



ANNUAL REPORT

Municipal Energy Authorities, Utility Districts, and Water & Wastewater Authorities

Fiscal Year 2024

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Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT FINANCE**

Annual Report on Budgets for Municipal Energy Authorities, Utility Districts, and Water & Wastewater Authorities

Fiscal Year 2024

Tenn. Code Ann. §§ 7-36-113, 7-82-501, 68-221-611, and 68-221-1306

Tennessee Budget Manual for Local Governments

OVERVIEW AND SCOPE

The Comptroller’s Division of Local Government Finance (LGF) reviews and approves annual operating budgets for Tennessee’s 11 municipal energy authorities, 171 utility districts, and 9 water and wastewater authorities. State statute also gives the Comptroller’s Office budgetary oversight for regional water and wastewater authorities; however, at the time of this report, there were no incorporated regional water and wastewater authorities. Tennessee energy authorities and water and wastewater authorities operate on a fiscal year end ending June 30th whereas utility districts have fiscal year ends that vary. Prior to the beginning of each fiscal year, each utility must adopt a budget and email it, with other required documents, to LGF within 15 days following adoption. Utility systems operated by local governments are subject to the jurisdiction of the Tennessee Board of Utility Regulation; more information is available [online](#).

The scope of this report is limited to the results of budget reviews for the fiscal year 2024. More information about the Comptroller’s budget approval process is available [online](#).

APPROVAL PROCESS

Within 30 days of receipt, the Division of Local Government Finance reviews a budget submission and sends a letter to the governing body of the utility system outlining the results of the review. Those letters are available [online](#). Each budget submission will be approved, conditionally approved, or not approved.

1

Approved: Budgets are approved when projected revenues and other available funds are sufficient to meet anticipated expenses and produce a statutory increase in net position. An approved budget may still have comments regarding areas that should be addressed in future years.

2

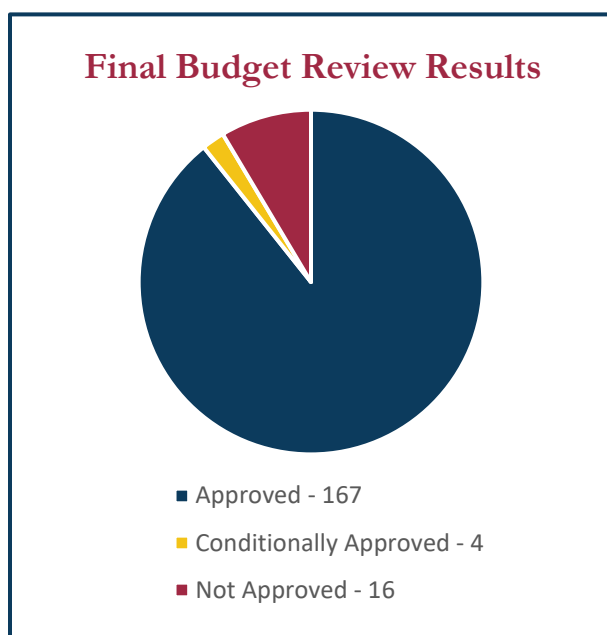
Conditionally Approved: When budgets are conditionally approved, there is some required action by local officials. Generally, if the condition for approval is not met within a certain timeframe, the budget will not be approved.

3

Not Approved: Budgets are not approved when a utility has a delinquent budget, a delinquent audit, continued noncompliance issues, or fails to meet conditions for approval.

State legislators have recognized the importance of having an approved budget by passing legislation specifying that when a budget is not approved, the governing body may not issue debt or financing obligations. In the case of an emergency, the Comptroller’s Office may waive the requirement of budget approval to allow the utility to enter into emergency financial transactions. See Tenn. Code Ann. §§ 7-36-113, 7-82-501, 9-21-404, 68-221-611, 68-221-1306. Appendix A includes a listing of utility budgets that were not approved for fiscal year 2024.

2024 APPROVAL RESULTS



Municipal Energy Authorities – Legislation was passed in 2023 that brought municipal energy authorities under the Comptroller’s budgetary oversight. Municipal energy authorities are created from utility systems that were formerly operated by a city or town or county. Fiscal year 2025 will be the initial year authorities come under our budgetary oversight; however, 7 of the 11 the municipal energy authorities voluntarily came under our budget oversight for fiscal year 2024. For those, our reviews resulted in 6 approvals, and 1 conditional approval. After local officials had the opportunity to meet the conditions for approval, the budget approvals increased to 7.

conditional approvals, and 16 budgets that were not approved. After local officials had the opportunity to meet the conditions for approval, the budget approvals increased to 151 and conditional approvals for continued compliance with directives from the Tennessee Board of Utility Regulation remained at 4.

