



**CITY OF NEW BRAUNFELS, TEXAS
FINANCE AND AUDIT COMMITTEE MEETING**



**CITY HALL - TEJAS ROOM
550 LANDA STREET**

MONDAY, MARCH 16, 2026 at 4:00 PM

AGENDA

1. CALL TO ORDER

2. ROLL CALL

3. APPROVAL OF MINUTES

A) Approval of 01.26.2026 Meeting Minutes **26-332**

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 2025 **26-333**
Annual Comprehensive Financial Report

B) ARPA program update and possible direction to Staff on **26-334**
the additional allocation of City of New Braunfels ARPA
funds to the Transit Fund

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

CERTIFICATION

I hereby certify the above Notice of Meeting was posted on the bulletin board at the New Braunfels City Hall.

Board Liaison

NOTE: Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, or large print, are requested to contact the City Secretary's Office at (830) 221-4010 at least two (2) work days prior to the meeting so that appropriate arrangements can be made.



Finance and Audit Committee Agenda Item Report

550 Landa Street
New Braunfels, TX

3/16/2026

Agenda Item No. A)

**DRAFT - MINUTES
OF THE NEW BRAUNFELS FINANCE AND AUDIT COMMITTEE
REGULAR MEETING OF MONDAY, JANUARY 26, 2026**

AGENDA

1. CALL TO ORDER

Mayor Linnartz called the meeting to order January 26, 2026 at 4:09 PM

2. ROLL CALL

City Council Present: Neal Linnartz (Mayor), Lawrence Spradley (Mayor Pro Tem), Toni Carter (Councilmember)

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), Christopher Greenwell (Grants Coordinator), Rebecca Dishman (Administrative Assistant), Matthew Simmont (Planning Manager), Patrick Martinez (Code Compliance Officer), Lisa Cole (Accounting Supervisor), Tasha McGee (Budget Analyst), Zach Boytos (Budget Analyst)

Online: Daniel Hebert (Crowe LLP), Cory Lee (Crowe LLP), Miguel Regalado (Crowe LLP)

Mayor Linnartz declared a quorum.

3. APPROVAL OF MINUTES

A) Approval of September 22, 2025 meeting minutes

Mayor Pro Tem Spradley moved to approve the September 22, 2025 minutes with the amendment of adding City Council members present. Councilmember Carter seconded the motion.

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 FY 2025 audit

Daniel Hebert introduced the Crowe LLP service team via Teams, as weather prevented the audit team from being onsite. Cory Lee went over the deliverables, which are essentially the same as last year, auditing the City's financial statements in a single audit, providing a letter to those charged with governance. All the work scheduled for June – Aug has been successfully completed. Year-end testing is currently in process. Daniel went over their risk-based approach, what we need to focus on and stated that we're basically through risk assessment and are in the fieldwork and testing phase. Unique risk items related to FY2025 audit are

- New ERP system (Workday)
- GASB 101 (new rules for compensated absences)
- Normal higher risk areas (Cash and Accounts Payable transaction cycles)

The threshold for Federal Expenditures went up from \$750K to \$1M. Two programs selected for testing were Transportation Alternatives Program and ARPA, which covers approximately 46% of Federal awards.

Daniel concluded the presentation by stating that the final audit is well underway, that they will be meeting with management at least once every week throughout the duration of the audit, that things are progressing well, that we are in a really good spot, and that Crowe was not aware of any relationship between Crowe LLP and the City that would impair their independence.

Mayor Linnartz brought up a question from the previous FAAC Meeting regarding issues with employees having proper access in Workday. Jared Werner responded that the Crowe IT Assurance Team had made recommendations to ensure internal controls are good. Councilmember Carter asked if there was anything new in the audit for this year. Daniel brought up the three unique risk items mentioned above, and that everything else was the norm. He also stated that part of the process is taking preliminary information from the City and identifying new areas that need to be looked at, and that every year they incorporate some area of unpredictability to analyze for items that don't follow a pattern to put a critical lens against.

B) Presentation and discussion regarding the FY 2025 Preliminary Year End Financial Report (Unaudited)

Karrie Cook presented highlights from the FY 2025 Preliminary Year

End Financial report but stated that since the statements were unaudited the numbers were subject to shift. General Fund revenue estimate reflects an increase of \$19K over the original estimate in the 2026 Budget as well as what we thought they would be in June and July.

Mayor Pro Tem Spradley question what percentage we use to come up with estimate? Karrie explained that each bucket has its own niche because of seasonal differences and things such as sales tax volatility.

