

Budget Order

City of New Braunfels FY 2025 Budget

**For the period October 1, 2024, through September 30, 2025 Approval
of the FY 2025 Budget**

City Council approves the FY 2025 Budget as filed with the City Secretary.

Authorized Positions and Salaries

The positions listed in the FY 2025 Budget document under each department or division are the authorized positions for FY 2025. The Finance department collaborates with the Human Resources department to capture all positions including title reclassifications, restructuring, and FTE changes throughout the fiscal year. These lists include full-time, seasonal, part-time regular, and part-time positions but not temporary positions. Temporary positions are approved during the year at the City Manager's discretion and depend on available budgeted funds. Any increase in the authorized number of positions requires City Council approval.

Cost of living salary adjustments are authorized for FY 2025 and unless otherwise directed by the City Manager, will be effective October 1, 2024. Additionally, employees will be eligible to receive up to 3% through a merit evaluation. Increases received as a result of the merit evaluation will be effective January 1, 2025. Uniform employees are also eligible for step pay plan adjustments. Step pay plan increases are effective on the employee's anniversary in their current position.

The FY 2025 Budget, as adopted by the City Council, controls expenditures by fund, department, and budget category. Budget categories include:

- Employee Expenses
- Operations Expenses
- Capital Expenses
- Interfund Transfers
- Debt Service
- Contingencies

Although funds are allocated into individual line items in each budget and those line-item allocations are adopted as part of the FY 2025 Budget, departments have flexibility in expensing these funds within the budget category. As long as the total appropriation for a budget category (ex. employee expenses) is not exceeded, one or more line items in the group (ex. certification pay), may exceed its budget allocation. Operating (recurring) and Equipment and Initiatives (one-time), shown separately in the budget appropriations, are considered part of one appropriation - Operations Expenses - for budget control purposes. In the proposed budget, funding for resource requests are separated from the other expenditure categories. This funding will be

incorporated into the adopted budget document in the appropriate expenditure category i.e. employee, operating, and capital expenditures.

In the CDBG, Special Revenue, Grants Funds, EARIP/HCP Fund, and New Braunfels Economic Development Corporation (NBEDC) Budget, appropriations are controlled at the project level. As the Council accepts grant awards, donations are received from outside sources, projects are approved, and proceeds are appropriated and available to the party to expend for identified City purposes and needs. As projects are completed, appropriations are reconciled to match the actual expenditure, to ensure that funds aren't expended up and above the intent of the specific allocation.

Capital Improvement Funds (as listed in the designated section of the FY 2025 Budget document)

Capital improvement funds are 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.

Budget Amendment Process

The budget may be changed through a budget transfer or a budget amendment only through an action of the City Manager (transfers) or City Council (amendments). Transfers move appropriations within a fund from one of the appropriation groups listed above to another of those groups, for example from operations expenses to capital expenses. These transfers most often occur within one department but can occur between departments within the same fund. The City Manager has the discretion to approve budget transfers. Budget amendments generally reflect changes in revenues and may allocate additional funds into a budget expenditure appropriation. Staff prepares an agenda item for Council consideration that describes the proposed budget amendment. A vote by the majority of the Council is required for approval of a budget amendment.

Authority of the City Manager

The City Manager and his authorized and designated employees, at his direction, are authorized to sign or release easements, airport leases, permits, and licenses; to authorize change orders in the amount of \$50,000 or less; to sign interlocal agreements as authorized by state law; to sign documents authorizing the payment of funds, and to expend public funds as authorized by state law unless otherwise authorized by the City Council; to settle paving assessment, weed mowing, demolition, and other disputes based on legal questions of whether the assessments are enforceable or other extenuating factual circumstances. The City Manager is authorized to adjust compensation, within Council policy direction, of any City employee when in his discretion an adjustment needs to be made to hire or retain qualified personnel. The City Manager is authorized to hire temporary employees when needed and if sufficient funds are available within the adopted budget. This section intends to provide the ability to conduct daily affairs of the City, which involves numerous decisions of a routine nature, and to hire and retain qualified personnel.

City Council Approval

The City Council hereby approves grants and contracts that are set out by this budget and authorizes the City Manager and his authorized and designated employees, at his discretion, to sign said federal, state, and other such grant and contract documents, including interlocal agreements, on behalf of the City. The funds for said contracts, agreements, and purchases are hereby approved and appropriated. This section intends to approve and simplify the grant process and approve expenditures that are exempt from the Purchasing and Contracting Authority of Municipalities, Chapter 252 of the Local Government Code.



ATTACHMENT 1

To: City Council
 From: Jared Werner, Assistant City Manager
 Date: September 5, 2024
 Subject: Recommended Changes to the FY 2025 Proposed Budget

After further staff review of the FY 2025 Proposed Budget document submitted to the City Council for their consideration, the following changes are recommended.

1. Fire Apparatus Replacement and Maintenance Fund

- a) The following amendment will decrease the interfund transfer from the General Fund to the Fire Apparatus and Maintenance Fund by \$253,883. This transfer was originally recorded twice, so this amendment will reflect the correct transfer to the Fire Apparatus Replacement and Maintenance to cover the remaining debt service for a pumper truck.