Utility Districts – Budget reviews for fiscal year 2024 resulted in 146 approvals, 9

Water and Wastewater Authorities – Budget reviews for fiscal year 2024, resulted in approvals for all 9 water and wastewater authorities in Tennessee.

Budget Certificates

An important part of our review process is recognizing a job well done. To be effective, a budget should be adopted prior to the beginning of the fiscal year, be based on reliable estimates, be structurally balanced, provide for cash liquidity, allow for adequate reserves, be monitored throughout the year, and be amended, as necessary. The Comptroller's Office has an Annual Budget Certificate program to recognize local officials that adopt budgets meeting the following specific criteria:

- The budget was adopted on or before the fiscal year end;
- The budget was filed with the Division of Local Government Finance within 15 days of adoption;
- No issues of concern were raised during our review of the budget; and
- The utility is not currently under the oversight of the Tennessee Board of Utility Regulation.

We congratulate local officials from the **98** utility districts, **6** water and wastewater authorities, and **5** municipal energy authorities that were awarded a budget certificate for the 2024 fiscal year. The names of the recipients of the Annual Budget Certificate may be found at: tncot.cc/budgetcertificates.

UNDERLYING CAUSES FOR DIFFERENT APPROVAL TYPES

Fiscal Year 2024 Budgets Not Approved

Appendix A includes a complete listing of utilities with budgets that were not approved for the fiscal year ending June 30, 2024. Budgets were not approved for the following reasons:

- The utility had a late audit at the time of our review of the budget. Annual audits must be filed with the Comptroller's Division of Local Government Audit within six months after the end of the fiscal year.
- The budget was filed more than two months after the beginning of the fiscal year.
- The budget was not submitted for review.

Fiscal Year 2024 Budgets Conditionally Approved

When a budget submission does not meet basic requirements, the budget is approved conditioned upon action by local officials and cannot be approved until the condition(s) is met. Budgets were conditionally approved for the following general reasons:

- Budget estimates for revenue and expenses were unrealistic.
- The budget projected a statutory decrease in net position.
- Depreciation expense was not based upon a reasonable estimate.
- Depreciation expense was not budgeted.
- The budget was not consistent with generally accepted accounting principles.

- The budget submission was incomplete.
- Issues addressed from prior years were not corrected.
- The utility was under the Tennessee Board of Utility Regulation (TBOUR) and approval was conditioned upon continued compliance with TBOUR directives.

Fiscal Year 2024 Budget Considerations and Recommendations for Future Years

Considerations for the next budget year and recommended best practices are an important part of our annual review of the budget and included the following areas:

- The budget should be adopted by resolution.
- The budget was not adopted prior to the beginning of the fiscal year.
- The budget was not filed with the Comptroller’s Office within 15 days of adoption.
- The amount budgeted for interest expense was incorrect.
- The utility was under the oversight of the Tennessee Board of Utility Regulation.
- Contact information for the utility was not included in the cover letter.
- The budget submission was incomplete and omitted required information, such as a cover letter and debt schedule.
- The budget resolution omitted the minimum required information.

To support local utility officials in their budget process and financial planning, we recently published “Better Utility Budgeting and Financial Planning” which is available [online](#).

For a snapshot of the results of our 2024 budget reviews, we encourage you to check out Appendix B. We have also included a complete listing of Tennessee utility districts and authorities in Appendix C.

Appendix A Fiscal Year 2024 Budgets Not Approved

Utility districts and authorities may not issue debt or financing obligations without an approved budget. In the case of an emergency, the Comptroller’s Office may waive the requirement of budget approval to allow the utility to enter into emergency financial transactions.

Utility	County	Reason Not Approved
1. Blount County Fire Protection District	Blount	late audit
2. Clearfork Utility District	Claiborne	budget not filed
3. Dyersburg Suburban Consolidated UD	Dyer	late audit
4. East Sevier County Utility District	Sevier	budget not filed
5. Fairview Utility District	Giles	budget not filed
6. Fall Creek Falls Utility District	Bledsoe	late audit
7. Iron City Utility District	Lawrence	late audit
8. Minor Hill Utility District	Giles	budget not filed
9. Mooresburg Utility District	Hawkins	late audit
10. O’Connor Utility District	White	late audit
11. Old Knoxville Highway Utility District	Greene	late audit
12. Powell Valley Utility District	Hancock	depreciation not budgeted
13. Saltillo Utility District	Hardin	late audit
14. Siam Utility District	Carter	budget filed late
15. Sneedville Utility District	Hancock	late audit
16. West Point Utility District	Lawrence	budget not filed

Fiscal Year 2024 Budgets Conditionally Approved on Continued Compliance with Directives of the Tennessee Board of Utility Regulation (TBOUR)






Utility districts and authorities that received a budget approval conditioned upon continued compliance with directives of TBOUR must first reach out to the Division of Local Government Finance prior to issuing debt. At that time, the division will confirm the utility is complying with TBOUR directives.

