

**Revenue Debt**  
**Continuing Disclosure Report**  
**For the Fiscal Year Ended**  
**September 30, 2020**

**Fredericksburg, Texas**



**SPECIALIZED PUBLIC FINANCE INC.**  
FINANCIAL ADVISORY SERVICES

**Fredericksburg, Texas**  
**FYE 2020 Revenue Debt Continuing Disclosure Report**

**TABLE 1 – Water Usage (Millions of Gallons as of 9-30-19)**

Fiscal Year Ended 9/30	Peak Day Usage (MGD)	Average Day Usage (MGD)	Total Usage (Acre Feet)
2016	3,908,694	1,994,051	2,234
2017	3,391,449	2,142,532	2,400
2018	4,556,000	2,566,132	3,345
2019	4,471,000	2,354,181	2,637
2020	4,710,000	2,449,219	2,744

**TABLE 2 – Ten Largest Water Customers (As of 9-30-20)**

Customer	Water Usage (gallons)	Revenue	% of Total Annual Revenue
DCP 1019 Friendship Ln LLC	7,189,860	\$ 27,621	0.61%
Hill Co Memorial Hospital	6,507,400	25,145	0.56%
Hill Co Memorial Hospital	6,206,069	24,007	0.53%
Fredericksburg Inn and Suites	4,333,410	16,886	0.38%
Fischer & Wieser Specialty Foods	3,562,950	14,004	0.31%
HEB Grocery	3,417,592	13,411	0.30%
Town Park	3,196,561	12,593	0.28%
Fredericksburg Public School	3,116,230	12,282	0.27%
Ingram Readymix Inc	3,072,228	12,157	0.27%
Mariposa Homeowners	3,036,660	15,873	0.35%
	43,638,960	173,980	3.86%

Note: % of Total Annual Revenue is based on water utility billing only of \$4,499,981

### TABLE 3 – Monthly Water Rates (As of 11-1-2020)

#### Residential

1-6,000 gallons per month	\$2.45 per 1,000 gallons
6,001-12,000 gallons per month	\$3.92 per 1,000 gallons
12,001-18,000 gallons per month	\$6.37 per 1,000 gallons
18,001-25,000 gallons per month	\$9.31 per 1,000 gallons
25,001-50,000 gallons per month	\$10.42 per 1,000 gallons
Over 50,000 gallons per month	\$14.09 per 1,000 gallons

#### Minimum Charges per Meter size :

5/8" Meter	\$11.60
1" Meter	\$19.34
2" Meter	\$61.87
6" Meter	\$386.67

#### Commercial and Multi-Family

1-10,000 gallons per month	\$2.40 per 1,000 gallons
Over 10,000 gallons per month	\$3.81 per 1,000 gallons

#### Non Residential

#### Minimum Charges per Meter size for First 2,000 Gallons:

5/8" Meter	\$11.60
1" Meter	\$19.34
2" Meter	\$61.87
6" Meter	\$386.67
8" Meter	\$2,128.02
10" Meter	\$3,321.52

**TABLE 4 – Ten Largest Wastewater Customers (As of 9-30-20)**

<u>Customer</u>	<u>Wastewater Usage (gallons)</u>	<u>Revenue</u>	<u>% of Total Annual Revenue</u>
DCP 1019 Friendship Ln LLC	7,189,860	\$ 34,114	1.03%
Hill Co Memorial Hospital	6,507,400	31,038	0.93%
Hill Co Memorial Hospital	6,206,069	29,634	0.89%
Fredericksburg Inn and Suites	4,333,410	20,865	0.63%
Fischer & Wieser Specialty Foods	3,562,950	17,305	0.52%
HEB Grocery	3,417,592	16,584	0.50%
Town Park	3,196,561	15,572	0.47%
Fredericksburg Public School	3,116,230	15,190	0.46%
Inn on Barons Creek	2,970,820	14,517	0.44%
Windcrest Nuring & Rehab	2,937,582	14,404	0.43%
	<u>43,438,474</u>	<u>209,222</u>	<u>6.30%</u>

Note: % of Total Annual Revenue is based on sewer utility billing only of \$3,324,023.

