

ATTACHMENT 4



City of Huntington Beach Financial Policies Proposed Budget – FY 2018/19

ENTERPRISE FUNDS

- ❑ An Enterprise Fund is a type of proprietary fund used to report an activity for which a fee is charged to external users for goods or services. The City will set users fees for each enterprise fund at a rate that fully recovers the direct and indirect costs of providing service.
- ❑ The City will adjust user fees as necessary to ensure that enterprise funds do not collect revenues at a rate in excess of the fund's operating, capital, and reserve requirements.
- ❑ Enterprise funds will be supported by their own rates and not subsidized by the General Fund.
- ❑ **Water Fund**
 - Reserve equal to 25% (~~33%~~) of the adopted annual operating budget to ensure adequate working capital for operating expense.
- ❑ **Water Master Plan**
 - One-hundred-fifty percent (150%) of the average planned Water Master Plan Capital Improvement Program for the following five years.
 - Cost of thirty (30) months of imported water needed to replace the production from the average City well.
 - Emergency: Cost to replace one groundwater well.
- ❑ **Sewer Service Fund**
 - Thirty-three percent (33%) of the adopted annual operating budget to ensure adequate working capital for operating expenses.
 - One-hundred percent (100%) of the average annual planned Capital Improvement Program for the following five years.
 - Emergency: Cost to replace one sewer lift station.