Utility	County
1. Blountville Utility District	Sullivan
2. Bristol-Bluff City Utility District	Sullivan
3. Roan Mountain Utility District	Carter
4. Tarpley Shop Utility District	Giles

Appendix B

2024 AT A GLANCE

BUDGET AND OTHER INFORMATION FOR TENNESSEE'S 171 UTILITY DISTRICTS, 9 WATER AND WASTEWATER AUTHORITIES, AND 11 MUNICIPAL ENERGY AUTHORITIES

 <p>83 budgets were approved with no future considerations.</p>	 <p>42 districts and no authorities were under TBOUR oversight for excessive water loss.</p>	 <p>17 budget letters mentioned TBOUR oversight.</p>	 <p>98 utility districts earned a budget certificate.</p>
 <p>175 budgets were adopted timely.</p>	 <p>17 utility districts were under TBOUR oversight for financial distress.</p>	 <p>6 water and wastewater authorities earned a budget certificate.</p>	 <p>16 budgets were not approved.</p>
 <p>5 municipal energy authorities earned a budget certificate.</p>	 <p>159 budget reviews received a commendation.</p>	 <p>Utility districts and authorities have a median of 3,055 customers/connections.</p>	 <p>79 budgets were approved with future requirements.</p>
 <p>164 budgets were submitted for review within 15 days of adoption.</p>	 <p>6 budgets required action before approval.</p>	 <p>No utility districts or authorities were under TBOUR oversight for defaulted debt.</p>	 <p>1 water & wastewater authority was under TBOUR oversight for financial distress.</p>

**These statistics are based upon budget review results and information available from the Tennessee Board of Utility Regulation (TBOUR) as of the date of this report.*

Appendix C

UTILITY DISTRICTS & AUTHORITIES BY COUNTY

NOTE: COUNTY LOCATION IS BASED UPON MAILING ADDRESS / DISTRICT LOCATION

Utility Districts

Anderson

Oak Ridge Utility District

Bedford

Bedford County Utility District

Benton

Harbor Utility District

Bledsoe

Fall Creek Falls Utility District

Blount

Blount County Fire Protection District

South Blount County Utility District

Tuckaleechee Utility District

Bradley

Ocoee Utility District

Campbell

Powell-Clinch Utility District

Carroll

Cedar Grove Utility District

South Carroll Utility District

West Tennessee Public Utility District

Carter

First Utility District of Carter County

Hampton Utility District

Roan Mountain Utility District

Siam Utility District

South Elizabethton Utility District

Cheatham

Pleasant View Utility District

River Road Utility District

Second South Cheatham Utility District

Claiborne

Arthur-Shawnee Utility District

Claiborne Utilities District

Clearfork Utility District

Clay

Northwest Clay Utility District

Cocke

Public Utility District of Jefferson and
Cocke Counties

Coffee

Hillsville Utility District

Crockett

County Wide Utility District

Crockett Mills Utility District

Crockett Public Utility District

Cumberland

Crab Orchard Utility District

South Cumberland Utility District

West Cumberland Utility District

Davidson

Harpeth Valley Utility District

Madison Suburban Utility District of
Davidson County

Decatur

North Utility District of Decatur and
Benton Counties, TN

Perryville Utility District

DeKalb

DeKalb Utility District

Middle Tennessee Natural Gas Utility
District

Dickson

Sylvia-Tennessee City-Pond Utility District

Dyer

Dyersburg Suburban Consolidated Utility
District

Northwest Dyersburg Utility District

Fayette

Hardeman-Fayette Utility District

Fentress

Fentress County Utility District

Franklin

Belvidere Rural Utility District

Center Grove-Winchester Springs Utility
District

Elk River Public Utility District

Sewanee Utility District

Gibson

Gibson County Municipal Water District

Gibson County Utility District

Giles

Fairview Utility District

Minor Hill Utility District

South Giles Utility District

Tarpley Shop Utility District

Grainger

Bean Station Utility District

Greene

Chuckey Utility District
Cross Anchor Utility District
Glen Hills Utility District
Old Knoxville Highway Utility District

Grundy

Big Creek Utility District

Hamblen

Alpha-Talbott Utility District
Russellville-Whitesburg Utility District
Witt Utility District

