	\$ -
-	-	-	-	-	-
-	1,980	-	4,110	-	2,207
<u>-</u>	<u>2,053</u>	<u>86</u>	<u>8,717</u>	<u>101,609</u>	<u>2,207</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7,839	15,935	20,624	209,654	37,558	153,549
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,839</u>	<u>15,935</u>	<u>20,624</u>	<u>209,654</u>	<u>37,558</u>	<u>153,549</u>
<u>\$ 7,839</u>	<u>\$ 17,988</u>	<u>\$ 20,710</u>	<u>\$ 218,371</u>	<u>\$ 139,167</u>	<u>\$ 155,756</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING BALANCE SHEET - continued**  
**Nonmajor Special Revenue Funds**  
**September 30, 2014**

	<b>Faust Library</b>	<b>Federal Court Awards</b>	<b>Non-Federal Court Awards</b>	<b>Edwards Aquifer HCP</b>
<b>ASSETS</b>				
Cash	\$ 1	\$ 163,209	\$ 21,554	\$ -
Pooled and Temporary Investments	-	51,211	40,175	-
Accounts Receivable	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 1</u>	<u>\$ 214,420</u>	<u>\$ 61,729</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ -	\$ 365	\$ 106	\$ 104,864
Due to Other Funds	-	-	-	43,574
Accrued Wages Payable	-	-	-	3,142
Total Liabilities	<u>-</u>	<u>365</u>	<u>106</u>	<u>151,580</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted	1	214,055	61,623	-
Committed	-	-	-	-
Unassigned	-	-	-	(151,580)
Total Fund Balances	<u>1</u>	<u>214,055</u>	<u>61,623</u>	<u>(151,580)</u>
Total Liabilities and Fund Balances	<u>\$ 1</u>	<u>\$ 214,420</u>	<u>\$ 61,729</u>	<u>\$ -</u>

<b>Cable Franchise PEG</b>	<b>Creekside Town Center</b>	<b>Enterprise Maintenance and Equipment Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 367,445	\$ 217,346	\$ 982,302	\$ 2,345,755
-	-	1,300,625	1,573,164
44,867	147,297	-	192,164
-	-	-	136,496
-	-	-	-
<u>\$ 412,312</u>	<u>\$ 364,643</u>	<u>\$ 2,282,927</u>	<u>\$ 4,247,579</u>
\$ -	\$ -	\$ -	\$ 276,618
-	-	-	191,995
-	-	-	18,023
<u>-</u>	<u>-</u>	<u>-</u>	<u>486,636</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	364,643	-	1,085,481
412,312	-	2,282,927	2,862,547
-	-	-	(187,085)
<u>412,312</u>	<u>364,643</u>	<u>2,282,927</u>	<u>3,760,943</u>
<u>\$ 412,312</u>	<u>\$ 364,643</u>	<u>\$ 2,282,927</u>	<u>\$ 4,247,579</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**Nonmajor Special Revenue Funds**  
**Year Ended September 30, 2014**

	<b>Community Development Block Grant</b>	<b>Grants Fund</b>	<b>Special Revenue Donations</b>	<b>River</b>
<b>REVENUE</b>				
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Licenses and Permits	-	-	-	6,050
Fines and Forfeitures	-	-	-	73,101
Parks and Recreation	-	-	-	654,598
Interest	-	-	-	-
Federal Grants	232,157	768,567	-	-
State and Local Grants	-	190,647	8,699	-
Miscellaneous	-	5,000	76,826	1
Other Contributions	-	-	215,169	-
Charges and Fees	-	-	-	-
Total Revenues	<u>232,157</u>	<u>964,214</u>	<u>300,694</u>	<u>733,750</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	98,000	-	-
Finance and Tax	-	-	-	-
Planning and Environmental Development	247,481	35,742	-	-
Public Safety	-	330,689	90,354	541,180
Public Works	-	1,405	21,704	365,181
Parks and Recreation	-	-	14,778	-
Civic Center	-	-	-	-
Library	-	5,654	66,695	-
Airport	-	-	54,939	-
Total Expenditures	<u>247,481</u>	<u>471,490</u>	<u>248,470</u>	<u>906,361</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(15,324)</u>	<u>492,724</u>	<u>52,224</u>	<u>(172,611)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Capital Assets	-	-	-	-
Transfers In	-	69,049	1,000	172,612
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>69,049</u>	<u>1,000</u>	<u>172,612</u>
<b>Net Change in Fund Balance</b>	(15,324)	561,773	53,224	1
<b>Fund Balance - October 1</b>	<u>(7,295)</u>	<u>(574,659)</u>	<u>113,089</u>	<u>994</u>
<b>Fund Balance - September 30</b>	<u>\$ (22,619)</u>	<u>\$ (12,886)</u>	<u>\$ 166,313</u>	<u>\$ 995</u>

<b>Court Security</b>	<b>Judicial Efficiency</b>	<b>Court Technology</b>	<b>Child Safety</b>	<b>Stormwater Development</b>	<b>Juvenile Case Management</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
28,042	8,759	37,460	13,618	-	51,639
-	-	-	-	-	-
-	-	-	(143)	8	44
-	-	-	-	-	-
-	-	-	112,616	-	-
-	-	-	-	-	-
-	-	-	-	-	-
28,042	8,759	37,460	126,091	8	51,683
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
25,489	5,532	32,475	97,058	-	55,080
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
25,489	5,532	32,475	97,058	-	55,080
2,553	3,227	4,985	29,033	8	(3,397)
-	-	-	-	-	-
-	-	-	-	10,865	-
-	-	-	-	-	-
-	-	-	-	10,865	-
2,553	3,227	4,985	29,033	10,873	(3,397)
5,286	12,708	15,639	180,621	26,685	156,946
\$ 7,839	\$ 15,935	\$ 20,624	\$ 209,654	\$ 37,558	\$ 153,549

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Nonmajor Special Revenue Funds - continued**  
**Year Ended September 30, 2014**

	<b>Faust Library</b>	<b>Federal Court Awards</b>	<b>Non-Federal Court Awards</b>
<b>REVENUE</b>			
Ad Valorem Taxes	\$ -	\$ -	\$ -
Sales Taxes	-	-	-
Licenses and Permits	-	-	-
Fines and Forfeitures	-	-	-
Parks and Recreation	-	-	-
Interest	-	17	14
Federal Grants	-	144,916	-
State and Local Grants	-	-	-
Miscellaneous	-	459	23,579
Other Contributions	-	-	-
Charges and Fees	-	-	-
Total Revenues	<u>-</u>	<u>145,392</u>	<u>23,593</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
General Government	-	-	-
Finance and Tax	-	-	-
Planning and Environmental Development	-	-	-
Public Safety	-	149,603	40,047
Public Works	-	-	-
Parks and Recreation	-	-	-
Civic Center	-	-	-
Library	-	-	-
Airport	-	-	-
Total Expenditures	<u>-</u>	<u>149,603</u>	<u>40,047</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>-</u>	<u>(4,211)</u>	<u>(16,454)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	-	-	7,011
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>7,011</u>
<b>Net Change in Fund Balance</b>	-	(4,211)	(9,443)
<b>Fund Balance - October 1</b>	<u>1</u>	<u>218,266</u>	<u>71,066</u>
<b>Fund Balance - September 30</b>	<u><u>\$ 1</u></u>	<u><u>\$ 214,055</u></u>	<u><u>\$ 61,623</u></u>



<b>Edwards Aquifer HCP</b>	<b>Cable Franchise PEG</b>	<b>Creekside Town Center</b>	<b>Enterprise Maintenance and Equipment Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ 527,042	\$ -	\$ 527,042
-	-	904,236	-	904,236
-	-	-	-	6,050
-	-	-	-	212,619
-	-	-	-	654,598
-	-	-	594	534
-	-	-	-	1,145,640
-	-	-	-	311,962
978,619	-	-	-	1,084,484
-	-	-	-	215,169
-	175,063	-	-	175,063
<u>978,619</u>	<u>175,063</u>	<u>1,431,278</u>	<u>594</u>	<u>5,237,397</u>
-	166,816	2,282,156	-	2,546,972
-	-	-	-	-
-	-	-	-	283,223
-	-	-	-	1,367,507
1,065,037	-	-	2,172,868	3,626,195
-	-	-	-	14,778
-	-	-	61,106	61,106
-	-	-	-	72,349
-	-	-	-	54,939
<u>1,065,037</u>	<u>166,816</u>	<u>2,282,156</u>	<u>2,233,974</u>	<u>8,027,069</u>
<u>(86,418)</u>	<u>8,247</u>	<u>(850,878)</u>	<u>(2,233,380)</u>	<u>(2,789,672)</u>
-	-	-	284,173	291,184
85,474	-	-	1,590,390	1,929,390
-	-	-	-	-
<u>85,474</u>	<u>-</u>	<u>-</u>	<u>1,874,563</u>	<u>2,220,574</u>
(944)	8,247	(850,878)	(358,817)	(569,098)
<u>(150,636)</u>	<u>404,065</u>	<u>1,215,521</u>	<u>2,641,744</u>	<u>4,330,041</u>
<u>\$ (151,580)</u>	<u>\$ 412,312</u>	<u>\$ 364,643</u>	<u>\$ 2,282,927</u>	<u>\$ 3,760,943</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING BALANCE SHEET**  
**Nonmajor Capital Projects Funds**  
**September 30, 2014**

