



JASON E. MUMPOWER
Comptroller

Tennessee Board of Utility Regulation Meeting
July 19, 2023
10:00 AM, Volunteer Conference Center, Cordell Hull Building
Nashville, TN

- I. Call to Order
- II. Conflict of Interest Statement
- III. Public Comment Period
- IV. Board Member Orientation
 - a. Board Jurisdiction and Open Cases
 - b. Financial Distress
 - i. Update Cycle Changes
 - c. Annual Information Report
 - d. Water Loss
 - i. Water Loss Process Changes
 - e. Utility Administrative Review
 - f. Merger Authority
 - i. Utility Revitalization Fund
 - g. Customer Complaints
- V. Attorney Discussion
 - a. Public Comment Period Rules
 - b. Complaint Process
 - c. Grant Process
 - d. Other Rules
- VI. Board Manager Discussion and Cases
 - a. Annual Information Report Cases
 - b. Training Cases
 - c. Utility Revitalization Fund Disbursement Request
 - d. Manager Cases
 - i. Mason
 - ii. Spencer
 - iii. Watertown
 - iv. Witt Utility District
- VII. East Tennessee Cases
 - a. Bristol-Bluff City Utility District
 - b. Clearfork Utility District
 - c. Cold Springs Utility District
 - d. Cumberland Gap
 - e. Cumberland Utility District of Morgan and Roane Counties



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- f. East Sevier County Utility District
- g. Hallsdale Powell Utility District
- h. Intermont Utility District
- i. Oliver Springs
- j. Mooresburg Utility District
- k. Parrottsville
- l. South Fork Utility District
- m. Tuckaleechee Utility District
- VIII. Middle Tennessee Cases
 - a. Decherd
 - b. Gordonsville
 - c. Lynnville
 - d. Petersburg
 - e. Quebeck-Walling Utility District
 - f. Red Boiling Springs
 - g. South Side Utility District
 - h. Tarpley Shop Utility District
- IX. West Tennessee Cases
 - a. Adamsville
 - b. Brighton
 - c. Gallaway
 - d. Gates
 - e. Gibson
 - f. Gleason
 - g. Henning
 - h. Hollow Rock
 - i. Hornsby
 - j. Rutherford
 - k. Tennessee Ridge
 - l. Tiptonville
- X. Board Discussion
 - a. 2023 Meeting Date
- XI. Adjournment



JASON E. MUMPOWER
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Annual Information Report Compliance Referrals

The following utilities have failed to complete an Annual Information Report to be filed with our Office.

1. Caryville-Jacksboro Utility Commission
2. Church Hill
3. Copperhill
4. Graysville
5. Siam Utility District
6. Surgoinsville

The Board should order the following:

1. By September 29, 2023, the entity shall file its Annual Information Report.
2. Should the Entity fail to comply with any directive in this order, Board staff and Counsel shall issue subpoenas for the Entity's governing body and Manager to appear in-person before the Board during its next meeting following non-compliance of this order.



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Training Compliance Referrals

The following utilities have failed to meet compliance standards for applicable training requirements.

1. Celina
2. Kenton
3. Lexington
4. Mitchellville
5. Mount Carmel
6. Oakland
7. Toone

The Board should order the following:

1. By September 29, 2023, the Entity shall send Board staff proof that all members of the utility system's governing body have complied with the applicable training requirements.
2. Board staff shall issue subpoenas for the Entity's governing body and Manager to appear in-person before the Board at its next meeting if the commissioners do not comply with paragraph 1.
3. If the Entity shows that all governing body members are compliant with training requirements and Board staff are unaware of any reason for which the Entity should remain under Board supervision, Board staff may close the Entity's case without further action by the Board.



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Update Cycle

The following entities have complied with all Board directives in an attempt to resolve its financial distress.

1. Erin
2. Grand Junction
3. Linden
4. Saint Joseph
5. Tullahoma Utility Authority

Board staff will review their audited financial statement for compliance until Board staff believes the entity is postured to be released from Board oversight. The entity will continue to follow board directives to ensure compliance with relevant state statutes.



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2023 Meeting Dates

Board Staff recommends October 26, 2023 to be the next regularly scheduled meeting of the TBOUR.

Tennessee Board of Utility Regulation

Ross Colona

Assistant Director and Manager of the TBOUR

Local Government Finance

TENNESSEE COMPTROLLER OF THE TREASURY



Utility Staff

East Tennessee: Ben Johnson

Email: benjamin.s.johnson@cot.tn.gov

Phone: 615.747.8831

Middle Tennessee: Meghan Huffstutter

Email: meghan.huffstutter@cot.tn.gov

Phone: 615.747.5379

West Tennessee: Nate Fontenot

Email: nate.fontenot@cot.tn.gov

Phone: 615.747.5238

TENNESSEE COMPTROLLER OF THE TREASURY



Tennessee Board of Utility Regulation

PC0463 combined the:

Water and Wastewater Financing Board

Roughly 280 Utilities

Municipal, County, Authority Systems

Utility Management Review Board

Roughly 170 Utility Districts

TENNESSEE COMPTROLLER OF THE TREASURY



Who makes up the Board?

Greg Moody, Chair- Comptroller or Comptroller Designee

Tom Moss, Vice-Chair- TDEC Commissioner or Designee

Edwin Carter, Comptroller Appointee

Steve Stone, House Speaker Appointee

David Purkey, Senate Speaker Appointee

6 Governor Appointees

TENNESSEE COMPTROLLER OF THE TREASURY



Who makes up the Board?

Governor Appointees

Michael Adams, TAUD Recommendation

Bruce Giles, TAUD Recommendation

Eugene Hampton, Governor Recommendation

Nick Newman, TAUD Recommendation

Anthony Pelham, TAUD Recommendation

Vacant, Tennessee Municipal League Recommendation

TENNESSEE COMPTROLLER OF THE TREASURY



What do we regulate?

**Water, Sewer, and/or Natural Gas Local Government Utility
Compliance with State Laws surrounding:**

Financial Distress

Water Loss

Training

Managerial, Technical, and Financial Capacities

TENNESSEE COMPTROLLER OF THE TREASURY



Financial Distress

Two Years of Loss

Deficit Net Position

Default on Debt

Illicit Transfer of Funds*

79 Open Cases

TENNESSEE COMPTROLLER OF THE TREASURY



Financial Distress Process

Questionnaire

Order Rate Study and Policy Review

Order Implementation

Update Cycle- 40 Entities

TENNESSEE COMPTROLLER OF THE TREASURY



Change to the Update Cycle

Previous Boards would require biannual updates to Board staff.

Board staff believes the update cycle should just be considered for updates as requested by Board staff while Board staff reviews audits.

Annual Information Report

Utilities under the Board must complete an Annual Information Report to submit to the Comptroller's Office.

If a utility refuses to submit the report, the TBOUR will subpoena the manager and governing body to come to the next Board meeting to explain why they refuse to comply with the law.

6 Open Cases

TENNESSEE COMPTROLLER OF THE TREASURY



Water Loss

Non-Revenue Water must be less than 40%.

Water Produced/Purchased Minus Water Sold

Reported on the Annual Information Report.

Water Loss Process

Referral to the Board

Completion of the AWWA 6.0.

Submission of a Water Loss Correction Plan

Board staff reviews AIR for compliance.

TENNESSEE COMPTROLLER OF THE TREASURY



Water Loss Process Changes

The previous two boards would have the majority of water loss cases brought in front of the Board.

Board staff believes only utilities that refuse to comply with Board staff requests should be brought in front of the Board for enforcement.

Training

Governing Body Members must take 12 hours of training within one year of appointment or election.

After completion of the initial 12 hours, must receive 12 hours every 3 year cycle.

Must file an annual training statement to be held locally.

Administrative Review

Previously called Board Investigations.

Evaluates the utility's ability to comply with state and federal statute.

Managerial, Financial, and Technical Analyses

TBOUR can order an array of corrective measures.

7 Utilities Currently Under Administrative Review

TENNESSEE COMPTROLLER OF THE TREASURY



Merger Authority

Force mergers between any types of utilities.

Merger must be feasible.

Must benefit the worse off utility and benefit or have a net neutral effect on the better off utility.

Utility Revitalization Fund

Used to mitigate the costs of mergers between utilities.

Is not removed from statutory change in net position effect.

Depreciation

TENNESSEE COMPTROLLER OF THE TREASURY



Utility Revitalization Fund

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Depreciation

TENNESSEE COMPTROLLER OF THE TREASURY



Customer Complaints

Previously only for Utility Districts

Complaints based on:

Rate Justness

Customer or Developer Requirements to Build Infrastructure

Lack of or Ineffective policies or controls

Failure to Reasonably Extend Service

TENNESSEE COMPTROLLER OF THE TREASURY



Customer Complaints

Must first be heard by the local board.

Board staff or the Comptroller's office receives the complaint, then must refer the complaint to the Board to be heard.

TENNESSEE COMPTROLLER OF THE TREASURY



Guidelines For Public Comment At Meetings

1. Written notification to request to speak at a meeting must be sent to and received by staff for the Tennessee Board of Utilities Regulation at utilities@cot.tn.gov, at least two business days in advance of the meeting. The email should include the proposed speaker's name, the agenda item(s) upon which the speaker wishes to comment, and whether the speaker's comments will be in favor of or opposed to the agenda item(s). Speakers will be selected on a first-come first-served basis.
2. The public comment period will be held at the beginning of the meeting once the meeting is called to order and a quorum has been established.
3. Speakers will be limited to two minutes per person per agenda item, with a maximum of two speakers in favor of and two speakers opposed to each agenda item.
4. Speakers must identify themselves at the beginning of their allotted time and stay on topic of the agenda item(s) that they have indicated their desire to speak on when addressing the board.
5. Speakers should conduct themselves in a respectful manner and will be asked to remove themselves if they engage in threatening or disruptive behavior.
6. The Board, in its discretion, may ask relevant questions of any speakers providing public comment. Such question period will not include the speaker's allotted time frame.
7. The Chair may extend the allotted time frame or the number of speakers for a particular agenda item if the Chair determines that the circumstances reasonably require it. If the Chair extends the allotted time frame or the number of speakers, the Chair shall ensure that an equal extension is granted to both those in favor of and opposed to any agenda item subject to an extension.

Policy Regarding Public Comment At Meetings

The Tennessee Board of Utility Regulation hereby adopts the above guidelines for public comment at meetings where such is required. This policy will remain in effect until repealed, or until it is superseded by a duly promulgated rule, at which time it shall be repealed automatically.

Adopted on this, the ____ day of July, 2023.

Greg Moody, Chair
Tennessee Board of Utility Regulation



JASON E. MUMPOWER
Comptroller

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210 SOUTH CHURCH STREET
MOUNTAIN CITY, TENNESSEE 37683
TELEPHONE (423) 727-8005 • FAX (423) 727-2925
www.mountaincitytn.org

July 13, 2023

Mr. Ross Colona
Utility Manager
Division of Local Government
Comptroller of the Treasury
425 Rep. John Lewis Way North
Nashville, TN 37243

RE: REQUEST FOR FUNDING
UTILITY DISTRICT REVITALIZATION FUND

Dear Mr. Colona:

I am writing to request that the Tennessee Board of Utility Regulation approve funding from the Utility District Revitalization Fund to assist the Town of Mountain City and the Carderview Utility District. The Carderview Utility District has requested that the Town assist with operating Carderview on a temporary basis. The Town of Mountain City is able to fulfill this request and will continue to do so until our agreement concludes on July 31, 2023.

Due to the urgent nature of the situation, compounded by staff shortages at both the Town of Mountain City and the Carderview Utility District, the attached request for \$164,186.98 would provide financial and administrative resources to the Town of Mountain City to help operate Carderview over the next five months. This funding will give the two districts the opportunity to fully consider and undertake such a consolidation, as well as funds to support the additional time needed to help operate the Carderview plant, supplement its water supply and the administrative time to execute such a consolidation. If Carderview Utility District remains fully operational during this time, it will generate revenue to pay for its normal operations but neither district has the capacity to fully and quickly fund the initial priorities such a consolidation would entail.


The attached budget outlines three objectives. The first objective is to fund the overtime and incentive pay needed for the Town of Mountain City employees to work additional hours on behalf of Carderview. The second objective is to fund the immediate acquisition and installation of approximately 115 water meters for high-use customers, followed by the remaining 200 water meters in early 2024 (the supply and lead time for a large quantity of water meters is currently up to six months). The third objective is to fund the cost for our local attorney to review and approve the

required due diligence and legal matters associated with the consolidation, in cooperation with local and state officials. Additionally, the administrative costs to manage and to integrate the Carderview Utility District customers into our system have been considered.

We recognize that there are many challenges remaining in regard to Carderview Utility District, and that there may be many other districts in need throughout the state. However, consideration of our request would provide an assurance to the Town of Mountain City Aldermen and to our employees that the state will assist us financially and administratively for a period of time, while long-term funding is secured for needed capital improvements to the consolidated system.

Regardless of the outcome of our request, I would like to thank you for all of the time you have spent to help us, and we also appreciate the many other talented people that have worked on our behalf. We look forward to hearing from you as soon as possible.

Sincerely,



Mayor Jerry Jordan
Town of Mountain City

CC: Audra Gerty, Town of Mountain City
Encl.

**TOWN OF MOUNTAIN CITY AND CARDERVIEW UTILITY DISTRICT
BUDGET FOR CARDERVIEW WATER METERS AND CONSOLIDATION COSTS
JULY 12, 2023**

FUNDING OBJECTIVES:

- 1) To replace all existing Carderview Utility District residential and commercial water meters in two phases, with compatible meters that can be read electronically.
- 2) To fund a portion of the overtime and incentive pay to Town of Mountain City Water Department employees incurred in operating Carderview Utility District for up to five months.
- 3) To fund local legal fees and administrative overhead expenses incurred to consolidate Carderview Utility District operations into Town of Mountain City.