Hamilton

Eastside Utility District
Hixson Utility District
Lone Oak Utility District
North West Utility District
Union Fork-Bakewell Utility District
Walden's Ridge Utility District

Hancock

Powell Valley Utility District
Sneedville Utility District
Hardeman
Spring Creek Utility District of Hardeman
County

Hardin

First Utility District of Hardin County
Saltillo Utility District

Hawkins

First Utility District of Hawkins County
Lakeview Utility District
Mooresburg Utility District
Natural Gas Utility District of Hawkins
County
New Canton Utility District
Persia Utility District
Surgoinsville Utility District

Haywood

Haywood County Utility District

Henry

Northeast Henry County Utility District
Northwest Henry Utility District
Paris-Henry County Public Utility District
Springville Utility District

Hickman

Bon Aqua-Lyles Utility District

Humphreys

Humphreys County Utility District

Jackson

Jackson County Utility District

Jefferson

New Market Utility District
Shady Grove Utility District

Johnson

Brownlow Utility District
Carderview Utility District
Cold Springs Utility District

Knox

First Utility District of Knox County
Hallsdale-Powell Utility District
Knox-Chapman Utility District
Northeast Knox Utility District
West Knox Utility District

Lake

Lake County Utility District
Poplar Grove Utility District

Lawrence

Fall River Road Utility District
Iron City Utility District
Leoma Utility District
Northeast Lawrence Utility District
Summertown Utility District
West Point Utility District

Marion

Griffith Creek Utility District

Marshall

Horton Highway Utility District

McMinn

Calhoun-Charleston Utility District
Riceville Utility District

Meigs

Savannah Valley Utility District

Montgomery

Cumberland Heights Utility District
Cunningham Utility District
East Montgomery Utility District
Woodlawn Utility District

Morgan

Plateau Utility District

Obion

Hornbeak Utility District
Reelfoot Lake Regional Utility and Planning
District
Samburg Utility District

Overton

North Overton Utility District
West Overton Utility District

Polk

Cherokee Hills Utility District
Copper Basin Utility District

Putnam

Bangham Utility District
Cookeville Boat Dock Road Utility District
Double Springs Utility District
East Fork Utility District
Old Gainesboro Road Utility District

Rhea

Grandview Utility District
North Utility District of Rhea County

Roane

Cumberland Utility District of Roane and
Morgan Counties
Roane Central Utility District
Watts Bar Utility District

Rutherford

Consolidated Utility District of Rutherford
County

Scott

Citizens Gas Utility District
Huntsville Utility District

Sequatchie

Cagle-Fredonia Utility District

Sevier

East Sevier County Utility District
Sevier County Utility District
Webb Creek Utility District

Smith

Cordell Hull Utility District
Smith Utility District
South Side Utility District
Twenty-Five Utility District

Stewart

North Stewart Utility District
West Stewart Utility District of Stewart
County

Sullivan

Bloomington Utility District
Blountville Utility District
Bristol-Bluff City Utility District
Intermont Utility District
South Fork Utility District

Sumner

Castalian Springs-Bethpage Utility District
Hendersonville Utility District
White House Utility District

Tipton

First Utility District of Tipton County

Unicoi

Unicoi County Gas Utility District
Unicoi Water Utility District
Luttrell-Blaine-Corryton Utility District

Warren

Warren County Utility District
West Warren-Viola Utility District

White

Bon De Croft Utility District
DeWhite Utility District
O'Connor Utility District
Quebeck-Walling Utility District

Williamson

H.B. and T.S. Utility District
Mallory Valley Utility District
Milcrofton Utility District
Nolensville-College Grove Utility District

Wilson

Gladeville Utility District
Laguado Utility District
West Wilson Utility District

Municipal Energy Authorities

Bradley

Cleveland Utilities Authority

Campbell

Jellico Utilities Authority

Coffee

Tullahoma Utilities Authority

Greene, Franklin

Greeneville Energy Authority

Hardeman

Bolivar Energy Authority

Haywood

Brownsville Energy Authority

Henry

Paris Utility Authority

Madison

Jackson Energy Authority

Obion

Union City Energy Authority

Sullivan, Washington, Carter

BrightRidge

Unicoi

Erwin Utilities Authority

Water and Wastewater Authorities

Anderson

Anderson County Water Authority

Carter

Watauga River Regional Water Authority

Cheatham

Cheatham County Water and Wastewater
Authority

Coffee

Water & Wastewater Treatment Authority
of Coffee County

Cumberland

Cumberland Plateau Water Authority

Dickson

Water Authority of Dickson County

Hamilton

Hamilton County Water and Wastewater
Treatment Authority

Robertson

West Robertson Water Authority

Wilson

Water & Wastewater Authority of Wilson
County