



City of Montgomery, Texas

City Council Budget Workshop - Financing Analysis
Water & Wastewater Projects

Tax & Revenue Certificates of Obligation, Series 2023

\$2.5 Million v. \$3.5 Million

Debt Service Paid By Utility Revenues

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City of Montgomery, Texas

**Cash Flow Analysis - \$2.5 Million Water & Sewer Improvements
Tax & Revenue Certificates of Obligation, Series 2023**

2022 Utility Fund Assumptions ^(a)

Operating Revenues	\$	2,771,714
Operating Expenses		(2,369,713)
ADD: Depreciation		370,243
Net Revenues	\$	772,244

Est. No. Customers: 1,100

Financing Assumptions ^(b)

Sale Date	12/14/2023
Closing Date	1/17/2024
First Interest Payment	3/1/2024
First Principal Payment	3/1/2025
Project Funds	\$ 2,500,000
Est. Interest Rate	5.00%

**Scenario I:
\$2.5 Million Project -
Paid by Utility
Revenues**

FYE 9/30	Tax Year	Net Revenues	Outstanding Debt Service ^(c)			Proposed Debt Service: Tax & Rev CO, Series 2023 ^(b)			Grand Total Self-Supported Debt Service	Surplus (Shortfall) Net Revs. Over Debt Service	Coverage of Debt Service by Net Revenues	Additional Required Monthly Revs. per Customer
			Total	LESS:		Principal	Interest	Total				
				Tax-Supported	Self-Supported							
2023	2022	\$ 772,244	\$ 954,739	\$ 530,199	\$ 424,540	\$ -	\$ -	\$ -	\$ 424,540	\$ 347,705	1.82	\$ -
2024	2023	772,244	893,556	467,538	426,018	70,000	87,486	157,486	583,504	188,740	1.32	-
2025	2024	772,244	902,276	472,502	429,774	80,000	119,500	199,500	629,274	142,970	1.23	-
2026	2025	772,244	800,947	374,374	426,573	85,000	115,375	200,375	626,948	145,297	1.23	-
2027	2026	772,244	799,655	373,345	426,309	85,000	111,125	196,125	622,434	149,810	1.24	-
2028	2027	772,244	796,966	371,599	425,367	90,000	106,750	196,750	622,117	150,128	1.24	-
2029	2028	772,244	797,755	374,010	423,744	95,000	102,125	197,125	620,869	151,375	1.24	-
2030	2029	772,244	533,741	107,329	426,412	100,000	97,250	197,250	623,662	148,582	1.24	-
2031	2030	772,244	480,881	92,597	388,284	105,000	92,125	197,125	585,409	186,836	1.32	-
2032	2031	772,244	478,047	92,409	385,638	110,000	86,750	196,750	582,388	189,856	1.33	-
2033	2032	772,244	489,868	95,062	394,806	115,000	81,125	196,125	590,931	181,313	1.31	-
2034	2033	772,244	481,413	91,887	389,527	125,000	75,125	200,125	589,652	182,592	1.31	-
2035	2034	772,244	477,830	91,611	386,219	130,000	68,750	198,750	584,969	187,275	1.32	-
2036	2035	772,244	474,077	91,307	382,771	135,000	62,125	197,125	579,896	192,349	1.33	-
2037	2036	772,244	336,530	50,779	285,751	145,000	55,125	200,125	485,876	286,368	1.59	-
2038	2037	772,244	171,700	49,793	121,907	150,000	47,750	197,750	319,657	452,587	2.42	-
2039	2038	772,244	-	-	-	160,000	40,000	200,000	400,000	372,244	1.93	-
2040	2039	772,244	-	-	-	165,000	31,875	196,875	393,750	378,494	1.96	-
2041	2040	772,244	-	-	-	175,000	23,375	198,375	396,750	375,494	1.95	-
2042	2041	772,244	-	-	-	185,000	14,375	199,375	398,750	373,494	1.94	-
2043	2042	772,244	-	-	-	195,000	4,875	199,875	399,750	372,494	1.93	-
Total			\$ 9,869,977	\$ 3,726,339	\$ 6,143,638	\$ 2,500,000	\$ 1,422,986	\$ 3,922,986	\$ 11,061,124			

(a) Source: City of Montgomery FYE 9/30/2022 audit

(b) Preliminary, subject to change. Interest rate estimated and shown for illustrative purposes only. Assumes S&P 'AA' rated, BQ, scales as of 9-6-23 + 10 bps, flat coupon.

