

## **INTER-OFFICE MEMO**

**TO:** Erin Keys, Utilities Director

**FROM:** William Addo, Senior Accountant

**DATE:** 11/05/2025

**SUBJECT:** Water and Electric Financial Statements Ending September 30, 2025

Water and Electric Utility combined operations reflect an operating income of \$8,832,045 for the twelve months ending September 30, 2025; compared to an operating income of \$11,899,738 for the same period last year.

Net income from Water and Electric Utility combined operations is \$11,660,788 for the twelve months ending September 30, 2025; compared to a net income of \$20,087,450 for the same period last year.

### **WATER UTILITY**

The Water Utility operations generated an operating income of \$4,691,570 for the twelve months ending September 30, 2025; compared to an operating income of \$3,832,211 for the same period last year.

Net income from the Water Utility operations is \$5,174,350 for the twelve months ending September 30, 2025; compared to a net income of \$7,152,128 for the same period last year.

Operating revenues for the Water Utility are up \$1,647,734 and operating expenses before Payment-In-Lieu-Of-Tax and Depreciation are up \$738,021; compared to the same period last year.

### **WATER UTILITY CUSTOMER DISTRIBUTION**

The table below shows water customer distribution for the month of September, 2025; compared to the same period last year.

Customer Distribution	September 2025	September 2024
Residential	47,237	46,874
Commercial	4,735	4,735
Large Commercial	34	34
Total	52,007	51,643

### **ELECTRIC UTILITY**

The Electric Utility operations generated an operating income of \$4,140,475 for the twelve months ending September 30, 2025; compared to an operating income of \$8,067,527 for the same period last year.

The Electric Utility operations generated a net income of \$6,486,438 for the twelve months ending September 30, 2025; compared to a net income of \$12,935,322 for the same period last year.

Operating revenues for the Electric Utility are up \$9,285,245 and operating expenses before Payment-In-Lieu-Of-Tax and Depreciation are up \$13,221,565; compared to the same period last year. Fuel and Purchased power costs have increased \$42,840,661; compared to the same period last year.

### **ELECTRIC UTILITY CUSTOMER DISTRIBUTION**

The table below shows electric customer distribution for the month of September, 2025; compared to the same period last year.

Customer Distribution	September 2025	September 2024
<b>Residential</b>	<b>45,913</b>	<b>45,566</b>
<b>Small General Service</b>	<b>6,576</b>	<b>6,521</b>
<b>Large General Service</b>	<b>1,057</b>	<b>1,066</b>
<b>Industrial</b>	<b>26</b>	<b>28</b>
<b>Total</b>	<b>53,573</b>	<b>53,181</b>

### **FINANCIAL INDICATORS**

**Projected Current Ratio:** This ratio measures an entity's ability to pay its short-term obligations. A current ratio >1 is the ideal standard, whereas a current ratio of <1 indicates an entity's inability to pay its short-term obligations. At September 30, 2025, the Water and Electric funds maintained a current ratio of 7.35.

Financial Indicator	Water Utility	Electric Utility	Water and Electric Combined
<b>Current Ratio</b>	<b>7.45</b>	<b>7.31</b>	<b>7.35</b>

\*Current Ratio = Total Current Assets / Total Current Liabilities

**Projected Days Cash on Hand:** This ratio estimates the number of days an entity is able pay its daily operation costs before running out of cash--assuming there were no additional cash inflows. At September 30, 2025, the Water and Electric funds maintained 103 days cash on hand (including PILOT expenses), and 115 days cash on hand (excluding PILOT expenses).

Financial Indicator	Water Utility	Electric Utility	Water and Electric Combined
<b>Days Cash on Hand (Including PILOT Expense)</b>	<b>214 Days</b>	<b>85 Days</b>	<b>103 Days</b>
<b>Days Cash on Hand (Excluding PILOT Expense)</b>	<b>264 Days</b>	<b>93 Days</b>	<b>115 Days</b>

\*Days Cash on Hand = Unrestricted Cash and Cash Equivalent/ (Operating Expenses / 365)

**Projected Debt Coverage Ratio:** The debt coverage ratio is a measure of an entity's ability to meet its annual interest and principal debt payments. A debt coverage ratio of 1.1 is a sign of vulnerability. A ratio greater than 1 means an entity has sufficient income to pay its current debt obligations, whereas a ratio of less than 1 means an entity's inability to pay its current debt obligations. At September 30, 2025, the Water and Electric funds maintained the following ratios:

Financial Indicator	Water Utility	Electric Utility	Water and Electric Combined
<b>Debt Coverage Ratio (Including PILOT Expense)</b>	<b>1.65</b>	<b>1.87</b>	<b>1.78</b>
<b>Debt Coverage Ratio (Excluding PILOT Expense)</b>	<b>2.36</b>	<b>3.22</b>	<b>2.87</b>

\* Debt coverage ratio= Net revenues (operating revenues plus interest less operating expenses) divided by total debt service (annual interest plus annual principal payments on long-term debt).