

Special Meeting Agenda
PUD Board of Commissioners
Tues, Jan 12, 2021 10:00 AM
webex
Port Townsend, WA 98368



To join online go to: <https://jeffpud.my.webex.com/meet/JPUD>. Follow the instructions to login. Meetings will open 5 minutes before they begin. CALL IN #: Dial 360-379-5833. No additional log-ins needed.

Page

1. Call to Order

Per the Governor's Extended Proclamation 20-28 and in response to the COVID-19 Pandemic, Jefferson County PUD is no longer providing an in-person room for meetings of the BOC. All meetings will be held remotely via Webex until otherwise informed by the Governor. Participant audio will be muted upon entry. Please unmute at the appropriate time to speak. If you are calling in, use *6 to mute and unmute.

2. Agenda Review

3. Presentations

3.1. PUD Data Dashboard Tools from Moss Adams

3.2. 2020 and 2021 PUD Budget Review

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[Financial Presentation.pdf](#) 

[Key Ratio Definitions.docx](#) 

4. Adjourn

Jefferson County PUD 2020 Financial Review and 2021 Finance Preview

Mike Bailey

Finance Director

Kevin Streett

General Manager

2020 Highlights



CLOSED OFFICES IN
MARCH



WORKED REMOTELY



WORLDWIDE
PANDEMIC

2020 Data Keynotes

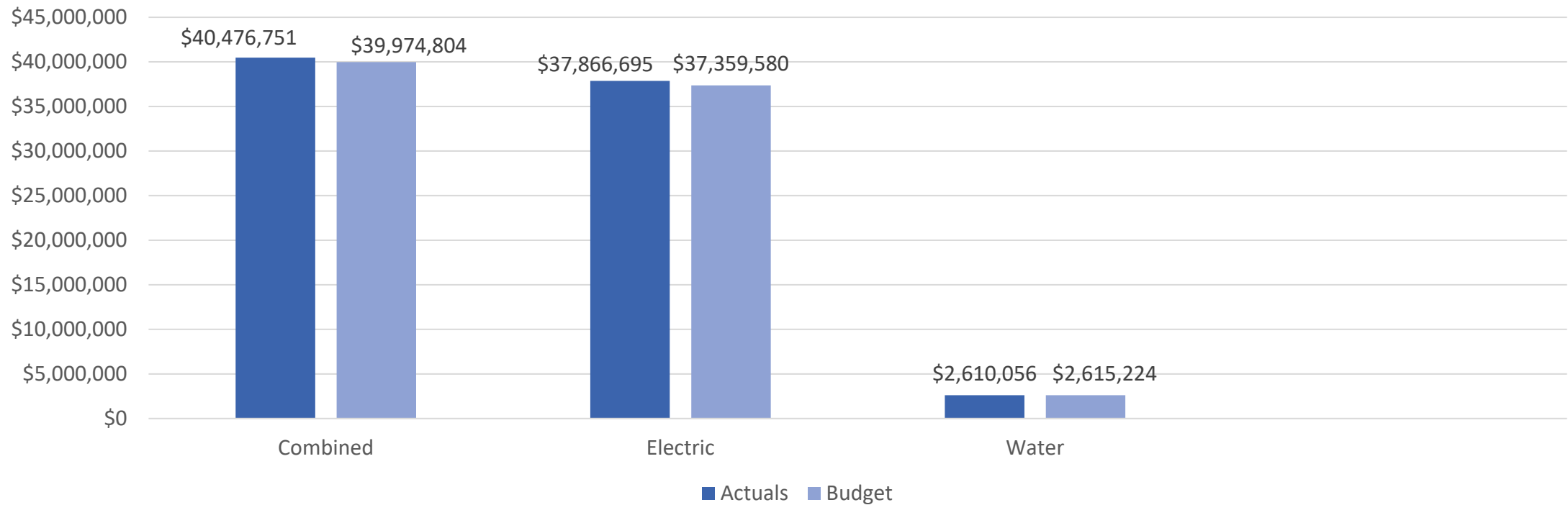
Financial Data for 2020 are rough numbers

