

ORCHARD HEIGHTS WATER ASSOCIATION POLICY

POLICY STATEMENT: #8

TITLE: FISCAL POLICY, BUDGETS, AND RATES

DATE APPROVED: 9/15/98

REVISED DATE(S): revised 9/22/09/reviewed 10/18/16

Budgets proposed by the Board will provide for sufficient revenue to cover proposed expenses. Budgets shall be prepared to run the Association at cost. Proposed expenses shall include all known or reasonably anticipated operating costs and equipment replacement costs or reserves in an amount deemed sufficient by the Board so as to continue to provide adequate volumes of safe water to the membership.

1. Rates shall be reviewed by the Board on an annual basis with efforts being made to recognize the potential impacts of rate increases on the membership. Nonetheless rates will be established at sufficient levels to cover expected operating expenses.
2. Rates will include "step" features which progressively increase cost to the member as volume of water used increases. This is intended to place the burden of covering volume related costs on volume users. It is also intended to discourage waste and encourage conservation of water. Such "step" rates will provide the lowest rates for volumes deemed necessary for members' basic water needs, usually less than 15,000 gallons per month.
3. While it is recognized that from time to time projects may need to be planned which will cause projected expenses to exceed expected revenues, the Board, when proposing or planning such projects, shall propose sources for covering expected differences, i.e. reserve funds on hand, additional charges to membership, or borrowing.
4. The sum of the above is that the Board intends to operate the Association's system at cost. Any surplus will be utilized or distributed in the manner proscribed in the Association bylaws.

APPROVED:

Secretary/Treasurer or President