

**DRAFT - MINUTES
OF THE NEW BRAUNFELS FINANCE AND AUDIT COMMITTEE
REGULAR MEETING OF MONDAY, JANUARY 13, 2025**

AGENDA

1. CALL TO ORDER

Mayor Linnartz called the meeting to order January 13, 2025, at 4:07 p.m.

2. ROLL CALL

We have a quorum. Mayor Pro Tem Campos arrived at 4:15 p.m.

3. APPROVAL OF MINUTES

A) Approval of the September 23, 2024 Finance and Audit Committee minutes.

Mayor Linnartz moved to approve the minutes. Councilmember Spradley seconded the motion which passed.

4. CITIZENS' COMMUNICATIONS

This time is for citizens to address the Finance and Audit Committee on issues and items of concerns not on this agenda. There will be no action at this time.

5. INDIVIDUAL ITEMS FOR CONSIDERATION

A) Presentation and discussion regarding the FY 2024 Preliminary Year-End Financial Report (Unaudited).

Karrie Cook, Budget Manager, presented the unaudited FY 2024 financials. In the General Fund revenue actuals decreased compared to estimated revenues by \$1.3M. Expenditure actuals increased compared to estimates by \$686K causing a decrease in the General Fund balance for FY 2025. The primary focus for FY 2025 will be supporting existing recurring expenditures and continuing to enhance non-primary revenue sources. 80% of funds have been identified to mitigate the deficit. Karrie presented revenues, expenditures and fund balances for all Enterprise funds as well as other notable funds (River fund, HOT Fund and EDC fund). Councilmember Spradley asked if the interest from the hot tax fund was rolled back into the fund balance, Jared Werner, Assistant City Manager, answered yes. Mayor Pro Tem Campos asked when we anticipate using the dollars in the HOT fund to start construction on the Civic Center renovations, Jared Werner,

Assistant City Manager, answered 3-5 years. Mayor Pro Tem Campos explained his concern for risk on the funds invested due to inflation and Jared Werner responded with we will look at investments that have less risk.

B) Presentation and discussion regarding the FY 2024 Fourth Quarter Investment Report.

Carren Ridge, the Accounting and Treasury Manager, presented the investment report. FY 2024 interest income actuals were \$13,347,000 compared to a budget of \$3,944,000. Jared Werner spoke to the need to budget conservatively for interest income. Mayor Pro Tem Campos asked for specifics on the transfer we make from our investments into the bank account in the month of September. Carren explained it depends on multiple factors and why we make the transfer during this time. The Finance team was awarded the Certificate of Distinction by the Government Treasurer's Organization of Texas for its Investment Policy. Councilmember Spradley asked how often we look at different investments and move funds around. Carren responded with monthly.

C) Update on newly implemented Hotel Occupancy Tax payment process and software.

Carren Ridge, the Accounting and Treasury Manager, presented an updated on the payment process and software to collect HOT. Carren explained the old provider stopped our service, we pivoted to remediate the issue and are working through any pain points we have uncovered. Mayor Linnertz asked how many complaints we have received since operating in the new system and Carren responded with 10. Mayor Linnertz asked how many short-term rentals will get shut down due to operating in zoning districts not allowed? Carren will follow up when they have identified this number. Mayor Linnertz asked if we are auditing who is making payments, Carren confirmed we are. Carren also confirmed the City team is holding weekly meeting including Accounting, Planning and IT to discover these properties that are not compliant. Mayor Pro Tem Campos asked if we have any recourse to the property owners that are not compliant, and Jared Werner confirmed we have the ability to collect back taxes for 2 years per Legal.

6. EXECUTIVE SESSION

In accordance with the Texas Government Code, Section 551.071, the Board reserves the right to retire into executive session concerning the items listed on this agenda to consult with its attorney. In addition, the Board may convene in executive session on any of the following items, with any final action being taken in open session:

7. **ADJOURNMENT**

The meeting was adjourned at 4:57 p.m.