Madison Metropolitan Sewerage District
Commission Policy Statement

Operating Budget Development and Approval

POLICY OBJECTIVE:
The district’s operating budget development and approval policy is intended to ensure that plans for expenditure of district funds are developed and approved by the commission under a defined schedule that will provide for stakeholder review and engagement. The district will control expenses and service charge rates consistent with our mission to protect public health and the environment. This policy clarifies when staff must obtain approvals for changes to the operating budget.

POLICY STATEMENT:
I. Definitions
A. “Operating Budget” is the annual financing plan for the budget year’s anticipated operating fund expenditures.

B. “Proposed Operating Budget” is the chief engineer and director’s annual budget recommendation for the upcoming calendar fiscal year. The proposed operating budget becomes the operating budget after review and adoption by the commission.

II. Budget Organization
A. The operating budget shall be structured so that costs can be accumulated by line item, expense category and cost center.

B. Each cost center shall develop its budget requests by line item and expense categories for accountability and control purposes. These budget requests shall include authorized actual and proposed staffing levels for each cost center. A formal statement of operating objectives shall accompany each cost center’s detailed budget request.

C. The proposed budgets of the departments will be submitted to the director of administration and the chief engineer and director.

D. The operating budget is a financial plan. Operating expenditures shall not exceed the approved operating budget (as may be amended) in total.

III. Budget Development
A. The chief engineer and director shall submit annually a recommended operating budget of operating and maintenance expenditures and estimated revenues for the ensuing calendar year. The operating budget expenditures shall include transfers to the debt service fund and may include transfers to the capital projects fund.

B. The chief engineer and director, with the commissioners’ approval, shall establish a calendar for public hearings and the commission’s review of the
proposed operating budget. The proposed operating budget is subject to a public hearing preceded by a public notice pursuant to Wisconsin Statutes chapter 65.90. A summary of the proposed budget shall be made available for public inspection at least 15 days before the public hearing. A notice of the public hearing shall be published at least 15 days before the public hearing.

1. The chief engineer and director may provide for additional public hearings or meetings with interested stakeholder groups to review the proposed operating fund budget at his/her discretion, subject to compliance with the commission approved public hearing schedule.

C. The commission shall review the proposed operating budget. The commission may amend the proposed operating budget through normal budget deliberations.

D. The proposed operating budget is subject to change either through commission-sponsored or staff-sponsored amendments. The proposed operating budget becomes an operating budget for the succeeding fiscal year when the commission adopts an approving resolution(s) following consideration of the proposed operating budget; comments of the public following the noticed public hearing on the proposed operating budget; staff-proposed amendments; and commissioner-sponsored amendments.

IV. Commission Action, When Required

A. Commission action is required to authorize the following:

1. The adoption of the annual operating budget including adoption of amendments to the proposed operating budget (majority vote).

2. Amendments to the adopted budget that change total authorized expenditures. Such amendments require a 2/3 vote of all commissioners and the publication of a class one notice of the change within 10 days per Wisconsin Statutes chapter 65.90.

3. The adoption of amendments to the operating budget (majority vote) that change the amount to be transferred to the debt service fund.

V. Chief Engineer and Director Responsibility

A. The chief engineer and director shall ensure that the annual expenditures do not exceed the total funds budgeted. When it is apparent that the operating budget total will be exceeded, a request for a budget amendment shall be brought to the commission, before an overrun.

B. Within the limits of authority delegated by this or other commission policy or action, the chief engineer and director may, without further commission approval during the budget year, authorize the transfer of budgeted funds between any cost centers within the total approved operating budget, except that changes to the amount budgeted for transfer to the debt service fund requires commission approval via a budget amendment.

None of the specific provisions of this statement shall be interpreted to require actions that will frustrate accomplishment of the stated policy objective.

Adopted by commission action June 13, 2013