ITEM DESCRIPTION	QUANTITY	COST	TOTAL:
Residential up to 1 inch	290	\$ 222.00	\$ 64,380.00
Commercial - Other	30	\$ 1,049.33	\$ 31,479.90
Other materials (antenna and pro-coder, misc.)	315	\$ 10.00	\$ 3,150.00
Meter installation wages (hours)	157.5	\$ 25.50	\$ 4,016.25
Customer billing / setup wages (hours)	157.5	\$ 29.69	\$ 4,675.39
Operations overtime wages (hours)	560	\$ 30.00	\$ 16,800.00
Plant operator incentive wages (hours)	200	\$ 36.77	\$ 7,353.00
Payroll taxes / fringes		20%	\$ 6,568.93
Local legal fee (hours) to assist with consolidation	40	\$ 125.00	\$ 5,000.00
Administrative expense		15%	\$ 20,763.52
			\$ 164,186.98



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Mason**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water And Sewer**

Staff Summary:

On November 10, 2021, the Water and Wastewater Financing Board ordered an investigation of the financial condition of the Town of Mason's utilities ("the Town"). The Town required significant infrastructure upgrades and improved internal controls, policies, and procedures to ensure improved administrative management. On April 21, 2022, the Water and Wastewater Financing Board ordered the Town to contract with a third party to conduct a rate study and review several different policies for the utility. The Town has since engaged the Tennessee Association of Utility Districts to complete the work in the April 2022 order. The Town is actively working to complete the rate study. This rate study deadline should be extended to December 31, 2023.

The Town has recently received a notice of violation from the Tennessee Department of Environment and Conservation ("TDEC"). The notice of violation states:

"Around January 2023, the Division was informed by the Town that the prior certified operator, Mr. Matalée Hall, had taken employment elsewhere and was no longer employed with the Town. It was explained that Mr. Rudolph Middlebrooks would continue to be on-site daily, but did not hold the appropriate certifications required-Biological/Natural Systems (BNS) to operate the treatment system and Grade I for the collection system. It was also explained that Mr. Mark Walker with the Town of Munford, who was not on-site routinely, would continue to assist with signing the required reports as the certified operator until a certified operator in direct charge could be obtained. Mr. Walker has not been acting as a certified operator to the effect that he is only signing the monthly reports and not providing direct oversight of water system personnel."

The Town experienced problems providing water service during the previous winter. Board staff offered multiple solutions to the Town to help combat these issues; specifically, a potential utility merger with the Poplar Grove Utility District, running a water line extension to the Poplar Grove Utility District to become a purchase-only system, or undertaking significant capital improvements to improve service to its customers.

Staff Recommendation:

The Board should order the following:

1. By December 31, 2023, the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

Mason

	Category: Water And Sewer		County: Tipton	
	2019	2020	2021	2022
Net Assets	\$4,128,019.00	\$4,337,485.00	\$4,368,416.00	\$4,405,265.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$661,175.00	\$499,772.00	\$322,127.00	\$333,847.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$3,466,844.00	\$3,837,713.00	\$4,046,289.00	\$4,071,418.00
Operating Revenues	\$717,985.00	\$786,066.00	\$794,554.00	\$890,435.00
Net Sales	\$687,896.00	\$723,516.00	\$747,028.00	\$794,396.00
Operating Expenses	\$708,022.00	\$691,796.00	\$630,166.00	\$882,951.00
Depreciation Expenses	\$91,108.00	\$90,606.00	\$80,427.00	\$81,119.00
Non Operating Revenues	-\$3,418.00	\$1,548.00	-\$5,962.00	\$9,360.00
Capital Contributions	\$498,546.00	\$275,051.00	\$50,150.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$505,091.00	\$370,869.00	\$216,861.00	\$16,844.00
Statutory Change In Net Position	\$6,545.00	\$95,818.00	\$166,711.00	\$16,844.00



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Memphis Environmental Field Office
 8383 Wolf Lake Drive
 Bartlett, TN 38133
 Phone 901-371-3000 Statewide 1-888-891-8332 Fax 901-371-3170

7/14/2023

Mayor Eddie Noeman
 Mayor, Town of Mason
 12161 Main Street
 Mason, TN 38049
 Ecopy: Eddiecitymason82@gmail.com
 Ecopy: enoeman@townofmasontn.org

CERTIFIED MAIL: 9489 0090 0027 6454 5644 15
 RETURN RECEIPT REQUESTED

RE: Notice of Violation
 Town of Mason
 Community Public Drinking Water System
 PWSID TN0000440
 Tipton County, Tennessee

Dear Mayor Noeman;

This letter serves as a notice of violation for failing to maintain a certified operator in direct charge of the Town of Mason's Public Drinking Water System. This is a violation of Tennessee Code Annotated (TCA) § 68-221-904 the Tennessee Health, Safety and Environmental Protection, Water and Sewerage, Water and Wastewater Operator Certification Act, Chapter 0400-49-01-.04 of the Rules of the Tennessee Department of Environment and Conservation, Board of Water and Wastewater Operator Certification and Chapter 0400-45-01.17(1) of the Rules of the Tennessee Department of Environment and Conservation, Division of Water Resources, Public Water Systems. The enclosed attachment (Attachment A) shares the specific TCA and Rule references.

The Division of Water Resources (Division) has received numerous complaints about water quality and water quantity associated with the Town of Mason's Public Water System. Around January 2023, the Division was informed by the Town that the prior certified operator, Mr. Matalee Hall, had taken employment elsewhere and was no longer employed with the Town. It was explained that Mr. Rudoph Middlebrooks would continue to be on-site daily, but did not hold the appropriate certifications required for Water Treatment 2 or Distribution Systems 1. It was also explained that Mr. Mark Walker with the Town of Munford, who was not on-site routinely, would continue to assist with signing the required reports as the certified operator until a certified operator in direct charge could be obtained. Mr. Walker has not been acting as a certified operator to the effect that he is only signing the monthly reports and not providing direct oversight of water system personnel.

Failure to have a certified operator in direct charge of the Town of Mason's Public Water System is a violation of TCA § 68-221-904 and TDEC Rules. The relevant Rule citations are included as an attachment (Attachment A) to this letter.

The Division has inquired about the status of the certified operator that would replace Mr. Hall and has provided a list of certified operators, via the Fleming Training Center's website. To date, no certified operator agreement has been provided to the Division. Since no verification has been received that the Town of Mason has employed the services of a certified operator with the appropriate license, the system has violated the TN Water Environmental Health Act and Division Rules as stated above.

The Town of Mason must provide proof a certified operator in direct charge of the system has been hired to return to compliance. An operator agreement form must be completed and returned to the Division within 30 days of receipt of this letter, but no later than **August 15, 2023**. Failure to secure the services of a certified operator may result in formal enforcement, including civil penalties for each day the system remains out of compliance.

The Division appreciates your attention and cooperation in this matter. If you have any questions or need assistance please contact me at (901) 664-1464 or Kyle.Mabry@tn.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kyle Mabry', is written over a light blue circular stamp.

Kyle Mabry
Environmental Program Manager
Division of Water Resources
Memphis Environmental Field Office

Enclosure: Attachment A

ec: TDEC/DWR/MEFO: file
TDEC/DWR/NCO-Enforcement and Compliance Unit

Attachment A

TCA § 68-221-904 states:

- (a) It is unlawful for any person, firm or corporation, both municipal and private, operating a water supply system or wastewater system, to operate the water treatment plant, wastewater treatment plant, water distribution system, or wastewater collection system unless the competency of the operators in direct charge of such system are duly certified by the commissioner under this part in effect on and after May 25, 1984, or under former chapter 13, part 3 of this title in effect prior to May 25, 1984.
- (b) Any municipality, utility district, corporation, or persons violating any provisions of this part or the rules and regulations adopted thereunder commits a Class C misdemeanor, and each day in violation constitutes a separate offense.
- (c) (1) Additionally, any municipality, utility district, corporation or persons violating any provisions of this part, or the rules and regulations adopted thereunder, shall be subject to civil penalties up to ten thousand dollars (\$10,000) per day, for each day during which the violation occurs.
 (2) The commissioner has the duty and authority to levy civil penalties authorized in subdivision (c)(1), the duty and authority to issue orders requiring compliance with this part, and to hold show cause meetings with the persons or entities to whom the orders are proposed to be issued.

Chapter 0400-49-01-.04 of the Rules of the Tennessee Department of Environment and Conservation, Board of Water and Wastewater Operator Certification states:

- (2) Each person in direct charge at a water treatment plant, a wastewater treatment plant, a water distribution system or a wastewater collection system shall hold a certificate in a grade equal to or higher than the grade of the treatment plant, distribution system, or collection system he/she operates. The grade of the facility will be established by the criteria set forth in this chapter of rules.
- (3) All operating personnel making process control/system integrity decision about water quality or quantity that affect public health must be certified. A designated certified operator must be available for each operating shift.
- (4) Each water supply system and wastewater system required to have a certified operator shall, no later than the first day of August annually, inform the Board, through its designated agent, the Division of Water Resources, in writing of the name of each person who is a certified operator in direct charge of any water treatment plant, wastewater treatment plant, water distribution system or wastewater collection system it operates. A system shall notify the Division of Water Resources in writing within thirty (30) days of its loss of the services of a certified operator in direct charge.

Chapter 0400-45-01-.17 (1) of the Rules of the Tennessee Department of Environment and Conservation, Division of Water Resources, Public Water Systems states:

- (a) All iron removal plants with pressure filters and using a groundwater source from an approved sand and gravel formation will not be required to have an operator in attendance during all periods of operation provided suitable protection, acceptable to the Department, is provided.
- (c) Pursuant to T.C.A. § 68-221-904, all operators in direct responsible charge of a water supply system, including the treatment plant and/or distribution system, must be certified by the Department as competent to operate the water supply system.
- (d) Because the proper operation and maintenance of water systems is critical to a system's ability to provide safe water to the public and to comply with these rules, all water supply systems must comply with the provisions of Chapter 0400-49-01. A violation of those rules is a violation of this rule as well.



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES
 Memphis Environmental Field Office
 8383 Wolf Lake Drive
 Bartlett, TN 38133
 Phone 901-371-3000 Statewide 1-888-891-8332 Fax 901-371-3170

7/14/2023

Mayor Eddie Noeman
 Mayor, Town of Mason
 12161 Main Street
 Mason, TN 38049
 Ecopy: Eddiecitymason82@gmail.com
 Ecopy: enoeman@townofmasontn.org

CERTIFIED MAIL: 9489 0090 0027 6454 5644 22
 RETURN RECEIPT REQUESTED

RE: Notice of Violation
 Town of Mason
 Mason Sewage Treatment Plant
 NPDES Tracking Number TN0026620
 Tipton County, Tennessee

Dear Mayor Noeman;

This letter serves to notify you and the Town of Mason of non-compliance with Tennessee Code Annotated (TCA) § 68-221-904 the Tennessee Health, Safety and Environmental Protection, Water and Sewerage, Water and Wastewater Operator Certification Act, Chapter 0400-49-01-.04 of the Rules of the Tennessee Department of Environment and Conservation, Board of Water and Wastewater Operator Certification and NPDES Permit TN0026620. The specifics of the non-compliance are contained in this letter.

Around January 2023, the Division was informed by the Town that the prior certified operator, Mr. Matalée Hall, had taken employment elsewhere and was no longer employed with the Town. It was explained that Mr. Rudolph Middlebrooks would continue to be on-site daily, but did not hold the appropriate certifications required-Biological/Natural Systems (BNS) to operate the treatment system and Grade I for the collection system. It was also explained that Mr. Mark Walker with the Town of Munford, who was not on-site routinely, would continue to assist with signing the required reports as the certified operator until a certified operator in direct charge could be obtained. Mr. Walker has not been acting as a certified operator to the effect that he is only signing the monthly reports and not providing direct oversight of water system personnel.

Failure to have a certified operator in direct charge of the Town of Mason's Sewage Treatment Plant (STP) is a violation of TCA § 68-221-904, TDEC Rules and the Town's NPDES permit. The relevant Rule citations are included as an attachment (Attachment A) to this letter.

To date, no certified operator agreement has been provided to the Division. Since no verification has been received that the Town of Mason has employed the services of a certified operator with the appropriate license, the system has violated the TN Water Environmental Health Act, Division Rules and NPDES Permit as stated above.

The Town of Mason must provide proof a certified operator in direct charge of the system has been hired to return to compliance. An operator agreement form must be completed and returned to the Division within 30 days of receipt of this letter, but no later than **August 15, 2023**. Failure to secure the services of a certified operator may result in formal enforcement, including civil penalties for each day the system remains out of compliance.

The Division appreciates your attention and cooperation in this matter. If you have any questions or need assistance please contact me at (901) 664-1464 or Kyle.Mabry@tn.gov.

Sincerely,



Kyle Mabry
Environmental Program Manager
Division of Water Resources
Memphis Environmental Field Office

Enclosure: Attachment A

cc: TDEC/DWR/MEFO: file
TDEC/DWR/NCO-Enforcement and Compliance Unit

Attachment A

TCA § 68-221-904 states:

- (a) It is unlawful for any person, firm or corporation, both municipal and private, operating a water supply system or wastewater system, to operate the water treatment plant, wastewater treatment plant, water distribution system, or wastewater collection system unless the competency of the operators in direct charge of such system are duly certified by the commissioner under this part in effect on and after May 25, 1984, or under former chapter 13, part 3 of this title in effect prior to May 25, 1984.
- (b) Any municipality, utility district, corporation, or persons violating any provisions of this part or the rules and regulations adopted thereunder commits a Class C misdemeanor, and each day in violation constitutes a separate offense.
- (c) (1) Additionally, any municipality, utility district, corporation or persons violating any provisions of this part, or the rules and regulations adopted thereunder, shall be subject to civil penalties up to ten thousand dollars (\$10,000) per day, for each day during which the violation occurs.
(2) The commissioner has the duty and authority to levy civil penalties authorized in subdivision (c)(1), the duty and authority to issue orders requiring compliance with this part, and to hold show cause meetings with the persons or entities to whom the orders are proposed to be issued.

