



Popular Annual Financial Report

For the Fiscal Year Ended July 31, 2025

A component unit of the
City of New Braunfels, Texas
Established 1942

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About This Report

This Popular Annual Financial Report (PAFR) has been prepared to provide readers with summary information about New Braunfels Utilities (NBU), its services, programs, and financial condition for the fiscal year ending July 31, 2025. It is a snapshot of information pulled from NBU's Annual Comprehensive Financial Report (ACFR) for the same period. Our ACFR is based on Generally Accepted Accounting Principles (GAAP). NBU's financial statements have been audited by Baker Tilly US, LLP. The independent auditor concluded that the financial statements present fairly, in all material respects, the financial position of NBU.

The ACFR is available on NBU's website at nbutexas.com/nbu-financial-information/.





A Message From Our CEO

Dear Customers and Friends of New Braunfels Utilities,

New Braunfels is a special place, and those of us who live and work here share a responsibility to care for it and for one another. At New Braunfels Utilities, that responsibility means delivering safe, reliable electric, water and wastewater services across a growing service area.

This Popular Annual Financial Report highlights how NBU carried out that responsibility during the fiscal year ending July 31, 2025. The information presented here is drawn from our Annual Comprehensive Financial Report (ACFR), which is prepared in accordance with generally accepted accounting principles and independently audited, providing a clear and transparent view of our financial position and performance.

Today, NBU serves more than 70,000 customers and operates complex electric, water and wastewater systems that span hundreds of miles of infrastructure. These systems must perform reliably every day, under a wide range of conditions, to support homes, businesses, public safety and essential services throughout the community.

Growth brings opportunity, but it also increases demand on utility systems and informs how we plan, invest and operate. During fiscal year 2025, NBU advanced major capital projects to strengthen electric distribution, expand water and wastewater treatment capacity, rehabilitate aging infrastructure and enhance system resilience. These efforts are part of a multi-year capital plan designed to support continued growth, meet regulatory requirements and maintain long-term reliability.

Our planning also accounts for long-term water supply needs, drought resilience and financial discipline. By balancing near-term system demands with future obligations, NBU works to ensure that essential services remain dependable and affordable as New Braunfels continues to grow.

As a community-owned utility, NBU is accountable to the people we serve and focused on delivering measurable results. Whether investing in infrastructure, setting rates or improving customer service and communication, our focus remains on operating the utility in a manner that is prepared, capable, and accountable.

None of this work would be possible without the dedication of NBU employees. Our team brings professionalism and technical expertise to serving this community, and I am grateful for their commitment to keeping New Braunfels running safely and efficiently.

Thank you for taking the time to read this report and for being an engaged partner in our community. We remain focused on delivering essential services reliably and responsibly now and for decades to come.



Original Main Plaza
building in 1945



Main Plaza
building in 1985

About New Braunfels Utilities

New Braunfels Utilities (NBU) was established in 1942 when the City Commission of New Braunfels, Texas, purchased the electric transmission and distribution systems from Guadalupe Electric Company, formerly owned by the San Antonio Public Service Company, that served the City of New Braunfels and the surrounding area. In 1959, operations of the water and wastewater systems were transferred to NBU from the City.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

New Braunfels Utilities
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

July 31, 2024

Christopher P. Monell

Executive Director/CEO

NBU Finance

The Government Finance Officers Association of the United States and Canada (GFOA) awarded New Braunfels Utilities a Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended July 31, 2024. This was the 35th consecutive year NBU received this recognition.

The Certificate of Achievement is awarded to governments that publish an ACFR that meets high standards for transparency, organization, and compliance with generally accepted accounting principles and applicable legal requirements. The award is valid for one year.



Board of Trustees

New Braunfels Utilities (NBU) is governed by a five-member Board of Trustees appointed by the New Braunfels City Council. The Board provides oversight of NBU's electric, water and wastewater systems and is responsible for adopting the annual budget and setting overall policy direction.



