

Charles Town Utility Board
Analysis of Debt Service Coverage - Actual and Pro Forma with Summit Point \$ 3,000,000 Bond Issuance (Existing Summit Point Customers)
For the year ended June 30, 2025

As of February 3, 2025

	Actual			Adjustment for Maximum DS Existing Debt	Maximum DS Coverage	Pro Forma	
	Water Department	Sewer Department	Total			Summit Point Pro Forma Adjustments	Pro Forma After Summit Point
Revenues	\$ 8,660,950	\$ 11,220,242	\$ 19,881,192				
Modification to Revenues:							
Interest	(572,191)	(432,597)	(1,004,788)				
Rental income	(448,821)	-	(448,821)				
Rental receipts	535,918	-	535,918				
Gain/loss on sale of assets	(8,160)	180,406	172,246				
Miscellaneous non-operating income	(76,587)	(6,400)	(82,987)				
CIF & CAC Revenues	(2,176,454)	(3,602,877)	(5,779,331)				
Operating Revenues	<u>5,914,655</u>	<u>7,358,774</u>	<u>13,273,429</u>	\$ -	\$ 13,273,429	\$ 68,927	\$ 13,342,356
Expenses	5,628,225	7,937,579	13,565,804				
Modifications to Expenses:							
Depreciation and amortization expense	(1,495,396)	(3,083,464)	(4,578,860)				
Rental payments on office lease	15,300	15,300	30,600				
Pension expense	(46,664)	(50,796)	(97,460)				
Pension contractual payments	109,179	107,557	216,736				
OPEB expense	(3,678)	13,523	9,845				
OPEB contractual payments	7,137	5,670	12,807				
Interest on long-term debt	(435,606)	(660,269)	(1,095,875)				
Bond issuance costs	-	(40,650)	(40,650)				
Administrative and service fees	5,294	50,224	55,518				
Operating Expenses Net of Non-cash Items and Interest Expense	<u>3,783,791</u>	<u>4,294,674</u>	<u>8,078,465</u>	-	8,078,465	44,803	8,123,268
Operating Income Available for Debt Service	<u>2,130,864</u>	<u>3,064,100</u>	<u>5,194,964</u>	\$ -	5,194,964	24,124	5,219,088
Debt Service Expenditures:							
Principal payments on bond issues	1,013,647	1,292,549	2,306,196				
Interest payments on bond issues	358,161	587,148	945,309				
Total Debt Service Expenditures	<u>1,371,808</u>	<u>1,879,697</u>	<u>3,251,505</u>	5,588	3,257,093	170,363	3,427,456
Operating Income Available After Bond Debt Service	<u>\$ 759,056</u>	<u>\$ 1,184,403</u>	<u>\$ 1,943,459</u>	\$ (5,588)	\$ 1,937,871	\$ (146,239)	\$ 1,791,632
Debt Service Coverage Ratio	<u>155.33%</u>	<u>163.01%</u>	<u>159.77%</u>		<u>159.50%</u>		<u>152.27%</u>
Required Debt Service Coverage Ratio	<u>115.00%</u>	<u>115.00%</u>	<u>115.00%</u>		<u>115.00%</u>		<u>115.00%</u>
Amount of Coverage in Excess of 130%	<u>\$ 347,514</u>	<u>\$ 620,494</u>	<u>\$ 968,008</u>		<u>\$ 960,743</u>		<u>\$ 763,396</u>

Financial Observations

The Summit Point Project is financially feasible.

The potential project would require the use of about \$ 150,000 of annual operating reserves.

The potential project would reduce debt service coverage by approximately 7%.

Projected customer increases would mitigate the use of annual operating reserves and debt service coverage.

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Operating Revenues	5,914,655	7,358,774	13,273,429	\$ -	\$ 13,273,429	\$ 68,927	\$ 13,342,356
Expenses	5,628,225	7,937,579	13,565,804				
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Operating Income Available for Debt Service	2,130,864	3,064,100	5,194,964	\$ -	\$ 5,194,964	\$ 24,124	\$ 5,219,088
Debt Service Expenditures:							
Principal payments on bond issues	1,013,647	1,292,549	2,306,196				
Interest payments on bond issues	358,161	587,148	945,309				
Total Debt Service Expenditures	1,371,808	1,879,697	3,251,505	(20,665)	3,230,840	376,525	3,607,365
Operating Income Available After Bond Debt Service	\$ 759,056	\$ 1,184,403	\$ 1,943,459	\$ 20,665	\$ 1,964,124	\$ (352,401)	\$ 1,611,723
Debt Service Coverage Ratio	155.33%	163.01%	159.77%		160.79%		144.68%
Required Debt Service Coverage Ratio	115.00%	115.00%	115.00%		115.00%		115.00%
Amount of Coverage In Excess of 130%	\$ 347,514	\$ 620,494	\$ 968,008		\$ 994,872		\$ 529,514

Financial Observations

The Summit Point Project is financially feasible.

The potential project would require the use of about \$ 350,000 of annual operating reserves.

The potential project would reduce debt service coverage by approximately 16%.

Projected customer increases would mitigate the use of annual operating reserves and debt service coverage.