

# EUM Implementation: Financial Viability – Practices

## Instructions

For this exercise, you will focus on only one of the four Key Management Areas from the *Roadmap* document – Financial Viability. This Key Management Area directly corresponds to the Financial Viability Attribute from the *EUM Primer*. Please follow the steps identified below for the exercise.

**Financial Viability:** This core management area includes rates that reflect the full cost of service, accounting practices, fees, reserves, debt management, and the creation of additional revenue streams.

**Step 1: Assess your current activity relative to each example practice in Levels 1 & 2.** Choosing from the options “Don’t Have,” “In Progress,” or “Complete,” check the description that best characterizes your utility’s current activity for each example practice.

Example Practices	Assessments and Actions			
Policies on required level of working capital.	<b>Assessment:</b>	<input type="checkbox"/> Don’t Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b>	<input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain

**Step 2: Determine what action to take relative to each example practice.** Choosing from the options “Adopt,” “Improve,” or “Maintain,” check the box that describes what you believe your utility needs to do for each practice.

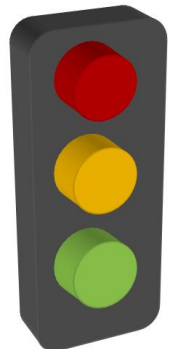
- **ADOPT:** Check this box if your utility does not currently have a management practice that represents the example practice and that it needs to have this practice to reach its desired level of implementation.
- **IMPROVE:** Check this box if your utility has a management practice that is related to the example practice, but improvement is needed to reach your desired level of implementation for it.
- **MAINTAIN:** Check this box if your utility has the example practice already in place and that you want to continue using this practice.

Example Practices	Assessments and Actions			
Policies on required level of working capital.	<b>Assessment:</b>	<input type="checkbox"/> Don’t Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b>	<input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain

**Step 3: Add any alternative or additional practices that you believe are relevant to Financial Viability.** In each level of a Financial Viability, your utility may have in place or be aware of management practices that you believe are either a good substitute for one of the existing example practices or that you see as a good addition to the suite of example practices that are included. For each alternative or additional practice, you will need to write in a written description, and complete STEP 2 for each practice (as you did for all of the other example practices).

**Step 4: Draw a conclusion for each practice statement.** At the end of each practice statement section, you will draw a conclusion about what your utility needs to do relative to the practice statement. You will draw this conclusion based on the assessment of your current activity under Levels 1 & 2 and actions that you determined (STEP 1).

**Practice Statement Conclusion:**  Green  Yellow  Red



Each practice statement section has check boxes at the end for “Green,” “Yellow,” and “Red,” which represent the following:

**RED:** Stop and take a more in-depth look at what needs to be done in this area to bring your utility to the level that it wants to be at. Check this box if you have mostly “Don’t Have” and “Adopt” boxes checked.

**YELLOW:** Slow down and assess how you can improve your current practices (including completing those that you have already begun to implement, but are not yet fully in place). Check this box if you have mostly “In Progress” and “Improve” boxes checked.

**GREEN:** You are good to go in this area – keep up the good work. Check this box if you have most or all example practices in place (or have additional or alternative practices), and if you have mostly “Complete” and “Maintain” boxes checked. Do not forget to come back to these practices on a regular basis to make sure they are up to date.

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**STEP 5: Make any notes that you need to.** At the end of each practice statement section, make notes as needed, considering the following questions:

- Why did I select the Practice Statement Conclusion that I chose? Was it a close decision between one conclusion and another?
- What level of implementation does my utility want to be at for Financial Viability? Is my utility close to meeting this goal (or have we already met it)?

# Financial Viability

**Scope:** This core management area includes rates that reflect the full cost of service, accounting practices, fees, reserves, debt management, and the creation of additional revenue streams.

## Level 1: Providing Adequate, Fundamental Services

**Practice Statement → Accounting, Auditing, and Financial Reporting:** Controls and timely financial statements (issued as part of a CAFR) are in place reflecting Generally Accepted Accounting Principles with internal and independent audits conducted to ensure the system’s integrity.

Example Practices	Assessments and Actions		
Policies on required level of working capital.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Targets for days of operating expense coverage.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Accounting policies and procedures, formally documented and consistently applied, to provide for the reporting of fraud or abuse and questionable accounting or auditing practices.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Policies for internal control procedures over financial management (periodically evaluated with auditors).	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Policies and procedures on how to account for disaster-related reimbursable costs, and methods to track emergency incident expenses to facilitate cost reimbursement activities.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Policies and procedures on managing capital assets and on capitalization thresholds.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain

Practice Statement Conclusion:  Green  Yellow  Red

Notes on Statement Conclusion:

**Practice Statement → Budget and Fiscal Policy:** Operational and capital funding needs understood and translated into rate and fee requirements, with a strategy and policies in place to maintain rates and fees at necessary levels.

