

Internal Monitoring Report

Report: Monthly Financial Report – Operating and Capital Funds

Date: July 26, 2022

Policy: EL-2D Financial Conditions and Activities

Policy Language:

With respect to the actual, ongoing financial condition and activities of the Madison Water Utility, the General Manager shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in Outcomes policies.

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

1. Fail to ensure long-term financial health.
2. Fail to present a balanced annual operating budget and quarterly updates on actual expenditures and income.
3. Exceed total appropriations for the fiscal year, unless directed to do so by the board.
4. Use any dedicated reserves for purposes other than those for which they are designated, unless directed to do so by the board.
5. Undertake a debt without payoff schedule and identification of revenue stream.
6. Fail to establish an unrestricted reserve equal to a typical three months' operating expenses.
7. Fail to inform the board of where the utility stands with any current rate case in progress.
8. Fail to be able to provide a concise summary of the financial condition of the utility at any time.
9. Fail to adjust spending related to revenue shortfalls in a budget deficit.

The monthly update is provided in the attached Budget to Actual comparison, as of May 31, 2022.

- As of May 31, 2022:
 - Water revenues are up \$1.2 million compared to budget. Pumpage was up 4.4% during this time period. Expenditures are down compared to the adopted FY 2022 operating budget
 - Operating fund balance is \$10.6 million
 - Capital Fund expenditures to date for FY 2022 amounted to \$897,000
 - Capital fund balance as of May 31, 2022 is \$8.1 million

Attachment:

- A. Budget to Actual comparison as May 31, 2022