**TABLE 5 – Monthly Wastewater Rates (As of 10-1-20)**

<u>Residential</u>	
5/8" meter	\$11.55, \$3.84 per Gallon usage per 1,000 Gallons
1" meter	\$19.25, \$3.84 per Gallon usage per 1,000 Gallons
2" meter	\$61.60, \$3.84 per Gallon usage per 1,000 Gallons
<u>Commercial and Multi Family</u>	
5/8" meter	\$11.55, \$4.69 per Gallon usage per 1,000 Gallons
1" meter	\$19.25, \$4.69 per Gallon usage per 1,000 Gallons
2" meter	\$61.60, \$4.69 per Gallon usage per 1,000 Gallons

**TABLE 6– Waterworks and Sewer System Condensed Statement of Operations**

	Fiscal Year Ending September 30,				
	2020 <sup>(2)</sup>	2019	2018	2017	2016
<u>Operating Revenues:</u>					
Waterworks System	\$ 4,534,519	\$ 3,529,748	\$ 3,510,426	\$ 3,106,470	\$ 2,998,170
Sewer System	3,366,458	2,982,649	2,983,940	2,909,002	2,809,900
Licenses and Permits	25,607	28,228	21,596	19,564	14,439
Rents and Royalties	1,460	1,461	2,061	861	600
Other	734,380	548,150	607,944	585,052	506,242
Total Revenues	\$ 8,662,424	\$ 7,090,236	\$ 7,125,967	\$ 6,620,949	\$ 6,329,351
<u>Operating Expenditures:</u> <sup>(1)</sup>					
Personnel Services	\$ 2,669,135	\$ 2,227,601	\$ 1,720,769	\$ 1,408,854	\$ 1,454,515
Contracted Services	47,092	71,529	51,850	70,907	139,270
Operating Expenses	1,652,524	1,639,619	1,575,858	1,485,838	1,244,160
Amortization of Bond Costs	-	-	5,220	7,872	7,872
Total Expenses	\$ 4,368,751	\$ 3,938,749	\$ 3,353,697	\$ 2,973,471	\$ 2,845,817
Net Available for Debt Service	\$ 4,293,673	\$ 3,151,487	\$ 3,772,270	\$ 3,647,478	\$ 3,483,534
Customer Count:					
Water	6,176	6,086	5,977	5,877	5,809
Sewer	5,801	5,720	5,629	5,560	5,501

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(1) Excludes depreciation

(2) Draft figures. Subject to change.

## TABLE 7 – Coverage and Fund Balances

Average Annual Principal and Interest Requirements (2021-2038)	\$ 1,631,119
Coverage of Average Annual Requirements by 2020 Net Income	2.63x
Maximum Principal and Interest Requirements, 2036	\$ 1,657,000
Coverage of Maximum Requirements by 2020 Net Income	2.59x
Utility System Bonds Outstanding as of 9/30/20	\$ 21,290,000
Interest and Sinking Fund, 9-30-20	\$ 9,628

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## TABLE 8 – Current Investments

<u>Investments</u>	<u>Market Value</u>	<u>% of Total</u>
Texpool	\$ 476,061	1.40%
US Treasury notes	-	0.00%
Cash	33,544,446	98.60%
	<u>\$ 34,020,507</u>	<u>100.00%</u>

**TABLE 9 – Utility System Debt Service Requirements**

Fiscal Year Ending 9/30	Outstanding Debt			Percent of Principal Retired
	Principal	Interest	Total	
2021	\$ 850,000	\$ 770,933	\$ 1,620,933	
2022	885,000	738,740	1,623,740	
2023	915,000	709,284	1,624,284	
2024	940,000	682,885	1,622,885	
2025	975,000	651,019	1,626,019	21.44%
2026	1,005,000	613,489	1,618,489	
2027	1,050,000	574,399	1,624,399	
2028	1,090,000	533,420	1,623,420	
2029	1,135,000	490,553	1,625,553	
2030	1,180,000	445,750	1,625,750	47.09%
2031	1,215,000	403,080	1,618,080	
2032	1,260,000	362,718	1,622,718	
2033	1,300,000	320,870	1,620,870	
2034	1,380,000	272,000	1,652,000	
2035	1,435,000	215,700	1,650,700	78.04%
2036	1,500,000	157,000	1,657,000	
2037	1,555,000	95,900	1,650,900	
2038	1,620,000	32,400	1,652,400	
	<u>\$ 21,290,000</u>	<u>\$ 8,070,138</u>	<u>\$ 29,360,138</u>	