Still processing December 2020 Month End

Numbers are unaudited and subject to change

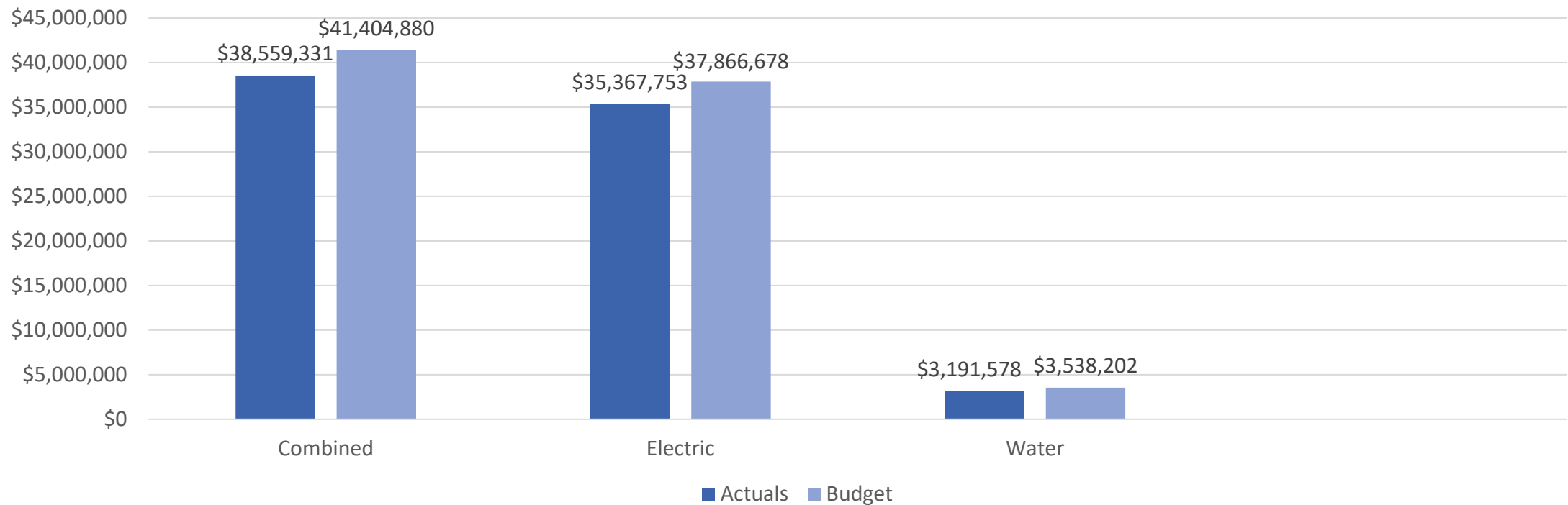
2020 Revenues

Actual Revenues Compared to Budget Revenues



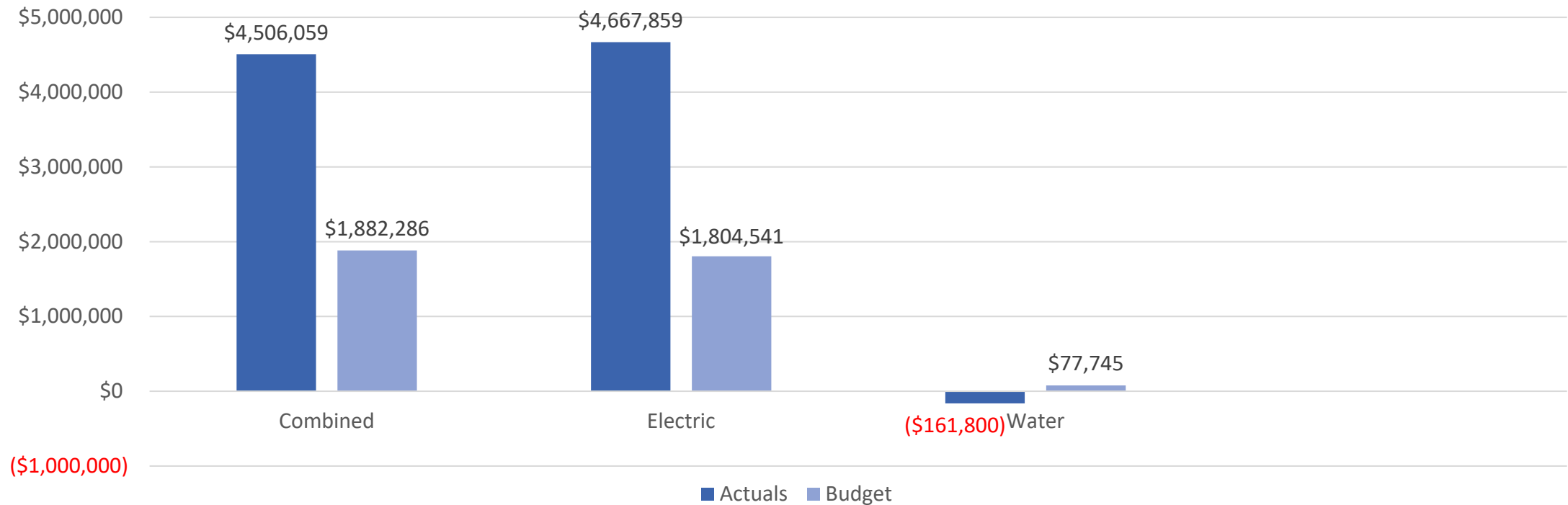
2020 Total Cost of Service

Actual Total Cost of Service to Budget Total Cost of Service



2020 Total Margins

Actual Total Margins Compared to Budgeted Total Margins



Projected Unrestricted Cash Summary

Cash Account Description	August 2020	December 2020	Variance
Cash-Operating Depository	\$693,007	\$ 719,334	\$178,838
Cash-Jeff Co Treasurer General	278,481	(7,041)	\$(277,675)
Cash-Payroll Clearing-1st Security Payroll Clearing	12	0	\$(6)
Working Funds	2,000	2,000	\$ -
Cash-1996 Bond LUD #6	20,148	20,578	\$264
Cash-1996 Bond LUD #8	73,061	75,660	\$2,085
Temp Invest JeffCo Treasurer Gen	5,646,522	2,840,689	\$(1,939,387)
Tax Revenue Fund	3,471,390	3,727,637	\$244,950
Tax Revenue Fund Investment	1,925,000	1,925,000	\$ -
RUS Bond Fund	\$267	\$ 267	\$ -
