

Reserves Policy

July 17, 2025

Madison Metropolitan Sewerage District



Operating Fund

Same

- target 180–210 days spending
- cover DNR requirement & extra Commission amounts (if any)

Change

- if miss target, **explain & fix in next budget...**
or longer if allowed by Commission
(replaces impractical, and non-transparent current-year approach)



Debt Service Fund

Same

- target requirements of debt obligations

Change

- allow 10% **buffer** (above only)
- greater than 10% *if* needed to **get ahead of high debt service...**
must explain in budget
- add amounts needed to meet Commission-targeted **bond rating**
- if under target, **notify Commission and give options** as soon as practicable



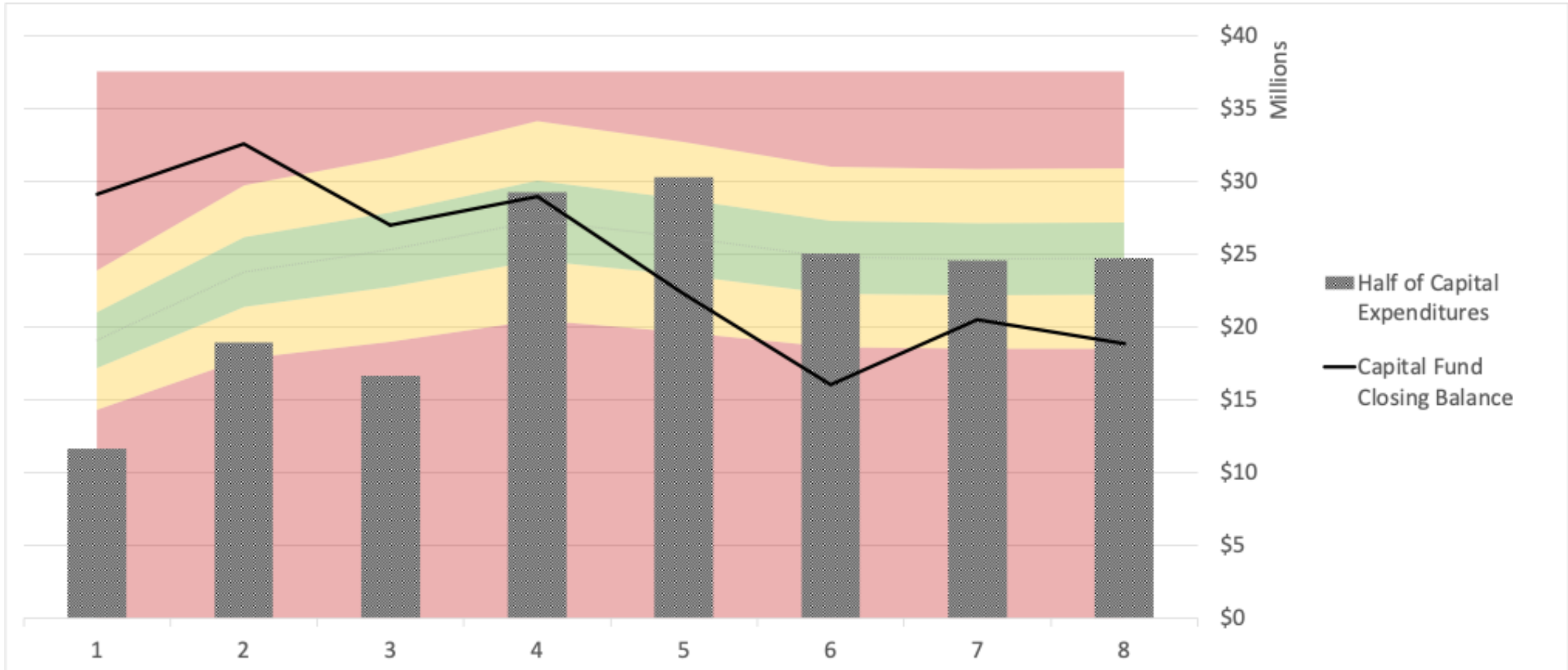
Capital Projects Fund

Change

- target **180 days** of spending, based on 4-year future average
(replaces \$3 million or 10% of next year's spending)
- **if actuals out of range**
 - +/- 10% allowed with no further action
 - +/- 10%–25%: prepare the next budget to restore
 - +/- 25%: update Commission
- **financial plan rules**
 - +/- 10%–25% for not more than three years in a row
 - +/- 25% in one year, if explained in budget



Capital Fund “Zones” — Hypothetical Illustration



Will the Proposal Affect Service Charges?

No

- Operating & debt service targets unchanged
- Capital projects target essentially the same as recent *practice*



Resolution

2025-07-17-R13

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