Chapter 0400-49-01-.04 of the Rules of the Tennessee Department of Environment and Conservation, Board of Water and Wastewater Operator Certification states:

- (2) Each person in direct charge at a water treatment plant, a wastewater treatment plant, a water distribution system or a wastewater collection system shall hold a certificate in a grade equal to or higher than the grade of the treatment plant, distribution system, or collection system he/she operates. The grade of the facility will be established by the criteria set forth in this chapter of rules.
- (3) All operating personnel making process control/system integrity decision about water quality or quantity that affect public health must be certified. A designated certified operator must be available for each operating shift.
- (4) Each water supply system and wastewater system required to have a certified operator shall, no later than the first day of August annually, inform the Board, through its designated agent, the Division of Water Resources, in writing of the name of each person who is a certified operator in direct charge of any water treatment plant, wastewater treatment plant, water distribution system or wastewater collection system it operates. A system shall notify the Division of Water Resources in writing within thirty (30) days of its loss of the services of a certified operator in direct charge.

Section 3.1 of NPDES Permit TN0026620 states:

The waste treatment facilities shall be operated under the supervision of a certified wastewater treatment operator, and the collection system shall be operated under the supervision of a certified collection system operator in accordance with the Water Environmental Health Act of 1984.

Section 7.1 of NPDES Permit TN0026620 states:

The collection system shall be operated under the supervision of a Grade I certified collection system operator in accordance with the Water Environmental Health Act of 1984.

Section 8.1 of NPDES Permit TN0026620 states:

The waste treatment facilities shall be operated under the supervision of a Grade BNS certified wastewater treatment operator in accordance with the Water Environmental Health Act of 1984.



Jason E. Mumpower
Comptroller

Entity Referred: **City of Spencer**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water And Sewer**

Staff Summary:

Since the last Board meeting, the City has approached the Warren County Utility District ("WCUD") for assistance with its management and operations, but have not yet reached an agreement. Board staff does not believe a management agreement, for WCUD to manage Spencer's utilities, is sufficient by itself to remedy the City's financial distress. The City's Annual Information Report indicates that it is experiencing excess water loss. There has been no progress to indicate the City is any closer to a merger with the Warren County Utility District. The City has made progress in correcting managerial deficiencies. The City should continue its progress in addressing internal deficiencies.

Spencer

	Category: Water And Sewer		County: Van Buren	
	2019	2020	2021	2022
Net Assets	\$16,579,774.49	\$16,360,151.79	\$16,331,852.53	\$16,358,450.65
Deferred Outflow Resources	\$0.00	\$71,877.51	\$88,732.72	\$175,317.26
Net Liabilities	\$2,506,611.45	\$2,431,424.01	\$2,451,810.95	\$2,523,690.74
Deferred Inflow Resources	\$49,162.96	\$39,313.46	\$18,566.27	\$151,673.29
Total Net Position	\$14,024,000.08	\$13,961,291.83	\$13,950,208.03	\$13,858,403.88
Operating Revenues	\$1,429,645.81	\$1,410,302.04	\$1,487,234.29	\$1,554,497.43
Net Sales	\$1,010,409.01	\$1,325,553.94	\$1,044,685.53	\$1,064,292.96
Operating Expenses	\$1,372,548.26	\$1,447,317.83	\$1,781,410.24	\$1,938,013.20
Depreciation Expenses	\$465,881.16	\$470,562.28	\$0.00	\$476,003.69
Non Operating Revenues	-\$116,243.05	-\$59,637.62	-\$22,849.85	-\$24,808.56
Capital Contributions	\$23,111.25	\$33,945.16	\$305,942.00	\$316,520.18
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	-\$36,034.25	-\$62,708.25	-\$11,083.80	-\$91,804.15
Statutory Change In Net Position	-\$59,145.50	-\$96,653.41	-\$317,025.80	-\$408,324.33



Jason E. Mumpower
Comptroller

Entity Referred: **City of Watertown**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The City of Watertown ("the Entity") is an active financial distress case under the Tennessee Board of Utility Regulation ("the Board"). The Entity has completed and implemented a rate study based on information Board Staff received. The Entity has had multiple violations of environmental regulations from the Tennessee Department of Environment and Conservation. Based on the Entity's inability to comply with demands from the Tennessee Department of Environment and Conservation, Board staff believes the Board should discuss potential remedies the Board can offer to ensure the Entity's compliance with regulatory requirements in addition to the remedies that TDEC offers.

Staff Recommendation:

The Board should discuss the open case of Watertown to discuss potential remedies to ensure compliance with state and federal requirements.

Watertown

	Category: Water And Sewer		County: Wilson	
	2019	2020	2021	2022
Net Assets	\$2,790,994.92	\$2,795,872.30	\$2,842,920.71	\$2,863,303.62
Deferred Outflow Resources	\$524.41	\$469.03	\$421.61	\$327.96
Net Liabilities	\$145,261.65	\$154,600.67	\$209,813.23	\$257,948.67
Deferred Inflow Resources	\$7,620.12	\$8,295.59	\$7,511.77	\$6,561.36
Total Net Position	\$2,638,637.56	\$2,633,445.07	\$2,626,017.32	\$2,599,121.55
Operating Revenues	\$570,650.62	\$572,261.31	\$579,003.67	\$574,018.33
Net Sales	\$520,956.29	\$520,299.57	\$540,164.24	\$534,138.69
Operating Expenses	\$537,432.13	\$594,498.93	\$587,212.18	\$608,691.04
Depreciation Expenses	\$84,749.12	\$87,096.40	\$84,618.24	\$82,969.47
Non Operating Revenues	\$2,480.49	\$2,045.13	\$780.76	\$510.56
Capital Contributions	\$0.00	\$15,000.00	\$0.00	\$7,266.38
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$35,698.98	-\$5,192.49	-\$7,427.75	-\$26,895.77
Statutory Change In Net Position	\$35,698.98	-\$20,192.49	-\$7,427.75	-\$34,162.15



JASON E. MUMPOWER
Comptroller

Witt Utility District Summary and Recommendation

On July 18, 2023, staff to the Tennessee Board of Utility Regulation (“the Board”) travelled to the Witt Utility District to meet with Witt Commissioners Michael Rouse and Michael Phagan. The purpose of this meeting was to comply with the Utility Management Review Board’s directive for Board staff to meet with these Commissioners to decide whether ouster proceedings should be pursued against them. Board staff’s recommendation to begin ouster proceedings is unchanged from what was provided to the Utility Management Review Board in June of 2023.

Board staff is pleased that the Witt Utility District is considering several changes to policies and the employee handbook to help satisfy some of the findings of the May 2023 Comptroller Investigative Report (“the Investigative Report”) into the Witt Utility District. Board staff is not aware that any changes have been implemented at this time.

The Witt Utility District has engaged an accounting firm, the MG Group, for services in relation to the last two audits of the utility and the Investigative Report. The engagement letter between the MG Group and the Witt Utility District states:

“We will apply the agreed-upon procedures which the Board of Witt Utility District has specified, listed on the attached schedule, to address concerns raised in the Investigative Report issued by the Tennessee Comptroller of the Treasury dated May 17, 2023, and to review the annual audit report to be issued by Craine, Thompson, and Jones, P.C. for years ended September 30, 2021 and 2022. This engagement is solely to assist the Board and Management of Witt Utility District in determining the accuracy of the reports mentioned.”

Mr. Phagan and Mr. Rouse stated that the purpose of the MG Group engagement is to find deficiencies of the Witt Utility District which were detailed in the Investigative Report. Mr. Phagan and Mr. Rouse also both described the Investigative Report as being “vague”. The Commissioners contend that the MG Group has been engaged to clear up the alleged vagueness of our report. The only two parts of the report that they explicitly said were vague are in relation to the overtime provided to Mr. Ben Harris and the questionable disbursements totaling at least \$5,243.

When the Commissioners were asked about the overtime worked by Mr. Harris, both Mr. Rouse and Mr. Phagan stated this overtime was in large part due to the fact that Mr. Harris was completing two separate jobs: the role as field supervisor and the role as general manager. They both also stated that Mr. Harris was working overtime during the time period in question to do work for the potential expansion into the Chestnut Hill area on the other side of the lake from the District. The Commissioners both confirmed that Mr. Harris was not directed by the Board to



JASON E. MUMPOWER
Comptroller

pursue this expansion, but they were aware of the work he was completing in doing so. Mr. Phagan also stated that many of the overtime hours were spent on the phone after work hours with the District's attorney and the consultants for this expansion project, which project was not initiated or directed by the board.

When asked if the Commissioners reviewed any time sheets for Mr. Harris to confirm the amount of overtime that was being used, Mr. Phagan stated that a policy did not exist in which the Board was required to do so. Instead, they monitored monthly profit and loss statements which showed the amount of money being spent on overtime.

Both Mr. Phagan and Mr. Rouse stated that any effort to expand into Chestnut Hill or the East Sevier County Utility District should not be pursued if it negatively affected the current operations of the Witt Utility District. Board staff is not able to comment on whether expansion negatively effects the Witt Utility District, due to insufficient information. On the morning of the July 18, 2023 visit to the Witt Utility District, Board staff requested copies of the following documents which could prove fruitful in determining the impact the Chestnut Hill or ESCUD expansion is having on the current operations of the District:

- Checks issued since May 1, 2023
- All Current Bank Account Balances
- Balances of all Accounts Payable
- Copies of any Policies that have been adopted or discussed since May 1, 2023
- Copies of all Employee Timesheets since April 1, 2023

The Witt Utility District employees were able to gather the copies as requested by Board staff. However, the employees were directed by management to not provide any documents to Board staff. Board staff were directed to request any needed documents from the attorney for Witt Utility District. This, despite that there is no investigation into Witt Utility District, only into Commissioners Michael Rouse and Michael Phagan and the criminal investigation into Mr. Harris and his brother.

Board staff discovered after the June, 2023 meeting of the Utility Management Review Board that Mr. Rouse's Commissioner appointment expired in March, 2023. It is Board staff's understanding that Mr. Rouse was appointed in January of 2016 and Mr. Phagan in February of 2017. Neither Commissioner completed any Annual Training Statements, which statements require a certified statement of the commissioner training taken in the previous year. If a statement is not filed, then the Commissioner is ineligible to receive payments or benefits paid by the District. At this time, Board staff is not aware of any payment or benefit paid by the District to either Commissioner other than the monthly payment of \$250 allowed to all utility



JASON E. MUMPOWER
Comptroller

district commissioners, but believes the Commissioners did receive the \$250 monthly payments. The below table details the monthly payment totals for the Commissioners.

Year	Mr. Rouse		Mr. Phagan	
	Months Served	Amount Paid	Months Served	Amount Paid
2017	12	\$ 3,000.00	0	\$ -
2018	12	\$ 3,000.00	12	\$ 3,000.00
2019	12	\$ 3,000.00	12	\$ 3,000.00
2020	12	\$ 3,000.00	12	\$ 3,000.00
2021	12	\$ 3,000.00	12	\$ 3,000.00
2022	12	\$ 3,000.00	12	\$ 3,000.00
2023	6	\$ 1,500.00	6	\$ 1,500.00
Total		\$ 19,500.00		\$ 16,500.00

It appears that Mr. Rouse and Mr. Phagan have been illicitly paid at least \$19,500 and \$16,500 respectively, which funds are owed to Witt Utility District.

In conclusion, Board staff finds that the ouster proceedings against these Commissioners should be pursued. These Commissioner should be ousted based on the findings of the Investigative Report which highlight several deficiencies in oversight that ultimately led to findings of impropriety as detailed in the report, and the failure to make any changes to address the findings of the report or prevent future bad acts. Furthermore, Board staff do not believe it is necessary to delay action until September 1, 2023, as stated in the prior Utility Management Review Board order.

Staff Recommendation:

The Board should revise the Utility Management Review Board June 2023 order to give permission to Board staff and counsel to initiate ouster proceedings against the Commissioners in question. The Board should also authorize staff to cease or dismiss any proceedings should the commissioners in question resign or otherwise cease serving as commissioners.



JASON E. MUMPOWER
Comptroller

Entity Name: Witt Utility District

June 16, 2023 Staff Summary

Staff Summary: The Witt Utility District (“Witt”) is a water-only utility district that serves roughly 2,100 customers in Hamblen and Jefferson Counties. Witt’s Board of Commissioners (“the Board”) is comprised of three individuals: Michael Rouse, Michael Phagan, and Michael Sellars. Witt’s General Manager is Benjamin Harris.

The Division of Investigations within the Tennessee Comptroller’s Office released a report on May 17, 2023, summarizing its investigation into Witt. The investigation resulted in the indictments of Witt’s manager Benjamin Harris, and his brother, Joseph Harris, who serves as the district water treatment operator.

The Board’s regularly scheduled meetings are held on the second Thursday of every month. The Board canceled its June 8, 2023 regularly scheduled meeting, but held a special-called meeting on June 13, 2023. Board staff is not aware of any actions taken to remedy the failure of internal controls that resulted in the actions underlying the May 17, 2023 investigative report, or any action to prevent further financial malfeasance.

The Utility Management Review Board (“UMRB”) has recently been involved with the East Sevier County Utility District (“ESCUD”) to oust its prior Board members. ESCUD contracted with Witt, and Witt was able to remedy many of ESCUD’s ongoing problems.

UMRB staff recommends the UMRB initiate a contested case hearing to determine whether the Board should be removed. One finding in the report provides:

“The District made questionable overtime payments to Benjamin Harris totaling at least \$67,292. From January 2022 to August 2022, Benjamin Harris received questionable overtime payments totaling at least \$67,392 for approximately 1,664 hours. Investigators found timecard documentation for other employees; however, they found no documentation or authorization supporting Benjamin Harris’ time worked or claimed overtime compensation. For the period in question, Benjamin Harris was paid an average of 18.65 total daily hours work (5-day work week) and 52 overtime hours per week, including one week he was paid for 73 hours of overtime. The failure of management to review and approve employee time records increases the risk that time will be reported and paid incorrectly. By the end of August 2022, Benjamin’s pay was changed from an hourly wage to salaried compensation.”