2020 Ending Unrestricted Cash	\$12,109,888	\$ 9,304,124	\$(1,790,931)
2021 Net Cash Outflow	(2,576,685)	(2,576,685)	\$ -
2021 Ending Unrestricted Cash	\$9,533,203	\$ 6,727,439	\$(1,790,931)

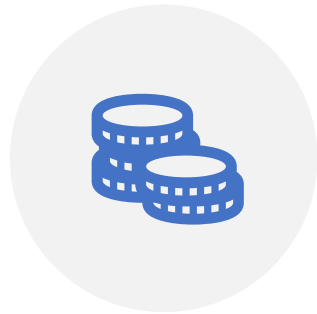
Projected Restricted Cash Summary

Cash Account Description	August 2020	December 2020	Variance
Other Special Funds	\$ 47,200	\$ 47,200	\$ -
Reserve Fund LUD #13	13	13	\$ -
Tri Area Bond Reserve	37	23	\$ (14)
Tri Area Bond Investment	181,281	181,398	\$ 94
LUD #11 Water Reserve	48	30	\$ (18)
LUD #11 Invested Reserve	234,809	234,960	\$ 122
Cash-1999 Bond LUD #11	7	4	\$ (3)
Cash-1997 Bond LUD #13	4	3	\$ (1)
Cash-2009 Bond LUD #14	1,119	33,342	\$ 6,777
Cash-2008 Bond LUD #15	112	68	\$ (44)
LUD #11 Bond Investment	33,068	33,089	\$ 17
LUD #13 Bond Investment	21,737	21,751	\$ 11
LUD #14 Bond Investment	2,512,196	2,531,347	\$ 11,255
LUD #15 Bond Investment	541,948	542,297	\$ 280
2020 Ending Restricted Cash	\$ 3,573,579	\$ 3,625,525	\$ 18,476