Airport, Golf and Civic / Convention Center revenues all came in on target with estimates. Solid Waste revenues were notably higher than estimates. All enterprise funds had decreases in expenses compared to estimates as well. Mayor Pro Tem Spradley asked if the idea was to have those funds pay for themselves, Karrie answered yes. Mayor Linnartz commented that it appeared Golf and Civic / Convention Center were operating at a deficit. Karrie explained that included one-time charges (golf carts). Jared commented that Civic / Convention Center is always a struggle, that rates have been increased but we are still cheaper than other facilities, and that we should discuss what to do in the future about that whole campus. Councilmember Carter asked what we used for estimates. Karrie said we use a combination of Excel spreadsheets and information from Workday (which is better than OneSolution was). Jared also mentioned items like fluctuations in payroll, seasonality, etc.

At the end of FY 2025, we project an increase in the General Fund of \$333K, which represents an 8% increase compared to FY 2024.

C) Update and possible direction to Staff on City of New Braunfels ARPA Allocation to Habitat for Humanity

Christopher Greenwell presented on the original award project of 7 townhomes at the Michigan Street property, versus Habitat's request to revise the scope of the project to 4 single-family homes on the same property. The City ARPA award is \$207,500 and Habitat has indicated that the award could still be expended on infrastructure by the September 30, 2026 deadline (full completion / occupancy likely to take an additional 2 years).

The Finance and Audit Committee has been asked to consider the revising the contract to reflect those changes to the scope, certificate

of occupancy clause to reflect the changes in the timeline and reimbursement of infrastructure costs if completed by deadline, and to record a lien on the property that secures repayment to the City if the project is not complete on time.

Mayor Linnartz asked if the property is worth the \$207K award, and if the merger with the Comal County board has happened. Christopher responded that it has not yet, and that the lien was a recommendation from Habitat. The Mayor asked if we are looking at the financials of the Habitat they are merging with. Christopher responded that their audit is still ongoing and there has been no merger yet. Jared asked Christopher to speak about the 10-year claw back. Christopher stated that Habitat would be required to submit monthly project completion reports, and if they are not meeting obligations, we would be able to recoup some of our investments. Mayor Linnartz asked where the money would come from, or if we would have to sue. Mayor Pro Tem Spradley expressed the same concerns – would they have to fundraise? Borrow: No lender was going to give money on a second lien position. Christopher explained that in the event of a merger, the new entity would assume all obligations. Mayor Pro Tem Spradley asked if we should wait until after the merger on the funds, but Christopher responded that they would not have time to spend the funds by the deadline.

Christopher presented several other ARPA eligible expenditures should Habitat not be able to expend their award by the deadline, Comal / Faust Street project in particular. Councilmember Carter asked why that particular one? Jared responded because we can work directly with Transportation and Construction Services to properly spend the funds. Christopher added that based on timelines, we would be able to spend the funds more quickly. Jared stated that if we must reallocate the funds they have to go into one of the dedicated buckets (mobility, transportation) and that we need to have a focused discussion on this matter.

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

Carren Ridge presented the Hotel Occupancy Tax Platform Transition & Compliance Update. Rentalscape has been fully implemented as of February 1. The payment merchant (FullPay) is fully functional, and we have been receiving payments. An email campaign is underway notifying property owners. The first payment on the new platform is

due February 20 for January taxes. The plan is to send continual emails to guide people to the new platform, which is much more user-friendly than the previous one. Mayor Pro Tem Spradley asked if we had reached out to the new hotels, and Carren responded that we had. He then asked about the process for new people who have been approved for short-term rentals. Currently Matthew Simmont reaches out to Carren to inform her of new approvals. Currently we have 588 short-term rental registrations (40 hotels, 458 condo / resort rentals, 90 STR's including B&B's).

Matthew Simmont then gave a high-level overview of the STR rental registration process both from the property owners steps as well as the City's.

Patrick Martinez went over code compliance and how complaints are received (in person, phone, via portal, etc.) and addressed. Jared commented that neighbors will also complain. When a complaint is received, we contact the property owner, and they have 15 – 30 days to come into compliance or we will file on them. Mayor Pro Tem Spradley asked about the number of complaints we receive. Patrick responded that we had 36 last year and currently 10 open and pending (3 in the past 6 months on short-term violations). Many property owners will change their advertising to say they can only be rented for 30 days or more to come into compliance or just change their rental platform. Councilmember Carter commented that this was a problem, and Mayor Linnartz asked if there was anything City Council could do, and that they would consider changes to the ordinance. Councilmember Carter asked Patrick to make suggestions to City Council (stricter penalties, increasing penalties for each violation were mentioned). Mayor Pro Tem Spradley stated that when a property owner applies for a STR they should be paying full property taxes with no exemptions, and Patrick agreed that was correct.

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6. ADJOURNMENT

The meeting was adjourned at 5:01 PM



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Agenda Item No. A)



Finance and Audit Committee Agenda Item Report

550 Landa Street
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3/16/2026

Agenda Item No. B)
