

# Financial Update

Mike Bailey

Finance Director/Treasurer

February 13, 2024



# Disclaimer

- The amounts shown for 2023 Year End are subject to change
- Audit work still being completed by Bolinger, Segars, Gilbert & Moss
- Annual Reports will be filed by March 31<sup>st</sup> Deadlines
  - Rural Utilities Services Form 7 for Electric
  - US Department of Agriculture Rural Development Form 442 & 443 for Water

# 2023 Year End Summary

	Electric	Water	Combined
Operating Revenues	\$42,538,198	\$4,431,890	\$46,970,087
Total Cost of Service	\$38,018,912	\$4,033,122	\$42,052,033
Operating Margins	\$4,519,286	\$398,768	\$4,918,054
Non-operating Margins	\$4,083,571	\$476,906	\$4,560,477
Total Margins	\$8,602,856	\$875,674	\$9,478,530

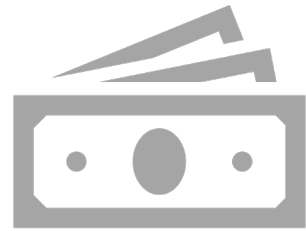
## 2023 Electric Actuals to Budget

	BUDGET	ACTUALS	VARIANCE
Operating Revenues	\$46,837,602	\$42,538,198	(\$4,299,404)
Total Cost of Service	\$47,522,319	\$38,018,912	(\$9,503,407)
Operating Margins	(\$684,717)	\$4,519,286	\$5,204,003
Non-Operating Margins	\$2,380,886	\$4,083,571	\$1,702,685
Total Margins	\$1,696,169	\$8,602,857	\$6,906,688

## 2023 Water Actuals to Budget

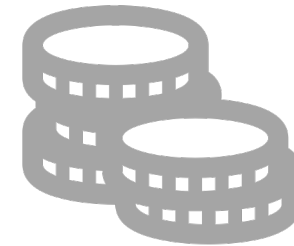
	Budget	Actuals	Variance
Operating Revenues	\$4,915,051	\$4,431,890	(\$483,161)
Total Cost of Service	\$4,559,400	\$4,033,122	(\$526,278)
Operating Margins	\$355,651	\$398,768	\$43,117
Non-Operating Margins	\$719,525	\$476,906	(\$242,619)
Total Margins	\$1,075,176	\$875,674	(\$199,502)

# Types of Margins



## Operating Margins

Operating Revenues minus Total  
Cost of Service



## Non-Operating Margins

Contribution Aid in Construction  
Property Taxes and Timber Sales  
Interest Income  
Grant Funds

# How are Margins Used?

Principal Payments on Long-Term Debt

```
graph TD; A[Principal Payments on Long-Term Debt] --> B[Reinvested into the Utility]; B --> C[Material Inventory]; C --> D[Cash Reserves];
```

Reinvested into the Utility

Material Inventory

Cash Reserves

# Year End Cash and Cash Equivalents Balances

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Special Funds	\$1,567,140	\$1,599,875	\$563,891	\$265,067	\$183,533	\$4,788,486
Cash - General Funds	\$4,492,595	\$2,100,554	\$745,223	\$1,401,239	\$1,696,433	\$6,637,472
Temporary Investments	\$13,136,457	\$13,927,985	\$11,621,810	\$10,220,866	\$4,977,658	\$4,238,877
<b>Total Cash and Cash Equivalents</b>	<b>\$19,196,192</b>	<b>\$17,628,414</b>	<b>\$12,930,924</b>	<b>\$11,887,172</b>	<b>\$6,857,624</b>	<b>\$15,664,835</b>
Change in Reserves Year to Year		(\$1,567,778)	(\$4,697,490)	(\$1,043,752)	(\$5,029,548)	\$8,807,211



# Electric Utility Ratios

	<b>2022</b>	<b>2023</b>	<b>2024 Budget</b>
TIER	4.76	4.50	4.48
OTIER	3.21	2.84	2.98
DSC	2.95	2.86	2.71
ODSC	2.31	2.18	1.97
12 Month Rolling TIER	4.76	4.50	