Example Practices	Assessments and Actions		
Rate studies (to link rates to system needs).	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Built-in, gradual, annual rate increases.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Operating reserve fund.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain

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Financial policy development (includes financial planning policies, revenue policies, and expenditure policies), adoption, annual review, and communication to the governing board.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Explicit budget process and forecasts (used when preparing the utility's budget).	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Procedure for program expenditures that exceed an established limit from the approved budget.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain

Practice Statement Conclusion:  Green  Yellow  Red

**Notes on Statement Conclusion:**

**Practice Statement → Debt Management:** Annual budget accommodates financing capital reserves at levels needed to support capital replacement. Debt payments are made on a timely and cost-effective basis.

Example Practices	Assessments and Actions
Capital reserve fund.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Comprehensive written debt management policy that addresses debt limits, debt structuring practices, debt issuance practices, debt management practices, and using derivatives.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Policy and procedures to ensure fiduciary responsibilities.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Policy and procedures for investing bond proceeds to ensure that legal and regulatory requirements are met, fair market value bids are received, and issuer objectives for various uses of proceeds are attained.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Capital plan financial feasibility analysis to identify financing methods and funding sources, and to assess funding availability and constraints.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain

Practice Statement Conclusion:  Green  Yellow  Red

**Notes on Statement Conclusion:**

**Practice Statement → Procurement and Inventory:** Clarity and controls are established for maintaining efficient and consistent purchasing and inventory management.

Example Practices	Assessments and Actions		
Purchasing policy that standardizes procedures for ordering, accepting, or rejecting materials and services.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Operating inventory of supplies (defined, maintained, and updated to meet the needs of the utility operations).	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Policy that determines when the procurement of goods and services requires a formal contract.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Emergency procurement policy to allow the expenditure of funds to support response and recovery activities after an emergency.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain

Practice Statement Conclusion:  Green  Yellow  Red

Notes on Statement Conclusion:



## Level 2: Optimizing Operations and Services

**Practice Statement → Accounting, Auditing, and Financial Reporting:** Fiscal performance expectations are created with policies, practices, and targets in place to drive performance, create accountability, and support transparency.

Example Practices	Assessments and Actions
Formal audit committee to provide independent review and oversight of the financial reporting process, internal controls, and connect with independent auditors.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Policy for level of unrestricted fund balance that should be maintained. (The target is analyzed and set based on particular characteristics and criteria of the utility and includes: transfers, cash cycles, customer profile, control over revenue, asset age and condition, volatility of expenses, control over expenses, and debt position).	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Policy for target level of working capital. (The target is analyzed and set based on particular characteristics and criteria of the utility and includes: transfers, cash cycles, customer profile, control over revenue, asset age and condition, volatility of expenses, control over expenses, and debt position).	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Financial statements with management's department-level discussion and analysis.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Mechanism to permit the confidential, anonymous reporting of concerns about fraud or abuse and questionable accounting or audit practices to the appropriate responsible parties.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Budget to actual comparisons in the audited basic financial statement.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Formal internal audit function.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain

Practice Statement Conclusion:  Green  Yellow  Red

Notes on Statement Conclusion:

**Practice Statement → Budget and Fiscal Policy:** Cost of service is understood with rates and fees established accordingly, while revenue needs over the mid- to long-term are understood and rate impacts to customers are explicitly managed.

Example Practices	Assessments and Actions
Payment assistance programs for disadvantaged households.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Cost of service studies.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain

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Rate model to support current and future rate needs determinations.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Affordability criteria (and tracking the impact of bills on customers), with appropriate considerations for disadvantaged households.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Regularly monitor and periodically update major revenue and expenditure that extends at least three to five years beyond the budget period.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Separate rates for internal and external customers for designated goods or services according to financial objectives, equity, efficiency, and administrative feasibility.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Long-term financial plan, which looks at least five to ten years into the future; considers all appropriated funds; and is updated based upon debt position and affordability analysis, with strategies to achieve and maintain financial balance with a scorecard of key indicators of financial health that is visible to the public.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Payment assistance programs for disadvantaged households.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain

Practice Statement Conclusion:  Green  Yellow  Red

**Notes on Statement Conclusion:**

**Practice Statement → Debt Management:** Policies and procedures are in place to ensure effective debt management, maintenance of a competitive bond rating, and capital needs are understood and addressed for the mid- to long-term.

Example Practices	Assessments and Actions
Debt-to-equity targets for capital spending.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Strategic financial plans to avoid rate spikes.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Strong master bond resolutions, such as covenants, which prescribe coverage ratios.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Proactive bond refund evaluations (by bond counsel and financial advisors) to achieve interest cost savings; remove or change burdensome bond covenants; or restructure the stream of debt service payments to avoid default, or an unacceptable tax or rate increase.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Level of disclosure to bond holders' analysis (addressing the utility's pension funding obligations) with input from legal counsel and financial advisors.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Bond proceed investment risk analysis (to identify actions to mitigate risks).	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain

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Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain

Practice Statement Conclusion:  Green  Yellow  Red

Notes on Statement Conclusion:

**Practice Statement → Procurement and Inventory:** Ability to track specific utility property location and usage is in place and standardized processes for disposition of property created.

