

To the Honorable Mayor and
City Council Members of the
City of New Braunfels, Texas

In planning and performing our audit of the financial statements of City of New Braunfels, Texas (the “City”) as of and for the year ended September, 30, 2025, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Company’s internal control over financial reporting (“internal control”) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’s 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain matters that we are required to or wish to communicate to you. Matters communicated in this letter are classified as follows:

- **Material Weakness** – A material weakness is a deficiency, or 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.
- **Significant Deficiency** – A significant deficiency is a deficiency, or 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.
- **Deficiency** – A control deficiency 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.

Internal Control over Financial Reporting related to Year-end Accounts Payable Accruals	Material Weakness
Control Deficiency:	<p>Management is responsible for establishing and maintaining effective internal control over financial reporting to ensure that financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Effective controls should ensure that expenditures and related liabilities are recorded completely and in the proper reporting period, including the accrual of accounts payable at fiscal year end.</p> <p>As part of our audit procedures, we performed a search for unrecorded liabilities, which included reviewing disbursements made subsequent to fiscal year end and examining supporting documentation to determine whether related goods or services were received prior to year end. Through these procedures, we identified unrecorded liabilities that should have been accrued back to fiscal year 2025, but were recorded in fiscal year 2026 totaling approximately \$6.4 million, which related to 14 invoices that were received and entered during October 2025.</p>
Potential Effect:	The failure to properly accrue accounts payable resulted in an understatement of liabilities and expenditures in the financial statements of \$6.4 million.

Internal Control over Financial Reporting related to Year-end Accounts Payable Accruals	Material Weakness
Recommendation:	We recommend that the City continue strengthening its year-end closing procedures within the new system environment, including: 1) Utilizing a formal year-end closing checklist tailored to the system; 2) Performing documented reconciliations of subsequent disbursements and other accrual-related data; 3) Establishing clear supervisory review of accrual calculations; and 4) Continuing targeted system training for finance personnel.

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

The City's written response to the material weakness identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.


 Crowe LLP

Houston, Texas
 March 16, 2026