

Internal Monitoring Report

Policy #: EL-2C Financial Planning/Budgeting

Date: August 25, 2015

Frequency: Twice a year (May and August)

Policy Language:

The General Manager shall not cause or allow financial planning to deviate materially from the board's Outcomes priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

Accordingly, the General Manager shall not cause or allow conditions, procedures, or decisions that:

1. Allow budgeting which would risk incurring those situations or conditions described as unacceptable in the Financial Condition and Activities policy ([EL - 2D](#)).
2. Fail to provide to the utility the full amount established by the board for any given activity.
3. Fail to provide the board with an opportunity for one month's deliberation prior to approval of cost increases in excess of 15% of the established budget for a project.

General Manager's interpretation and its justification:

This Executive Limitations policy recognizes that financial planning and sound budgeting are necessary for the achievement of the board's Outcomes priorities and in order to avoid financial jeopardy. Sound budgeting is also necessary for the board to invest resources in improving its own governance capacity. The Utility has the responsibility to establish, manage and plan for the necessary water rates and debt to fund all expenditures to meet identified capital and operational requirements, and to budget accordingly.

The board has enumerated in this policy three specific areas: budgeting in accordance with EL2D, and providing funds for board activities, and providing the board with adequate time for deliberation prior to approving significant cost increases over an established project budget.

Data directly addressing the General Manager's interpretation:

The Utility's 2016 Capital Improvement Program was approved by the board on May 26, 2015. It is aligned materially with the board's Outcomes priorities, including the Global Outcomes Policy and the Water Quantity, Water Quality and Reliability policies. In addition, it projects capital expenditures through 2021.

The Utility has implemented and uses a financial planning model to evaluate and project funding required for financing infrastructure and operating needs. Through the use of this model, bond sales are planned and rate increases are developed.

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The 2016 Operating Budget was submitted to the City's Finance Dept. on August 3, 2015, and is attached herewith. It is a balanced budget and includes the full amount established by the board for board governance capacity.

I report compliance.

Attachment:

2016 Water Utility Operating Budget

City of Madison - Water Utility Operating Budget Request for 2016

Org Code	Object	Account Description	2015 FINAL BUDGET	2015 YTD ACTUALS	2016 BUDGET REQUEST
86100	42110	WATER SPLY FED REV OP	-	(152,940.04)	-
86100	42216	WATER SPLY PMT MUN SE	-	(21,657,319.30)	-
86100	43522	WATER SPLY FACT RNTAL	(1,529,303.00)	(6,955.00)	(415,000.00)
86100	43810	WATER SPLY UTLTY FEE	(35,281,901.00)	-	(37,072,661.00)
86100	45410	WATER SPLY LATE FEES	(322,202.00)	-	(252,511.00)
86100	46110	WATER SPLY INTEREST	(234,000.00)	(1,861.77)	(234,000.00)
86100	47190	WATER SPLY MISC REV	-	(60,166.81)	(37,543.00)
86100	48110	WATER SPLY SALE ASSET	-	(4,639.31)	-
86100	51110	WATER SPLY PERM WAGES	8,288,088.00	4,233,539.15	8,138,517.00
86100	51111	SALARY SAVINGS	(1,207,449.00)	-	(1,207,449.00)
86100	51120	WATER SPLY PRMIUM PAY	66,023.00	17,163.83	66,000.00
86100	51130	WATER SPLY WKR COMP W	-	24,528.17	50,000.00
86100	51210	WATER SPLY HRLY WAGES	180,802.00	67,246.68	172,534.00
86100	51310	WATER SPLY OVRM PERM	304,722.00	148,271.77	288,000.00
86100	51320	WATER SPLY OVRM HRLY	-	5,115.39	15,000.00
86100	52110	WATER SPLY COMP ESCRW	114,360.00	94,967.57	114,360.00
86100	52111	BENEFIT SAVINGS	(472,054.00)	-	(472,054.00)
86100	52410	WATER SPLY HLTH INS B	1,833,298.00	1,256,153.51	1,677,426.84
86100	52413	WATER SPLY WAGE INS B	23,901.00	13,426.63	24,800.00
86100	52510	WATER SPLY WI RET SY	566,734.00	299,204.40	533,400.00
86100	52610	WATER SPLY FICA MEDIC	636,842.00	336,100.72	605,418.00
86100	52714	WATER SPLY LIC CERT	-	80.00	-
86100	53110	WATER SPLY OFFICE SUP	20,000.00	1,846.91	75,000.00
86100	53120	WATER SPLY COPY PRINT	-	628.37	-
86100	53140	WATER SPLY HARDWA SUP	65,000.00	4,289.95	171,033.00
86100	53145	WATER SPLY SOFTWA SUP	-	7,479.58	15,000.00
86100	53150	WATER SPLY POSTAGE	390,000.00	314,885.61	390,000.00
86100	53210	WATER SPLY WRK SUP	1,000,000.00	841,790.47	1,000,000.00
86100	53212	WATER SPLY ASPHLT MAT	-	83,563.07	65,000.00
86100	53215	WATER SPLY JANITOR SUP	-	-	10,000.00
86100	53220	WATER SPLY LAB PHOTO	15,000.00	-	10,000.00
86100	53235	WATER SPLY SAFETY SUP	30,000.00	19,788.12	46,630.00
86100	53245	WATER SPLY UNIFRM SUP	5,000.00	1,638.83	5,000.00
86100	53315	WATER SPLY BUILD SUP	-	-	10,000.00
86100	53410	WATER SPLY MACH EQUIP	785,000.00	316,774.74	885,000.00
86100	53413	WATER SPLY EQUIP SUP	140,000.00	31,025.06	140,000.00
86100	53415	WATER SPLY TIRES	-	1,628.00	-
86100	53420	WATER SPLY GASOLINE	166,000.00	121,217.07	120,000.00
86100	53421	WATER SPLY DIESEL	90,000.00	102,044.51	65,000.00
86100	54110	WATER SPLY NATRAL GAS	78,000.00	72,786.26	63,000.00
86100	54112	WATER SPLY ELECTRICIT	2,600,000.00	2,389,714.76	2,500,000.00
86100	54116	WATER SPLY STEAM	-	77,135.78	-
86100	54120	WATER SPLY TELEPHONE	20,000.00	15,222.41	20,000.00
86100	54121	CELLULAR TELEPHONE	15,000.00	8,351.05	220.00
86100	54125	WATER SPLY TELEVISION	-	50.09	750.00
86100	54210	WATER SPLY BUILD IMPR	350,000.00	57,861.00	1,735,000.00