	<b>Roadway Impact Fees</b>	<b>Park Improvement</b>	<b>Certificates of Obligation 2004 Fund</b>
<b>ASSETS</b>			
Cash	\$ 498,571	\$ 420,681	\$ -
Pooled and Temporary Investments	4,008,145	200,878	83,634
Total Assets	<u>\$ 4,506,716</u>	<u>\$ 621,559</u>	<u>\$ 83,634</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 27,139	\$ -	\$ -
Due to Other Funds	-	-	23,471
Accrues Expenses	-	-	-
Total Liabilities	<u>27,139</u>	<u>-</u>	<u>23,471</u>
<b>Fund Balances</b>			
Restricted	4,479,577	621,559	60,163
Total Fund Balances	<u>4,479,577</u>	<u>621,559</u>	<u>60,163</u>
Total Liabilities and Fund Balances	<u>\$ 4,506,716</u>	<u>\$ 621,559</u>	<u>\$ 83,634</u>

<b>Certificates of Obligation 2007 Fund</b>	<b>Certificates of Obligation 2008 Fund</b>	<b>Certificates of Obligation 2009 Fund</b>	<b>Certificates of Obligation 2011 Fund</b>	<b>Total Nonmajor Capital Projects Funds</b>
\$ 13,103	\$ 64,529	\$ 38,818	\$ 44,818	\$ 1,080,520
386,918	1,118,222	883,925	2,339,926	9,021,648
<u>\$ 400,021</u>	<u>\$ 1,182,751</u>	<u>\$ 922,743</u>	<u>\$ 2,384,744</u>	<u>\$ 10,102,168</u>
\$ 17,242	\$ -	\$ 1,094	\$ 26,323	\$ 71,798
-	-	-	-	23,471
-	-	1,466	-	1,466
<u>17,242</u>	<u>-</u>	<u>2,560</u>	<u>26,323</u>	<u>96,735</u>
382,779	1,182,751	920,183	2,358,421	10,005,433
<u>382,779</u>	<u>1,182,751</u>	<u>920,183</u>	<u>2,358,421</u>	<u>10,005,433</u>
<u>\$ 400,021</u>	<u>\$ 1,182,751</u>	<u>\$ 922,743</u>	<u>\$ 2,384,744</u>	<u>\$ 10,102,168</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**Nonmajor Capital Projects Funds**  
**Year Ended September 30, 2014**

	<b>Roadway Impact Fees</b>	<b>Park Improvement</b>	<b>Certificates of Obligation 2004 Fund</b>
<b>REVENUE</b>			
Parks and Recreation	\$ -	\$ 126,600	\$ -
Interest	1,145	67	80
State and Local Grants	-	-	-
Miscellaneous	-	-	-
Other Contributions	1,713,660	-	-
Total Revenues	<u>1,714,805</u>	<u>126,667</u>	<u>80</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
Finance and Tax	\$ -	\$ -	\$ -
Public Safety	6,480	-	-
Public Works	519,055	-	-
Parks and Recreation	-	-	-
Library	207,664	-	-
Airport	-	-	-
Total Expenditures	<u>733,199</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>981,606</u>	<u>126,667</u>	<u>80</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	981,606	126,667	80
<b>Fund Balance - October 1</b>	<u>3,497,971</u>	<u>494,892</u>	<u>60,083</u>
<b>Fund Balance - September 30</b>	<u><u>\$ 4,479,577</u></u>	<u><u>\$ 621,559</u></u>	<u><u>\$ 60,163</u></u>

<b>Certificates of Obligation 2007 Fund</b>	<b>Certificates of Obligation 2008 Fund</b>	<b>Certificates of Obligation 2009 Fund</b>	<b>Certificates of Obligation 2011 Fund</b>	<b>Total Nonmajor Capital Projects Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 126,600
234	377	515	2,023	4,441
-	-	-	-	-
-	-	-	42,693	42,693
-	-	-	-	1,713,660
234	377	515	44,716	1,887,394
\$ -	\$ 13,747	\$ -	\$ -	\$ 13,747
-	-	547,954	-	554,434
96,139	133,688	168,019	555,728	1,472,629
364,902	-	36,814	329,174	730,890
-	-	-	-	207,664
-	-	-	122,161	122,161
461,041	147,435	752,787	1,007,063	3,101,525
(460,807)	(147,058)	(752,272)	(962,347)	(1,214,131)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(460,807)	(147,058)	(752,272)	(962,347)	(1,214,131)
843,586	1,329,809	1,672,455	3,320,768	11,219,564
\$ 382,779	\$ 1,182,751	\$ 920,183	\$ 2,358,421	\$ 10,005,433

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Ad valorem Taxes	\$ 9,443,192	\$ 9,443,192	9,231,049	\$ (212,143)
Interest	-	-	345	345
Other Contributions	1,665,528	1,665,528	1,665,528	-
Total Revenues	11,108,720	11,108,720	10,896,922	(211,798)
<b>EXPENDITURES</b>				
General Government - Operations	-	-	-	-
<b>Debt Service:</b>				
Principal	6,775,000	6,775,000	6,775,000	-
Interest	4,858,650	4,858,650	4,761,656	96,994
Bond Issuance Costs and Fees	-	-	3,438	(3,438)
Total Expenditures	11,633,650	11,633,650	11,540,094	93,556
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(524,930)	(524,930)	(643,172)	(118,242)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,113,127	1,113,127	1,113,127	-
Proceeds from bond issuance	-	-	-	-
Premium Received on the Issuance of Debt	-	-	-	-
Payments to escrow agent for bond refunding	-	-	-	-
Total Other Financing Sources (Uses)	1,113,127	1,113,127	1,113,127	-
<b>Net Change in Fund Balance</b>	588,197	588,197	469,955	(118,242)
<b>Fund Balance - October 1</b>	809,356	809,356	809,356	809,355
<b>Fund Balance - September 30</b>	\$ 1,397,553	\$ 1,397,553	\$ 1,279,311	\$ 691,113

**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, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Federal Grants	\$ 482,963	\$ 482,963	232,157	\$ (250,806)
Total Revenues	482,963	482,963	232,157	(250,806)
<b>EXPENDITURES</b>				
Planning and Environmental Devel.-Operations	482,963	482,963	247,481	235,482
Total Expenditures	482,963	482,963	247,481	235,482
<b>Excess (Deficiency) of Revenue over Expenditures</b>	-	-	(15,324)	(15,324)
<b>Fund Balance - October 1</b>	(7,296)	(7,296)	(7,295)	(1)
<b>Fund Balance - September 30</b>	\$ (7,296)	\$ (7,296)	\$ (22,619)	\$ (15,325)

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GRANTS FUND**  
**Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Federal Grants	\$ -	\$ -	768,567	\$ 768,567
State and Local Grants	940,500	940,500	190,647	(749,853)
Miscellaneous	\$ -	-	5,000	5,000
Total Revenues	940,500	940,500	964,214	23,714
<b>EXPENDITURES</b>				
General Government - Operations	-	-	98,000	(98,000)
Planning and Environmental Development -Capital	-	-	35,742	(35,742)
Public Safety				
Employee	-	-	61,245	(61,245)
Operations	-	-	52,406	(52,406)
Capital	-	-	217,038	(217,038)
	-	-	330,689	(330,689)
Public Works-Operations	-	-	1,405	(1,405)
Library-Operations	-	-	5,654	(5,654)
Total Expenditures	-	-	471,490	(471,490)
<b>Excess (Deficiency) of Revenue over Expenditures</b>	940,500	940,500	492,724	(447,776)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	69,049	69,049
Total Other Financing Sources (Uses)	-	-	69,049	69,049
<b>Net Change in Fund Balance</b>	940,500	940,500	561,773	(378,727)
<b>Fund Balance - October 1</b>	(574,658)	(574,658)	(574,659)	-
<b>Fund Balance - September 30</b>	\$ 365,842	\$ 365,842	\$ (12,886)	\$ (378,727)



**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, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Interest	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,000	5,000	-	(5,000)
State and Local Grants	-	-	8,699	8,699
Other Contributions	65,000	65,000	215,169	150,169
Miscellaneous	45,000	102,502	76,826	(25,676)
Total Revenues	115,000	172,502	300,694	128,192
<b>EXPENDITURES</b>				
General Government-Operations	\$ 4,000	\$ 4,000	\$ -	\$ 4,000
Public Safety-Operations	110,000	110,000	90,354	19,646
Public Works	-	-	21,704	(21,704)
Parks and Recreation-Operations	25,000	25,000	14,778	10,222
Library				
Operations	60,000	60,000	66,695	(6,695)
Capital	-	-	-	-
	60,000	60,000	66,695	(6,695)
Airport-Operations	-	58,502	54,939	3,563
Total Expenditures	199,000	257,502	248,470	30,736
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(84,000)	(85,000)	52,224	158,928
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,000	1,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	1,000	1,000	-
<b>Net Change in Fund Balance</b>	(84,000)	(84,000)	53,224	30,776
<b>Fund Balance - October 1</b>	113,090	113,090	113,089	-
<b>Fund Balance - September 30</b>	\$ 29,090	\$ 29,090	\$ 166,313	\$ 137,223

