

OLIVENHAIN MUNICIPAL WATER DISTRICT ADMINISTRATIVE AND ETHICS CODE	Article No. 17	Page 1 of 1
	Title SPECIAL ACCOUNTS IN THE GENERAL FUND	
	Latest Revision Date January 23, 2008	Ordinance No. 357

Article 17. revised by Ordinance No. 303 / February 26, 2003

ARTICLE 17. OTHER NON-RESTRICTED FUNDS – RATE STABILIZATION

Sec. 17.1. Water Rate Stabilization Fund.

Purpose: To protect the District’s financial condition and its ability to pay debt service installment payments when revenue shortfalls occur due to weather conditions, economic shortfalls, changes in state and federal legislation, or other future uncertainties so that the District can avoid the need for rate spikes.

Target
Balance: A minimum of 25% of net estimated water sales for one fiscal year shall be maintained in the Rate Stabilization Fund. The maximum amount in the Rate Stabilization Fund shall not exceed 50% of the average net estimated water sales for the next two fiscal years. Excesses over the maximum amount in this fund shall be reported at the next regular Board meeting with a staff recommendation on the handling of the excess funds.

Sec. 17.2. Sewer Rate Stabilization Fund

Purpose: To protect the District’s financial resources against economic shortfall, unexpected increase in expenditures, including sewage spill clean-up costs, a penalty imposed by the regional control board when sewage spills occur, or an emergency repair to the sewer facilities damaged by natural disasters or other unforeseen emergencies. These conditions can lead the District to operating deficits.

Target
Balance: A minimum of 25 percent of the current year’s approved wastewater operating budget with a maximum of 100% of the average four (4) succeeding fiscal years of operating budget, excluding depreciation, based on the Board approved long range financial plan shall be maintained in this fund. Excesses over the maximum amount in this fund shall be reported at the next regular Board meeting with a staff recommendation on the handling of the excess funds.