86100	54215 WATER SPLY WASTE DISP	-	558.16	-
86100	54230 WATER SPLY FACT RNTAL	9,245.00	-	5,000.00
86100	54250 WATER SPLY GRNDS IMPR	-	3,255.05	5,000.00
86100	54330 WATER SPLY EQUIP IMP	175,000.00	43,980.39	100,000.00
86100	54335 WATER SPLY SY LIC MNT	300,000.00	142,068.94	526,277.00
86100	54340 WATER SPLY VEHICLE MNT	-	4,079.95	9,000.00
86100	54350 WATER SPLY LEASE EQUIP	-	2,982.50	-
86100	54410 WATER SPLY STREET IMP	100,000.00	694,174.33	300,000.00
86100	54425 WATER SPLY SDWLK IMP	100,000.00	-	10,000.00
86100	54445 WATER SPLY PLANT IMP	-	8,967.93	-
86100	54515 WATER SPLY MILEAGE	2,000.00	637.72	1,000.00
86100	54520 WATER SPLY CONFRN TRAN	74,000.00	10,561.65	151,500.00
86100	54535 WATER SPLY MEMBERSHIP	45,000.00	7,053.94	45,000.00
86100	54615 WATER SPLY AUDIT SERV	-	31,098.10	15,000.00
86100	54618 WATER SPLY BANK SERV	50,577.00	-	-
86100	54625 WATER SPLY CR CRD SER	63,600.00	61,894.42	18,000.00
86100	54633 WATER DELIVERY FREIGHT CHARGES	-	139.40	5,000.00
86100	54645 WATER SPLY CNSLT SERV	-	7.00	-
86100	54650 WATER SPLY ADVRT SERV	40,000.00	1,946.33	20,000.00
86100	54655 WATER SPLY PRINT SERV	140,000.00	77,375.52	140,000.00
86100	54665 WATER SPLY INSP SERV	-	6,360.00	7,500.00
86100	54673 WATER SPLY LCT MRK SE	20,000.00	16,500.00	17,000.00
86100	54675 WATER SPLY LAB SERV	35,000.00	43,316.50	44,767.00
86100	54810 WATER SPLY OTHR EXP	295,000.00	171,514.68	400,218.00
86100	54815 WATER SPLY GRANTS	-	62,161.21	250,000.00
86100	54880 WATER SPLY PRMTS LIC	2,000.00	27,648.87	5,000.00
86100	56110 WATER SPLY PRINCIPAL	6,774,249.00	5,935,000.00	6,120,000.00
86100	56210 WATER SPLY INTEREST	5,874,914.00	5,435,880.99	6,375,000.00
86100	56230 WATER SPLY PAY AG SER	-	-	122,373.00
86100	56310 WATER SPLY PMT IN LIE	6,135,522.00	-	6,325,880.00
86100	56610 WATER SPLY FB GNRTD	445,905.00	-	615,375.16
86100	57117 WATER SPLY ID CHRGT IT	108,871.00	-	108,871.00
86100	57141 WATER SPLY ID CHRGT FS	10,000.00	-	10,000.00
86100	57145 WATER SPLY ID CHRGT TE	15,553.00	24,056.01	20,000.00
86100	58117 WATER SPLY ID BILL IT	-	(667.50)	(1,335.00)
86100	58183 WATER SPLY ID BILL SE	-	(16,334.18)	(1,222,040.00)
86100	58184 WATER SPLY ID BILL SW	-	(8,920.70)	(316,960.00)
86100	59221 WATER SPLY XFR OT INS	80,000.00	-	80,000.00
86100	59222 WATER SPLY XFR OT WRK	366,703.00	-	366,703.00
	Totals:	-	1,868,934.44	-