Key Ratios



TIMES INTEREST EARNED
RATIO (TIER)—ELECTRIC
ONLY



DEBT SERVICE COVERAGE



EQUITY RATIO

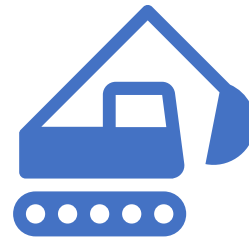


LONG-TERM DEBT TO
TOTAL PLANT RATIO

2021 Highlights



Remote Working
Continues



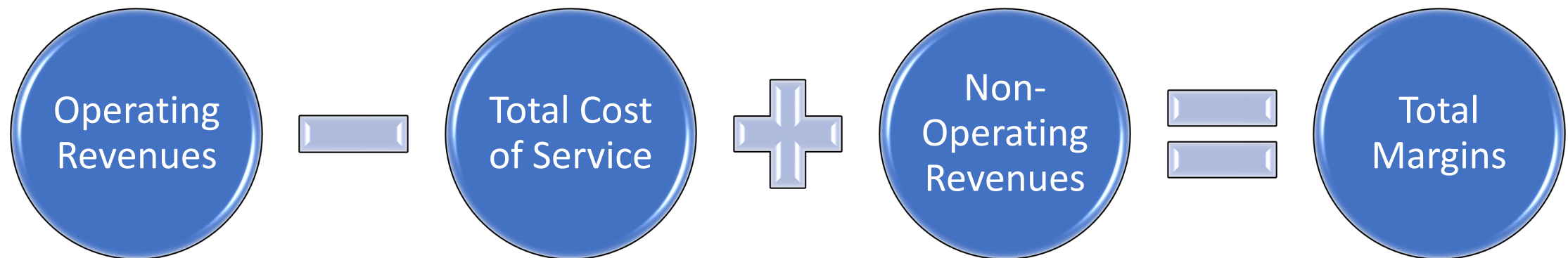
Construction Completed
on Building



Continuing Working on
improving processes

2021 Budget Highlights

	Electric	Water	Combined
Revenues	\$37,504,346	\$2,678,048	\$40,182,394
Total Cost of Service	\$38,692,046	\$3,934,859	\$42,626,905
Non-Operating Margins	\$2,783,688	\$855,826	\$3,639,514
Total Margins	\$1,595,988	(\$400,985)	\$1,195,003



2021 Capital Budget Highlights

Capital dollars represent the reinvestment into our infrastructure.

Capital Category	Budget Amount
Electric Work Plan	\$2,954,000
Water Work Plan	\$609,500
Broadband	\$675,000
Facilities Improvement	\$1,600,000
Fleet	\$455,000
Warehouse and Yard Improvements	\$131,000
Electric Tools and Personal Protection Equipment	\$90,000
Information Technology	\$25,000
Contracted Engineering Costs	\$155,000

Look Forward to Budget Meetings

	Current Month	Year to Date Actual	Year to Date Budget	Annual Budget
Revenues	\$aa,aaa	\$xx,xxx	\$yy,yyy	\$zz,zzz
Total Cost of Service	\$aa,aaa	\$xx,xxx	\$yy,yyy	\$zz,zzz
Non-Operating Margins	\$aa,aaa	\$xx,xxx	\$yy,yyy	\$zz,zzz
Total Margins	\$aa,aaa	\$xx,xxx	\$yy,yyy	\$zz,zzz

Cause and Effect



WEATHER IS A CAUSE AND HOW DOES
IT EFFECT REVENUES



WIND IS A CAUSE AND HOW DOES IT
EFFECT EXPENSES



INFRASTRUCTURE FAILURES ARE A
CAUSE AND HOW DO THEY EFFECT
FINANCIALS

Completed Capital Projects

- Completed Electric Projects
- Completed Water Projects
- Completed Broadband Projects
- Completed Capital Purchases

6 TIER (Times Interest Earned Ratio) TIER is a measurement of the system's annual ability to earn margins sufficient to cover the interest expense on long-term debt. TIER is a primary indicator of a utility's financial health to lending institutions. A TIER of greater than 1.0 indicates that a system is generating revenues sufficient to cover its long-term interest expense 1.0 plus times. A TIER of 1.0 indicates payment of interest with no margins left for financing new projects. A TIER of less than 1.0 indicates a system could not pay its interest from margins earned after deducting expenses before interest. A negative TIER indicates borrowed funds are needed to pay all of the interest and some part of operating expenses for that year. A very high TIER value indicates that the system has very little long-term debt resulting in low long-term interest costs. The RUS loan contract generally requires a borrower maintain a specified TIER ratio. The CFC loan contract no longer has a TIER requirement. CFC requires a modified debt service coverage ratio.

DSC (Debt Service Coverage) Debt Service Coverage (DSC) is a measurement of the system's ability to generate sufficient funds to cover the cash requirements of its long-term debt service (principal and interest) on an annual basis. The non-cash expense of depreciation and amortization expenses is taken into consideration as a cash generator. A ratio value of 1.0 indicates that the system generated only enough cash to cover its principal and interest payments (total debt service) on its long-term debt. The RUS loan contract generally requires a borrower to maintain a specified DSC level. The CFC loan contract no longer has a DSC requirement as defined in this ratio.

Equity Level as a Percentage of Assets Measures the extent to which the cooperative's consumers have financed plant and other assets with their own funds, as distinguished from assets that were financed with borrowed capital. Equity represents the percent of total assets the member actually owns. It is an indicator to the member of his/her ability to recover principal investment should the utility system default on its loans. A high equity ratio is an indication that the system has financed plant additions primarily with internally generated funds over the years. A low ratio could indicate that the cooperative has utilized long-term debt capital to finance most of its plant additions and replacements.

Long-term Debt as a Percentage of Total Assets measures the portion of assets that are financed with debt as opposed to internally generated funds. The ratio includes all long-term debt used to finance plant in service. A high ratio could indicate greater risk for the lender. A cooperative's access to outside financing could be limited because equity is a primary criterion outside lenders evaluate when considering loans. High debt indicates financial ratios, such a TIER, DSC and MDSC could be much more difficult to meet.