(c) Source of debt service allocation: City of Montgomery

City of Montgomery, Texas

**Cash Flow Analysis - \$3.5 Million Water & Sewer Improvements
Tax & Revenue Certificates of Obligation, Series 2023**

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Operating Revenues	\$	2,771,714
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Sale Date	12/14/2023
Closing Date	1/17/2024
First Interest Payment	3/1/2024
First Principal Payment	3/1/2025
Project Funds	\$ 3,500,000
Est. Interest Rate	5.00%

**Scenario II:
\$3.5 Million Project -
Paid by Utility
Revenues**

FYE 9/30	Tax Year	Net Revenues	Outstanding Debt Service ^(c)			Proposed Debt Service: Tax & Rev CO, Series 2023 ^(b)			Grand Total Self-Supported Debt Service	Surplus (Shortfall) Net Revs. Over Debt Service	Coverage of Debt Service by Net Revenues	Additional Required Monthly Revs. per Customer
			Total	LESS:		Principal	Interest	Total				
				Tax-Supported	Self-Supported							
2023	2022	\$ 772,244	\$ 954,739	\$ 530,199	\$ 424,540	\$ -	\$ -	\$ -	\$ 424,540	\$ 347,705	1.82	\$ -
2024	2023	772,244	893,556	467,538	426,018	100,000	122,431	222,431	648,448	123,796	1.19	-
2025	2024	772,244	902,276	472,502	429,774	110,000	167,250	277,250	707,024	65,220	1.09	-
2026	2025	772,244	800,947	374,374	426,573	115,000	161,625	276,625	703,198	69,047	1.10	-
2027	2026	772,244	799,655	373,345	426,309	120,000	155,750	275,750	702,059	70,185	1.10	-
2028	2027	772,244	796,966	371,599	425,367	130,000	149,500	279,500	704,867	67,378	1.10	-
2029	2028	772,244	797,755	374,010	423,744	135,000	142,875	277,875	701,619	70,625	1.10	-
2030	2029	772,244	533,741	107,329	426,412	140,000	136,000	276,000	702,412	69,832	1.10	-
2031	2030	772,244	480,881	92,597	388,284	150,000	128,750	278,750	667,034	105,211	1.16	-
2032	2031	772,244	478,047	92,409	385,638	155,000	121,125	276,125	661,763	110,481	1.17	-
2033	2032	772,244	489,868	95,062	394,806	165,000	113,125	278,125	672,931	99,313	1.15	-
2034	2033	772,244	481,413	91,887	389,527	175,000	104,625	279,625	669,152	103,092	1.15	-
2035	2034	772,244	477,830	91,611	386,219	180,000	95,750	275,750	661,969	110,275	1.17	-
2036	2035	772,244	474,077	91,307	382,771	190,000	86,500	276,500	659,271	112,974	1.17	-
2037	2036	772,244	336,530	50,779	285,751	200,000	76,750	276,750	562,501	209,743	1.37	-
2038	2037	772,244	171,700	49,793	121,907	210,000	66,500	276,500	398,407	373,837	1.94	-
2039	2038	772,244	-	-	-	220,000	55,750	275,750	551,500	220,744	1.40	-
2040	2039	772,244	-	-	-	235,000	44,375	279,375	558,750	213,494	1.38	-
2041	2040	772,244	-	-	-	245,000	32,375	277,375	554,750	217,494	1.39	-
2042	2041	772,244	-	-	-	255,000	19,875	274,875	549,750	222,494	1.40	-
2043	2042	772,244	-	-	-	270,000	6,750	276,750	553,500	218,744	1.40	-
Total			\$ 9,869,977	\$ 3,726,339	\$ 6,143,638	\$ 3,500,000	\$ 1,987,681	\$ 5,487,681	\$ 13,015,443			

(a) Source: City of Montgomery FYE 9/30/2022 audit

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