Wayne Peters
President

Dr. Judith Dykes-Hoffmann
Vice President



Neal Linnartz
Mayor of the City of
New Braunfels and Trustee



Stuart Blythin
Trustee



Yvette Villanueva Barrera
Trustee



The City Council retains specific authorities related to governance and public accountability, including appointing Board members, approving rate plans, reviewing the use of eminent domain and authorizing the issuance of debt.

Community Engagement

New Braunfels Utilities (NBU) engages with the community through employee volunteerism, public education and charitable contributions. These efforts are intended to support community needs related to public safety, education and overall quality of life.

NBU Engagement Stats

- » Participation in **15** community events
- » Ranking among the Top 10 United Way donors for the **19th consecutive year**
- » Donation of approximately **900** school supply items to local students through the KinderKraft drive
- » Delivery of safety and utility education programs to over **1,600** elementary students



Conservation & Stewardship



NBU's conservation and stewardship programs focus on the efficient use of water and energy resources while supporting long-term system sustainability and cost management.

Key program areas include:

Customer rebate programs and assessments that support water and energy efficiency

School and community education initiatives focused on conservation practices

Headwaters at the Comal, our conservation legacy project that supports environmental education and resource awareness



Planning for Future Water Supply

NBU conducts long-term water supply planning to ensure reliable service under a variety of conditions, including drought and population growth.

Primary planning strategies include:



Diversifying water supplies through surface water, groundwater, and purchased water sources.



Storing water underground during periods of higher availability for future recovery during dry conditions.



Implementing conservation programs that reduce demand and help manage long-term system costs.

Water Supply Snapshot

» Total permitted and contracted water supply: **54,575 acre-feet per year**

(One acre-foot of water is generally sufficient to meet the annual needs of approximately four average households)

Water Supply Project Highlights

Trinity Water Supply Facilities – Expands groundwater production and treatment capacity through new wells, increased treatment capacity from 3.75 million gallons per day (MGD) to approximately 7.5 MGD, additional storage and pump station upgrades.

Surface Water Treatment Plant Expansion – Increases surface water treatment capacity from 8 MGD to 16 MGD, allowing full use of existing Guadalupe River water rights. Design updates are underway in preparation for future permitting and construction.

Gonzales Carrizo Water Supply Project – Provides treated groundwater delivered from Gonzales County to NBU's system through a regional pipeline. NBU has contracted for 8,000 acre-feet per year, and delivery began in mid-2024.

Aquifer Storage and Recovery (ASR) Program – Stores treated water underground during periods of higher availability for later use during drought. This project is still in the construction and testing phase.

Financial Management and Budgeting Process



NBU employs the accrual method of accounting to track and manage its finances. When it comes to budgeting, NBU considers projected revenues and expenditures. As a component unit of the City, NBU is classified as a proprietary fund and offers electric, water and wastewater services.

NBU manages its financial health through adopted financial policies that establish targets for debt service coverage, minimum liquidity (days cash on hand), and set parameters related to debt to capitalization.

NBU manages its financial position through its budget, audit and ongoing financial practices. NBU engages in an annual budgeting cycle, which requires approval from our Board of Trustees each year. During the budget creation process, NBU develops a two-year rate plan that establishes the revenue cap for both years. However, the Board adopts the budget annually.

Days Cash on
Hand \geq 140 days



Debt to Capitalization
Ratio \leq 55%



Debt Service
Coverage \geq 2.4



2 Year Rate Plan

This approach allows NBU to implement a two-year rate plan, allowing consideration of anticipated total revenue, growth and changes in the second year. This strategy also provides ratepayers with a consistent two-year period and supports operation within the established rate structure. By annually reviewing this two-year plan, NBU can adapt to changing needs and infrastructure demands with a well-balanced and effective strategy.



NBU Profile

NBU provides electric, water and wastewater services to customers in the New Braunfels service area, with some customers receiving a combination of services. Below are some of the numbers behind the mission.