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**RIVER FUND**  
**Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Licenses and Permits	\$ 4,500.00	\$ 4,500	\$ 6,050	\$ 1,550
Fines and Forfeitures	86,250	86,250	73,101	(13,149)
Parks and Recreation	205,250	205,250	654,598	449,348
Miscellaneous	150,000	257,000	1	(256,999)
Total Revenues	446,000	553,000	733,750	180,750
<b>EXPENDITURES</b>				
Public Safety				
Employee	516,872	516,872	526,310	(9,438)
Operations	18,500	18,500	14,870	3,630
	535,372	535,372	541,180	(5,808)
Public Works				
Employee	205,211	224,870	147,237	77,633
Operations	186,187	231,762	195,164	36,598
Capital	-	24,000	22,780	1,220
	391,398	480,632	365,181	114,231
Parks and Recreation				
Employee	-	-	-	-
Operations	-	-	-	-
	-	-	-	-
Total Expenditures	926,770	1,016,004	906,361	108,423
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(480,770)	(463,004)	(172,611)	289,173
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	480,770	480,770	172,612	(308,158)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	480,770	480,770	172,612	(308,158)
<b>Net Change in Fund Balance</b>	-	17,766	1	(18,985)
<b>Fund Balance - October 1</b>	995	995	994	-
<b>Fund Balance - September 30</b>	\$ 995	\$ 18,761	\$ 995	\$ (18,985)

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**COURT SECURITY FUND**  
**Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Fines and Forfeitures	\$ 27,972	\$ 27,972	28,042	\$ 70
Total Revenues	<u>27,972</u>	<u>27,972</u>	<u>28,042</u>	<u>70</u>
<b>EXPENDITURES</b>				
Public Safety				
Employee	26,407	26,407	25,489	918
Operations	<u>1,000</u>	<u>1,000</u>	-	<u>1,000</u>
Total Expenditures	<u>27,407</u>	<u>27,407</u>	<u>25,489</u>	<u>1,918</u>
<b>Net Change in Fund Balance</b>	565	565	2,553	1,988
<b>Fund Balance - October 1</b>	<u>5,286</u>	<u>5,286</u>	<u>5,286</u>	<u>-</u>
<b>Fund Balance (Deficit) - September 30</b>	<u><u>\$ 5,851</u></u>	<u><u>\$ 5,851</u></u>	<u><u>\$ 7,839</u></u>	<u><u>\$ 1,988</u></u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**JUDICIAL EFFICIENCY FUND**  
**Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Fines and Forfeitures	\$ 3,743	\$ 3,743	8,759	\$ 5,016
Total Revenues	3,743	3,743	8,759	5,016
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety-Employee	14,000	6,000	4,997	1,003
Public Safety-Operations	-	8,000	535	7,465
Total Expenditures	14,000	14,000	5,532	8,468
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(10,257)	(10,257)	3,227	13,484
<b>Fund Balance - October 1</b>	12,708	12,708	12,708	-
<b>Fund Balance - September 30</b>	\$ 2,451	\$ 2,451	\$ 15,935	\$ 13,484

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**COURT TECHNOLOGY FUND**  
**Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Fines and Forfeitures	\$ 37,813	\$ 37,813	37,460	\$ (353)
Total Revenues	37,813	37,813	37,460	(353)
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety-Operations	46,000	46,000	32,475	13,525
Total Expenditures	46,000	46,000	32,475	13,525
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(8,187)	(8,187)	4,985	13,172
<b>Fund Balance - October 1</b>	15,639	15,639	15,639	-
<b>Fund Balance - September 30</b>	\$ 7,452	\$ 7,452	\$ 20,624	\$ 13,172

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CHILD SAFETY FUND**  
**Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Fines and Forfeitures	\$ 10,250	\$ 10,250	\$ 13,618	\$ 3,368
Interest	-	-	(143)	(143)
State and Local Grants	111,793	111,793	112,616	823
Miscellaneous	-	-	0	-
Total Revenues	<u>122,043</u>	<u>122,043</u>	<u>126,091</u>	<u>4,048</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety				
Employee	177,274	177,274	62,602	114,672
Operations	63,000	63,000	29,626	33,374
Capital	20,000	20,000	-	20,000
Library	41,000	41,000	4,830	36,170
Total Expenditures	<u>301,274</u>	<u>301,274</u>	<u>97,058</u>	<u>204,216</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(179,231)	(179,231)	29,033	208,264
<b>Fund Balance - October 1</b>	<u>180,621</u>	<u>180,621</u>	<u>180,621</u>	<u>-</u>
<b>Fund Balance - September 30</b>	<u>\$ 1,390</u>	<u>\$ 1,390</u>	<u>\$ 209,654</u>	<u>\$ 208,264</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STORMWATER DEVELOPMENT FUND**  
**Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Interest	\$ -	\$ -	\$ 8	\$ 8
Charges and Fees	10,000	10,000	-	(10,000)
Total Revenues	10,000	10,000	8	(9,992)
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Works				
Operations	25,000	25,000	-	25,000
Capital	-	-	-	-
Total Expenditures	25,000	25,000	-	25,000
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(15,000)	(15,000)	8	15,008
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	10,865	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	10,865	(10,865)
<b>Net Change in Fund Balance</b>	(15,000)	(15,000)	10,873	25,873
<b>Fund Balance - October 1</b>	26,685	26,685	26,685	-
<b>Fund Balance - September 30</b>	\$ 11,685	\$ 11,685	\$ 37,558	\$ 25,873

**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, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Fines and Forfeitures	\$ 46,750	\$ 46,750	\$ 51,639	\$ 4,889
Interest	-	-	44	44
Total Revenues	<u>46,750</u>	<u>46,750</u>	<u>51,683</u>	<u>4,933</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety				
Employee	50,726	50,726	50,305	421
Operations	<u>2,000</u>	<u>7,000</u>	<u>4,775</u>	<u>2,225</u>
Total Expenditures	<u>52,726</u>	<u>57,726</u>	<u>55,080</u>	<u>2,646</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(5,976)	(10,976)	(3,397)	7,579
<b>Fund Balance - October 1</b>	<u>156,945</u>	<u>156,945</u>	<u>156,946</u>	<u>-</u>
<b>Fund Balance - September 30</b>	<u>\$ 150,969</u>	<u>\$ 145,969</u>	<u>\$ 153,549</u>	<u>\$ 7,579</u>



**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FAUST LIBRARY FUND**  
**Year Ended September 30, 2014**

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

**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, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Interest	\$ -	\$ -	\$ 17	\$ 17
Federal Grants	-	-	144,916	144,916
Miscellaneous	-	-	459	459
Total Revenues	-	-	145,392	145,392
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety				
Employee	1,500	1,500	-	1,500
Operations	161,000	161,000	149,603	11,397
Capital	54,000	54,000	-	54,000
Total Expenditures	216,500	216,500	149,603	66,897
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(216,500)	(216,500)	(4,211)	212,289
<b>Fund Balance - October 1</b>	218,266	218,266	218,266	-
<b>Fund Balance - September 30</b>	\$ 1,766	\$ 1,766	\$ 214,055	\$ 212,289

**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, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Interest	\$ -	\$ -	\$ 14	\$ 14.00
Miscellaneous	-	-	23,579	23,579
Total Revenues	-	-	23,593	23,593
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety				
Employee	-	-	-	-
Operations	52,500	52,500	40,047	12,453
Capital	15,000	15,000	-	15,000
Total Expenditures	67,500	67,500	40,047	27,453
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(67,500)	(67,500)	(16,454)	51,046
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	7,011	7,011
Total Other Financing Sources (Uses)	-	-	7,011	7,011
<b>Net Change in Fund Balance</b>	(67,500)	(67,500)	(9,443)	58,057
<b>Fund Balance - October 1</b>	71,066	71,066	71,066	-
<b>Fund Balance - September 30</b>	\$ 3,566	\$ 3,566	\$ 61,623	\$ 58,057

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**EDWARDS AQUIFER HCP FUND**  
**Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	1,892,880	1,892,880	978,619	(914,261)
<b>Total Revenues</b>	<b>1,892,880</b>	<b>1,892,880</b>	<b>978,619</b>	<b>(914,261)</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Works				
Employee	82,991	82,991	82,748	243
Operations	407,880	1,257,880	721,452	536,428
Capital	1,500,000	650,000	260,837	389,163
<b>Total Expenditures</b>	<b>1,990,871</b>	<b>1,990,871</b>	<b>1,065,037</b>	<b>925,834</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(97,991)</b>	<b>(97,991)</b>	<b>(86,418)</b>	<b>11,573</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	97,991	97,991	85,474	(12,517)
<b>Total Other Financing Sources (Uses)</b>	<b>97,991</b>	<b>97,991</b>	<b>85,474</b>	<b>(12,517)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(944)</b>	<b>(944)</b>
<b>Fund Balance - October 1</b>	<b>(150,636)</b>	<b>(150,636)</b>	<b>(150,636)</b>	<b>-</b>
<b>Fund Balance - September 30</b>	<b>\$ (150,636)</b>	<b>\$ (150,636)</b>	<b>\$ (151,580)</b>	<b>\$ (944)</b>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CABLE FRANCHISE PEG FUND**  
**Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Franchise Taxes	\$ 160,000	\$ 160,000	\$ 175,063	\$ 15,063
Total Revenues	160,000	160,000	175,063	15,063
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government				
Operations	50,000	50,000	7,498	42,502
Capital	600,000	600,000	159,318	440,682
Total Expenditures	650,000	650,000	166,816	483,184
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(490,000)	(490,000)	8,247	498,247
<b>Fund Balance - October 1</b>	404,065	404,065	404,065	-
<b>Fund Balance - September 30</b>	\$ (85,935)	\$ (85,935)	\$ 412,312	\$ 498,247

**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, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Ad valorem Taxes	\$ 534,282	\$ 534,282	\$ 527,042	\$ (7,240)
Sales Tax	723,588	723,588	904,236	180,648
Interest	-	-	-	-
Total Revenues	<u>1,257,870</u>	<u>1,257,870</u>	<u>1,431,278</u>	<u>173,408</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government-Operations	-	-	2,282,156	(2,282,156)
Total Expenditures	<u>-</u>	<u>-</u>	<u>2,282,156</u>	<u>(2,282,156)</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	1,257,870	1,257,870	(850,878)	(2,108,748)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	1,257,870	1,257,870	(850,878)	(2,108,748)
<b>Fund Balance - October 1</b>	<u>1,215,521</u>	<u>1,215,521</u>	<u>1,215,521</u>	<u>-</u>
<b>Fund Balance - September 30</b>	<u>\$ 2,473,391</u>	<u>\$ 2,473,391</u>	<u>\$ 364,643</u>	<u>(2,108,748)</u>