Decrease Interfund Transfer Revenue - FY 2025 Fire Apparatus Replacement and Maintenance Fund		
Fire Apparatus Replacement and Maintenance Fund	Revenue	(\$253,883)
Total		(\$253,883)

Decrease Interfund Transfer Expenditures – FY 2025 General Fund		
General Fund	Expenditures	(\$253,883)
Total		(\$253,883)

2. Downtown TIRZ Fund

- a) Following the completion of the FY 2025 Proposed Budget document, the Downtown TIRZ board met and recommended that the budget for FY 2025 should include \$50,000 to be allocated to grants and \$20,000 to be allocated towards administrative costs.

Originally, a placeholder of \$115,000 in expenditure budget was added to the fund. This amendment will reduce the budget to align with the board's recommendations. This amendment represents a total expenditure decrease of \$45,000 from the initial FY 2025 Proposed Budget.

Decrease Operating Expenditures – FY 2025 Downtown TIRZ Fund		
Downtown TIRZ Fund	Expenditures	(\$45,000)
Total		(\$45,000)



3. Airport Fund

- a) Staff recommends the following amendment to restate the budgeted revenue for the Airport Fund in FY 2025. Initially, the Airport Fund revenue was budgeted to reflect grant revenue of \$7,912,000 to be received during FY 2025. However, after completion of the FY 2025 Proposed Budget, staff discovered this grant would be managed directly by the grantor. Therefore, no revenue budget is needed. For accurate reporting, the revenue budget will be decreased by \$7,912,000 to reflect this change. The amended FY 2025 Proposed Budget includes \$5,391,910 in total revenue with the total revenue decreasing by \$7,912,000.

Decrease Airport Revenue Budget – FY 2025 Airport Fund		
Airport	Revenue	(\$7,912,000)
Total		(\$7,912,000)

4. General Fund

- a) Staff recommends the following amendment to fund a vehicle, additional one-time equipment (laptop, monitor, dock, phone, tools), and training for the new Health Specialist position that was a funded resource request in the FY 2025 Proposed Budget.

Increase (One-Time) Capital and Operating Expenditures - FY 2025 General Fund		
Planning and Development Services Department	Expenditures	\$27,240
Planning and Development Services Department	Expenditures	\$2,760
Total		\$30,000



- b) Staff recommends an amendment totaling \$30,000 to complete the Das Rec pool lighting project. This will be a rollover budget from FY 2024 due to a longer-than-expected timeline to complete the project.

Increase Expenditures - FY 2025 General Fund		
Das Rec	Expenditures	\$30,000
Total		\$30,000

- c) Staff recommends amendments to the General Fund Budget listed above will result in a total decrease to the FY 2025 General Fund Budget shown below. Please note that the total includes the amendment from item 1A:

FY 2025 General Fund Budget- Total Amendment Impact	
Expenditures	(\$193,883)

5. Capital Funds

- a) **2019 Bond Fund** – Staff recommends that the 2019 Bond Fund be amended to reflect updated expenditure budgets. The original amounts presented in the FY 2025 Proposed Budget excluded encumbered funds. The standard methodology utilized for capital fund budgeting consists of budgeting the funds currently allocated to projects, unallocated, and encumbered.

Correcting the budgeting methodologies resulted in various project balances being adjusted, and an increase in the overall expenditure budget for the 2019 Bond fund. This amendment will not affect the ending fund balance.

Increase Expenditures – FY 2025 Capital Funds		
2019 Capital Improvement Bond Fund	Expenditures	\$2,800,000
Total		\$2,800,000



- b) **2014 C of O's** – The FY 2025 Proposed Budget for 2014 C of O's included \$55,425 in expenditures, which left out a total of \$512 that should have been appropriated. Staff recommends fully appropriating this fund to be consistent in budgeting methodologies with the other capital funds. With the approval of this amendment, total expenditures will increase by \$512, bringing the amended FY 2025 Proposed Budget to \$55,937.

Increase Expenditures – FY 2025 Capital Funds		
2014 C of O's	Expenditures	\$512
Total		\$512

- c) **2023 Bond Fund** – The FY 2025 Proposed Budget for the 2023 Bond Fund did not fully appropriate expenditures. The standard methodology utilized for capital fund budgeting consists of budgeting the funds currently allocated to projects, unallocated, and encumbered. This methodology allows for a more accurate projection of funding availability in each of the funds and results in a \$0 ending fund balance.

This amendment will fully appropriate all funds within the 2023 Bond Fund.

Increase Expenditures – FY 2025 Capital Funds		
2023 Capital Improvement Bond Fund	Expenditures	\$1,480,768
Total		\$1,480,768

- d) **2024 Tax Notes Fund** – Staff recommends an amendment to fully appropriate the 2024 Tax Note expenditures. This change will result in a \$0 fund balance, which is the standard budgeting practice for capital funds.

Increase Expenditures – FY 2025 Capital Funds		
2024 Tax Notes	Expenditures	\$3,030,000
Total		\$3,030,000

6. Debt Service Fund

- a) The FY 2025 Proposed Budget for the Debt Service fund expenses totaled \$32,732,778. Staff discovered that fiscal agent fees were accounted for twice, thus inflating the total by \$5,000. Staff recommends the following amendment that will lower debt service expenses by \$5,000 reflecting the correct expenditure total of \$32,727,778.

Decrease Expenditures – FY 2025 Debt Service Fund		
Debt Service Fund	Expenditures	(\$5,000)
Total		(\$5,000)

