

## **Internal Monitoring Report**

**Report:** Monthly Financial Report

**Date:** February 22, 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 FY 2021 Budget to Actual comparison, as of December 31, 2021. These are preliminary December 2021 numbers. Final December 2021 numbers should be available in March 2022. Revenues and expenditures are in line with the adopted FY 2021 operating budget. MWU has created a financial presentation only account to fund the 2019 BAN repayment which is due in November 2024. We have transferred \$5 million of unrestricted operating fund balance into this account as of August 31, 2021. The preliminary ending operating fund balance as of December 31, 2021 is \$8.02 million.

### **Attachment:**

- A. FY 2021 Budget to Actual comparison as of preliminary December 31, 2021