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March 9, 2012

Council President John A. Michitson and
Members of the Haverhill City Council

RE: Enterprise Fund

Dear Mr. President and members of the City Council:

Enclosed, please find two (2) orders: One, to create an enterprise fund for the water department and the second, to create an enterprise fund for the wastewater department.

The Council will recall that I last submitted these about a year ago. The Council tabled the two matters and asked that I resubmit them at a later date, which I am now doing.

We have long treated our Water and Wastewater Departments as if they were enterprise funds. This really formalizes what we have been doing for some time.

I recommend that these matters be approved.

Very truly yours,



James J. Fiorentini, Mayor

JJF/ik

Encl.



PART I ADMINISTRATION OF THE GOVERNMENT
(Chapters 1 through 182)

TITLE VII CITIES, TOWNS AND DISTRICTS

CHAPTER 44 MUNICIPAL FINANCE

Section 53F1/2 Enterprise funds

Section 53F1/2. Notwithstanding the provisions of section fifty-three or any other provision of law to the contrary, a city or town which accepts the provisions of this section may establish a separate account classified as an "Enterprise Fund", for a utility, health care, recreational or transportation facility, and its operation, as the city or town may designate, hereinafter referred to as the enterprise. Such account shall be maintained by the treasurer, and all receipts, revenues and funds from any source derived from all activities of the enterprise shall be deposited in such separate account. The treasurer may invest the funds in such separate account in the manner authorized by sections fifty-five and fifty-five A of chapter forty-four. Any interest earned thereon shall be credited to and become part of such separate account. The books and records of the enterprise shall be maintained in accordance with generally accepted accounting principles and in accordance with the requirements of section thirty-eight.

No later than one hundred and twenty days prior to the beginning of each fiscal year, an estimate of the income for the ensuing fiscal year and a proposed line item budget of the enterprise shall be submitted to the mayor, board of selectmen or other executive authority of the city or town by the appropriate local entity responsible for operations of the enterprise. Said board, mayor or other executive authority shall submit its recommendation to the town meeting, town council or city council, as the case may be, which shall act upon the budget in the same manner as all other budgets.

The city or town shall include in its tax levy for the fiscal year the amount appropriated for the total expenses of the enterprise and an estimate of the income to be derived by the operations of the enterprise. If the estimated income is less than the total appropriation, the difference shall be added to the tax levy and raised by taxation. If the estimated income is more than the total appropriation, the excess shall be appropriated to a separate reserve fund and used for capital expenditures of the enterprise, subject to appropriation, or to reduce user charges if authorized by the appropriate entity responsible for operations of the enterprise. If during a fiscal year the enterprise incurs a loss, such loss shall be included in the succeeding fiscal year's budget.

If during a fiscal year the enterprise produces a surplus, such surplus shall be kept in such separate reserve fund and used for the purposes provided therefor in this section.

For the purposes of this section, acceptance in a city shall be by vote of the city council and approval of the mayor, in a town, by vote of a special or annual town meeting and in any other municipality by vote of the legislative body.

A city or town which has accepted the provisions of this section with respect to a designated enterprise may, in like manner, revoke its acceptance.



Document

CITY OF HAVERHILL

In Municipal Council

Ordered:

That the City of Haverhill hereby accepts the provisions of Chapter 44, Section 53F½, a copy of which is attached and incorporated herein, relative to the establishment of an enterprise fund for the wastewater division of the Department of Public Works effective fiscal year 2013.