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ENTERPRISE MAINTENANCE AND EQUIPMENT REPLACEMENT FUND**  
**Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>with Final</b>
			<b>Basis</b>	<b>Budget</b>
<b>REVENUE</b>				
Interest	\$ 5,000	\$ 5,000	\$ 594	\$ (4,406)
Miscellaneous	50,000	50,000	-	(50,000)
Total Revenues	55,000	55,000	594	(54,406)
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Works-Operations	-	-	-	-
Public Works-Capital	2,336,245	2,336,245	2,172,868	163,377
Civic Center-Operations	154,500	154,500	25,026	129,474
Civic Center-Capital	51,500	51,500	36,080	15,420
Total Expenditures	2,542,245	2,542,245	2,233,974	308,271
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(2,487,245)	(2,487,245)	(2,233,380)	253,865
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Capital Assets	233,624	233,624	284,173	50,549
Transfers in	1,570,663	1,570,633	1,590,390	19,757
Transfers out	-	-	0	-
Total Other Financing Sources (Uses)	1,804,287	1,804,257	1,874,563	70,306
<b>Net Change in Fund Balance</b>	(682,958)	(682,988)	(358,817)	324,171
<b>Fund Balance - October 1</b>	-	-	2,641,744	(2,641,744)
<b>Fund Balance - September 30</b>	\$ (682,958)	\$ (682,988)	\$ 2,282,927	\$ (2,317,573)

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CEMETERY PERPETUAL CARE**  
**Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>with Final Budget</b>
<b>REVENUE</b>				
Licenses and Permits	\$ -	\$ -	\$ -	\$ -
Interest	-	-	29	29
Other Contributions	-	-	-	-
Miscellaneous	-	-	500	500
Total Revenues			529	529
<b>EXPENDITURES</b>				
<b>Current</b>				
Parks and Recreation - Operations	80,000	80,000	600	79,400
Total Expenditures	80,000	80,000	600	79,400
<b>Excess (Deficiency) of Revenue over Expenditures</b>	(80,000)	(80,000)	(71)	79,929
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	750	750	-	(750)
Total Other Financing Sources (Uses)	750	750	-	(750)
<b>Net Change in Fund Balance</b>	(79,250)	(79,250)	(71)	79,179
<b>Fund Balance - October 1</b>	-	-	94,185	-
<b>Fund Balance - September 30</b>	\$ (80,000)	\$ (80,000)	\$ 94,114	\$ 79,929



## STATISTICAL SECTION

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# STATISTICAL SECTION

This part of the City of New Braunfels' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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

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

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Table 1

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 25,698	\$ 19,682	\$ 16,701	\$ 28,406	\$ 24,535	\$ 25,853	\$ 26,047	\$ 25,891	\$ 24,207	\$ 8,094
Restricted	3,149	30,529	17,170	8,705	5,001	3,834	4,571	4,587	7,931	6,879
Unrestricted	17,607	5,562	25,817	23,302	27,138	23,972	22,021	15,937	12,650	13,828
Total governmental activities net position	<u>\$ 46,454</u>	<u>\$ 55,773</u>	<u>\$ 59,688</u>	<u>\$ 60,413</u>	<u>\$ 56,674</u>	<u>\$ 53,659</u>	<u>\$ 52,639</u>	<u>\$ 46,415</u>	<u>\$ 44,788</u>	<u>\$ 28,801</u>
Business-type activities										
Net investment in capital assets	\$ 4,772	\$ 6,330	\$ 8,620	\$ 8,716	\$ 8,414	\$ 7,940	\$ 6,951	\$ 8,200	\$ 11,549	\$ 34,960
Unrestricted	3,585	3,860	3,363	2,251	3,103	2,151	1,235	1,930	2,054	1,967
Total business-type activities net position	<u>\$ 8,357</u>	<u>\$ 8,357</u>	<u>\$ 11,983</u>	<u>\$ 10,967</u>	<u>\$ 11,517</u>	<u>\$ 10,091</u>	<u>\$ 8,186</u>	<u>\$ 10,130</u>	<u>\$ 13,603</u>	<u>\$ 36,927</u>
Primary government										
Net investment in capital assets	\$ 30,470	\$ 26,012	\$ 25,321	\$ 37,122	\$ 32,949	\$ 33,793	\$ 32,998	\$ 34,091	\$ 35,756	\$ 43,054
Restricted	3,149	30,529	17,170	8,705	5,001	3,834	4,571	4,587	7,931	6,879
Unrestricted	21,192	9,422	29,180	25,553	30,241	26,123	23,256	17,867	14,704	15,795
Total primary government net position	<u>\$ 54,811</u>	<u>\$ 65,963</u>	<u>\$ 71,671</u>	<u>\$ 71,380</u>	<u>\$ 68,191</u>	<u>\$ 63,750</u>	<u>\$ 60,825</u>	<u>\$ 56,545</u>	<u>\$ 58,391</u>	<u>\$ 65,728</u>

Source: City financial statements

Table 2

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

<b>Expenses</b>	<b>Fiscal Year</b>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Governmental activities:										
General government	\$ 2,886	\$ 2,668	\$ 5,048	\$ 5,992	\$ 6,016	\$ 5,409	\$ 7,918	\$ 9,416	\$ 12,083	\$ 14,850
Finance and tax	1,104	836	949	1,285	1,011	966	912	1,050	1,305	972
Planning and environmental development	1,468	1,671	2,656	2,468	2,896	2,861	3,350	2,816	3,413	2,489
Public safety	15,877	18,071	19,107	22,472	25,901	27,303	28,515	31,810	30,057	31,597
Public works	2,433	3,557	4,050	5,116	6,460	6,631	6,675	8,180	12,973	8,241
Parks and recreation	2,855	3,017	3,661	4,042	4,538	5,321	5,069	5,995	3,632	4,572
Library	1,117	1,440	1,529	1,717	1,860	1,769	1,836	1,954	2,203	2,400
Civic/Convention Center	245	399	713	1,185	-	-	-	-	6	5
Housing assistance payments	-	38	-	-	-	-	-	-	-	-
Airport	-	-	-	-	15	249	9	-	219	107
Contributions	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	1,604	1,547	1,639	2,610	3,181	3,552	3,184	4,213	3,913	4,985
Total governmental activities expenses	<u>29,589</u>	<u>33,244</u>	<u>39,352</u>	<u>46,887</u>	<u>51,878</u>	<u>54,061</u>	<u>57,468</u>	<u>65,434</u>	<u>69,804</u>	<u>70,218</u>
Business-type activities:										
Airport	1,000	1,234	1,093	1,458	1,134	1,730	1,968	2,174	2,305	2,855
Solid Waste	3,768	4,102	4,846	5,433	5,552	6,389	5,506	5,167	5,779	6,171
Golf Course	823	923	916	924	888	884	979	1,015	904	678
Civic/Convention Center	-	-	-	-	656	752	746	730	671	924
Total business-type activities expenses	<u>5,591</u>	<u>6,259</u>	<u>6,855</u>	<u>7,815</u>	<u>8,230</u>	<u>9,755</u>	<u>9,199</u>	<u>9,086</u>	<u>9,659</u>	<u>10,628</u>
Total primary government expenses	<u>\$ 35,180</u>	<u>\$ 39,503</u>	<u>\$ 46,207</u>	<u>\$ 54,702</u>	<u>\$ 60,108</u>	<u>\$ 63,816</u>	<u>\$ 66,667</u>	<u>\$ 74,520</u>	<u>\$ 79,463</u>	<u>\$ 80,846</u>

