

NBU Financial Roadmap

- Jessica Williams, Chief Financial Officer

- March 26, 2026

Comprehensive Reference Guide

ACFR – Annual Comprehensive Financial Report

ERCOT – Electric Reliability Council of Texas

ERP – Enterprise Resource Planning

FERC – Federal Energy Regulatory Commission

FP&A – Financial Planning & Analysis

FY – Fiscal Year

GAAP – Generally Accepted Accounting Principles

GFOA – Government Finance Officers Association

GTOT – Government Treasurers' Organization of Texas

HQ – Headquarters

LOC – Letter of Credit

LSLR – Lead Service Line Replacement

PAFR – Popular Annual Financial Report

TWDB – Texas Water Development Board

Mission

Strengthening our community by providing resilient essential services



Vision

Be a trusted community partner dedicated to excellence in service



Core Values

Safety, Team, Integrity, Culture, and Stewardship

Strategic Roadmap for Financial Excellence

- Organizational Alignment
- Budget Modernization
- Transparency Enhancements
- Capital & Debt Strategy
- Governance
- Liquidity Optimization

Where We Are. Where We're Going. Why It Matters.



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NBU NEW BRAUNFELS
UTILITIES

The Transformation Blueprint



The ultimate outcome: Sustained financial strength, rate stability, and enhanced operational resilience.

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Breaking Silos: Organizational Alignment and ERP Modernization

Financial Services

- Director of Energy Risk transitioned to Director of Financial Services
- Unifying Accounting, Purchasing & Energy Risk

Financial Planning & Analysis (FP&A)

- Director of Finance transitioned to Director of FP&A
- Consolidating financial activities, budgeting and future grants management

System Upgrades: ERP Integration



End-user
invoice entry



Encumbrance
accounting



Decentralized
accountability

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Transitioning to Bi-Annual Strategic Budgeting

Focus on Balanced Budget: Revenue Availability Drives Expenses



Current State

- Annual 5 Year Plan:
 - Operations & Maintenance
 - Capital Improvement Plan
- Challenges:
 - Targets Changing Annually
 - Difficulty Tying Numbers to Multiple Years
 - Significant Staff Time
 - Not in alignment with GFOA Best Practice



Future State

- Operations and Maintenance:
 - Year 1: Full Two-Year Review
 - Year 2: Condensed Process, Review Only
 - Calculated escalation of outer years
 - Zero-Based Budgeting
- Capital Improvement Plan:
 - 5-Year Plan Reviewed Annually
 - Year 2 - Requests Must Align with 2 Year Rate Study



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Upgrading the Financial Engine to Fund Accounting



The Current Challenge: Consolidated FERC Accounting

Operates as one consolidated bucket, complicating support service cost allocations and revenue tracking. The new ERP will not support this outdated structure.



Compliance Note: GAAP reporting is maintained with necessary FERC subaccounts.

The Future Solution: Fund Accounting

Separates money by purpose. Each fund operates like a restricted checkbook with allowed interfund transfers.

✓
Increased
transparency

✓
Stronger
accountability

✓
Aligns with
zero-based
budgeting

✓
Supports ERP
modernization

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Building a Proactive Governance Framework



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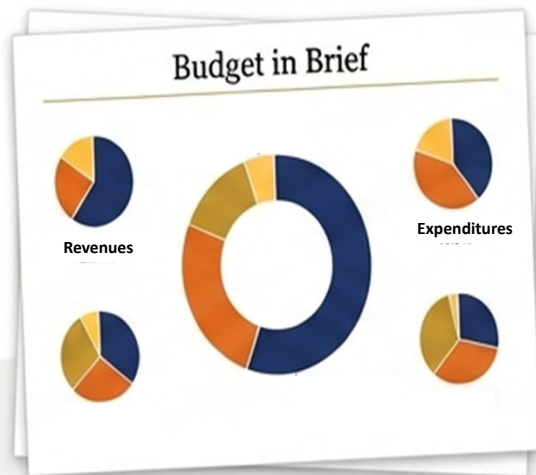
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Expanding Public-Facing Financial Communication

Translating utility finance into accessible, transparent resident engagement.




Tool 1: Budget in Brief



-  A plain-language summary of the adopted budget.
-  Uses visuals to highlight key revenues, expenditures, and priorities.
-  Planned for FY 27-28 GFOA submission.

Tool 2: Popular Annual Financial Report (PAFR)



-  A simplified, plain-language summary of the ACFR.
-  Focuses directly on financial condition and long-term trends.
-  FY 2025 PAFR submitted in January 2026.

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Pursuing the GFOA “Triple Crown” of Financial Excellence



Achieving the Triple Crown reflects sustained, institutional excellence in financial governance and public transparency.

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Strategic Debt Issuance and Capital Timing

Debt structures engineered to protect liquidity, actively manage rates, and precisely support capital project timing.

TWDB - LSLR

- Commitment up to \$24.3M.
- Highly favorable terms: 51% forgivable / 49% low interest.
- Portion of the bonds must be issued before August 31, 2026.

Traditional Bond Issuance

- Refunding Commercial Paper.
- New money for the HQ project.
- Refunding eligible bonds.
- Target issuance: March-June 2026.

Commercial Paper Program

- Program increase planned to ensure short-term operational capital fluidity.

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Unlocking Unrestricted Cash: Reserves and ERCOT Collateral

Bond Reserve Optimization

Evaluating options to release cash reserves. Currently conducting a cost-benefit analysis with our Municipal Advisor.

ERCOT Letter of Credit

Exploring posting an LOC instead of utilizing cash collateral for ERCOT.



The Combined Benefit:

1. Preserves unrestricted cash
2. Significantly improves liquidity positioning
3. Supports broader operational needs while maintaining strict compliance



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Financial Excellence



This roadmap guarantees an organization positioned for long-term financial strength, operational resilience, and ratepayer stability.

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Questions?

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