While this particular issue may have been remedied, it highlights the Board’s failure to implement proper internal controls to prevent such abuse from occurring, especially in light of its current failure to implement additional controls to prevent similar issues. The Board members have a responsibility to be good stewards of public funds so to prevent such excessive costs from being incurred.



JASON E. MUMPOWER
Comptroller

The members of the Board have also been inappropriately compensated during at least the last 5 years. UMRB staff has requested copies of the Annual Training Statements which each Board member is required to complete and file locally by January 31 of each year. Board members are ineligible to receive compensation and benefits if these training statements are not filed appropriately. Tenn. Code Ann. § 7-82-308(f)(4).

Witt has not provided UMRB staff with documentation that it has adopted or amended its policies or made personnel changes to prevent or limit future bad acts since the release of the May 17, 2023 investigative report. UMRB staff is unaware of the Board having considered or discussed the possibility of such changes at any of its properly noticed meetings.

The Tennessee Board of Utility Regulation (“TBOUR”) will assume all business of the UMRB on July 1, 2023, pursuant to Public Chapter 463. Therefore, any action that the UMRB takes today will continue under TBOUR.

Staff Recommendation:

The UMRB should order as follows:

1. The UMRB hereby initiates a contested case hearing to determine whether Witt’s current Board members should be removed from office, pursuant to Tenn. Code Ann. §§ 7-82-307 and 702. UMRB staff and counsel shall prepare the matter for hearing, including having the matter docketed with the Secretary of State’s Administrative Procedures Division.
2. UMRB staff is authorized to close the contested case should Witt’s current Board members resign, including by nonsuit, motion to dismiss, or whatever other action is necessary.
3. UMRB staff shall determine the total amount of illegal pay and benefits each Board member has received during the period in which they have served and not filed an annual training statement.



COMPTROLLER'S INVESTIGATIVE REPORT

Witt Utility District

May 17, 2023

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

May 17, 2023

Witt Utility District Board of Commissioners
4255 S Davy Crockett Parkway
Morristown, TN 37815

Witt Utility Management:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Witt Utility District, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 3rd Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", is written over a faint, larger version of the signature.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Witt Utility District

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to the Witt Utility District. This investigation was limited to selected records for the period July 1, 2021, through March 15, 2023. The results of the investigation were communicated with the Office of the District Attorney General of the 3rd Judicial District.

BACKGROUND



Witt Utility District (district) in Morristown, Tennessee, provides water service to approximately 2,200 customers in Hamblen and Jefferson counties. The district operates and maintains its own water treatment plant. The district is governed by a three-person board of commissioners (board), who are appointed to four-year terms by the Hamblen and Jefferson County Mayors. The board has the responsibility to establish and

maintain an adequate system of internal controls. District manager Benjamin Harris manages daily operations for the district, and his brother, Joseph Harris, is the district water treatment operator.

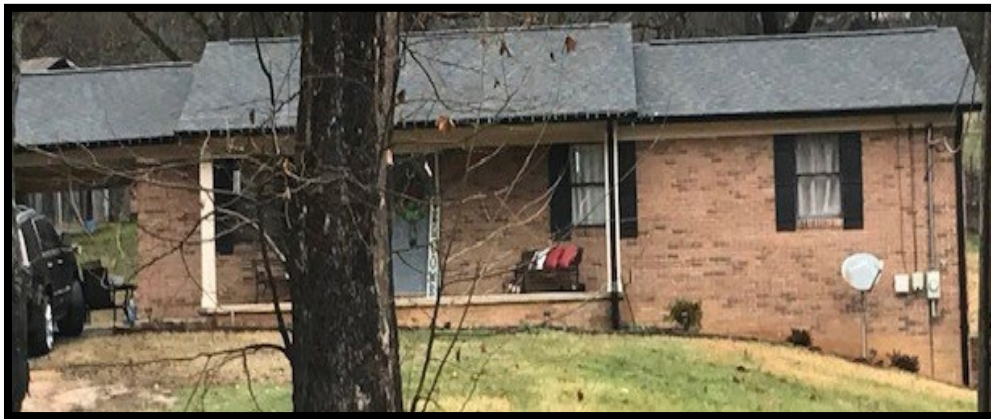
RESULTS OF INVESTIGATION

1. DISTRICT MANAGER BENJAMIN HARRIS MISAPPROPRIATED DISTRICT FUNDS TOTALING AT LEAST \$12,000

Investigators determined that district manager Benjamin Harris misappropriated district funds totaling at least \$12,000. The district paid a home improvement contractor (contractor) material and labor costs for a new roof and gutters on district buildings; however, the payment to the contractor also included material and labor costs for a new roof and gutters on Benjamin Harris' personal residence (**Refer to Exhibit 1**). In May 2022, the district purchased 300 bundles of shingles (approximately 100 squares) from a hardware store totaling at least \$10,017 and paid the contractor an additional \$25,700 to remove and install shingles at the district office and fueling station. At Benjamin Harris' direction, the contractor first installed approximately 27 squares of these shingles on Benjamin Harris' personal residence. The contractor then installed approximately 65 squares of shingles on the district office and fueling station, leaving eight squares remaining, which the contractor kept as payment for other purchased materials. In September

2022, the district paid the same contractor an additional \$9,000 to remove and install new gutters for the district office. According to the contractor, Benjamin Harris did not personally pay any material or labor costs for his new roof or gutters, and Benjamin Harris instructed the contractor how to bill the district to include but conceal the installation of the new roof and gutters on Benjamin’s personal residence. The contractor estimated the average material and labor costs for the projects on Benjamin Harris’ personal residence, paid by the district, would total \$10,500 (\$6,500 in labor and \$4,000 in materials) for the roof and \$1,500 for gutters, had Benjamin Harris paid for the work himself. The board did not give Benjamin Harris consent or approval to use district funds to make improvements to his personal residence.

Exhibit 1



Benjamin’s personal residence with new roof and gutters

Summary of Misappropriation and District Payments			
	Total District Payments	District Buildings*	Benjamin's Residence*
Shingles	\$ 10,017.00	\$ (6,017.00)	\$ 4,000.00
Shingles Installation Labor	25,700.00	(19,200.00)	6,500.00
Gutters	\$ 9,000.00	\$ (7,500.00)	\$ 1,500.00
Total	\$ 44,717.00	\$ (32,717.00)	\$ 12,000.00

** Costs estimated by the contractor*

2. BENJAMIN HARRIS, JOSEPH HARRIS, AND OTHER DISTRICT EMPLOYEES USED DISTRICT FUNDS AND OTHER ASSETS FOR PRIVATE PURPOSES

Investigators determined that Benjamin Harris, Joseph Harris, and other district employees used district funds and other assets for private purposes. Tenn. Code Ann. § 7-82-113 provides that all

expenditures of money made by a utility district must be made for a lawful district purpose. Investigators noted the following improprieties:

- A. In August 2022, Benjamin Harris ordered 5.5 cubic yards of concrete with district funds costing \$955, and a portion of the concrete was delivered to a board commissioner’s farm where Benjamin Harris had performed several projects. According to Benjamin Harris, a portion of the concrete was used for a small porch on the commissioner’s farm that Benjamin Harris constructed for the commissioner’s personal benefit. Investigators were unable to determine how much of the 5.5 cubic yards of concrete was used at the commissioner’s farm. Benjamin Harris asserted the commissioner did not know the district paid for the concrete. The commissioner issued Benjamin Harris a payment in March 2022, for \$2,200; however, investigators were unable to determine if the payment covered and included the concrete used for the porch construction.

- B. Benjamin Harris and Joseph Harris used a compact track loader (bobcat) owned by the district at a private business in Knoxville, which was not related to authorized district business for their personal benefit. The district purchased a new bobcat for \$79,655 for district use, and Benjamin Harris had it delivered to a private business in Knoxville on November 18, 2022 (**Refer to Exhibit 2**). Benjamin Harris was considered a contractor and used the district bobcat on a construction project (**Refer to Exhibit 3**) at the private business. Benjamin Harris estimated he saved approximately \$1,000-\$2,000 by using the district bobcat on the construction project. Additionally, an employee of the private business told investigators he used the district bobcat to rework a ramp needed for access to inventory. Investigators were unable to determine the hours Benjamin Harris and Joseph Harris worked at the private business while paid by the district or the hours the district bobcat was used at the private business. Benjamin Harris told investigators that he and Joseph Harris primarily drove district trucks to the private business to work on the construction project. Benjamin Harris was compensated approximately \$210,000 for his work on the project.

Exhibit 2



District bobcat purchased in November 2022

Exhibit 3



Photos of the construction project at the private business taken on January 26, 2023

- C. On December 16, 2022, investigators found a trailer owned by the district at a board commissioner’s farm. The district manager stated the trailer was there for repairs and was used only for district business. Investigators were unable to determine if the trailer was at the farm for repairs, district business, or personal use.

- D. Employees at the district were allowed to use district equipment and the maintenance garage to work on their personal vehicles. Based on interviews with employees, investigators determined employees used district equipment to perform maintenance on their personal vehicles after normal work hours with parts and supplies purportedly purchased with their personal funds. For example, investigators found Benjamin Harris’ personal vehicle inside the district’s garage on a workday morning with the hood up and a tire removed (**Refer to Exhibit 4**). Investigators were unable to determine if work was performed on personal vehicles during normal working hours and if any district maintenance supplies were used for private purposes.

Exhibit 4



Benjamin Harris’ personal vehicle in the district’s garage on December 16, 2022 at 9:30am Eastern Time

- E. Benjamin Harris improperly used district funds and inventory to provide supplies, including pipe, to certain board commissioners and other private unaffiliated individuals. The

commissioners and other individuals were required to pay for the supplies; however, investigators were unable to determine if they paid for all supplies.

- F. On multiple occasions, Benjamin Harris traveled in a district-owned truck to a food and sports bar located in Knoxville after normal working hours. Benjamin Harris admitted to investigators that he consumed alcoholic beverages during these visits. Investigators could not determine whether these visits were for the benefit of the district or the extent of potential liability to the district.

3. THE DISTRICT MADE QUESTIONABLE OVERTIME PAYMENTS TO BENJAMIN HARRIS TOTALING AT LEAST \$67,392

From January 2022 to August 2022, Benjamin Harris received questionable overtime payments totaling at least \$67,392 for approximately 1,664 hours. Investigators found timecard documentation for other employees; however, they found no documentation or authorization supporting Benjamin Harris' time worked or claimed overtime compensation. For the period in question, Benjamin Harris was paid an average of 18.65 total daily hours worked (5-day work week) and 52 overtime hours per week, including one week he was paid for 73 hours of overtime. The failure of management to review and approve employee time records increases the risk that time will be reported and paid incorrectly. By the end of August 2022, Benjamin's pay was changed from an hourly wage to salaried compensation.

4. INVESTIGATORS IDENTIFIED QUESTIONABLE DISBURSEMENTS TOTALING AT LEAST \$5,243

Investigators identified at least \$5,243 in questionable disbursements of district funds. In some instances, purchases for food, fuel, and supplies were not supported with itemized receipts or other documentation. Therefore, investigators could not determine whether these purchases were exclusively for the benefit of the district. The district should only make authorized expenditures and maintain adequate supporting documentation for all disbursements.

5. THE DISTRICT DID NOT SOLICIT COMPETITIVE SEALED BIDS FOR MULTIPLE PURCHASES AND PROJECTS

District management failed to document compliance with competitive bid requirements or provide a purchasing policy noting legal bid exceptions for multiple supply purchases and projects in 2022. Tenn. Code Ann. § 12-3-1212 requires competitive sealed bids for these types of disbursements (over \$25,000), other than certain exceptions that must be board authorized in a purchasing policy. The lack of competitive sealed bids for projects and purchases increases the risk for fraud, waste, and abuse, and could result in the district paying prices above market rates. In some instances, the district received quotes for certain projects. Our examination revealed the following deficiencies:

- A. The district received three quotes for a project requiring pipe installation; however, the district did not solicit competitive sealed bids as required for the project that cost at least \$860,591.

- B. The district did not solicit competitive sealed bids for the purchase of pipe totaling at least \$407,417.
- C. The district paid approximately \$44,717 for a new roof (\$35,717) and gutters (\$9,000) for the district office and fueling station without soliciting competitive sealed bids.

On May 15, 2023, the Hamblen County Grand Jury indicted Benjamin Harris for one count of Theft of Property over \$10,000, one count of Theft of Property \$1,000 or less, and three counts of Official Misconduct.

On May 15, 2023, the Hamblen County Grand Jury indicted Joseph Harris for one count of Official Misconduct.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt and convicted through due process of law.

[Witt Utility District Investigative Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

The Witt Utility District Internal Control Manual provides that the board has responsibility to establish and maintain an adequate system of internal control to help ensure assets are not exposed to unauthorized access and use, transactions are properly recorded in the financial records, and financial information is reliable.

Our investigation revealed internal control and compliance deficiencies, some of which contributed to the district manager's misappropriation of district funds without prompt detection. These deficiencies included:

Deficiency 1: The board did not sufficiently oversee projects, manager decisions, and expenses

The board failed in its fiduciary responsibility to ensure the best use of public funds for projects and failed to provide adequate oversight of manager decisions and expenses. Governing boards of entities responsible for spending public funds must sufficiently oversee management and hold them accountable for their decisions.

Deficiency 2: District management did not adequately account for consumable assets

District management did not adequately account for consumable assets. The failure to maintain adequate records of consumable assets weakens controls over these assets and increases the risk of inventory loss or misuse.