Table 2

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

<b>Program Revenues</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Governmental activities:										
Charges for services:										
General government	\$ 167	\$ 430	\$ 150	\$ 95	\$ 155	\$ 158	\$ 260	\$ 165	\$ 1,182	\$ 1,095
Finance and tax	-	1,984	-	-	-	-	-	-	-	-
Planning and environmental development	1,662	2,904	2,197	2,269	1,967	2,000	2,385	2,988	3,209	3,335
Public safety	2,618	252	2,362	2,827	4,477	4,245	4,684	3,822	3,936	3,108
Public works	16	1,052	602	656	620	295	222	1,141	75	898
Parks and recreation	839	81	1,162	1,337	1,375	1,181	1,352	1,386	1,600	1,963
Library	90	-	82	90	103	137	177	98	111	114
Facilities maintenance	-	71	-	-	-	-	-	-	-	-
Civic/Convention Center	58	-	58	179	-	-	-	-	-	-
Operating grants and contributions	487	632	1,803	1,531	1,739	1,874	2,760	1,366	1,000	1,539
Capital grants and contributions	-	626	490	801	701	837	1,555	2,072	3,000	-
Total governmental activities program revenues	<u>5,937</u>	<u>8,032</u>	<u>8,906</u>	<u>9,785</u>	<u>11,137</u>	<u>10,727</u>	<u>13,395</u>	<u>13,038</u>	<u>14,113</u>	<u>12,052</u>
Business-type activities:										
Charges for services:										
Airport	668	918	841	1,028	783	1,361	1,406	1,667	1,771	2,387
Solid Waste	5,009	5,351	5,259	5,046	5,690	5,855	6,415	7,020	7,215	7,591
Golf Course	843	910	890	1,056	1,103	867	957	975	1,076	128
Civic/Convention Center	-	-	-	-	224	291	321	279	293	371
Operating grants and contributions	154	-	-	-	-	-	71	50	55	43
Capital grants and contributions	-	77	9	87	650	955	223	2,224	4,570	441
Total business-type activities program revenues	<u>6,674</u>	<u>7,256</u>	<u>6,999</u>	<u>7,217</u>	<u>8,450</u>	<u>9,329</u>	<u>9,393</u>	<u>12,215</u>	<u>14,980</u>	<u>10,961</u>
Total primary government program revenues	<u>\$ 12,611</u>	<u>\$ 15,288</u>	<u>\$ 15,905</u>	<u>\$ 17,002</u>	<u>\$ 19,587</u>	<u>\$ 20,056</u>	<u>\$ 22,788</u>	<u>\$ 25,253</u>	<u>\$ 29,093</u>	<u>\$ 23,013</u>
Net (expense) revenue										
Governmental activities	\$ (23,652)	\$ (25,212)	\$ (30,446)	\$ (37,102)	\$ (40,741)	\$ (43,334)	\$ (44,073)	\$ (52,396)	\$ (55,691)	\$ (58,166)
Business-type activities	1,083	997	144	(598)	220	(426)	194	3,129	5,321	333
Total primary government net expense	<u>\$ (22,569)</u>	<u>\$ (24,215)</u>	<u>\$ (30,302)</u>	<u>\$ (37,700)</u>	<u>\$ (40,521)</u>	<u>\$ (43,760)</u>	<u>\$ (43,879)</u>	<u>\$ (49,267)</u>	<u>\$ (50,370)</u>	<u>\$ (57,833)</u>

Table 2

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

**General Revenues and Other Changes in Net Position**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	\$ 7,319	\$ 9,154	\$ 9,800	\$ 9,809	\$ 10,781	\$ 10,838	\$ 10,340	\$ 10,578	\$ 11,206	\$ 10,851
Property taxes, levied for debt service	2,890	1,382	2,385	3,774	4,688	4,992	5,698	7,260	8,019	9,231
Sales tax	8,580	10,315	11,200	11,974	11,858	12,562	13,457	14,665	16,420	18,613
Hotel/Motel occupancy taxes	2,563	2,747	2,096	2,346	2,155	2,486	2,615	3,118	3,375	3,604
Franchise taxes	4,792	5,320	6,125	5,869	6,351	6,986	7,448	7,694	7,875	8,283
Mixed beverage	-	-	-	190	193	220	232	211	275	390
Investment income	1,404	2,618	3,314	2,544	740	189	114	155	187	87
Other contributions	-	2	26	20	183	343	205	171	1,806	1,989
Miscellaneous	436	169	545	775	357	643	817	1,052	4,492	4,183
Transfers	753	2,824	(2,827)	699	(304)	1,015	2,127	1,268	1,618	(8,222)
Total governmental activities	<u>28,737</u>	<u>34,531</u>	<u>32,664</u>	<u>38,000</u>	<u>37,002</u>	<u>40,274</u>	<u>43,053</u>	<u>46,172</u>	<u>55,273</u>	<u>49,009</u>
Business-type activities:										
Investment income	98	172	199	109	30	14	3	2	2	1
Miscellaneous income	-	-	-	-	-	-	25	82	(233)	68
Transfers	(48)	664	2,827	(699)	304	(1,015)	(2,127)	(1,269)	(1,618)	8,222
Total business-type activities	<u>50</u>	<u>836</u>	<u>3,026</u>	<u>(590)</u>	<u>334</u>	<u>(1,001)</u>	<u>(2,099)</u>	<u>(1,185)</u>	<u>(1,849)</u>	<u>8,291</u>
Total primary government	<u>\$ 28,787</u>	<u>\$ 35,367</u>	<u>\$ 35,690</u>	<u>\$ 37,410</u>	<u>\$ 37,336</u>	<u>\$ 39,273</u>	<u>\$ 40,954</u>	<u>\$ 44,987</u>	<u>\$ 53,424</u>	<u>\$ 57,300</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 5,085	\$ 9,319	\$ 2,218	\$ 898	\$ (3,739)	\$ (3,060)	\$ (1,020)	\$ (6,224)	\$ (418)	\$ (9,157)
Business-type activities	1,133	1,833	3,170	(1,188)	554	(1,427)	(1,905)	1,944	3,472	8,624
Total primary government	<u>\$ 6,218</u>	<u>\$ 11,152</u>	<u>\$ 5,388</u>	<u>\$ (290)</u>	<u>\$ (3,185)</u>	<u>\$ (4,487)</u>	<u>\$ (2,925)</u>	<u>\$ (4,280)</u>	<u>\$ 3,054</u>	<u>\$ (533)</u>

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 1	\$ -	\$ 1
Assigned	-	-	1,507	560	258	267	9,318	7,611	4,662	4,430
Unassigned	17,794	22,185	23,647	21,461	23,260	26,139	18,291	16,838	15,189	18,188
Total general fund	<u>\$ 17,794</u>	<u>\$ 22,185</u>	<u>\$ 25,154</u>	<u>\$ 22,021</u>	<u>\$ 23,518</u>	<u>\$ 26,406</u>	<u>\$ 27,611</u>	<u>\$ 24,450</u>	<u>\$ 19,851</u>	<u>\$ 22,619</u>
 <b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135	\$ 88	\$ 95	\$ 94
Restricted	-	-	-	39,619	30,361	\$ 2,586	27,222	36,789	45,162	40,930
Committed	-	-	-	-	-	-	104	531	3,160	2,863
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned, reported in:										
Debt service fund	1,213	1,423	2,473	2,504	1,725	679	-	-	-	-
Hotel/Motel Tax fund	1,427	311	174	224	203	443	-	-	-	-
Special revenue funds	2,629	2,151	1,344	1,257	312	598	-	(19)	(733)	(187)
Permanent fund	-	-	192	198	144	146	-	-	-	-
Capital Project funds (deficit)	29,894	28,185	42,210	621	1,381	15,350	-	(2,014)	-	-
Total all other governmental funds	<u>\$ 35,163</u>	<u>\$ 32,070</u>	<u>\$ 46,393</u>	<u>\$ 44,423</u>	<u>\$ 34,126</u>	<u>\$ 19,802</u>	<u>\$ 27,461</u>	<u>\$ 35,375</u>	<u>\$ 47,684</u>	<u>\$ 43,700</u>

Source: Balance Sheet

Table 4

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Taxes and transfers	\$ 26,057	\$ 28,918	\$ 31,515	\$ 33,898	\$ 35,823	\$ 38,778	\$ 39,841	\$ 43,365	\$ 47,119	\$ 52,201
Licenses and permits	1,731	2,061	1,705	1,792	1,542	1,490	1,693	2,340	2,252	2,581
Intergovernmental	-	-	-	-	-	-	-	-	107	152
Charges for services	1,492	1,594	2,278	2,484	3,377	3,001	3,857	3,946	3,093	3,133
Fines and forfeitures	1,132	1,318	931	1,168	1,191	1,465	1,845	1,233	1,173	1,235
Parks and recreation	838	1,294	1,130	1,491	1,384	1,180	1,358	1,062	1,528	1,883
Interest	1,359	2,573	3,267	2,511	715	185	114	302	187	87
Federal grants	402	1,022	800	306	385	635	1,137	267	689	1,990
State and local grants	-	134	214	223	260	207	554	57	1,980	312
Other contributions	-	86	1,257	1,669	1,830	2,067	1,773	1,150	2,917	3,594
Miscellaneous	748	442	843	1,255	1,467	830	1,073	2,047	4,440	2,565
Charges and fees	30	252	-	-	-	-	-	-	-	-
Total Revenues	33,789	39,694	43,940	46,797	47,974	49,838	53,245	55,769	65,485	69,733
<b>Expenditures</b>										
General government	3,397	3,401	5,783	5,952	5,200	5,183	6,764	8,312	8,550	12,490
Finance and tax	651	760	859	1,171	862	811	742	870	1,120	848
Planning and environmental devel.	1,321	1,671	2,438	2,391	2,511	2,463	2,959	2,335	3,264	2,729
Public safety	15,131	18,192	18,122	25,919	23,176	22,631	26,137	34,934	28,311	30,207
Public works	2,761	3,066	7,532	16,751	20,670	13,566	13,742	10,112	20,863	18,319
Parks and recreation	3,072	3,218	5,690	4,812	5,713	6,395	4,953	5,907	5,555	18,797
Library	1,006	1,399	1,369	1,551	1,645	1,560	1,602	1,608	2,020	2,059
Facilities maintenance	296	346	229	260	1,493	-	-	-	-	-
Civic/Convention Center	269	259	7,374	4,458	-	-	-	-	55	61
Contributions	-	-	-	-	-	-	-	-	-	-
Housing assistance payments	-	38	-	-	-	-	-	-	-	-
Airport	-	-	112	-	15	249	9	-	263	1,977
Capital projects	1,154	6,980	-	-	-	-	-	-	-	-