# Electric and Broadband Long-Term Debt

Lender (Loan Designation)	Loan Maturity Year	Outstanding Principal (1/24)	Loan Purpose
Rural Utilities Services	2041	\$85,595,765	To purchase the Electric Assets of East Jefferson County from PSE
Rural Utilities Services	2049	\$4,536,458	To purchase Otto St office and AMI Deployment Project
WA State Public Works BB (PBC23-96104-001)	2037	\$476,978	Port Townsend Business Fiber Expansion
		<b>\$90,609,201</b>	

# Water Long-Term Debt

Lender (Loan Designation)	Loan Maturity Year	Outstanding Principal (1/24)	Loan Purpose
US Bank Bond Services	2026	\$489,000	LUD # 14 Marrowstone Island
USDA Rural Development	2043	\$2,122,162	Transfer of Water Assets within the Tri-Area portion of the Quimper System with the City of Port Townsend
Peterson Family	2026	\$348,530	Purchase Peterson Lake and the surrounding land to preserve water conservation
WA State Public Works (PW05-691-024)	2025	\$101,552	LUD #15 Beckett Point Large On-Site Septic System
WA State Public Works (PW05-691-025)	2025	\$217,613	LUD # 14 Marrowstone Island
WA State Drinking Water (DM10-952-018)	2044	\$564,629	Treatment Sparling Well, Quimper Water System
WA State Drinking Water (DM12-952-091)	2035	\$326,700	Kala Point Acquisition, Upgrade, Consolidation
WA State Drinking Water (DM13-952-177)	2035	\$506,010	Sparling Well Treatment Plant
WA State Public Works (PC22-96103-073)	2041	\$1,969,683	Quilcene Water Tank
WA State Drinking Water (DWL26239)	2045	\$490,000	LUD #17 Shine Platt
		<b>\$7,135,879</b>	





What's Ahead in 2024

# 2024 Budget

	<b>Electric</b>	<b>Water</b>	<b>Broadband</b>	<b>Combined</b>
Operating Revenues	\$48,672,105	\$4,944,503	\$130,000	\$53,746,608
Total Cost of Service	\$42,989,086	\$4,836,321	\$1,290,941	\$49,116,348
Operating Margins	\$5,683,019	\$108,18	(\$1,160,941)	\$4,630,260
Non-Operating Margins	\$2,289,866	\$302,100	\$2,486,206	\$5,078,172
Total Margins	\$7,972,885	\$410,282	\$1,325,265	\$9,708,432

# 2024 Capital Budget

Broadband  
\$15,172,062

Electric  
\$5,725,000

Water  
\$1,420,000

Fleet  
\$465,000

Miscellaneous  
\$380,000

Building and Yard  
Improvements  
\$227,500

# Shared Cost Allocation for 2024

	Revenues		Expenses		Margins		Allocation %	Allocation %		Cost Share
Electric	\$48,672,105	90.56%	\$42,989,086	87.53%	\$7,972,885	82.12%	86.74%	84.82%	85.8%	86%
Water	\$4,944,503	9.20%	\$4,836,321	9.85%	\$410,282	4.23%	7.76%	7.04%	7.4%	7%
Broadband	\$130,000	0.24%	\$1,290,941	2.63%	\$1,325,265	13.65%	5.51%	8.14%	6.8%	7%
Total	\$53,746,608	100.00%	\$49,116,348	100.00%	\$9,708,432	100.00%	100.00%	100.00%	100%	100%
							Based on Revenues, Expenses, & Margins	Based on Expenses and Margins	Average of Allocation Calculations	Actual Allocation Percentage for 2024





**Building Maintenance, Office Supplies,  
Utilities , and Other Shared Expenses**

**Administrative and  
General Expenses**

**Customer Service-  
Related Expenses**



**Questions**