Deficiency 3: The board of commissioners and management failed to properly oversee district operations, which contributed to multiple purchasing deficiencies

Investigators noted the following purchasing deficiencies resulting from a lack of board and management oversight:

- Occasionally, district management issued purchase orders after purchases were made. This practice causes a purchase order to be an approval of payment rather than an approval of the purchase. The failure to properly and timely issue purchase orders increases the risk of unauthorized purchases.
- District management did not require or retain adequate supporting documentation for some disbursements. Investigators could not determine whether these disbursements were for the benefit of the district. Management should require and maintain adequate supporting documentation for all disbursements, such as invoices or receipts, so they can verify the payment is proper and reasonable.
- The district board did not establish or adopt formal written purchasing policies, including purchasing provisions for competitive sealed bids, legal bid exceptions, and credit cards. Tenn. Code Ann. § 9-2-102 requires that utility districts establish, document, and implement internal controls. The lack of formal written purchasing policies increases the risk of fraud, waste, and abuse.
- District management did not solicit competitive sealed bids for several purchases and projects that exceeded the bid threshold. Tenn. Code Ann. § 12-3-1212 requires competitive sealed bids for certain disbursements over \$25,000 other than certain exceptions that must be authorized by the board in a purchasing policy as provided in Tenn. Code Ann. § 7-82-801. The lack of competitive sealed bids for projects and purchases over the bid threshold increases the risk of fraud, waste, and abuse.
- In some instances, district management did not maintain invoices or other supporting documentation identifying district vehicles for which parts were purchased. Therefore, investigators were unable to determine if all purchases were exclusively for district vehicles or for personal use.
- District management did not adequately account for fuel usage. The district owns a mobile storage fuel tank near the maintenance shop. District employees were not required to enter the vehicle's odometer mileage during fueling at the mobile tank; therefore, investigators were unable to determine if fuel was used exclusively for district purposes.

- District management did not always label district vehicles, including those used by Benjamin Harris and Joseph Harris, as property of the district. Benjamin Harris and Joseph Harris were allowed to take district-owned vehicles home. Investigators could not determine if Benjamin Harris and Joseph Harris used the district vehicles for personal use or if any personal use was properly reported for tax purposes.

Deficiency 4: Management failed to properly oversee district operations, which contributed to multiple payroll deficiencies

Investigators noted the following payroll deficiencies resulting from a lack of management oversight:

- District management did not sign employees' timecards as evidence of review and approval. Management's failure to review and approve time records increases the risk of improper or incorrect payroll payments.
- District management did not require employees to submit a dated and signed timesheet as evidence of hours worked. The district internal control manual requires department supervisors verify payroll by examining employee submitted timesheets. Instead, employees submitted timecards as evidence of hours worked. In certain instances, employees entered time worked on their timecard instead of using the time clock to stamp their timecard. Management's failure to require timesheets and review for accuracy as required by the internal control manual, increases the risk of improper payroll payments.

Deficiency 5: The district did not issue official consecutively prenumbered receipts for some collections

In some instances, district employees did not issue official consecutively prenumbered receipts for water collections. Tenn. Code Ann. § 9-2-104 requires official consecutively prenumbered receipts to be issued for all collections. Without official consecutively prenumbered receipts, investigators were unable to determine if all funds had been accounted for properly. The practice of not issuing official consecutively prenumbered receipts weakens internal controls over collections and increases the risk of fraud and misappropriation.

Deficiency 6: The board did not authorize a formal written agreement with another utility district for work performed

During February 2023, the district began working on and overseeing a project for another utility district; however, the boards of both districts did not authorize a formal written agreement for the project. Without a formal written agreement, neither district had guidelines detailing performance responsibilities, obligations, liabilities, or expectations. Both district boards authorized a formal written agreement on March 9, 2023. The lack of an authorized formal written agreement between the districts increases each district's liability risks.



Jason E. Mumpower
Comptroller

Entity Referred: **Bristol-Bluff City Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Bristol-Bluff City Utility District ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since 2022.

The Entity has been actively working with TAUD to improve its overall operations. Board staff is confident in the progress that the Entity will make with the assistance of TAUD.

The Entity is working with Jackson Thornton to complete a cost of service study which is also evaluating a merger between the Entity and South Fork Utility District.

Bristol-Bluff City Utility District

	Category: Water		County: Sullivan	
	2019	2020	2021	2022
Net Assets	\$8,658,949.00	\$8,514,052.00	\$11,610,028.00	\$11,590,988.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$5,498,833.00	\$5,362,693.00	\$8,575,857.00	\$8,294,682.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$3,160,116.00	\$3,151,359.00	\$3,034,171.00	\$3,296,306.00
Operating Revenues	\$1,686,898.00	\$1,592,391.00	\$1,874,384.00	\$1,968,665.00
Net Sales	\$1,608,036.00	\$1,493,305.00	\$1,762,754.00	\$1,869,572.00
Operating Expenses	\$1,428,577.00	\$1,385,112.00	\$1,544,569.00	\$1,659,900.00
Depreciation Expenses	\$262,237.00	\$298,838.00	\$391,983.00	\$326,411.00
Non Operating Revenues	-\$235,397.00	-\$216,036.00	-\$447,003.00	-\$46,630.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$22,924.00	-\$8,757.00	-\$117,188.00	\$262,135.00
Statutory Change In Net Position	\$22,924.00	-\$8,757.00	-\$117,188.00	\$262,135.00



Jason E. Mumpower
Comptroller

Entity Referred: **Clearfork Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Clearfork Utility District ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its fiscal year 2018 audit.

The Entity has several years of delinquent audits. Its most recent audit available is its fiscal year 2018 audit. The Entity has not returned its financial distress questionnaire. In December of 2022 the Utilities Management Review Board issued an order for the Entity to contract with a third-party immediately to ensure the financial health of the Entity. The Entity has failed to comply with this order.

Staff Recommendation:

The Board should order the following:

1. Board staff and Counsel shall issue subpoenas for the Entity's governing body and Manager to appear in-person before the Board during its next meeting.
2. The Entity shall contract with TAUD or another qualified expert to carry out a feasibility study for a merger with another utility system in the area by September 31, 2023.
3. The Entity shall provide a completed feasibility study to board staff by March 31, 2023.
4. Should the entity complete all of the items from the previous order by the next board meeting, the subpoenas shall be withdrawn.

Clearfork Utility District

	Category: Water		County: Claiborne	
	2015	2016	2017	2018
Net Assets	N/A	N/A	\$2,225,382.00	\$2,176,840.00
Deferred Outflow Resources	N/A	N/A	\$0.00	\$0.00
Net Liabilities	N/A	N/A	\$20,836.00	\$15,580.00
Deferred Inflow Resources	N/A	N/A	\$0.00	\$0.00
Total Net Position	N/A	N/A	\$2,204,546.00	\$2,161,260.00
Operating Revenues	N/A	N/A	\$301,112.00	\$307,820.00
Net Sales	N/A	N/A	\$290,777.00	\$293,360.00
Operating Expenses	N/A	N/A	\$308,530.00	\$367,581.00
Depreciation Expenses	N/A	N/A	\$76,223.00	\$77,148.00
Non Operating Revenues	N/A	N/A	\$3,652.00	\$4,100.00
Capital Contributions	N/A	N/A	\$0.00	\$12,375.00
Transfers In	N/A	N/A	\$0.00	\$0.00
Transfers Out	N/A	N/A	\$0.00	\$0.00
GAAP Change In Net Position	N/A	N/A	-\$3,766.00	-\$43,286.00
Statutory Change In Net Position	N/A	N/A	-\$3,766.00	-\$55,661.00



Jason E. Mumpower
Comptroller

Entity Referred: **Cold Springs Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

Cold Springs Utility District ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since 2020.

The Entity has provided board staff with a completed rate study but has not provided proof of the implementation of the resulting recommendations. The Entity has retained a lawyer that is determining the legality of the 5 customers that have water rights to the spring that is also used by the entity.

The Entity is currently in discussion with the City of Mountain City for a potential merger between the two utilities.

Staff Recommendation:

Board Staff recommends rescinding the prior order and ordering the following:

1. By December 31, 2023, the Entity shall provide Board staff with complete rate study and proof of implementation of the resulting recommendations or a proposed plan of implementation.
2. By December 31, 2023 the Entity shall update Board staff regarding its attorney's opinion on whether it is in the Entity's best interest to pursue legal proceedings to settle the issue in regards to providing water at no cost to its water rights customers.
3. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Entity. Good cause shall be determined by Board staff.

Cold Springs Utility District

	Category: Water		County: Johnson	
	2019	2020	2021	2022
Net Assets	\$1,587,091.00	\$1,560,410.00	\$1,502,392.00	\$1,529,262.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$246,404.00	\$226,436.00	\$173,096.00	\$193,378.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$1,340,687.00	\$1,333,974.00	\$1,329,296.00	\$1,335,884.00
Operating Revenues	\$241,284.00	\$272,036.00	\$284,295.00	\$285,260.00
Net Sales	\$222,677.00	\$253,236.00	\$267,258.00	\$271,991.00
Operating Expenses	\$241,045.00	\$270,811.00	\$279,214.00	\$273,641.00
Depreciation Expenses	\$61,348.00	\$61,453.00	\$60,340.00	\$58,144.00
Non Operating Revenues	-\$8,777.00	-\$7,938.00	-\$9,759.00	-\$5,031.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	-\$8,538.00	-\$6,713.00	-\$4,678.00	\$6,588.00
Statutory Change In Net Position	-\$8,538.00	-\$6,713.00	-\$4,678.00	\$6,588.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Cumberland Gap**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Cumberland Gap ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since fiscal year 2021.

The Entity has complied with the November 2022 order issued by the Water and Wastewater Financing Board and has contracted with Communities Unlimited to carry out a rate study that is due by July 31, 2023.

Cumberland Gap

	Category: Water And Sewer		County: Claiborne	
	2019	2020	2021	2022
Net Assets	\$2,687,875.00	\$2,650,462.00	\$2,609,724.00	\$2,601,464.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$309,109.00	\$309,335.00	\$293,844.00	\$282,614.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$2,378,766.00	\$2,341,127.00	\$2,315,880.00	\$2,318,850.00
Operating Revenues	\$268,830.00	\$239,040.00	\$268,051.00	\$301,136.00
Net Sales	\$262,395.00	\$237,618.00	\$261,963.00	\$296,030.00
Operating Expenses	\$265,533.00	\$265,443.00	\$283,467.00	\$292,205.00
Depreciation Expenses	\$100,911.00	\$107,874.00	\$122,561.00	\$121,916.00
Non Operating Revenues	-\$12,485.00	-\$11,236.00	-\$9,831.00	-\$5,961.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	-\$9,188.00	-\$37,639.00	-\$25,247.00	\$2,970.00
Statutory Change In Net Position	-\$9,188.00	-\$37,639.00	-\$25,247.00	\$2,970.00



Jason E. Mumpower
Comptroller

Entity Referred: **Cumberland Utility District of Roane and Morgan Counties**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water**

Staff Summary:

The Cumberland Utility of Roane and Morgan Counties ("the Entity") has been placed under administrative review with the Tennessee Board of Utility Regulation ("the Board") for an investigation that was opened in April 2023 by the Utilities Management Review Board.

The Entity received an unsatisfactory score on a sanitary survey, which listed numerous deficiencies. Board staff has also been notified of apparent violations of the Tennessee Open Meetings Act and the Tennessee Public Records Act.

Board Staff has not yet begun the investigation due to time and scheduling constraints. Board staff will update the Board at its next regularly scheduled meeting.

Cumberland Utility District of Roane and Morgan Counties

	Category: Water		County: Roane	
	2019	2020	2021	2022
Net Assets	\$14,523,432.00	\$14,349,931.00	\$14,510,556.00	\$14,169,253.00
Deferred Outflow Resources	\$558,638.00	\$491,832.00	\$544,589.00	\$920,008.00
Net Liabilities	\$5,564,385.00	\$4,984,714.00	\$4,558,708.00	\$3,635,751.00
Deferred Inflow Resources	\$103,023.00	\$144,381.00	\$97,185.00	\$810,718.00
Total Net Position	\$9,414,662.00	\$9,712,668.00	\$10,399,252.00	\$10,642,792.00
Operating Revenues	\$2,948,040.00	\$3,289,738.00	\$3,267,709.00	\$3,503,539.00
Net Sales	\$2,788,579.00	\$3,112,350.00	\$3,072,623.00	\$3,263,203.00
Operating Expenses	\$2,713,516.00	\$3,059,698.00	\$3,198,249.00	\$3,294,240.00
Depreciation Expenses	\$538,282.00	\$572,620.00	\$644,934.00	\$662,560.00
Non Operating Revenues	\$22,722.00	\$41,624.00	\$592.00	\$28,241.00
Capital Contributions	\$0.00	\$26,342.00	\$616,532.00	\$6,000.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$257,246.00	\$298,006.00	\$686,584.00	\$243,540.00
Statutory Change In Net Position	\$257,246.00	\$271,664.00	\$70,052.00	\$237,540.00



Jason E. Mumpower
Comptroller

Entity Referred: **East Sevier County Utility District**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The East Sevier County Utility District ("the Entity") has been placed under administrative review with the Tennessee Board of Utility Regulation ("the Board") for an investigation that was opened by the Utilities Management Review Board in August of 2022. The Entity has a long history of frequent service outages, customer complaints, and water quality issues. The Entity has a similarly long history of excessive water loss. Since the initial order was issued the Entity has engaged with Witt Utility District to improve their operations. The Entity is currently experiencing difficulty finding internal staff to manage operations. The entity is also seeking out funding sources for necessary infrastructure upgrades.

In December of 2022 the Utilities Management Review Board issued an order for a Rate Study to be completed by the entity. In April of 2023 the Utilities Management Review Board amended the December 2022 order to include a preliminary examination of the feasibility of a merger between the entity and other nearby utility systems. The December 2022 order did not specify a contract date nor did it specify a date of completion. The Board's previous orders need a contract date and completion date.

Staff Recommendation:

The Board should order the following:

1. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - e. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
2. In addition to any other specific requirements, the Board orders that the rate study shall make a preliminary examination of the feasibility of a merger between the Entity and other nearby utility systems. All original deadlines of the December 21, 2022 Order remain, but Board staff may, for good cause shown, grant a 60 day extension for the Entity to provide a supplemental study, addendum, or other report as to the feasibility of a merger. Any supplemental study, not part of the rate study, must be performed by the Tennessee Association of Utility Districts or other entity approved by Board staff.
2. By October 31, 2023 the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 1 and 2.

