Meeting Date:	August 27, 2026	**Agenda Type:**	Consent Items for Action
From:	Kimberly DaCosta Director of Financial Services	**Reviewed by:**	Jessica Williams Chief Financial Officer
Submitted by:	Jessica Williams Chief Financial Officer	**Approved by:**	Ryan Kelso Chief Executive Officer

RECOMMENDED ACTION: Approve the Fiscal Year 2027 City Transfer

BACKGROUND

The New Braunfels Utilities ("NBU") Board of Trustees, by Charter and Ordinance, has the discretion, after paying for operations and maintenance expense and meeting all debt service requirements, to make a payment to the City of New Braunfels. Since the creation of the utility in 1942, the Board of Trustees has authorized a transfer every year.

Based on preliminary financial results for Fiscal Year 2026, and based on total revenue performance of the electric, water, and wastewater lines of business, NBU staff recommends the transfer of $13,862,660.60 to the City of New Braunfels in Fiscal Year 2027. This amount will be paid over twelve (12) monthly installments. This amount is unaudited and will be adjusted pending the final audit results. This amount is $357,204.96 less than the budgeted amount of $14,219,865.56. The Fiscal Year 2027 estimated payment is approximately $1,598,126.37 or 13.0%, more than the amount paid last year of $12,264,534.23.

Since 2000, NBU has provided the City of New Braunfels approximately $197.0 million in city transfers (including the Fiscal Year 2027 transfer). Under NBU's Financial and Operating Plan through Fiscal Year 2031, it is estimated that NBU will provide an additional $89.1 million. The current methodology calculates the total general fund transfer based on a percentage of a rolling three-year average of electric, water, and wastewater operating revenues. For purposes of estimating the general transfer for the budget year, the three-year average of revenues included in the calculation is based on two (2) previous actual Fiscal Year revenues (2024 and 2025) and an estimate of revenues for the immediate past Fiscal Year (2026). The transfer formula percentage is 7.45% for electric, 5.00% for water, and 5.00% for wastewater. The total general fund transfer will be "trued up" after the Fiscal Year 2026 financial statements are audited and approved. As a result, the remaining monthly general fund transfers in the current year would ultimately be adjusted to reflect the average of the audited actual revenues for the most recent three years.

FINANCIAL IMPACT

Approximately $13.9 million, which is $357,204.96 less than the amount of $14.2 million included in the Fiscal Year 2027 budget that was approved by the Board of Trustees on June 25, 2026.

LINK TO STRATEGIC PLAN

Customers and Community

Financial Excellence

EXHIBITS

1. Letter to the Mayor and City Council, dated August 28, 2026
2. Exhibit I – Calculation of the estimated city transfer payable in Fiscal Year 2027
3. Exhibit II – Schedule of projected cash flows utilizing pledging of revenues