

## **Internal Monitoring Report**

**Report:** Monthly Financial Report – Operating and Capital Funds

**Date:** April 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 February 28, 2022.

- As of February 28, 2022:
  - Revenues and expenditures are in line with the adopted FY 2022 operating budget
  - Operating fund balance is \$10.0 million
  - Capital Fund expenditures amounted to \$187,000
  - Capital fund balance as of February 28, 2022 is \$8.3 million

### **Attachment:**

- A. Budget to Actual comparison as February 28, 2022