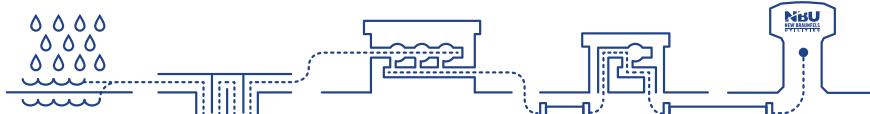
ELECTRIC SYSTEM

- Coverage area: 161 square miles
- Overhead lines: 628 miles
- Underground distribution lines: 494 miles
- Substations/metering points: 11
- Metered Electric Customers: 61,990
- System capacity: 759.3 MVA.



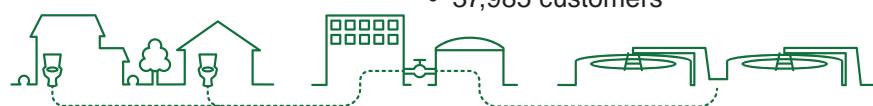
WATER SYSTEM

- Coverage area: 89 square miles
- 700 miles of water mains
- 31.6 million gallon storage capacity
- 17 Elevated Storage Tanks
- 10 Active Wells and 24 Pump Stations
- Water Meters Served: 58,813



WASTEWATER SYSTEM

- Coverage area: 65 square miles
- Sanitary sewer lines: 515 miles
- Water reclamation facilities: 4
- 7.44 Million Gallon per Day (MGD) average use
- Combined treatment capacity: 12.3 MGD
- 37,985 customers



NBU Financial Highlights

The following information presents selected highlights from the Fiscal Year 2025 Annual Comprehensive Financial Report (ACFR). The ACFR is NBU's audited financial report prepared in accordance with Generally Accepted Accounting Principles (GAAP). NBU's fiscal year runs from August 1 through July 31. The complete report is available at nbutexas.com/nbu-financial-information/.

STATEMENT OF ACTIVITIES (CHANGES IN NET POSITION)

Net position reflects NBU's financial position and represents the difference between total assets and total liabilities at a point in time.

In Fiscal Year 2025, NBU's net position increased by \$100 million, or 13.9%, compared to the prior year. Capital investments in electric, water and wastewater infrastructure totaled \$690 million, accounting for 82% of total net position.



	2025	2024	2023
Total Operating Revenue	278,953,654	287,640,684	271,665,610
Total Operating Expenses	226,140,062	242,503,589	234,413,446
Total Non-Operating Revenue (Expense)	\$(22,253,694)	\$(14,780,718)	\$(22,474,088)
Income Before Capital Contributions	\$30,559,898	\$30,356,377	\$14,778,076
Total Capital Contributions	69,451,201	56,030,439	61,424,183
Total Change in Net Position	\$100,011,099	\$86,386,816	\$76,202,259
Total Net position - beginning of the year	\$718,621,815	\$632,234,999	556,032,740
Total Net position - end of the year	\$818,632,914	\$718,621,815	\$632,234,999



NBU Financial Highlights

CASH FLOW STATEMENT (FLOW OF CASH)

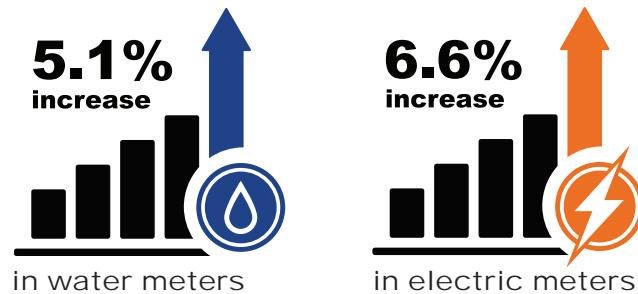
The cash flow statement shows how cash moved in and out of NBU during a specified time frame, in this case, fiscal year 2025. It includes cash generated from operating activities, non-capital financing activities, capital activities and investing activities. Fiscal year 2025 showed an increase in cash provided by operating activities of \$12 million.

