



CITY OF POULSBO

Legislative Policy/Procedure

| | |
|--|--|
| Title: Enterprise Funds | Page Number: 1 of 1 |
| Department: Finance Department | Effective Date: August 1, 1997 |
| Revised Date: New | Revised By: Finance Committee |

PURPOSE

The City will establish enterprise funds for City services when 1) the intent of the City is that all costs of providing the service should be financed primarily through user charges; and/or 2) the City Council determines that it is appropriate to conduct a periodic review of net income to capital maintenance, accountability, or other public policy purposes.

POLICY

- A. Enterprise funds will be established for City-operated utility services.
- B. Enterprise fund expenditures will be established at a level sufficient to properly maintain the fund's infrastructure and provide for necessary capital development.
- C. Each enterprise fund will maintain an adequate rate structure to cover the costs of all operations, including maintenance, depreciation, capital and debt service requirements, reserves (as established by fiscal policy or bond covenant), and any other cost deemed necessary.
- D. Rates may be offset from available fund cash after requirements are met for cash flow and scheduled reserve contributions.
- E. Enterprise fund services will establish and maintain reserves for general contingency and capital purposes consistent with those maintained for general governmental services.
- F. Revenue bonds shall be issued only when projected operating revenues and reserves are insufficient for the timely completion of enterprise capital projects.
- G. The City will ensure that net operating revenues of the enterprise constitute a minimum of 1.5 times the annual debt service requirements.
- H. The City will limit the maturities of all utility revenue bond issues to 20 years or less.

REVISION CRITERIA

Each year during the Budget Process the Finance Committee will review Legislative policies and recommend to Council any appropriate changes.