

Pro

1. Demonstrates “true cost” operating department

- Identifies what portion of cost is covered through user fees and what portion is covered by tax levy
- Connection fees – conserved as retained earnings
- Measure performance
- Includes fixed assets & infrastructure that can be recognized as annual depreciation of assets

2. 70% of all towns in Mass have Enterprise accounts for water

3. Retained Earnings

- Pay for capital expenditures and improvements
- Can affect operating costs to reduce rates or general fund subsidy
- Can earn interest

4. Financial transactions are reported using standard accounting practices similar to private sector

- Revenues recognized when earned
- Expenses recognized when incurred

5 DEP encourages use of Enterprise funds

- Keep up with maintenance and capital expenses
- Strive to be self sustaining – periodic review of fees
Revenue = expenses

Con

1. Less money going into General Fund

2. Added accounting effort