Table 4

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

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Debt service										
Principal	\$ 1,234	\$ 343	\$ 1,390	\$ 2,805	\$ 3,575	\$ 4,000	\$ 4,140	\$ 4,715	\$ 5,825	\$ 6,775
Interest	1,430	1,547	1,529	2,540	3,182	3,513	3,222	3,961	4,242	4,762
Other	2	1	542	243	151	3	107	249	185	414
Total Expenditures	<u>31,724</u>	<u>41,221</u>	<u>52,969</u>	<u>68,853</u>	<u>68,193</u>	<u>60,374</u>	<u>64,377</u>	<u>73,003</u>	<u>80,253</u>	<u>99,438</u>
Excess of revenues over (under) expenditures	2,065	(1,527)	(9,029)	(22,056)	(20,219)	(10,536)	(11,132)	(17,234)	(14,768)	(29,705)
<b>Other financing sources (uses)</b>										
Transfer in	1,267	5,688	4,127	4,389	3,641	2,399	3,486	4,975	6,871	3,827
Transfer out	(514)	(2,864)	(3,854)	(3,690)	(3,946)	(1,384)	(1,858)	(4,106)	(5,253)	(1,491)
Proceeds from issuance of debt	-	-	37,700	16,300	9,500	-	18,930	19,470	30,330	24,095
Premium (discount) on debt issuance	-	-	46	100	65	-	-	1,526	1,795	1,016
Payment to bond escrow agent	-	-	(10,432)	-	-	-	(719)	-	(11,677)	-
Proceeds from sale of assets	-	-	45	25	68	12	114	121	412	369
Proceeds from loan payable	-	-	-	-	-	-	-	-	-	673
Net other financing sources (uses)	<u>753</u>	<u>2,824</u>	<u>27,632</u>	<u>17,124</u>	<u>9,328</u>	<u>1,027</u>	<u>19,953</u>	<u>21,986</u>	<u>22,478</u>	<u>28,489</u>
Net change in fund balances	<u>\$ 2,818</u>	<u>\$ 1,297</u>	<u>\$ 18,603</u>	<u>\$ (4,932)</u>	<u>\$ (10,891)</u>	<u>\$ (9,509)</u>	<u>\$ 8,821</u>	<u>\$ 4,752</u>	<u>\$ 7,710</u>	<u>\$ (1,216)</u>
Debt service as a percentage of noncapital expenditures	<u>8.7%</u>	<u>5.5%</u>	<u>6.5%</u>	<u>8.1%</u>	<u>10.1%</u>	<u>12.4%</u>	<u>11.6%</u>	<u>12.2%</u>	<u>12.8%</u>	<u>12.0%</u>

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

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Utilities Transfer</b>	<b>Hotel Occupancy Tax</b>	<b>Mixed Beverage Tax</b>	<b>Total</b>
2005	\$ 10,122	\$ 8,580	\$ 713	\$ 4,241	\$ 1,849	\$ 77	\$ 25,582
2006	10,535	10,315	809	4,769	1,923	131	28,482
2007	11,938	11,200	874	5,251	2,096	156	31,515
2008	13,519	11,974	939	4,929	2,343	190	33,894
2009	15,266	11,858	1,045	5,306	2,155	193	35,823
2010	15,830	12,562	1,336	5,650	2,486	220	38,084
2011	16,089	13,457	1,629	5,819	2,615	232	39,841
2012	17,828	14,665	1,475	6,065	3,118	211	43,362
2013	19,174	16,420	1,671	6,204	3,375	275	47,119
2014	21,311	18,613	1,805	6,478	3,604	390	52,201

Data Source: City CAFRs and detailed financial records

Table 6

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

<b>Fiscal Year Ended</b>	<b>Total Assessed</b>	<b>Total Real Property</b>	<b>Total Personal Property</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value<sup>1</sup> as a Percentage of Actual Value</b>
2005	\$ 2,900,318	\$ 2,607,147	\$ 293,171	\$ 423,841	\$ 2,476,477	0.44833	\$ 2,476,477	85.39%
2006	3,436,339	3,134,226	302,113	501,538	2,934,801	0.42561	2,934,801	85.40%
2007	3,825,235	3,500,619	324,616	524,642	3,300,593	0.40986	3,300,593	86.28%
2008	4,434,090	4,074,265	359,825	635,571	3,798,519	0.40986	3,798,519	85.67%
2009	4,815,790	4,485,101	330,689	715,980	4,099,810	0.40986	4,099,810	85.13%
2010	4,731,368	4,379,000	352,368	789,412	3,941,956	0.40986	3,941,956	83.32%
2011	4,871,687	4,488,892	382,795	809,339	4,062,348	0.40986	4,062,348	83.39%
2012	4,959,408	4,610,203	349,205	853,111	4,106,297	0.44836	4,106,297	82.80%
2013	5,044,593	4,665,542	379,051	866,905	4,177,688	0.46734	4,177,688	82.82%
2014	5,313,743	4,917,972	395,771	904,189	4,409,554	0.49823	4,409,554	82.98%

Source: Comal County Appraisal District

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

Table 7

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

Fiscal Year	City of New Braunfels Tax Rate			Overlapping Tax Rates					Total Direct & Overlapping	Total Direct & Overlapping	Total Direct & Overlapping
	General Government	Debt Service	Total	Comal County	Guadalupe County	Navarro ISD	New Braunfels ISD	Comal ISD	Rates NBISD	Rates Comal ISD	Rates Navarro ISD
2005	0.32026	0.12807	0.44833	0.33374	0.40300	1.85510	1.82000	1.82000	2.60207	2.60207	2.70643
2006	0.36900	0.05662	0.42561	0.35375	0.40310	1.88000	1.82000	1.80000	2.59936	2.57936	2.70871
2007	0.32702	0.08285	0.40986	0.31520	0.40310	1.82000	1.65250	1.64000	2.37756	2.36506	2.63296
2008	0.29486	0.11500	0.40986	0.31799	0.38950	1.44000	1.34486	1.31000	2.07272	2.03786	2.23936
2009	0.28218	0.12768	0.40986	0.30802	0.38950	1.44000	1.33880	1.31000	2.05669	2.02789	2.23936
2010	0.28218	0.12768	0.40986	0.31296	0.38950	1.44000	1.33910	1.31000	2.06192	2.03282	2.23936
2011	0.26136	0.14850	0.40986	0.33400	0.39990	1.46000	1.33910	1.37000	2.08296	2.11386	2.26976
2012	0.26136	0.18700	0.44836	0.35042	0.40360	1.46000	1.33910	1.43000	2.13788	2.22878	2.31196
2013	0.26856	0.19878	0.46734	0.35042	0.40360	1.43000	1.33910	1.43000	2.15687	2.24777	2.30094
2014	0.27808	0.22015	0.49823	0.27822	0.34190	1.42000	1.33910	1.43000	2.11555	2.20645	2.26013

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

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

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

Table 8

**City of New Braunfels, Texas  
Principal Property Taxpayers  
Fiscal Year End 2014 and 2005**

<b>Taxpayer</b>	<b>2014</b>			<b>2005</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Central Texas Corridor Hospital (Resolute Health)	\$ 84,260,253	1	1.91%			
Creekside Town Center	71,526,840	2	1.62%			
Rush Trucking Leasing	39,177,350	3	0.89%			
Sundance Apartments	21,535,750	4	0.49%			
Western Rim Investors	20,283,199	5	0.46%			
LPF Westpointe LLC	20,049,270	6	0.45%			
Bucees	18,751,200	7	0.43%			
Augusta Gruene Apartments	17,346,330	8	0.39%			
Health Care Reit Inc.	16,235,080	9	0.37%			
Coleman Co Inc	15,524,451	10	0.35%	\$ 11,699,701	1	0.47%
Triden Westshore Colony				10,993,010	2	0.44%
Bluebonnet Motors				9,741,930	3	0.39%
H.E. Butt Grocery Co.				9,663,020	4	0.39%
NB Marketplace LP				9,609,270	5	0.39%
Southwestern Bell Telephone				8,942,180	6	0.36%
Walmart Real Estate Trust				8,919,370	7	0.36%
Liberty Partnership LP				8,750,670	8	0.35%
Metra United Grand Cypress				8,448,000	9	0.34%
Dayton Superior Corporation				8,428,520	10	0.34%
Totals	\$ 324,689,723		7.36%	\$ 95,195,671		3.84%

Source: Comal County Tax Assessor-Collector's Office

Table 9

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

<b>Fiscal Year Ended</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collections within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2005	\$ 10,149	\$ 10,105	97.32%	24	\$ 10,129	99.8%
2006	10,494	9,680	99.57%	797	10,477	99.8%
2007	11,820	11,568	96.67%	229	11,797	99.8%
2008	13,422	13,094	97.56%	286	13,380	99.7%
2009	15,178	14,817	97.62%	274	15,091	99.4%
2010	15,623	15,210	98.06%	257	15,467	99.0%
2011	15,838	15,612	98.57%	400	16,012	101.1%
2012	17,747	17,431	98.22%	325	17,756	100.1%
2013	19,108	19,092	99.92%	334	19,426	101.7%
2014	21,543	21,251	98.64%	195	21,446	99.5%

Source: Comal County Tax Assessor and City CAFR

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



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

Fiscal Year	Governmental Activities			Business Type Activities			Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Revenue Bond	Certificates of Obligation	Capital Leases			
2005	\$ 915	\$ 33,445	\$ 4	\$ 300		\$ 24	\$ 34,688	1.9%	\$ 745
2006		34,020	-	255		13	34,288	1.7%	692
2007	10,600	50,060	-	210		-	60,870	2.8%	1,169
2008	10,600	63,555	-	160		-	74,315	3.1%	1,377
2009	10,545	78,645	-	110		-	89,300	3.8%	1,598
2010	10,490	65,590	-	55		-	76,135	3.2%	1,319
2011	10,975	79,180	-	-		-	90,155	3.5%	1,507
2012	10,725	94,190	-	-		-	104,915	4.0%	1,726
2013	21,305	97,030	-	-		-	118,335	4.2%	1,912
2014	34,685	90,845	644	-	10,125	750	137,049	6.1%	2,175

