

Understanding the Water & Sewer Enterprise Fund

The Watertown Water & Sewer systems operate as what is called an **enterprise fund**.

An enterprise fund is a type of public financial structure used for services that are **self-supporting**. This means the Water & Sewer Authority does not rely on property taxes to operate. Instead, the system is funded through **user fees paid by customers**.

In simple terms:

- Water and sewer services are paid for by the people who use them.
 - Property tax dollars are not used to fund water and sewer operations.
 - Rates are set to cover the actual cost of operating and maintaining the system.
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What Does the Enterprise Fund Pay For?

Water and sewer rates support:

- Daily operations (staffing, maintenance, utilities)
- Repairs and system upkeep
- Regulatory and environmental compliance
- Infrastructure improvements (pipes, pumps, treatment facilities)
- Debt payments associated with capital projects

Because the system must be financially sustainable, rates are reviewed periodically to ensure that revenue matches the cost of providing safe and reliable service.

Why Is Financial Planning Important?

Water and sewer infrastructure lasts for decades, but it must be maintained and periodically replaced. Enterprise fund planning allows the Authority to:

- Track long-term infrastructure needs
- Plan for major capital investments
- Finance projects responsibly
- Avoid sudden or unexpected financial impacts

When financing tools such as Bond Anticipation Notes (BANs) or long-term bonds are used, those obligations are repaid through system revenues—not through property taxes.

How Are Decisions Made?

Rate decisions and financial planning discussions occur in publicly noticed meetings of the Water & Sewer Authority. All official actions are documented and posted publicly.

Before any rate adjustment is finalized:

- Financial information is reviewed
- Materials are posted publicly
- A formal public hearing is held

Residents are encouraged to review posted materials and participate in the public process.

In Summary

The Water & Sewer enterprise fund is designed to:

- Be self-supporting
- Provide reliable service
- Maintain infrastructure responsibly
- Operate transparently through public meetings

Understanding this structure helps clarify how water and sewer rates are determined and why long-term planning is necessary.

For more information, visit:

www.watertownct.org → Departments → Water & Sewer → “Rate & Bonding Information Updates”