



Presentation to the Board of Trustees on the 2025 audit:

New Braunfels Utilities (NBU)

December 18, 2025

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Audit Discussion

Agenda

What was covered by this year's audit

Summary of audit results

Required communication to Governing
Body

Discussion

Audit overview

Audit was conducted onsite and remotely with no difficulties. Two weeks of fieldwork were conducted.

- One week of interim fieldwork conducted onsite and remotely - July 21st – 23rd
- One week of final fieldwork conducted onsite and remotely - October 13th though 17th

Management and staff were cooperative and readily available.

Audit schedule was maintained and communication between management and auditors was effective.

Planned scope and timing

Audit focus

Based on our understanding of the Utilities and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards
- Review, recompute and substantiate financial statement amounts and disclosures

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Utilities' current year results.



Audit approach and results

Audit performed in accordance with Generally Accepted Auditing Standards and *Government Auditing Standards*

Audit objective – reasonable assurance that financial statements are free from material misstatement

Financial statements of NBU received an *Unmodified Opinion*

There was one material weakness in controls over financial reporting

Auditor communication to those charged with governance

Auditor
responsibility &
independence

Board
responsibility

Accounting
policies and
estimates

Baker Tilly agrees with the Utilities'
accounting policies and disclosures

Audit adjustments

No other audit findings or concerns

Audit summary

Thank You!

We appreciate the work performed by the NBU accounting staff, management and the Audit Committee in preparing for and assisting in the audit!

We would be happy to answer any questions regarding the audit.

Discussion