

Revenue Debt
Continuing Disclosure Report
For the Fiscal Year Ended
September 30, 2023

Fredericksburg, Texas



SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES

Fredericksburg, Texas
FYE 2023 Revenue Debt Continuing Disclosure Report

TABLE 1 – Water Usage (Millions of Gallons as of 9-30-23)

Fiscal Year Ended 9/30	Peak Day Usage (MGD)	Average Day Usage (MGD)	Total Usage (Acre Feet)
2019	4,471,000	2,354,181	2,637
2020	4,710,000	2,449,219	2,744
2021	4,038,000	2,323,077	2,613
2022	4,603,000	2,693,895	3,627
2023	4,398,000	2,448,211	2,742

TABLE 2 – Ten Largest Water Customers (As of 9-30-23)

Customer	Water Usage (gallons)	Revenue	% of Total Annual Revenue
DCP 1019 Friendship Ln LLC	6,416,070	\$ 25,018	0.51%
Fredericksburg Inn and Suites	5,942,463	23,214	0.47%
Hill Co Memorial Hospital	5,852,410	22,871	0.47%
Hill Co Memorial Hospital	5,634,645	22,041	0.45%
Ingram Readymix Inc	3,745,357	14,843	0.30%
Windcrest Nursing & Rehab	3,417,790	13,595	0.28%
HEB Grocery	3,271,142	13,036	0.27%
Fischer & Wieser Speciality Food	3,221,491	12,847	0.26%
Fredericksburg Public School	3,129,681	12,511	0.25%
La Quinta Inn & Suites	3,074,138	12,286	0.25%
	43,705,187	172,263	3.50%

Note: % of Total Annual Revenue is based on water utility billing only of \$4,916,864

TABLE 3 – Monthly Water Rates (As of 11-1-2022)

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

Industrial

0-2,000 gallons per month	\$294.40
2,001-2,000,000 gallons per month	\$2.12 per 1,000 gallons
2,000,001-6,500,000 gallons per month	\$2.43 per 1,000 gallons
Over 6,500,000 gallons per month	\$3.29 per 1,000 gallons

TABLE 4 – Ten Largest Wastewater Customers (As of 9-30-23)

Customer	Wastewater Usage (gallons)	Revenue	% of Total Annual Revenue
DCP 1019 Friendship Ln LLC	6,416,070	\$ 30,831	0.80%
Fredericksburg Inn and Suites	5,942,463	28,609	0.74%
Hill Co Memorial Hospital	5,852,410	28,187	0.73%
Hill Co Memorial Hospital	5,634,645	27,166	0.71%
Windcrest Nursing & Rehab	3,417,790	16,769	0.44%
HEB Grocery	3,271,142	16,081	0.42%
Fischer & Wieser Speciality Food	3,221,491	15,848	0.41%
Fredericksburg Public School	3,129,681	15,417	0.40%
La Quinta Inn & Suites	3,074,138	15,157	0.39%
Fredericksburg Brentwood Oaks Apts LP	3,055,086	15,068	0.39%
	43,014,916	209,132	5.44%

Note: % of Total Annual Revenue is based on sewer utility billing only of \$3,844,390

TABLE 5 – Monthly Wastewater Rates (As of 11-1-22)

<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,				
	2023	2022	2021	2020	2019
<u>Operating Revenues:</u>					
Waterworks System	\$ 4,960,270	\$ 5,265,546	\$ 4,540,572	\$ 4,534,519	\$ 3,529,748
Sewer System	3,910,191	3,888,105	3,668,654	3,366,458	2,982,649
Licenses and Permits	56,649	38,440	32,465	25,607	28,228
Rents and Royalties	600	1,461	1,461	1,460	1,461
Other	1,049,931	1,224,322	1,290,607	734,380	548,150
Total Revenues	\$ 9,977,641	\$ 10,417,874	\$ 9,533,759	\$ 8,662,424	\$ 7,090,236
<u>Operating Expenditures:</u> ⁽²⁾					
Personnel Services	\$ 2,219,963	\$ 1,953,296	\$ 2,688,027	\$ 2,669,135	\$ 2,227,601
Contracted Services	44,370	34,548	56,713	47,092	71,529
Operating Expenses	2,059,581	1,829,490	1,762,696	1,652,524	1,639,619
Amortization of Bond Costs	-	-	-	-	-
Total Expenses	\$ 4,323,914	\$ 3,817,334	\$ 4,507,436	\$ 4,368,751	\$ 3,938,749
Net Available for Debt Service	\$ 5,653,727	\$ 6,600,540	\$ 5,026,323	\$ 4,293,673	\$ 3,151,487
Customer Count:					
Water	6,586	6,560	6,344	6,176	6,086
Sewer	6,166	6,125	5,933	5,801	5,720

(1) Source: City's audited financial statements

(2) Excludes depreciation

TABLE 7 – Coverage and Fund Balances

Average Annual Principal and Interest Requirements (2024-2047)	\$	1,112,633
Coverage of Average Annual Requirements by 2023 Net Income		5.08x
Maximum Principal and Interest Requirements, 2036	\$	1,749,000
Coverage of Maximum Requirements by 2023 Net Income		3.23x
Utility System Bonds Outstanding as of 9/30/23	\$	20,852,000
Interest and Sinking Fund, 9-30-23	\$	3,675,588

TABLE 8 – Current Investments

Investments	Market Value	% of Total
Texpool	\$ 479,649	1.27%
Cash	37,186,942	98.73%
	\$ 37,666,591	100.00%

As of September 30, 2023.

Source: City's draft Financial Statements.

TABLE 9 – Utility System Debt Service Requirements

Fiscal Year Ending 9/30	Outstanding Debt			Percent of Principal Retired
	Principal	Interest	Total	
2024	\$ 1,033,000	\$ 682,885	\$ 1,715,885	
2025	1,068,000	651,019	1,719,019	
2026	1,098,000	613,489	1,711,489	
2027	1,143,000	574,399	1,717,399	20.82%
2028	1,182,000	533,420	1,715,420	
2029	1,227,000	490,553	1,717,553	
2030	1,272,000	445,750	1,717,750	
2031	1,307,000	403,080	1,710,080	
2032	1,352,000	362,718	1,714,718	51.23%
2033	1,392,000	320,870	1,712,870	
2034	1,472,000	272,000	1,744,000	
2035	1,527,000	215,700	1,742,700	
2036	1,592,000	157,000	1,749,000	
2037	1,647,000	95,900	1,742,900	87.82%
2038	1,712,000	32,400	1,744,400	
2039	92,000	-	92,000	
2040	92,000	-	92,000	
2041	92,000	-	92,000	
2042	92,000	-	92,000	97.79%
2043	92,000	-	92,000	
2044	92,000	-	92,000	
2045	92,000	-	92,000	
2046	92,000	-	92,000	
2047	92,000	-	92,000	100.00%
	<u>\$ 20,852,000</u>	<u>\$ 5,851,181</u>	<u>\$ 26,703,181</u>	