

**DRAFT - MINUTES
OF THE NEW BRAUNFELS FINANCE AND AUDIT COMMITTEE
REGULAR MEETING OF MONDAY, SEPTEMBER 22, 2025**

AGENDA

1. CALL TO ORDER

Mayor Linnartz called the meeting to order September 22, 2025, at 4:07 PM

2. ROLL CALL

City Staff Present: Jared Werner (Assistant City Manager), Sandy Paulos (Director of Finance), Becky Wiatrek (Assistant Director of Finance), Carren Ridge (Accounting & Treasury Manager), Karrie Cook (Budget Manager), Lisa Cole (Accounting Supervisor), Rebecca Dishman (Administrative Assistant), Barbara Coleman (Purchasing Manager), Zach Boytos (Budget Analyst), Daniel Hebert (Crowe LLP), Cory Lee (Crowe LLP)

3. APPROVAL OF MINUTES

A) Approval of June, 23, 2025 Meeting Minutes

Mayor Linnartz moved to approve the minutes. Mayor Pro Tem Spradley seconded the motion, with the exception of a correction to the previous approval of minutes

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.

No one spoke at this time

5. INDIVIDUAL ITEMS FOR CONSIDERATION

A) Update and discussion regarding the status of the interim and implementation audits

Daniel Hebert (Crowe LLP) introduced colleagues Cory Lee (present) and Greg Pohlmann (via Teams) and gave an overview of the implementation of Workday. Greg then presented on IT Assurance both from an implementation standpoint as well as going forward. It was found that two individuals had access to make changes to business processes, when that access should be eventually restricted to IT. Mayor Linnartz asked if we had someone looking at that. Jared

confirmed that we did, and that the reason those individuals had access is because the IT resource was out on FMLA. Mayor Linnartz asked if someone could make unauthorized changes; Becky Wiatrek responded that JC McConnell was monitoring for those instances. A similar situation was found for custom reporting. Greg stated that on a go-forward basis, if there are new users the informal process (of sending an email) should be formalized by having a ticket submitted to IT and that access should be granted on an individual basis vs. mirroring another user. Jared stated that he was very pleased with the implementation and that it was the first major migration we had gone through since 2001; also, that these recommendations are based on not having an IT person in place right now. Daniel commented that since the implementation occurred 2 ½ months before year end, it was difficult to identify key areas of high risk to put controls in place and that was something we would look at after year end.

As far as the interim audit, Daniel stated there were two things to focus on, one being some amount of beginning balance testing from the old to the new system, which we can take care of via the reconciliation process, and the other getting their understanding of reports that are coming out of the system – making sure things are aligned between us and Crowe. He touched on the new GASB 101, which updates the standards for compensated absences, and that the city will be subject to a single audit, but that there was no concern as there were no findings last year. Mayor Linnartz asked if we were set up in such a way that no one could do anything that might give the city a black eye. Daniel and Greg both thought that with our configuration and the current list of observations and recommendations being shorter than usual, they were both comfortable that would not happen. Mayor Linnartz asked if we have measure in place to mitigate that risk, and Daniel feels that we are good.

B) Presentation and discussion regarding the implementation of Rentalscapes as the City's Hotel Occupancy Tax payment platform

Carren Ridge presented on the transition to Rentalscapes, chosen for their transparency and ease of use. The previous system had declined in service and failed to meet contract terms. Mayor Linnartz asked if it was on the City's website. There was discussion among Mayor Linnartz, Carren, Jared, and Mayor Pro Tem Spradley regarding whether the new system had found non-compliance (yes), if people were operating illegally, or if they were just renting out their properties and not paying, and whether we have shut some of them

down (also yes). Jared commented that there was a large area in town that has the right to STR's and there was also discussion around homeowners having multiple homestead exemptions – which is possible if you have homes in two states, but you can not have more than one in Texas. Carren stated that there were ways to check; Mayor Pro Tem Spradley stated he would like to see more data on homeowners who have been caught, whether they were trying to become compliant, etc. Carren will follow up. So far they have identified about 100 properties in the first go-round, which should be going down. Mayor Linnartz asked how many rental sites were being monitored (more than 70). Councilmember Carter inquired about the consequences for not filing and paying. Jared responded that the fines would continue to pile up. Mayor Pro Tem Spradley asked if the city was paying the provider, Carren responded that Rentalscapes fees were paid out of the HOT fund.

The challenges we had with Cityworks is that it is not a tax payment platform, there were major processing delays, and limited reporting capability. Mayor Linnartz asked if there was a payment portal in Rentalscapes, to which Carren replied there is, but they are still working to streamline multi-property payments. The next step is to schedule demos with property owners, do an email campaign, engage with Rentalscape's payment partner, provide them with an updated property list, and fully engage by January. Mayor Linnartz really wants to identify the non-compliant properties, and Mayor Pro Tem Spradley asked how many there were (400 – 500).

C) Presentation and discussion regarding the FY 2025 Third Quarter Financial Report

Karrie Cook presented third quarter financials. For the General Fund, property tax, sales tax, franchise tax, are all slightly up year over year. Other revenue is up primarily due to ambulance fees. Sales tax this quarter has been volatile, up .25, while Q4 continues flat. Non-primary revenue sources are up compared to last year primarily due to fee modifications. There are no concerns with Q3 expenditures at the 75% threshold. Enterprise Funds: Airport fuel sales are down; fuel expenses are down. Ancillary fees are up, and expenditures are in line. Solid Waste collections are up due to efficiency improvements, operating expenses are higher as expected due to annual purchase orders. Golf revenue is steady, as are expenses. Civic Center revenue is down, and a deep dive shows a lot of cancellations; also, they had to stop booking events because they were short-staffed. Mayor

Linnartz asked if they had contracted in advance, how did we handle that, just tell the people they couldn't have their event? Karrie will follow up. Councilmember Carter also wants to hear back on that. There were \$27K in cancellations, other than that lost revenue is from being unable to take on new bookings. Everyone was interested in knowing what our cancellation policy is. Jared said he would put something together, and that we had changed our booking policy from 5 years out to 2 years out.

6. ADJOURNMENT

The meeting was adjourned at 4:51 PM