	2025	2024	2023
Net Cash Provided by Operating Activities	\$97,114,181	\$84,744,838	\$67,177,418
Net Cash Used by Non-Capital Financing Activities	(11,809,369)	(11,323,540)	(10,687,216)
Net Cash Used by Capital and Related Financing Activities	(76,459,485)	(86,196,158)	(7,716,346)
Net Cash Provided by (Used by) Investing Activities	11,924,392	5,237,145	(13,650,049)
Net Increase (Decrease) in Cash and Cash Equivalents	\$20,769,719	\$(7,537,715)	\$35,123,807
Cash and Cash Equivalents at Beginning of Period	146,792,366	154,330,081	119,206,274
Cash and Cash Equivalents at End of Period	\$167,562,085	\$146,792,366	\$154,330,081

OPERATING REVENUES



Operating revenues are primarily generated from the provision of electric, water and wastewater services to customers. Over the most recent three-year period, customer growth resulted in:



Operating Revenue	2025	2024	2023
Electric Services	\$186,267,866	\$201,616,449	\$196,926,513
Water Services	43,197,170	39,517,060	34,373,389
Wastewater Services	39,526,950	35,720,988	32,266,780
Transmission Services	3,421,687	2,848,899	2,704,874
Miscellaneous Fees & Charges	2,956,720	4,539,035	2,903,801
Other Operating Revenue	3,583,261	3,398,253	2,490,253
Total Operating Revenue	\$278,953,654	\$287,640,684	\$271,665,610

NBU Financial Highlights

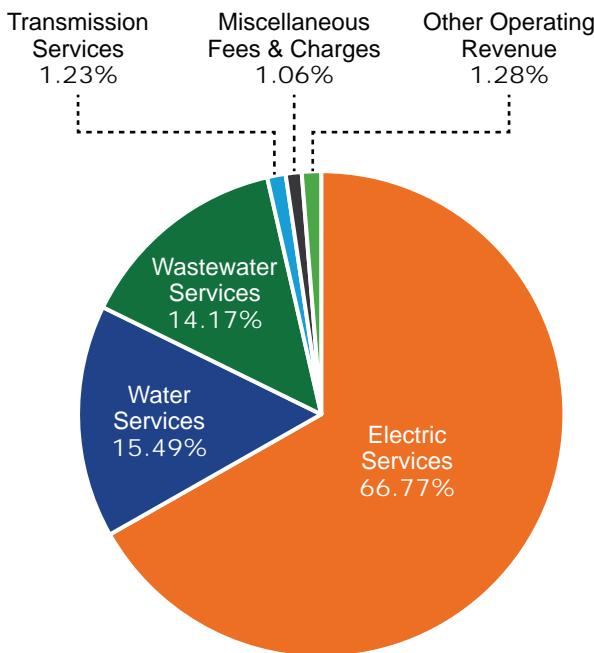
OPERATING EXPENSES

Total operating expenses decreased from Fiscal Year 2024 to Fiscal Year 2025, primarily due to lower purchased power costs. Purchased power—electricity acquired from external suppliers—represented 50%, or \$112.6 million, of total operating expenses in Fiscal Year 2025.

