

# **Madison Water Utility**

## **Report to the Utility Board**

**July 28, 2020**

Presented By:

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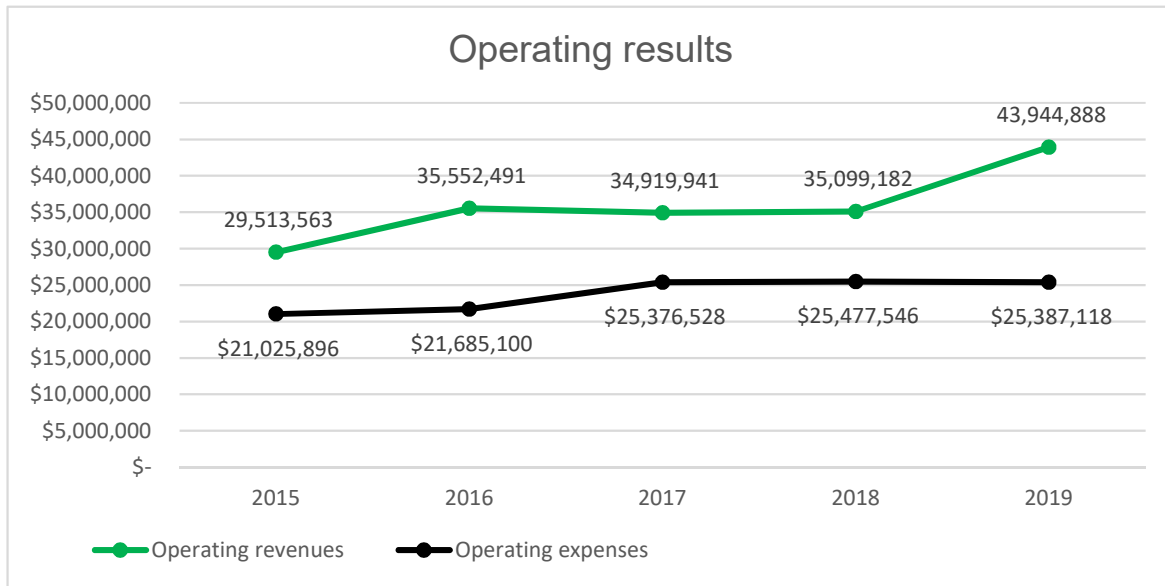
Note: Actual data was derived from current and prior years audited financial statements



# Madison Water Utility

## Water Utility Results

	Current Year	Prior Year
Actual Rate of Return	6.62%	2.45%
Authorized Rate of Return	8.00%	8.00%



### Unrestricted Reserves

	2015	2016	2017	2018	2019
Year end balance	\$ 3,926,490	\$ 1,898,987	\$ 20,920	\$ 3,036,712	\$ 5,111,108
Months on hand	1.60	0.64	0.01	1.04	1.40

### Debt Coverage

	2015	2016	2017	2018	2019
Actual	0.99	1.26	1.04	1.05	1.50
Required	1.25	1.25	1.25	1.25	1.25

### Investment in Capital



## Required Audit Communications

- > Auditors' opinion is a clean or unmodified opinion
  - Financial statements are managements' responsibility
  - Our responsibility is to obtain reasonable assurance that the statements are free from material misstatement
- > Material weaknesses – none noted
  - Internal Control Over Financial Reporting was cleared in 2018
- > Significant deficiency – none noted
- > New accounting pronouncements
  - GASB 88, Certain Disclosures Related to Debt
- > Prior year recommendations
  - Debt coverage requirements - Cleared in 2019
- > Key estimates include net pension liability/asset and related deferrals, accrued sick leave and net OPEB liability/asset and related deferrals
  - We have evaluated the methods and key assumptions used in these estimates and feel they are reasonable
- > Adjusting journal entries - none noted
- > Uncorrected misstatements
  - 2018 city-wide interfunds
- > Future GASB statements
  - GASB 87 – Leases effective for 2022 audit
  - GASB 91 – Conduit Debt effective for 2022 audit
  - GASB 92 – Omnibus 2020 effective for 2022 audit
  - GASB 93 – Replacement of Interfund Bank Offered Rates effective for 2022 audit
  - GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements effective for 2023 audit