

Reserve Policy for Enterprise Funds

COSB Enterprise Funds

- Resource Recovery and Solid Waste
- Laguna Sanitation

Enterprise Funds vs. General or Special Revenue Funds

- General or Special Revenue Funds operate using near-term inflows and outflows of spendable (available) resources
- Enterprise Funds must be operated and managed as an ongoing business and focused on long-term sustainability using the economic resources measurement

Focus of an Enterprise Fund

- ❑ Ensure adequate funding for ongoing operations
- ❑ Ensure adequate funding for infrastructure repair and replacement
- ❑ Provide working capital to provide stable rates and fees to customers

Benefits of Reserve Policies for an Enterprise Fund

- ❑ Avoidance or reduced need for debt
- ❑ Ability to pay debt service when needed
- ❑ Rate stability for customers
- ❑ Minimize future liabilities

Enterprise Fund Reserves

- ❑ Capital Replacement
- ❑ Investment in Capital Assets
- ❑ Working Capital
- ❑ Contingency
- ❑ Post Closure
- ❑ Capital Expansion