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

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

Table 11

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</b>	<b>Per Capita<sup>2</sup></b>
2005	\$ 915	\$ -	\$ 915	0.04%	\$ 20
2006	-	-	-	0.00%	-
2007	10,600	-	10,600	0.32%	204
2008	10,600	-	10,600	0.28%	196
2009	10,545	-	10,545	0.26%	189
2010	10,490	-	10,490	0.27%	182
2011	10,975	-	10,975	0.27%	183
2012	10,725	786	9,939	0.24%	163
2013	21,305	809	20,496	0.49%	331
2014	34,685	1,279	33,406	0.76%	530

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

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

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

Table 12

**City of New Braunfels, Texas**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
New Braunfels Independent School District	\$135,287,758	84.7%	\$ 114,534,616
Comal Independent School District	492,921,213	20.6%	101,738,938
Navarro Independent School District	24,465,490	1.2%	281,353
Guadalupe County	19,440,000	8.9%	1,720,440
Comal County	66,020,000	36.0%	23,773,802
Subtotal - overlapping debt	738,134,461		242,049,149
City of New Braunfels direct debt	\$ 137,049,000	100%	137,049,000
Total direct and overlapping debt			<u>\$ 379,098,149</u>

Source: Debt outstanding data provided by the ISD and the County and is as of December 31, 2013

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 290,032	\$ 343,634	\$ 382,524	\$ 443,409	\$ 481,579	\$ 473,137	\$ 487,169	\$ 495,941	\$ 504,459	\$ 531,374
Total net debt applicable to limit	915	-	10,600	10,600	10,545	10,490	10,975	10,725	21,305	34,685
Legal debt margin	\$ 289,117	\$ 343,634	\$ 371,924	\$ 432,809	\$ 471,034	\$ 462,647	\$ 476,194	\$ 485,216	\$ 483,154	\$ 496,689
Total net debt applicable to the limit as a percentage of debt limit	0.3%	0.0%	2.8%	2.4%	2.2%	2.2%	2.3%	2.2%	4.2%	6.5%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed Value	\$ 4,409,554
Add Back: exempt real property	904,189
Total Assessed Value	<u>\$ 5,313,743</u>
Debt limit (10% of total assessed value)	531,374
Debt applicable to limit:	
General obligation bonds	34,685
Legal debt margin	<u><u>\$ 496,689</u></u>

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

Table 14

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Total Wages All Industries<sup>2</sup> (expressed in thousands)</b>	<b>Average Annual Pay All Industries<sup>2</sup></b>	<b>School Enrollment<sup>3</sup></b>	<b>Unemployment Rate<sup>4</sup></b>
2005	46,577	\$ 1,850,843	\$ 31,167	20,008	4.2%
2006	49,514	2,030,917	32,380	21,134	3.9%
2007	52,056	2,191,376	33,380	22,366	3.4%
2008	53,975	2,361,258	34,348	23,656	4.0%
2009	55,867	2,349,085	34,565	24,371	5.7%
2010	57,740	2,388,266	34,998	24,941	5.8%
2011	59,823	2,544,510	35,970	14,273	6.1%
2012	60,791	2,642,199	37,555	15,883	5.1%
2013	61,885	2,822,616	41,155	8,269	4.6%
2014	62,998	2,232,220	43,800	8,463	3.8%

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

<sup>3</sup>School enrollment is for Comal County through 2010; 2011 and all following years are for City of New Braunfels only; 2013 and following years include only New Braunfels Independent School District

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

Table 15

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

<b><u>Employer</u></b>	<b>2014</b>			<b>2005</b>		
	<b><u>Employees</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total City Employment</u></b>	<b><u>Employees</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total City Employment</u></b>
Comal ISD	2,400	1	8.1%	1,800	1	7.8%
Schlitterbahn Water Park	1,863	2	6.3%	1,700	2	7.3%
Wal-Mart Distribution Center	1,035	3	3.5%	1,200	3	5.2%
New Braunfels ISD	1,050	4	3.5%	850	6	3.7%
Comal County	613	5	2.1%	521	8	2.2%
Hunter Industries-Colorado Materials	586	6	2.0%	650	7	2.8%
City of New Braunfels	538	7	1.8%	494	9	2.1%
Christus Santa Rosa Hospital	534	8	1.8%	903	5	3.9%
HD Supply	520	9	1.7%			0.0%
Checks in the Mail, Inc.	305	10	1.0%	433	10	1.9%
The Scooter Store	-		0.0%	600	8	2.6%
<b>Total</b>	<b>9,444</b>		<b>31.7%</b>	<b>10,251</b>		<b>36.9%</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**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<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	3.0	3.0	2.0	2.0	2.0	3.0	3.0	4.0	4.0	4.0
City Manager	1.0	1.0	3.0	4.0	5.0	4.0	5.0	5.0	5.0	5.0
Human Resources	0.0	0.0	0.0	0.0	6.0	6.0	6.0	7.0	7.0	7.0
Support Services	8.0	10.0	14.0	18.0	14.0	14.0	15.0	16.0	17.0	17.0
Municipal Court	7.0	8.0	10.0	11.0	11.0	11.0	11.0	10.0	10.0	10.0
Police	99.0	103.5	115.0	123.0	140.0	139.0	139.0	143.0	148.0	151.0
Fire	89.0	95.0	104.0	114.0	116.0	116.0	116.0	134.0	134.0	134.0
Planning and Community Development	16.5	19.0	21.0	23.0	24.0	25.0	24.0	26.0	29.0	30.0
Planning and Comm. Dev. - Main Street	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Parks and Recreation	129.5	135.5	150.0	151.0	152.0	140.0	140.5	141.5	150.5	150.5
Public Works	35.0	40.0	42.0	46.0	42.0	42.0	41.5	47.0	44.5	44.5
Library	16.3	21.8	24.0	25.5	25.8	25.8	26.5	26.5	28.5	28.5
<b>Total General Fund</b>	409.3	441.8	490.0	522.5	542.8	529.8	531.5	564.0	581.5	585.5
<b>GOLF COURSE FUND</b>	10.0	10.0	10.0	10.0	13.0	13.0	12.0	11.5	11.5	11.5
<b>AIRPORT FUND</b>	3.5	3.5	3.5	3.5	4.5	5.5	6.0	6.0	7.0	7.0
<b>SOLID WASTE FUND</b>	53.0	53.0	53.0	51.0	51.0	51.0	44.5	48.0	50.5	50.5
<b>CAPITAL PROJECT FUNDS</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0	8.0
<b>CIVIC/CONVENTION CENTER FUND</b>	0.0	0.0	0.0	0.0	8.0	8.0	8.0	8.0	8.5	8.5
<b>RIVER ACTIVITIES FUND</b>	24.0	24.0	24.0	20.0	20.0	16.0	16.0	67.5	54.5	54.5
<b>FACILITIES MAINTENANCE FUND</b>	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0
<b>CDBG FUND</b>	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
	500.8	533.3	581.5	608.0	640.3	623.3	619.0	706.0	720.5	726.5

Source: City of New Braunfels Annual Budget

Table 17

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

Function	Fiscal Years							
	2007	2008	2009	2010	2011	2012	2013	2014
Police								
Serious crimes that result in arrest or cleared for prosecution	N/A	N/A	N/A	N/A	1,087	957	900	850
Avg. time from intake of crimes in progress call until officer on scene	N/A	N/A	N/A	N/A	6:10	6:41	6:36	6.31
Fire								
Response times - structure fire	N/A	N/A	N/A	N/A	4:43	3:45	4:30	4:30
Response times - EMS	N/A	N/A	N/A	N/A	5:30	5:32	5:30	5:30
Smoke detectors issued/inspected/updated	N/A	N/A	N/A	N/A	762	842	1,200	1,200
Public Works								
Subdivision plans reviewed within 30 days of receipt	50%	50%	100%	100%	100%	100%	90%	95%
Permits reviewed	265	280	274	296	285	240	240	260
Miles of roadway repaired/improved	2	2	2	4	4	14	38	35
Acres of right-of-way mowed	174	174	174	185	185	165	188	200
Solid Waste								
Waste diverted from landfill	13%	13%	13%	13%	20%	36%	35%	30%
Residential operating cost per ton collected	N/A	N/A	N/A	N/A	\$ 63.32	\$ 94.00	\$ 104.00	\$ 82.57
Parks and Recreation								
Participants in recreation programs	2,623	2,710	2,426	2,126	3,198	3,080	3,000	3,200
Athletic leagues teams' participants	N/A	N/A	N/A	N/A	196	212	190	200
Golf course rounds played	42,000	42,500	47,976	41,000	40,574	39,140	43,000	N/A
Planning and Community Development								
Residential permits issued	1,924	2,034	1,924	2,116	1,019	1,556	1,603	1,655
Commercial permits issued	282	291	282	310	552	442	455	469
Calls for service - Animal Control	5,250	5,504	6,144	5,040	5,994	5,553	6,900	7,275
Cases abated without court action - Code Compliance	95%	97%	97%	92%	96%	98%	98%	98%
Special projects completed	N/A	N/A	N/A	N/A	4	5	15	5
Historic landmark designations	10	4	7	7	6	3	3	5
Airport Operations								
Flight operations annually	64,000	58,000	47,462	58,000	32,340	28,099	39,880	40,000
Gallons of fuel sold	N/A	N/A	N/A	N/A	221,106	289,882	308,000	320,000
Library								
Visitors annually	241,000	257,868	270,838	378,000	313,996	312,138	285,000	300,000
Annual circulation of library materials	440,000	482,064	568,327	802,500	756,549	762,491	800,000	800,000
Database accesses	N/A	N/A	N/A	N/A	14,117	18,021	28,000	32,000
Municipal Court								
Time from plea to trial	1 year	1 year	1 year	45 days	123 days	27 days	37 days	45 days
Time to issue warrant for failure to appear	1 year	1 year	1 year	75 days	1 year	72 days	96 days	90 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**

