Budgeting - Roundtable

October 13, 2017

Accounting & Finance Workshop

Agenda

- Basic elements of a budget

- Budgeting process

- Budgeting philosophies

- Questions

Questions...

- Any Directors in the room?

- Hear the "B" word but do not work on the budget?

- How many work on the budget, at least one component?

- How many directly present the budget?

Elements of a Budget (CVEA)

- Capital budgets
- Labor budgets
  - Managers provided input on employee hours
- Source
  - Shared resources
  - i.e. Office supplies, fleet, postage
- Departmental
  - Specific to each department
  - i.e. ROW clearing, credit card fees, inspections

Other Budget Items

- Revenue

- Cost of Power
  - G&T Rate
  - Fuel Rates
    - Sensitivity analysis

- Depreciation

- Long Term Debt

Budget Process

- Templates emailed to Managers around first week of October

- Due back end of October

- Staff review first week of November

- Budget approval - Board approves the budget, one of their fiduciary responsibilities defined by their policy.
  - Amount of information provided has varied

Budget Approval Process

TOTAL BUDGET	
TOTAL COST OF ELECTRIC SERVICE	$ 24,323,331
TOTAL CAPITAL BUDGET	$ 1,854,950
ALLISON CREEK	$ 176,033
R&R PROJECTS	$ 4,006,000
TOTAL 2012 BUDGET DOLLARS	$ 30,360,314

Suggested Motion: I move to approve the 2012 Budget in the amount of $30,360,314 as presented on November 17, 2011, acknowledging the open items discussed.

Budget Approval Process

- Timing
  - Management staff review of all budget first week of November
  - Changes may be made
  - First budget presentation to the board in November
  - Second budget workshop if necessary
  - Budget approved in December

Budgeting Philosophies

- Spending
  - Wishful thinking approach
  - Reality based approach

- Revenue
  - Conservative?
  - Aggressive?

Budgeting Philosophies

- The philosophy of establishing an annual budget
- A solid financial base
  - Supports our financial forecasts
  - Meets parameters set in policy

- Should be macro focused vs. micro focused

Recap

- We all do it differently

- Each utility is unique in how they approach budget

- Setting goals at the beginning helps set parameters on where the board is going