3. By March 31, 2024 the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

East Sevier County Utility District

	Category: Water And Sewer		County: Sevier	
	2019	2020	2021	2022
Net Assets	\$2,518,066.00	\$2,785,428.00	\$3,218,680.00	\$3,898,454.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$1,093,864.00	\$794,489.00	\$1,189,730.00	\$1,444,160.00
Deferred Inflow Resources	\$26,417.00	\$30,421.00	\$33,070.00	\$35,675.00
Total Net Position	\$1,397,785.00	\$1,960,518.00	\$1,995,880.00	\$2,418,619.00
Operating Revenues	\$915,144.00	\$977,798.00	\$981,707.00	\$1,181,097.00
Net Sales	\$727,722.00	\$766,876.00	\$864,336.00	\$888,344.00
Operating Expenses	\$802,420.00	\$824,541.00	\$921,244.00	\$1,155,240.00
Depreciation Expenses	\$117,772.00	\$124,548.00	\$145,029.00	\$175,563.00
Non Operating Revenues	-\$16,585.00	-\$33,524.00	-\$25,101.00	-\$48,118.00
Capital Contributions	\$0.00	\$443,000.00	\$0.00	\$445,000.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$96,139.00	\$562,733.00	\$35,362.00	\$422,739.00
Statutory Change In Net Position	\$96,139.00	\$119,733.00	\$35,362.00	-\$22,261.00



Jason E. Mumpower
Comptroller

Entity Referred: **Hallsdale-Powell Utility District**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The Hallsdale-Powell Utility District ("the Entity") has been placed under administrative review with the Tennessee Board of Utility Regulation ("the Board") for an investigation that was opened by the Utilities Management Review Board in April of 2023. The entity is experiencing approximately 46% water loss. The entity also has high user rates, and a high debt-income ratio.

Board staff met with leadership, management, and staff from the Entity in June of 2023 regarding the matters listed above. At this time board staff has been unable to draft a report with findings. Board staff will provide a report and recommendations at the Board's next regularly scheduled meeting.

Hallsdale-Powell Utility District

	Category: Water And Sewer		County: Knox	
	2019	2020	2021	2022
Net Assets	\$287,608,483.00	\$324,692,325.00	\$336,766,644.00	\$358,407,195.00
Deferred Outflow Resources	\$1,425,751.00	\$454,469.00	\$417,922.00	\$2,189,448.00
Net Liabilities	\$138,783,291.00	\$167,472,199.00	\$171,228,492.00	\$182,623,593.00
Deferred Inflow Resources	\$914,617.00	\$989,550.00	\$1,090,596.00	\$1,602,362.00
Total Net Position	\$149,336,326.00	\$156,685,045.00	\$164,865,478.00	\$176,370,688.00
Operating Revenues	\$31,504,927.00	\$33,253,189.00	\$34,915,078.00	\$38,982,122.00
Net Sales	\$30,301,397.00	\$31,872,088.00	\$33,905,454.00	\$36,821,800.00
Operating Expenses	\$23,180,496.00	\$24,166,761.00	\$24,041,273.00	\$23,190,459.00
Depreciation Expenses	\$7,460,026.00	\$7,499,743.00	\$7,755,500.00	\$7,952,030.00
Non Operating Revenues	-\$2,514,470.00	-\$2,332,703.00	-\$3,226,414.00	-\$4,758,973.00
Capital Contributions	\$0.00	\$594,992.00	\$533,040.00	\$472,520.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$5,809,961.00	\$7,348,717.00	\$8,180,431.00	\$11,505,210.00
Statutory Change In Net Position	\$5,809,961.00	\$6,753,725.00	\$7,647,391.00	\$11,032,690.00



Jason E. Mumpower
Comptroller

Entity Referred: **Intermont Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Intermont Utility District ("the Entity") is under supervision of the Tennessee Board of Utility Regulation ("the Board") for financial distress. Currently the Tennessee Association of Utility Districts ("TAUD") is finalizing a rate study that is due on July 31, 2023, but this due date should be extended until December 31, 2023.

Staff Recommendation:

The Board should order the following:

1. The Board should amend its prior order to extend the deadline for the Entity to provide a completed rate study and show proof of implementation from July 31, 2023 to December 31, 2023.

Intermont Utility District

	Category: Water		County: Sullivan	
	2018	2019	2020	2021
Net Assets	N/A	\$5,336,370.00	\$5,259,251.00	\$5,113,438.00
Deferred Outflow Resources	N/A	\$0.00	\$0.00	\$0.00
Net Liabilities	N/A	\$1,669,547.00	\$1,658,190.00	\$1,604,735.00
Deferred Inflow Resources	N/A	\$0.00	\$0.00	\$0.00
Total Net Position	N/A	\$3,666,823.00	\$3,601,061.00	\$3,508,703.00
Operating Revenues	N/A	\$370,088.00	\$378,807.00	\$387,050.00
Net Sales	N/A	\$334,795.00	\$344,170.00	\$370,247.00
Operating Expenses	N/A	\$378,449.00	\$386,322.00	\$460,088.00
Depreciation Expenses	N/A	\$113,575.00	\$115,917.00	\$118,727.00
Non Operating Revenues	N/A	-\$55,259.00	-\$58,247.00	-\$58,356.00
Capital Contributions	N/A	\$74,188.00	\$0.00	\$0.00
Transfers In	N/A	\$0.00	\$0.00	\$0.00
Transfers Out	N/A	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	N/A	\$10,568.00	-\$26,725.00	-\$131,394.00
Statutory Change In Net Position	N/A	-\$63,620.00	\$12,312.00	-\$131,394.00



Jason E. Mumpower
Comptroller

Entity Referred: **Mooreburg Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Mooreburg Utility District ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its fiscal year 2020 audit. The Utilities Management Review Board rescinded the 2021 order and issued a new order in December of 2022.

Since the December 2022 UMRB order, the Entity has complied and has timely completed items from the order. The entity has contracting with Jackson Thornton for a rate study that is to be completed by September 1, 2023. The entity has submitted their Annual Information Report for FY2023 and has provided proof of commissioner training. The entity is still delinquent in issuing the FY2022 audit.

Mooreburg Utility District

	Category: Water		County: Hawkins	
	2018	2019	2020	2021
Net Assets	\$3,843,577.00	\$3,738,196.00	\$3,665,810.00	\$3,595,682.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$2,172,660.00	\$2,129,213.00	\$2,103,001.00	\$2,045,093.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$1,670,917.00	\$1,608,983.00	\$1,562,809.00	\$1,550,589.00
Operating Revenues	\$336,608.00	\$344,489.00	\$364,391.00	\$384,750.00
Net Sales	\$310,261.00	\$316,420.00	\$331,151.00	\$347,665.00
Operating Expenses	\$287,848.00	\$331,164.00	\$339,257.00	\$329,397.00
Depreciation Expenses	\$125,783.00	\$140,267.00	\$138,207.00	\$138,357.00
Non Operating Revenues	\$79,849.00	-\$75,259.00	-\$71,308.00	-\$67,573.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$128,609.00	-\$61,934.00	-\$46,174.00	-\$12,220.00
Statutory Change In Net Position	\$128,609.00	-\$61,934.00	-\$46,174.00	-\$12,220.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Oliver Springs**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Oliver Springs ("the Entity") has been referred to the Tennessee Board of Utilities Regulation ("the Board") for financial distress since 2021 and due to an investigation opened by the Water and Wastewater Financing Board in March of 2023, the Entity is currently under administrative review.

The Entity's audits have been delinquent for years and the Entity has not verified that its rates are set in a manner to improve its financial condition. Additionally, the entity reported non-revenue water losses of 77% on its 2021 American Water Works Association reporting worksheet.

The Entity has timely contracted with a third party to carry out a rate study as requested by board staff.

Board staff met with the Leadership, Management, and Staff of Oliver Springs in June 2023 but has been unable to finish the administrative review report. Board staff will update the Board at the next regularly scheduled meeting.

Oliver Springs

	Category: Water And Sewer		County: Anderson; Morgan; Roane	
	2018	2019	2020	2021
Net Assets	\$12,515,958.00	\$15,117,177.00	\$18,197,587.00	\$18,266,874.00
Deferred Outflow Resources	\$75,899.00	\$63,861.00	\$67,662.00	\$78,114.00
Net Liabilities	\$4,421,838.00	\$6,940,676.00	\$7,913,518.00	\$7,413,216.00
Deferred Inflow Resources	\$40,847.00	\$49,497.00	\$46,689.00	\$20,769.00
Total Net Position	\$8,129,172.00	\$8,190,865.00	\$10,305,042.00	\$10,911,003.00
Operating Revenues	\$1,859,521.00	\$1,831,395.00	\$1,868,625.00	\$1,940,079.00
Net Sales	\$1,714,184.00	\$1,699,113.00	\$1,747,651.00	\$1,831,735.00
Operating Expenses	\$1,769,689.00	\$1,719,900.00	\$2,106,446.00	\$2,409,627.00
Depreciation Expenses	\$431,583.00	\$452,744.00	\$464,336.00	\$522,819.00
Non Operating Revenues	-\$33,783.00	-\$55,695.00	-\$77,580.00	-\$74,865.00
Capital Contributions	\$503,889.00	\$5,893.00	\$2,388,351.00	\$1,150,374.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$559,938.00	\$102,920.00	\$2,072,950.00	\$605,961.00
Statutory Change In Net Position	\$56,049.00	\$138,254.00	-\$315,401.00	-\$544,413.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Parrottsville**
Referral Reason: **Decrease In Net Position**
Utility Type Referred: **Sewer**

Staff Summary:

The Town of Parrottsville ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since the 2017 fiscal year audit.

Board staff advise that while the Entity has previously demonstrated inability or unwillingness to comply with Board orders, a new mayor was recently elected and has replaced some staff. The new individuals with the utility have been more responsive to Board staff.

Board staff has also been informed that the City of Newport currently provides the water to the Entity's wastewater system and is responsible for billing the Entity's wastewater customers.

The Entity has complied with its March 2023 order issued by the Utilities Management Review Board and is contracted with TAUD to carry out a feasibility study of the potential merger with surrounding utilities that is due by December 31, 2023.

Parrottsville

	Category: Sewer		County: Cocke	
	2018	2019	2020	2021
Net Assets	\$664,491.00	\$822,075.00	\$805,989.00	\$796,582.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$131,010.00	\$253,396.00	\$248,761.00	\$230,830.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$533,481.00	\$568,679.00	\$557,228.00	\$565,752.00
Operating Revenues	\$57,727.00	\$68,679.00	\$39,138.00	\$49,782.00
Net Sales	\$43,685.00	\$43,154.00	\$39,138.00	\$42,521.00
Operating Expenses	\$36,760.00	\$59,256.00	\$49,123.00	\$62,150.00
Depreciation Expenses	\$17,866.00	\$18,037.00	\$24,244.00	\$24,499.00
Non Operating Revenues	\$0.00	-\$1,165.00	-\$1,466.00	-\$1,908.00
Capital Contributions	\$0.00	\$24,690.00	\$0.00	\$22,800.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$20,967.00	\$32,948.00	-\$11,451.00	\$8,524.00
Statutory Change In Net Position	\$20,967.00	\$8,258.00	-\$11,451.00	-\$14,276.00



Jason E. Mumpower
Comptroller

Entity Referred: **South Fork Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The South Fork Utility District (“the Entity”) is a Utility District created by a merger between the Holston Utility District and the South Bristol- Weaver Pike Utility District. On April 7, 2022, the Comptroller’s Office Division of Investigations released an investigative report relative to SFUD. Since the report was released, the entity has hired Mr. Adam Hale to serve as general manager of the Entity. Additionally, the Entity has complied with the UMRB order issued on December 8, 2022.

The entity provided updates to Board staff for the following items:

- Delinquent audits will be completed by August of 2023
- Working with Rural Development on a loan for capital improvement projects including a new water tank and replacing lines in areas that have had major breaks.
- Set up a GIS system as well as a Telemetry system.
- Contracted with third parties for billing and after hours phone calls.

In addition to the items above, a feasibility study for merging with Bristol Bluff City Utility District is underway.



Jason E. Mumpower
Comptroller

Entity Referred: **City of Decherd**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The City of Decherd ("the Entity") has been referred to the Water and Wastewater Financing Board ("the Board") for financial distress since its fiscal year 2021 audit. We received wrong information for the itemized expenses that were requested in the Board's order at the March 23, 2023 Board meeting. We requested this information to see why things were expensed versus capitalized. Board staff is currently reviewing this information. The City has engaged with Jackson Thornton for the rate study. There is no further action needed at this time.

Decherd

	Category: Water And Sewer		County: Franklin	
	2018	2019	2020	2021
Net Assets	\$11,746,081.00	\$18,609,736.00	\$23,094,893.00	\$23,061,016.00
Deferred Outflow Resources	\$47,962.00	\$53,450.00	\$52,366.00	\$48,627.00
Net Liabilities	\$1,573,176.00	\$7,002,977.00	\$9,702,341.00	\$9,559,368.00
Deferred Inflow Resources	\$7,738.00	\$16,926.00	\$30,421.00	\$26,683.00
Total Net Position	\$10,213,129.00	\$11,643,283.00	\$13,414,497.00	\$13,523,592.00
Operating Revenues	\$2,213,733.00	\$2,284,003.00	\$1,985,073.00	\$2,098,574.00
Net Sales	\$2,079,288.00	\$2,137,474.00	\$1,820,971.00	\$1,868,199.00
Operating Expenses	\$1,747,248.00	\$1,792,596.00	\$1,919,173.00	\$5,135,286.00
Depreciation Expenses	\$452,668.00	\$452,201.00	\$508,739.00	\$407,000.00
Non Operating Revenues	\$76,668.00	-\$81,427.00	-\$539,376.00	-\$186,158.00
Capital Contributions	\$0.00	\$1,020,174.00	\$2,244,690.00	\$3,232,413.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$543,153.00	\$1,430,154.00	\$1,870,766.00	\$9,543.00
Statutory Change In Net Position	\$543,153.00	\$409,980.00	-\$274,372.00	-\$3,222,870.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Gordonsville**
Referral Reason: **Decrease In Net Position**
Utility Type Referred: **Sewer**

Staff Summary:

The Town of Gordonsville ("the Entity") has been referred to the Water and Wastewater Financing Board ("the Board") for financial distress since its fiscal year 2021 audit. The Town has been working with Rate Studies to complete the ordered rate study. Board staff has confirmed with Rate Studies that the draft of the rate study is being completed and should be presented to the Town by the end of July. We expect the Town will proceed with the recommendations. This is in compliance with the most recent order. There is no Board action needed at this time.