Example Practices	Assessments and Actions
Property disposal procedures.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Procurement of property and equipment records (including land, buildings, expendable items, installed property, uninstalled property, equipment, vehicles, and personal wear items owned by or assigned to the agency above a specified value).	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Perpetual inventory system.	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete <b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain

Practice Statement Conclusion:  Green  Yellow  Red

Notes on Statement Conclusion:



## Level 3: Transforming Operations and Services for the Future

**Practice Statement → Accounting, Auditing, and Financial Reporting:** Fund balances are supported by targets, regular monitoring, and actions taken to maintain expected balances over time. Full transparency of financial performance and accounting practices is provided.

Example Practices	Assessments and Actions		
Fund balance replenishment rate targets.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Aggregated or consolidated presentations to supplement the CAFR (customized for a broad general audience to understand the utility's financial position in an objective manner).	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Web-accessible financial statements.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Systematic effort to annually track and manage controlled capital assets at the department level.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Physical inventory of tangible capital assets (periodically performed and all assets are accounted for, at least on a test basis, no less than once every five years).	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain

Practice Statement Conclusion:  Green  Yellow  Red

**Notes on Statement Conclusion:**

**Practice Statement → Budget and Fiscal Policy:** Rates and fees are viewed as more than a means to fund operations, with focus emerging on using rate and fee coverage and structures to influence customer and community behavior in line with utility sustainability objectives. Cost-sharing strategies for a range of service provisions have been explored, and those making operational and financial sense adopted. Revenue strategy incorporates an effort to diversify utility revenue sources beyond those associated with conventional treatment services.

Example Practices	Assessments and Actions		
Conservation rate structures.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Process for designing other post-employment benefits to ensure sustainable funding approach is in place.	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Full cost of providing service estimates (calculated and considered in the basis for setting charges and fees—full cost incorporates direct and indirect costs including design, O&M, overhead, replacement, and charges for using capital facilities).	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain

## Effective Utility Management Workshop

Personnel tracking system (to accurately project budget and payroll based on the estimate of budgeted positions for the year that includes consideration of vacancy adjustments, collective bargaining, inflation, and compensation).	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Internal service rates (established for operations such as information technology, payroll, motor pool budgeting, legal, accounting, and human resources).	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Intellectual property development and marketing (e.g., watershed analysis models).	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain

Practice Statement Conclusion:  Green  Yellow  Red

**Notes on Statement Conclusion:**

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**Practice Statement → Debt Management:** Capital investment and debt management strategy adopt an explicit risk management posture focusing on managing investments to preserve and create new options in the future. Capital funds are created and managed to provide resources for technology innovation and partnerships are established to attract capital and risk share.

Example Practices	Assessments and Actions
Avoiding over-investment in capital strategy. (Remain nimble by providing flexibility to take advantage of new technologies as they emerge, as well as managing for uncertainty).	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Investor relations program (to provide full and comprehensive disclosures of annual financial, operating, and other significant information in a timely manner consistent with federal, state, and local laws).	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Innovative technology deployment funds (specifically set aside for this purpose).	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Infrastructure and technology cost- and risk-sharing mechanisms (e.g., public-private partnerships for biogas development).	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Investor relations information dissemination (provided on website to the municipal securities market regarding utility debt, financial condition, and other related information).	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have <input type="checkbox"/> In Progress <input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt <input type="checkbox"/> Improve <input type="checkbox"/> Maintain

Practice Statement Conclusion:  Green  Yellow  Red

Notes on Statement Conclusion:

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**Practice Statement → Procurement and Inventory:** Capability is established to support disclosure requirements associated with asset value and depreciation over time. Procurement activities are integrated with the utility’s sustainability commitments to ensure purchasing is aligned with utility sustainability performance expectations.

Example Practices	Assessments and Actions		
Financial reporting procedure for capital and infrastructure assets consistent with Governmental Accounting Standards Board Statement Number 34	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Property management system (well-structured for managing property owned or used by the agency that provides for identifying	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain
Alternative or Additional Practice:	<b>Assessment:</b> <input type="checkbox"/> Don't Have	<input type="checkbox"/> In Progress	<input type="checkbox"/> Complete
	<b>Actions:</b> <input type="checkbox"/> Adopt	<input type="checkbox"/> Improve	<input type="checkbox"/> Maintain

Practice Statement Conclusion:  Green  Yellow  Red

Notes on Statement Conclusion:

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