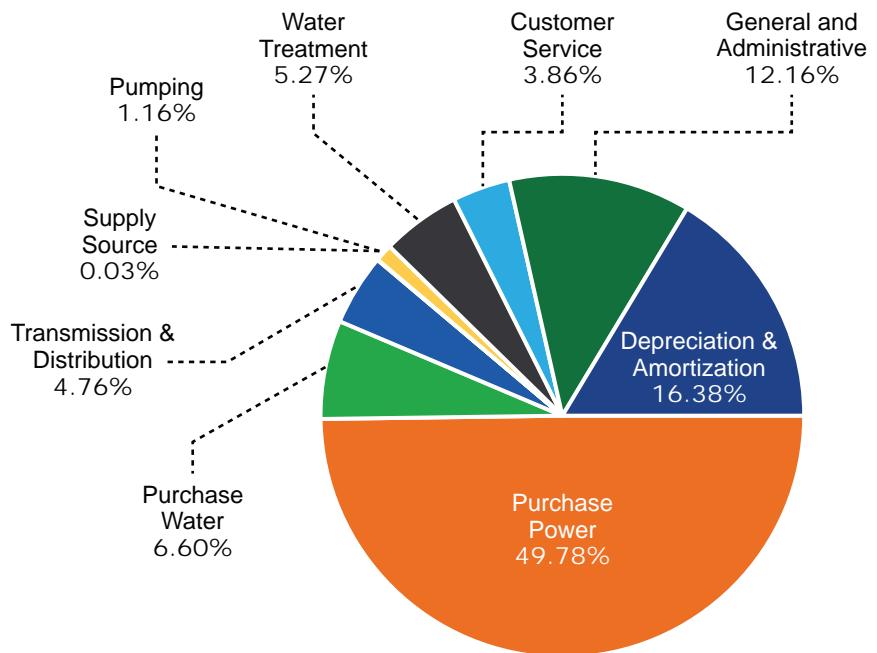
Operating Expenses	2025	2024	2023
Purchase Power	\$112,577,483	\$137,875,581	\$142,445,728
Purchase Water	14,919,915	12,070,950	8,533,300
Transmission and Distribution	10,768,088	9,689,038	9,794,971
Supply Source	64,903	92,125	82,381
Pumping	2,632,212	2,538,163	2,346,265
Water Treatment	11,917,271	10,373,680	9,757,467
Customer Service	8,726,320	8,516,194	7,591,529
General and Administrative	27,488,779	22,525,564	19,445,905
Depreciation and Amortization	37,045,091	38,822,294	34,415,900
Total Operating Expenses	\$226,140,062	\$242,503,589	\$234,413,446

FISCAL YEAR 2025

OPERATING REVENUES AND EXPENSES



Operating Revenues - \$279 Million



Operating Expenses - \$226 Million



NBU Financial Highlights

CAPITAL ASSETS

During Fiscal Year 2025, NBU completed **\$191.3** million in capital improvement projects that support system reliability, capacity and regulatory compliance.

Major capital investments included:

- » **\$27.9** million in electric distribution system improvements
- » **\$74.4** million in water and wastewater system rehabilitation and enhancements
- » **\$18.7** million in water and wastewater treatment equipment
- » **\$24.7** million in equipment, vehicles, furniture and fixtures
- » **\$45.6** million in other capital projects

Capacity Increases

To meet future service demands, NBU increased treatment and storage capacity:

