

POLICY

Title of Policy:	Plant and Equipment Replacement Fund Reserve Policy
Policy Number:	
Author (position):	Director of Business Services
Approved By:	<input checked="" type="checkbox"/> Commission -OR- <input type="checkbox"/> Executive Team
Adoption Date:	September 14, 2009
Last Review/Revision Date:	August 22, 2018
Last Review/Revision Approval By:	<input checked="" type="checkbox"/> Commission -OR- <input type="checkbox"/> Executive Team

1.0 PURPOSE:

- 1.1 The purpose of this policy is to assist NEW Water and its Commission in designating, monitoring, and managing the Plant and Equipment Replacement Fund (PERF) Reserve maintained by NEW Water for plant and equipment renewal and replacement, and future projects related to plant and equipment repair and replacement of NEW Water.

2.0 SCOPE:

- 2.1 This policy applies to NEW Water's PERF Reserve.

3.0 PROGRAM AUTHORITY: (Not Used)

4.0 POLICY:

- 4.1 The PERF Reserve will be maintained as required by the State of Wisconsin Clean Water Fund Loan Program with minimum fund balances of five percent (5%) of NEW Water mechanical equipment assets at original cost.
- 4.2 NEW Water will establish annual budgetary use of the PERF Reserve, as well as additional uses determined by NEW Water management, for utilization of designated amounts of interest and principal proceeds of PERF Reserve related to plant and equipment renewal and replacement, services and projects of NEW Water.
- 4.3 NEW Water will apply investment interest proceeds proportionately to the PERF Reserve as established by the NEW Water Investment Interest Use Policy. NEW Water will establish the principal amount for the PERF Reserve during the budget approval process for the following year.
- 4.4 NEW Water will establish annual and long-term PERF needs related to plant and equipment repair and replacement, services and projects of NEW Water, and replenish the PERF Reserve through interest accumulation on the principal and through the annual budget.

4.5 NEW Water will have discretion to use such interest and/or principal proceeds for the capital needs associated with the PERF Reserve, subject to alternative use of the PERF Reserve, as designated by the Commission of NEW Water.

5.0 **DEFINITIONS:** (Not Used)

6.0 **PROCEDURE:** (Not Used)

7.0 **POLICY VIOLATION:** (Not Used)