

**University of Wisconsin System
Accounting Manual**

Category: Financial		Effective Date: October 1, 2024 (updated as needed)
Task or Process: Utility Allocation & Expenses		Revision Date: xxxxxxxxx Issued Date: October 18, 2024
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Background

Utility Funding History

- In 2012, the utilities appropriation was included in the GPR block grant but was maintained as fund 109. At that time, the total amount of utilities funding for the system was \$139.8M
- In 2018, the state created a renewable energy appropriation and reduced 109 utility funding by \$4.4M resulting in 109 utility funding of \$135.4M.
- In 2019, UWSA distributed \$7M in fund 109 base funding to campuses as 101-103, leaving \$128.4M in the GPR appropriation specifically for utilities.
- In 2021, the GPR utility allocation was moved off fund 109 to funds 101-103.
 - From 2021-2024, campuses received allocations each year based on the 4-year average of actual expenditures.
 - If utilities were less than the allocation, campuses were allowed to keep the difference.
 - If utilities were more than the allocation, UWSA made the campuses whole at the end of the year.
 - 2024 was the final year this procedure was followed.
- In 2025, campuses received utility funding through two allocations, one for core utility expenses and one for the debt service on DOA energy-savings performance contracts:
 - The core utility allocation is based on FY23 actual expenses for electric, gas, steam, water/sewer, and sales credits. Costs for other items such as waste removal, telecom/TV, etc. were removed. The core utility allocation will **not** be adjusted annually.
 - DOA central fuel cost actuals were based on the monthly billing by campus for FY23, rather than when the bills were paid.
 - The allocation for debt service on DOA energy-savings performance contracts is based on the actual debt service schedule and will be updated annually based on the debt service schedule.
 - Any projects that were approved by the State Building Commission (SBC) as of March 2024 will be included in the allocation.
 - Debt on projects approved after March 2024 will need to be funded by campus utility savings.

Guidelines

Recording and Tracking Utility Expenditures – FY25 and Beyond

- It is important that going forward, campuses have a standardized approach to tracking utility expenditures that ensures UWSA can easily compare total utilities costs against available funding.
- Both the Core Utility allocation and the Energy-Savings Performance Contract Debt Service allocation are funded with former 109 utility funding.
- To seek additional utilities funding in future biennial budgets, we need to be able to show that expenses exceed total utility funding. Total utility funding, based on all funding in 109 prior to the 2019 distribution of \$7M is \$135.4M.
- **Department Id's**
 - All utility spending should be recorded in specific department Id's – UWSA should be kept apprised of those departments and any changes.
 - Utility budget allocations should also be built into those department Id's.
 - This includes both Core Utility and Debt Service.
- **Account Codes**
 - The following account codes will be included in any utility queries and reports:
 - 2500 Electricity-Central
 - 2510 Gas-Central
 - 2520 Heating-Steam, Hot Water or Air
 - 2540 Water & Sewage Service
 - 2541 Sewage Service
 - 2550 Coal
 - 2560 Fuel Oil-Heating-Central
 - 2565 Heating Fuels-Other
 - 9050 Sales Credits-Internal
 - 9051 Sales Credits-External
 - 9060 Sales Credits-Electricity Sold
 - 9061 Sales Credits-Internal Heat
 - 9062 Sales Credits-Heat Sold
 - When querying Debt Service for DOA energy-savings performance contracts the following account codes will be used:
 - 5705 Debt Service - Principal
 - 5706 Debt Service – Interest

Procedures

- **Core Utility Expenses Exceeding Allocation (Budget Deficit)**
 - Core Utilities allocation will not be adjusted in future years, as a result, at some point in the future a campus could exceed their allocated GPR funding prior to the Universities of Wisconsin receiving an increase in utility funding.
 - In the event a campus does not have available GPR funding to cover their Core Utility expenses, the following process should be followed:
 - All utility expenses should remain in the department ids.
 - The expenses should also remain account codes referenced above.
 - Amounts exceeding available GPR funding may be transferred to another fund source by using the account code below.

- 3915 Transfers – Other

- **Core Utility Expenses Less Than Allocation (Budget Surplus)**

- In the event a campus does have available GPR funding more than their Core Utility expenses, the following process should be followed:
 - If there is a need to cover additional debt service, the budget surplus should address those costs prior to making transfers.
 - A budget transfer may be processed to transfer the excess funds to another department within the same fund by using the ADJUSTED scenario, or to another fund within the Block 111 funds by using the BLOCKGRANT scenario code.
 - The transfer amount cannot be more than the budget surplus.

- **Debt Service for DOA Energy-Savings Performance Contracts**

- The debt service allocation will be adjusted annually based on a snapshot of the amortization schedule for projects approved by SBC prior to March 2024.
- Projects approved after March 2024 will not be included in the Debt Service allocation and should be covered using core utility savings.
- As with Core Utility expenses, DOA energy-savings performance contract expenses should remain in the utility department ids.
- Expenses should also remain account codes referenced above.

ALTERNATE PROCEDURES SECTION:

	Core Utility	Debt Service
Account Codes	Limited to account codes listed in Guidelines	Limited to account codes listed in Guidelines
	Expenses should remain on these account codes	Expenses should remain on these account codes
	Expense transfers as outlined below should use account code 3915 Transfers - Other	Expense transfers as outlined below should use account code 3915 Transfers - Other
Department ID's	Expenses should remain on designated utility department ID's	Expenses should remain on designated utility department ID's
Annual Allocation	Does not adjust annually.	Updated annually based on the debt service schedules on DOA energy-savings performance contracts approved by SBC as of March 2024.
		New projects that were approved by SBC after March 2024 should be funded using utility savings
	Costs exceeding the annual allocation are the responsibility of the campus.	Costs exceeding the annual allocation are the responsibility of the campus.
Budget Surplus – Allocation exceeds actual expenses	First - Used for Debt Service Budget Deficit	First - Used for Core Utility Budget Deficit
	The remaining Budget Surplus may be transferred to another department using a budget transfer. Use the ADJUSTED scenario if transferring within the same fund, or the BLOCKGRANT scenario if transferring to another fund within Block 111.	
	The transfer amount cannot be more than the budget surplus.	
Budget Deficit – Actual expenses exceed allocation	First – Use Budget Surplus from Debt Service allocation	First – Use Budget Surplus from Core Utility allocation
	Remaining Budget Deficit – Expenses may be transferred to another funding source using account code 3915 Transfers - Other	
	The transfer amount cannot be more than the budget deficit.	