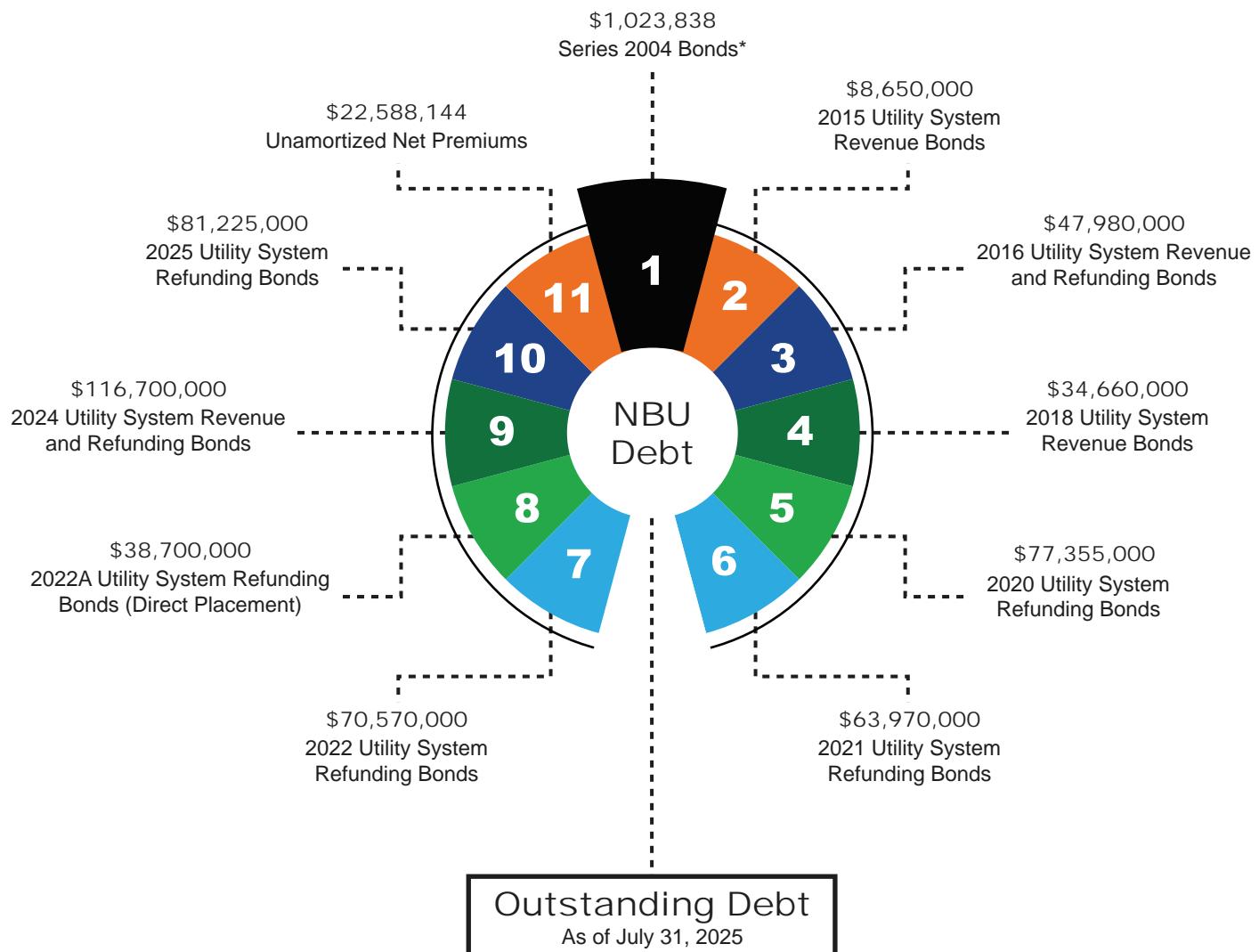
- » Drinking water treatment capacity increased from 3.75 MGD to approximately 7.5 MGD
- » Planned surface water treatment capacity increased from 8 MGD to 16 MGD
- » Added 2 million gallons of water storage capacity and advanced construction on another 2 million gallons of capacity.
- » Wastewater treatment capacity is expanding from 2.5 MGD to 5.0 MGD



NBU's Debt

As of July 31, 2025, NBU's total outstanding debt amounts to \$563.4 million. The organization aims to balance external financing for capital projects with the internal generation of capital funds to maintain a low debt-to-capitalization ratio. With significant capital expenditures anticipated in the coming years, NBU plans to utilize both short-term and long-term debt instruments to address part of this demand.

The principal and interest on all outstanding bonds are payable exclusively from the net revenues generated by NBU through the operation of the utility system. Operations and maintenance expenses take precedence for payment, followed by debt service on bond obligations, and before any allocations to special funds, capital additions or contributions to the City of New Braunfels.



**Includes accumulated accretion through July 31, 2025 as well
as the current portion of debt outstanding*

Awards & Accolades

The following recognitions are presented for informational purposes and reflect external evaluations of specific programs or reports.