Staff Recommendation:

Gordonsville

	Category: Sewer		County: Smith	
	2019	2020	2021	2022
Net Assets	\$5,605,668.00	\$5,050,710.00	\$5,378,267.00	\$5,462,904.00
Deferred Outflow Resources	\$26,490.00	\$22,124.00	\$18,643.00	\$25,336.00
Net Liabilities	\$3,226,947.00	\$2,372,153.00	\$2,298,113.00	\$2,230,781.00
Deferred Inflow Resources	\$3,390.00	\$7,075.00	\$12,674.00	\$186,026.00
Total Net Position	\$2,401,821.00	\$2,693,606.00	\$3,086,123.00	\$3,071,433.00
Operating Revenues	\$378,958.00	\$351,891.00	\$357,979.00	\$393,089.00
Net Sales	\$362,525.00	\$326,970.00	\$337,660.00	\$376,487.00
Operating Expenses	\$335,324.00	\$342,088.00	\$384,974.00	\$378,585.00
Depreciation Expenses	\$128,259.00	\$163,671.00	\$163,673.00	\$173,539.00
Non Operating Revenues	-\$9,708.00	-\$40,394.00	-\$32,433.00	-\$29,194.00
Capital Contributions	\$97,007.00	\$322,376.00	\$451,945.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$130,933.00	\$291,785.00	\$392,517.00	-\$14,690.00
Statutory Change In Net Position	\$33,926.00	-\$30,591.00	-\$59,428.00	-\$14,690.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Lynnville**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Town of Lynnville ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its fiscal year 2020 audit. Board staff is experiencing difficulty in compliance with the Entity due to turnover within the Entity experienced in 2022. The Tennessee Association of Utility Districts has been contracted to complete the ordered requirements from the Board, but given the lack of adequate recordkeeping, there have been delays in the completion of the order requirements. The Town is also missing its most recent audited financial information. At this point we would like to issue a new order to request a new rate study. The rate study should also contain a feasibility study for a potential merger with a surrounding utility.

The Entity is also out of compliance with completing the annual information report. Board staff has communicated through multiple emails and an in-person visit to the Entity that the report was due by the end of the fiscal year. The Entity has not complied. On July 10, 2023 the Entity contacted us and let us know that they had reached out to TAUD for assistance with completing the report.

Staff Recommendation:

The Board should order the following:

1. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
 - f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
 - g. a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure;
 - h. and a feasibility study to evaluate potential merger options.
2. By September 29, 2023, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph
3. By March 30, 2024, the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

4. By August 15, 2023, the Entity shall complete the Annual Information Report.
5. Should the Entity fail to comply with any directive in this order, Board staff and Counsel shall issue subpoenas for the Entity's governing body and Manager to appear in-person before the Board during its next meeting following non-compliance of this order.
6. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Entity.

Lynnville

	Category: Water		County: Giles	
	2018	2019	2020	2021
Net Assets	\$1,380,434.00	\$1,322,199.00	\$1,264,095.00	\$1,228,287.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$33,769.00	\$38,568.00	\$31,922.00	\$36,105.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$1,346,665.00	\$1,283,631.00	\$1,232,173.00	\$1,192,182.00
Operating Revenues	\$215,543.00	\$222,839.00	\$268,575.00	\$233,753.00
Net Sales	\$206,074.00	\$217,417.00	\$258,455.00	\$233,753.00
Operating Expenses	\$287,786.00	\$287,061.00	\$320,100.00	\$273,747.00
Depreciation Expenses	\$47,714.00	\$47,712.00	\$47,713.00	\$47,713.00
Non Operating Revenues	\$90,521.00	\$1,188.00	\$67.00	\$3.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$18,278.00	-\$63,034.00	-\$51,458.00	-\$39,991.00
Statutory Change In Net Position	\$18,278.00	-\$63,034.00	-\$51,458.00	-\$39,991.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Petersburg**
Referral Reason: **Decrease In Net Position**
Utility Type Referred: **Water**

Staff Summary:

The Town of Petersburg ("the Entity") has been referred to the Water and Wastewater Financing Board ("the Board") for financial distress since its fiscal year 2019. The Entity previously complied with Board directives in completing a rate study. The Entity experienced a positive change in net position in 2020, but the Entity reported negative changes in net position in 2021 and 2022.

On March 23, 2023 the Board ordered the Town to complete another rate study to ensure the Entity's rates are sufficient to improve its financial position, and to examine the potential for the Entity's utilities to merge with Fayetteville Public Utilities. The Town has provided a contract that they have engaged with Jackson Thornton and there are no further recommendations at this time.

Petersburg

	Category: Water And Sewer		County: Lincoln; Marshall	
	2019	2020	2021	2022
Net Assets	\$729,673.00	\$758,679.00	\$759,188.00	\$805,175.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$39,013.00	\$61,814.00	\$62,700.00	\$155,338.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$690,660.00	\$696,865.00	\$696,488.00	\$649,837.00
Operating Revenues	\$208,160.00	\$240,782.00	\$257,761.00	\$207,379.00
Net Sales	\$199,521.00	\$234,285.00	\$209,611.00	\$201,941.00
Operating Expenses	\$215,488.00	\$234,984.00	\$271,589.00	\$254,148.00
Depreciation Expenses	\$45,078.00	\$44,097.00	\$44,136.00	\$44,611.00
Non Operating Revenues	\$193.00	\$407.00	\$1,825.00	\$118.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	-\$7,135.00	\$17,831.00	-\$12,003.00	-\$46,651.00
Statutory Change In Net Position	-\$7,135.00	\$17,831.00	-\$12,003.00	-\$46,651.00



Jason E. Mumpower
Comptroller

Entity Referred: **Quebeck-Walling Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Quebeck-Walling Utility District ("the Entity") has been under the oversight of the Tennessee Board of Utility Regulation ("the Board", formerly the Utility Management Review Board) for financial distress since its fiscal year 2021 audit. The Entity has contracted with Jackson Thornton. There is a possibility that the rate study may need an extension. Board staff believes this rate study should be extended from September 30, 2023 to December 31, 2023.

Staff Recommendation:

The Board should order the following:

1. The Board should amend its prior order to extend the deadline for the Entity to provide a completed rate study and show proof of implementation from September 30, 2023 to December 31, 2023.

Quebeck-Walling Utility District

	Category: Water		County: White	
	2018	2019	2020	2021
Net Assets	\$3,929,807.54	\$4,103,927.97	\$4,338,760.43	\$4,247,292.15
Deferred Outflow Resources	\$29,530.99	\$25,038.33	\$21,292.62	\$59,764.72
Net Liabilities	\$1,101,857.53	\$1,236,956.53	\$1,103,327.30	\$1,026,041.19
Deferred Inflow Resources	\$14,353.00	\$11,504.00	\$75,784.00	\$88,363.00
Total Net Position	\$2,843,128.00	\$2,880,505.77	\$3,180,941.75	\$3,192,652.68
Operating Revenues	\$831,811.94	\$889,399.42	\$982,951.52	\$1,005,979.52
Net Sales	\$792,496.68	\$846,952.30	\$930,736.75	\$955,877.21
Operating Expenses	\$810,551.29	\$864,955.91	\$974,850.91	\$998,996.36
Depreciation Expenses	\$100,681.61	\$123,145.12	\$136,836.29	\$137,886.12
Non Operating Revenues	-\$17,691.41	-\$2,573.74	-\$10,058.93	-\$14,252.58
Capital Contributions	\$585.00	\$15,508.00	\$302,394.30	\$18,980.35

Transfers In	\$0.00	\$0.00	\$0.00	\$0.00 ⁹⁸
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$4,154.24	\$37,377.77	\$300,435.98	\$11,710.93
Statutory Change In Net Position	\$3,569.24	\$21,869.77	-\$1,958.32	-\$7,269.42



Jason E. Mumpower
Comptroller

Entity Referred: **City of Red Boiling Springs**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary: The City of Red Boiling Springs ("the City") has been referred to the Board due to financial distress since its fiscal year 2020 audit. The City has contracted with TAUD to complete a rate study. Board staff is waiting on this to be completed and have been in communication with TAUD. Based on this communication, the previously ordered deadlines should be extended. The City is also in non-compliance with applicable governing body member training requirements. Our office reached out in June of 2023 to provide proof of training for its governing body members. We have not received correspondence back.

Staff Recommendation:

The Board should order the following:

1. By September 29, 2023, the Entity shall send Board staff proof that all members of the utility system's governing body have complied with the applicable training requirements.
2. Board staff shall issue subpoenas for the Entity's governing body and Manager to appear in-person before the Board at its next meeting if the commissioners do not comply with paragraph 1.
3. If the Entity shows that all governing body members are compliant with training requirements and Board staff are unaware of any reason for which the Entity should remain under Board supervision, Board staff may close the Entity's case without further action by the Board.
4. By December 31, 2023, the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

Red Boiling Springs

	Category: Water And Sewer		County: Macon	
	2019	2020	2021	2022
Net Assets	\$9,484,834.00	\$9,346,436.00	\$9,102,170.00	\$9,160,607.00
Deferred Outflow Resources	\$0.00	\$18,569.00	\$26,618.00	\$30,346.00
Net Liabilities	\$511,723.00	\$508,986.00	\$73,023.00	\$103,127.00
Deferred Inflow Resources	\$0.00	\$29.00	\$10,357.00	\$20,730.00
Total Net Position	\$8,973,111.00	\$8,855,990.00	\$9,045,408.00	\$9,067,096.00
Operating Revenues	\$1,141,670.00	\$1,148,337.00	\$1,195,895.00	\$1,385,391.00
Net Sales	\$1,102,955.00	\$1,014,722.00	\$1,121,426.00	\$1,308,726.00
Operating Expenses	\$1,396,356.00	\$1,292,519.00	\$1,435,205.00	\$1,413,072.00
Depreciation Expenses	\$338,501.00	\$348,365.00	\$348,365.00	\$371,233.00
Non Operating Revenues	-\$16,306.00	-\$7,950.00	\$5,638.00	\$6,712.00
Capital Contributions	\$0.00	\$35,011.00	\$423,090.00	\$42,657.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	-\$270,992.00	-\$117,121.00	\$189,418.00	\$21,688.00
Statutory Change In Net Position	-\$270,992.00	-\$152,132.00	-\$233,672.00	-\$20,969.00



Jason E. Mumpower
Comptroller

Entity Referred: **South Side Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The South Side Utility District ("the Entity") was under Utility Management Review Board ("the Board") supervision for financial distress beginning with its 2021 fiscal year audit. The Entity returned its financial distress questionnaire to Board staff. Board staff has identified the following weaknesses or findings:

1. The Entity has not completed a rate study in five years. Rates were raised in July of 2021.
2. The Entity believes they will be able to alleviate the current financial stress by raising rates. They noted that TAUD had done a rate review to determine what the rate should have been. A rate study is necessary to ensure the viability of the Entity's plan to remedy its financial distress, and to determine fair and reasonable rates to customers.

Staff Recommendation:

The Board should order the following:

1. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
 - f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
2. By September 29, 2023, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 1.
3. By June 30, 2024, the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Entity.

South Side Utility District

	Category: Water		County: Smith	
	2018	2019	2020	2021
Net Assets	\$3,089,450.11	\$3,143,758.54	\$3,148,759.65	\$3,146,631.79
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$73,473.27	\$71,254.31	\$84,207.16	\$86,393.16
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$3,015,976.84	\$3,072,504.23	\$3,064,552.49	\$3,060,238.63
Operating Revenues	\$981,904.03	\$1,039,858.63	\$1,048,925.57	\$1,130,458.87
Net Sales	\$889,773.13	\$882,317.70	\$894,083.04	\$984,784.35
Operating Expenses	\$966,230.49	\$998,273.70	\$1,073,498.42	\$1,137,413.54
Depreciation Expenses	\$101,519.19	\$102,524.18	\$113,090.69	\$117,106.15
Non Operating Revenues	\$13,357.30	\$14,942.46	\$16,621.11	\$2,648.81
Capital Contributions	\$0.00	\$0.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$29,030.84	\$56,527.39	-\$7,951.74	-\$4,305.86
Statutory Change In Net Position	\$29,030.84	\$56,527.39	-\$7,951.74	-\$4,305.86



Jason E. Mumpower
Comptroller

Entity Referred: **Tarpley Shop Utility District**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water**

Staff Summary:

The Tarpley Shop Utility District (TSUD) is a water utility district in Giles County, serving 1,160 customers. It purchases water from the City of Pulaski and is connected to the South Giles Utility District, which purchases water from TSUD. In December 2022, the Utility Management Review Board (UMRB) began investigating TSUD. The TSUD board consists of three commissioners: Larry Duncan (President), Sean Collins (Vice-President), and Daryl Williamson (Secretary/Treasurer). Mr. Williamson is the newest commissioner since TSUD was last in front of the UMRB.

Based on the last order, TSUD has engaged Jackson Thornton for rate services. Board staff believes that a merger should be evaluated with surrounding utilities to find the most viable option for improved service.

