

# Monitoring Your Financials Throughout the Year



# Accounting Terminology Gets Confusing



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- **Balance Sheet**, with assets, liabilities, and equity
- **Income Statement**, with revenues and expenses
- **Cash Flow Statement**, showing how money is flowing into and out of the utility

<https://www.rcap.org/managerial-financial/the-basics-of-financial-management-for-small-community-utilities/>



THE BASICS OF



# Financial Management

FOR SMALL COMMUNITY UTILITIES

# Monitoring Your Financial Performance

- Track your actual expenses (and revenues) throughout the year
- Update your governing board on finances at least quarterly, ideally monthly

# Monitoring Financial Performance

- Every month, you should note all your actual expenses per line item and sum up the year-to-date
- Also calculate the percentage spent per line item to date
- The goal is to make sure that our budget is close enough to our actual expenditures

# Why Monitor Financial Performance

- Helps you and the board assess where you are financially across the year
- Board must approve any movement of funds between line items. This is for your protection as well!

# Why Monitor Financial Performance

Helps improve day-to-day operations:

- Do the numbers suggest there is something off in our operations?
- Are we relying too much on contract labor or overtime?



# How to Compile Financial Data

- Manually, or with a spreadsheet
- Using Quickbooks or another accounting software
- Hiring an accountant to do it

Where are we financially?

Where **should** we be?

# Where Should We Be

- We could have more revenue than expenses at any point of the year but also be spending more than we should be
- Built into an annual budget is an assumption of how we are going to spread out our spending across the year

Do we spend about the same amount of money each month?

**It depends** on the expense.

# Monitoring Financial Performance

Some expenses are usually consistent from month to month across the entire year

- Salaries \*
- Benefits \*
- Insurance
- Debt
- Bank fees

## **\* Exception!**

If we hire new employees, or if current employees leave staff for any reason

# Monitoring Financial Performance

Some expenses are usually consistent from month to month across the entire year

- Salaries \*
- Benefits \*
- Insurance
- Debt
- Bank fees

## \* Exception!

If the cost of salaries or benefits changes at a time that is NOT the start of the fiscal year

# Monitoring Financial Performance

Some expenses only happen one time per year

- Annual financial audit
- Professional dues
- Permit fees to primacy agency

# Monitoring Financial Performance

Some expenses only happen periodically or “as needed”

## \* Exception!

If repairs are done according to a regular schedule, some portion can be anticipated

- Repairs \*
- Capital Improvements
- Equipment rental
- Education & Training
- Office supplies
- Travel
- Overtime



# Monitoring Financial Performance

Other expenses are directly related to how much water we produce and deliver

(or wastewater we collect and treat)

- Electricity
- Chemicals
- Water purchases  
*(if applicable)*

What do we do if expenses  
are **higher** than they should  
be?

# Three Ideas

- Move money between line items
- Move money from savings
- Reduce spending for the rest of the year, if possible

# One Last Step: Your Financial Audit



# Thank You!



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