

LUTHER PUBLIC WORKS AUTHORITY (LPWA)  
POLICY FOR CREDITING UTILITY BILLS DUE TO A WATER LEAK

Adopted by the Board of Trustees November 13, 2018

**Regarding water charges:**

In the event of a detected water leak on the customer's side of the meter, if the customer shows proof of repair within two (2) weeks of discovery of the leak, LPWA will take the average for the past one (1) year, subtract the difference from the current usage with the leak, and divide it in half.

Customer pays  $\frac{1}{2}$  of leak amount and LPWA credits the other  $\frac{1}{2}$ , if repaired within two (2) weeks.

Customer pays full amount if they do not fix the leak within two (2) weeks of discovery.

**Regarding sewer charges:**

If the customer is on the LPWA sewer system and was charged for sewer based on the water consumption while there was a water leak inside, and the water leak was repaired within two (2) weeks of discovery, LPWA will take the sewer average for the past one (1) year, subtract the difference from the current usage with the leak, and credit that sewer charge amount.

Customer pays full amount if they do not fix the leak within two (2) weeks of discovery of an inside leak.

If the leak is found outside the home and is not entering the sewer system, the account will be credited the average sewer amount regardless of the two (2) week time frame.

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## **Rainy Day Fund**

In an effort to provide fiscal stability for the Town of Luther and allow Board of Trustees to apply fiscal prudence in managing the budgetary condition of the Town and its public trusts, a Rainy Day Fund will be established and maintained.

During the fiscal year, after adoption of the original approved budget, any supplemental appropriations of available fund balance must be approved by the Board of Trustees who shall consider the basis for the proposed use of reserves as well as the adequacy of the remaining balance. Actual approval of any supplemental appropriations of Rainy Day Fund balance shall be duly noted in the minutes, including a reference to the basis or justification for same, as outlined in the following section.

## **Criteria for Use of Rainy Day Funds**

A central goal of this policy is to bring about the development and preservation of adequate reserves to ensure fiscal solvency of the municipality over the long run, as a safeguard against economic downturns, natural disasters or other catastrophic circumstances, significant budgeting or accounting errors, or possibly even adverse liability claims or legal judgments.

Caution must be exercised whenever considering use of Rainy Day Funds, even when the actual fund level exceeds the desired level, since it represents one-time monies. This said, there are circumstances when it is acceptable and/or necessary to budget the use of fund balance reserves even though reserve amounts on hand already fall shy of desired levels.

### **Acceptable / Permitted Use of Rainy Day Funds Include:**

1. Emergency expenditures for life, health, or public safety issues for which no existing appropriation exists;
2. Situations where the expenditure will yield recurring savings which offset the expense within five years;
3. Situations where the expenditure will yield a recurring stream of additional or new revenues which offset the expense within five years;

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4. The expenditure of restricted resources temporarily held within fund balance reserves, pending disbursement, in accordance with restrictions imposed by the donor or granting entity;
  5. Correcting results of an erroneous posting or transaction;
  6. Situations where Rainy Day Fund balance exceeds desired level and the proposed use is of a non-operational nature involving capital or equipment purchases having a useful life of greater than five years;
  7. Situations where an unexpected expense arises that could not have reasonably been foreseen, for which new revenue funded appropriations are not available and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels throughout the Town;
  8. Situations where an unexpected revenue decline arises that could not have reasonably been foreseen, for which new revenue funded appropriations are not available and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels throughout the Town;
  9. To create a new fund for a dedicated purpose;
  10. To satisfy a judgment from a court of competent jurisdiction.
  11. Under no circumstances should Rainy Day Funds be used for an expenditure likely to recur on a multiple year or annual basis.