- » **GFOA Certificate of Achievement (ACFR)**
 - 35 consecutive years (most recent: FY 2024)
- » **APPA RP3 Diamond Level – FY 2025**
 - Highest tier of the APPA Reliable Public Power Provider (RP3) program (1 of 105 Diamond Awardees)
- » **Texas Blue Legacy Award**
 - 2012, 2014, 2017, 2019
- » **Texas Rain Catcher Award – 2017**
- » **Texas Environmental Excellence Award – 2020**
 - State's highest environmental honor
- » **APPA Communications & Community Service Awards 2017–2018**
- » **Headwaters at the Comal Recognition**
 - Teddy Roosevelt Conservation Award (2018)
 - E. Mott Davis Public Outreach Award (2019)
 - McKenna Nonprofit of the Year (2023)
 - Certified Texan by Nature & Texas Parks & Wildlife Trail Site

Glossary of Terms

New Braunfels Utilities (NBU)

The community-owned utility that provides electric, water and wastewater services to New Braunfels.

Annual Comprehensive Financial Report (ACFR)

NBU's audited annual report that summarizes financial performance, investments and overall financial health.

Acre-Foot

A unit used to measure water. One acre-foot is enough water to supply about four families for one year.

Aquifer Storage and Recovery (ASR)

A process that stores treated drinking water underground for later recovery during drought.



Glossary of Terms

Assets

What NBU owns, such as buildings, equipment, power lines, pipes and treatment plants.

Capital Assets

Long-term investments like infrastructure, facilities, vehicles and major equipment that support utility services.

Capital Investments / Capital Projects

Large, long-term projects that build, upgrade, or replace infrastructure, such as water tanks, pipelines or power systems.

Cash Flow Statement

A financial statement that shows how cash moved in and out of an organization during a specific period through operating, investing and financing activities.

Component Unit

An organization that is legally separate but financially related to a primary government and included in the government's financial reporting.

Conservation

Using water and energy wisely to reduce waste, protect the environment and keep costs affordable.

Customer Rebates

Refunds or credits given to customers who take steps to save water or energy, such as installing efficient equipment.

Debt Service Coverage

A financial measure showing the ability of an organization to pay its annual debt obligations from operating revenues.

Debt-to-Capitalization Ratio

A financial indicator that compares total debt to total capital, used to assess the level of financial leverage.



Distribution System

The network of pipes, power lines and equipment that delivers water and electricity to homes and businesses.

Drought Use

Water supplies reserved for times when rainfall is low and water is scarce.

Fiscal Year (FY)

NBU's financial year, which runs from August 1 through July 31.

Free Assessments

No-cost evaluations offered to customers to identify ways to save water or energy.

Liquidity (Days Cash on Hand)

A measure of how many days an organization can operate using available cash and investments without additional revenue.

Net Position

A measure of financial position that reflects the difference between total assets and total liabilities.

Operating Expenses

Day-to-day costs required to run the utility, such as power purchases, maintenance, and staffing.

Glossary of Terms

Operating Revenues

Income NBU receives primarily from customer utility bills.

Proprietary Fund

A type of governmental fund used to account for services financed primarily through user charges, such as utilities.

Purchased Power

Electricity that NBU buys from outside suppliers to meet customer demand.

Purchased Water

Water obtained from another water provider under a contractual agreement.

Rehabilitation

Repairing or upgrading existing infrastructure to extend its useful life and improve reliability.

Statement of Activities

A financial summary showing how NBU's revenues and expenses changed its overall financial position during the year.

Stewardship

The responsible care and protection of natural resources for current and future generations.

Surface Water

Water collected from rivers and lakes.

Underground Storage

Water stored below ground during wet years so it can be used later during dry periods.

Wastewater Treatment

The process of cleaning used water so it can be safely returned to the environment.



Compiled by:
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