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Public Safety										
Police and Fire:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	5	5	5	5	6	6	6
Highways and streets										
Streets (miles)			275	283	291	305	317	318	318	323
Area in square miles			1.7	1.7	1.8	1.8	1.9	1.9	1.9	2.0
Culture and recreation										
Parks acreage	291	291	349	349	373	373	373	373	373	373
Swimming pools	2	2	2	2	2	2	2	2	2	2
Golf course	1	1	1	1	1	1	1	1	1	1

Sources: Various city departments.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

City Council  
City of New Braunfels  
New Braunfels, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of New Braunfels, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise City of New Braunfels basic financial statements, and have issued our report thereon dated March 20, 2015. Our report includes a reference to other auditors who audited the financial statements of New Braunfels Utilities as described in our report on City of New Braunfels 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 of the financial statements, we considered City of New Braunfels internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of New Braunfels internal control. Accordingly, we do not express an opinion on the effectiveness of City of New Braunfels internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weaknesses and one we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as finding 2014-001 in the accompanying schedule of findings and questioned costs to be a material weakness.

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. We consider deficiency described as finding 2014-002 in the accompanying schedule of findings and questioned costs to be significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of New Braunfels financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of New Braunfels Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Dallas, Texas  
March 20, 2015

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

City Council  
City of New Braunfels  
New Braunfels, Texas

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

We have audited City of New Braunfels, TX's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of New Braunfels, TX's major federal programs for the year ended September 30, 2014. City of New Braunfels, TX's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of City of New Braunfels, TX's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of New Braunfels, TX's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of New Braunfels, TX's compliance.

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

In our opinion, City of New Braunfels, TX complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

### **Report on Internal Control Over Compliance**

Management of City of New Braunfels, TX is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of New Braunfels, TX's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of New Braunfels, TX's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Dallas, Texas  
March 20, 2015

**CITY OF NEW BRAUNFELS, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended September 30, 2014**

<u>Grantor Agency/Program Title</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program			
Community Development Block Grant Entitlement Program (CDBG - Entitlement Grants Cluster)	14.218	B-11-MC-48-0512	\$ 10,000
Community Development Block Grant Entitlement Program (CDBG - Entitlement Grants Cluster)	14.218	B-13-MC-48-0512	221,265
Community Development Block Grant Entitlement Program (CDBG - Entitlement Grants Cluster)	14.218	B-14-MC-48-0512	16,216
Economic Development Initiative-Special Projects	14.251	B-08-SP-TX-0131	<u>98,000</u>
			345,481
<u>Federal Emergency Management Agency</u>			
Passed Through Texas Department of Public Safety			
Legislative Pre-Disaster Mitigation Grant	97.047	LPDM-FY10-006	38,242
Repetitive Flood Claim Grant	97.092	RFC-FY12-004	<u>35,742</u>
			73,984
<u>U.S. Department of Homeland Security</u>			
Passed Through Texas Department of Public Safety			
State Homeland Security Grant Program	97.073	11-SR-50820-01	83,522
State Homeland Security Grant Program	97.073	12-SR-50820-02	<u>38,496</u>
			122,018
<u>U.S. Department of Justice</u>			
Direct Program			
Edward Byrne Memorial Justice Assistance Grant (JAG Program Cluster)	16.738	2012-DJ-BX-0841	31,500
Bullet Proof Vest Program	16.607	SB-B9-1157	<u>19,041</u>
			50,541
<u>National Highway Traffic Safety Administration</u>			
Passed Through Texas Department of Transportation			
Selective Traffic Enforcement Program (Highway Safety Cluster)	20.600	583EGF6060	<u>75,010</u>
			75,010
			<u>\$ 667,034</u>

**CITY OF NEW BRAUNFELS**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**September 30, 2014**

**NOTE 1 - BASIS OF PRESENTATION**

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

**NOTE 2 – SUBRECIPIENTS**

The City of New Braunfels records disbursements to subrecipients on the cash basis of accounting for the purpose of requesting reimbursement from the federal grantor agencies:

<u>Grantor Agency/Grant Title and Subrecipients</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Amount</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grant Entitlement Program			
Big Brothers Big Sisters	14.218	B-13-MC-48-0512	\$ 7,293
Casa of Central Texas Inc.	14.218	B-13-MC-48-0512	25,000
Children's Advocacy Center	14.218	B-13-MC-48-0512	2,498
Comal Senior Citizens Foundation	14.218	B-13-MC-48-0512	4,000
Comal County Senior Center	14.218	B-13-MC-48-0512	87,989
Institute for Public Health & Research	14.218	B-13-MC-48-0512	30,000
Mill Street Square LLC	14.218	B-11-MC-48-0512	10,000
Samministries	14.218	B-13-MC-48-0512	4,000
San Antonio Food Bank	14.218	B-13-MC-48-0512	<u>16,001</u>
Actual Cash Disbursed During the Fiscal Year			\$ 186,781



**CITY OF NEW BRAUNFELS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**September 30, 2014**

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

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

**Federal Awards**

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

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? No

Identification of major programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

14.218	Community Development Block Grant Entitlement Program (CDBG – Entitlement Grants Cluster)
97.067	State Homeland Security Grant Program

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

Auditee qualified as low-risk auditee? No

**CITY OF NEW BRAUNFELS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**September 30, 2014**

**Section II - Financial Statement Findings**

**2014-001 Property and Equipment Records/Capital Asset Restatement (Material Weakness)**

Condition

During test work over capital assets we noted the following:

- During the 2013-14 fiscal year, city staff performed a detailed review of facilities, equipment and fleet. Previously, these assets had been estimated in the aggregate. Assets were then added to the total when purchased. This detailed process identified unrecorded City owned assets which resulted in adjustments to historic accumulated depreciation amounts
- City staff determined that capital contributions to the airport from the Texas Department of Transportation that were completed during the time period of 2009 through the end of 2011 in the amount of \$7,921,206 had not been included in the City's capital asset total.
- The City maintains detailed records of buildings, equipment and fleet. In addition, a detailed listing of improvements needs to be included and updated on the City's capital asset register.

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; A separate subsidiary ledger is maintained to track buildings, equipment and fleet. However, a separate subsidiary ledger needs to be maintained to track improvements in addition to buildings, equipment and

Effect

The summation of the identified errors created an overstatement of capital assets of \$6,830,890 in governmental activities and a understatement of \$14,699,985 in business-type activities, which resulted in a restatement to the financial statements.

**CITY OF NEW BRAUNFELS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**September 30, 2014**

**2014-001 Property and Equipment Records/Capital Asset Restatement (Material Weakness) - Continued**

The city currently maintains detailed records for buildings, equipment and fleet. However, the City has not compiled the same identical detail listing for improvements on the City's capital asset register. Without detail records in a central asset register it is difficult to properly and accurately track depreciation by asset, or to calculate the net book value of assets that are being disposed of. This leads to an increased chance of error in accounting or potential misappropriation of property and equipment.

**Recommendation**

We recommend that the City also add the historic records of improvements to the capital asset register. At a minimum, the detailed property records should include a description, asset number, serial number (when applicable), location, original cost, date of acquisition, assigned useful life, method of depreciation and accumulated depreciation.

We also recommend that the City be aware of any construction work performed on City owned land and property by entities other than the City. Once identified the City should communicate with the other entity to know the intent of the work performed and if it will eventually be transferred over to the City.

**Management's Response**

The City agrees with the findings. During the 2013-14 Fiscal Year, City staff performed a detailed review of facilities, equipment and fleet. These items were added to the City's capital asset register. City staff is currently reviewing any additional capital improvements and will be including them on the capital asset register. In addition, the buyer reviews any capital purchases and adds them to the capital asset register during the year. Responsible official: Martie Simpson. Estimated completion date: September 30, 2015.

**CITY OF NEW BRAUNFELS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**September 30, 2014**

**2014-002 Journal Entry Approval (Significant Deficiency)**

Condition

The Finance Manager both creates and posts manual journal entries that are not reviewed prior to entry into the City's accounting system's general ledger.

Criteria

Proper segregation of duties dictates that all journal entries be reviewed and approved by someone independent of the preparation process.

Cause

The City's internal control system currently requires monthly review of all financial reports on a monthly basis, which is a compensating detective control. However with the amount of financial activity occurring monthly, a preventive control (such as journal entry review) will lower the City's exposure to risk.

Effect

The ability to post journal entries to the accounting system without independent approval allows for a direct management override of internal controls in place.

Recommendation

We recommend that the City require all journal entries to be approved prior to entry into the accounting general ledger. Approval should be done through a formal signature or initial by an independent technical reviewer.

Management's Response

The City agrees with the findings. During the first quarter of the current fiscal year, City staff began reviewing internal controls. Additional approval levels will be put in place to include approval of all journal entries by the Director of Finance and/or the Assistant Director of Finance. These approval levels are intended to separate the preparation and posting of journal entries from the approval process.

**CITY OF NEW BRAUNFELS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**September 30, 2014**

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

No findings noted in the current year.

**Section IV – Prior Year Financial Statement Findings**

2013-001 Property and Equipment Records – updated and revised as 2014-001

**Section V – Prior Year Federal Awards Findings and Questioned Costs**

There was no federal awards findings in the prior year.