Staff Recommendation:

The Board should order the following:

1. The previously ordered rate study shall include a feasibility study to evaluate the feasibility of a merger with surrounding utilities.

Tarpley Shop Utility District

	Category: Water		County: Giles	
	2019	2020	2021	2022
Net Assets	\$3,712,495.00	\$3,702,039.00	\$3,664,969.00	\$3,561,864.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$456,030.00	\$433,728.00	\$385,106.00	\$364,924.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$3,256,465.00	\$3,268,311.00	\$3,279,863.00	\$3,196,940.00
Operating Revenues	\$570,953.00	\$592,339.00	\$612,842.00	\$660,452.00
Net Sales	\$537,981.00	\$577,744.00	\$607,712.00	\$652,717.00
Operating Expenses	\$550,620.00	\$571,587.00	\$591,432.00	\$733,091.00
Depreciation Expenses	\$91,668.00	\$86,854.00	\$82,561.00	\$82,561.00
Non Operating Revenues	-\$13,087.00	-\$8,906.00	-\$9,858.00	-\$10,374.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$7,246.00	\$11,846.00	\$11,552.00	-\$83,013.00
Statutory Change In Net Position	\$7,246.00	\$11,846.00	\$11,552.00	-\$83,013.00



Jason E. Mumpower
Comptroller

Entity Referred: **City of Adamsville**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Adamsville ("the Entity") has been under supervision of the Tennessee Board of Utility Regulation ("the Board") (formerly the Water & Wastewater Financing Board) for financial distress since its fiscal year 2020 audit. The Entity has completed the prior directives of the board. Currently the Tennessee Association of Utility Districts (TAUD) is finalizing a rate study that is due on July 31, 2023, but this due date should be extended until December 31, 2023.

Staff Recommendation:

The Board should order the following:

1. The Board should amend its prior order to extend the deadline for the Entity to provide a completed rate study and show proof of implementation from July 31, 2023 to December 31, 2023.

Adamsville

	Category: Water And Sewer		County: Hardin; McNairy	
	2019	2020	2021	2022
Net Assets	\$17,700,738.00	\$17,753,648.00	\$18,037,698.00	\$18,701,386.00
Deferred Outflow Resources	\$0.00	\$25,949.00	\$0.00	\$0.00
Net Liabilities	\$3,952,142.00	\$3,824,958.00	\$3,654,040.00	\$3,762,926.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$13,748,596.00	\$13,954,639.00	\$14,383,658.00	\$14,938,460.00
Operating Revenues	\$1,843,804.00	\$2,143,020.00	\$2,208,957.00	\$2,220,490.00
Net Sales	\$1,777,896.00	\$2,034,389.00	\$1,725,369.00	\$1,731,230.00
Operating Expenses	\$1,974,087.00	\$2,088,494.00	\$2,063,290.00	\$2,040,794.00
Depreciation Expenses	\$585,821.00	\$628,501.00	\$643,290.00	\$649,195.00
Non Operating Revenues	-\$51,793.00	-\$48,205.00	-\$60,574.00	-\$39,283.00
Capital Contributions	\$379,008.00	\$221,221.00	\$391,008.00	\$438,669.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	-\$21,422.00	-\$21,499.00	-\$21,133.00	-\$24,280.00
GAAP Change In Net Position	\$175,510.00	\$180,094.00	\$454,968.00	\$554,802.00
Statutory Change In Net Position	-\$203,498.00	-\$41,127.00	\$63,960.00	\$116,133.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Brighton**
Referral Reason: **Decrease In Net Position**
Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Brighton ("the Entity") has been referred to the Water and Wastewater Financing Board ("the Board") for financial distress since its fiscal year 2018 audit. The Entity has had delinquent audits for several years which has caused difficulties in trying to work with the Entity. The Entity is now current with their audit submissions. The Entity has completed the prior directives of the board. Currently the University of Tennessee's Municipal Technical Advisory Service (MTAS) is finalizing a rate study that is due on July 31, 2023, but this due date should be extended until December 31, 2023.

Staff Recommendation:

1. The Board should amend its prior order to extend the deadline for the Entity to submit proof of a completed rate study and implementation thereof from July 31, 2023 to December 31, 2023.

Brighton

	Category: Water And Sewer		County: Tipton	
	2019	2020	2021	2022
Net Assets	\$4,709,248.00	\$4,552,854.00	\$4,321,994.00	\$3,885,129.00
Deferred Outflow Resources	\$14,754.00	\$12,450.00	\$9,320.00	\$53,163.00
Net Liabilities	\$722,276.00	\$726,046.00	\$698,441.00	\$677,858.00
Deferred Inflow Resources	\$11,982.00	\$29,558.00	\$21,947.00	\$55,437.00
Total Net Position	\$3,989,744.00	\$3,809,700.00	\$3,610,926.00	\$3,204,997.00
Operating Revenues	\$966,339.00	\$1,009,738.00	\$1,062,591.00	\$1,023,754.00
Net Sales	\$964,688.00	\$971,868.00	\$985,821.00	\$965,572.00
Operating Expenses	\$1,071,866.00	\$1,205,438.00	\$1,260,550.00	\$1,434,372.00
Depreciation Expenses	\$220,740.00	\$210,852.00	\$229,536.00	\$229,850.00
Non Operating Revenues	\$2,057.00	\$443.00	-\$815.00	\$4,689.00
Capital Contributions	\$141,093.00	\$15,213.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00

GAAP Change In Net Position	\$37,623.00	-\$180,044.00	-\$198,774.00	-\$405,929.00 ¹⁰⁹
Statutory Change In Net Position	-\$103,470.00	-\$195,257.00	-\$198,774.00	-\$405,929.00



Jason E. Mumpower
Comptroller

Entity Referred: **City of Gallaway**
Referral Reason: **Decrease In Net Position**
Utility Type Referred: **Water And Sewer**

Staff Summary:

The City of Gallaway ("the Entity") was referred to the Water and Wastewater Financing Board ("the Board") for financial distress in its fiscal year 2021 Audit. The Entity has completed the prior directives of the board. Currently the University of Tennessee's Municipal Technical Advisory Service (MTAS) is finalizing a rate study that is due on July 31, 2023, but this due date should be extended until December 31, 2023.

Staff Recommendation:

1. The Board should amend its prior order to extend the deadline for the Entity to provide a completed rate study and show proof of implementation from July 31, 2023 to December 31, 2023.

Gallaway

	Category: Water And Sewer		County: Fayette	
	2019	2020	2021	2022
Net Assets	\$2,131,491.00	\$2,132,163.00	\$2,159,300.00	\$2,486,664.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$3,310.00
Net Liabilities	\$165,021.00	\$161,247.00	\$185,903.00	\$153,503.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$3,438.00
Total Net Position	\$1,966,470.00	\$1,970,916.00	\$1,973,397.00	\$2,333,033.00
Operating Revenues	\$416,709.00	\$384,500.00	\$418,176.00	\$530,074.00
Net Sales	\$403,766.00	\$380,215.00	\$411,106.00	\$515,324.00
Operating Expenses	\$395,555.00	\$403,741.00	\$434,690.00	\$465,533.00
Depreciation Expenses	\$72,916.00	\$71,642.00	\$76,056.00	\$80,398.00
Non Operating Revenues	-\$2,932.00	-\$2,806.00	-\$2,723.00	-\$2,654.00
Capital Contributions	\$0.00	\$26,493.00	\$21,718.00	\$297,749.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$18,222.00	\$4,446.00	\$2,481.00	\$359,636.00
Statutory Change In Net Position	\$18,222.00	-\$22,047.00	-\$19,237.00	\$61,887.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Gates**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Gates ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its fiscal year 2015 audit. The Entity has complied with Board orders and is currently in the update cycle. However, as of the 2022 audit the Entity has had two consecutive years of decrease in net position. Board staff is recommending that a new rate study should be performed to account for any changes that have altered the scope of the previous study.

The Entity has failed to show proof that all members of the governing body are in compliance with applicable training requirements.

Staff Recommendation:

The Board should order the following:

1. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation or review of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
 - f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
2. By September 29, 2023, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 1.
3. By September 29, 2023, the Entity shall send Board staff proof that all members of the utility system's governing body have complied with the applicable training requirements.
4. By June 30, 2024, the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
5. Board staff shall issue subpoenas for the Entity's governing body and Manager to appear in-person before the Board at its next meeting if the commissioners do not comply with paragraph 3.

6. If the Entity shows that all governing body members are compliant with training requirements and Board staff are unaware of any reason for which the Entity's training violation case should remain under Board supervision, Board staff may close the Entity's training violation case without further action by the Board.

7. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Entity.

Gates

	Category: Water And Sewer		County: Lauderdale	
	2019	2020	2021	2022
Net Assets	\$1,983,985.00	\$2,213,401.00	\$2,565,932.00	\$2,455,051.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$19,578.00	\$65,726.00	\$113,030.00	\$92,746.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$1,964,407.00	\$2,147,675.00	\$2,452,902.00	\$2,362,305.00
Operating Revenues	\$214,150.00	\$257,188.00	\$260,142.00	\$240,512.00
Net Sales	\$201,365.00	\$244,579.00	\$250,110.00	\$228,099.00
Operating Expenses	\$244,735.00	\$243,128.00	\$263,352.00	\$349,597.00
Depreciation Expenses	\$72,943.00	\$73,156.00	\$73,565.00	\$84,350.00
Non Operating Revenues	\$1,777.00	\$2,877.00	\$2,667.00	\$1,538.00
Capital Contributions	\$11,306.00	\$166,331.00	\$305,770.00	\$16,950.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	-\$17,502.00	\$183,268.00	\$305,227.00	-\$90,597.00
Statutory Change In Net Position	-\$28,808.00	\$16,937.00	-\$543.00	-\$107,547.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Gibson**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Gibson ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its fiscal year 2019 audit. At this time, the Entity has not filed its financial distress questionnaire nor an annual information report. The Entity has also had a series of delinquent audits that has made it extremely difficult to assess the current state of the utility. It is not in the best interest of the public to wait for up-to-date audits before the Board takes actions to remedy the Entity's financial distress.

During the review process, Board staff noted that in the most recent audit the Entity has an outstanding inter-fund balance payable from the Water and Sewer Fund to the General Fund totaling \$93,258. This appears to have first been reported within the Entity's fiscal year 2015 audit. Tennessee Code Annotated § 7-34-115(a)(1) restricts municipalities from sharing revenues between government and water and sewer funds.

Staff Recommendation:

The Board should order the following:

The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:

- a. a review of the capitalization policy, including any recommended modifications;
- b. a review of the debt management policy, including any recommended modifications;
- c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
- d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
- e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
- f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;

2. By August 31, 2023, the Entity shall update Board staff as to the status of their delinquent audits.
3. By September 30, 2023, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 1.
3. By June 30, 2024, the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

4. By September 30, 2023, the Entity shall submit a complete Annual Information Report that is approved by Board staff.

5. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Entity.

6. Should the Entity fail to comply with any directive in this order, Board staff and Counsel shall issue subpoenas for the Entity's governing body and Manager to appear in-person before the Board at its next meeting.

Gibson

	Category: Water And Sewer		County: Gibson	
	2017	2018	2019	2020
Net Assets	\$1,134,504.00	\$1,087,823.00	\$1,068,398.00	\$1,061,938.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$123,482.00	\$112,500.00	\$114,628.00	\$110,527.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$1,011,022.00	\$975,323.00	\$953,770.00	\$951,411.00
Operating Revenues	\$170,765.00	\$139,561.00	\$146,442.00	\$145,340.00
Net Sales	\$167,794.00	\$137,058.00	\$142,308.00	\$140,945.00
Operating Expenses	\$155,694.00	\$175,260.00	\$167,995.00	\$147,699.00
Depreciation Expenses	\$42,905.00	\$49,426.00	\$50,819.00	\$51,958.00
Non Operating Revenues	-\$272.00	\$0.00	\$0.00	\$0.00
Capital Contributions	\$127,247.00	\$0.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$142,046.00	-\$35,699.00	-\$21,553.00	-\$2,359.00
Statutory Change In Net Position	\$14,799.00	-\$35,699.00	-\$21,553.00	-\$2,359.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Gleason**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Gleason ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its fiscal year 2015 audit. However, the Entity has had a series of delinquent audits that has made it extremely difficult to actually assess the current state of the utility. The Entity's 2020 audit is the most recent audit that has been submitted to the Comptroller's Office. The Entity has completed the prior directives of the board. Currently the University of Tennessee's Municipal Technical Advisory Service (MTAS) is finalizing a rate study that is due on July 31, 2023, but this due date should be extended until December 31, 2023.

Staff Recommendation:

1. The Board should amend its prior order to extend the deadline for the Entity to provide a complete rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation from July 31, 2023 to December 31, 2023.

Gleason

	Category: Water And Sewer		County: Weakley	
	2017	2018	2019	2020
Net Assets	\$1,915,036.00	\$1,995,502.00	\$1,960,177.00	\$1,977,608.00
Deferred Outflow Resources	\$16,788.00	\$16,632.00	\$23,162.00	\$11,797.00
Net Liabilities	\$180,542.00	\$190,917.00	\$208,622.00	\$208,783.00
Deferred Inflow Resources	\$27,412.00	\$22,119.00	\$60,312.00	\$66,347.00
Total Net Position	\$1,723,870.00	\$1,799,098.00	\$1,714,405.00	\$1,714,275.00
Operating Revenues	\$391,519.00	\$365,959.00	\$382,027.00	\$380,231.00
Net Sales	\$374,900.00	\$342,347.00	\$362,739.00	\$360,504.00
Operating Expenses	\$386,372.00	\$482,951.00	\$460,860.00	\$377,208.00
Depreciation Expenses	\$96,303.00	\$98,406.00	\$102,693.00	\$102,993.00
Non Operating Revenues	-\$8,146.00	-\$7,370.00	-\$5,878.00	-\$3,153.00
Capital Contributions	\$17,068.00	\$206,040.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	-\$7,735.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	-\$116.00	\$81,696.00	-\$84,711.00	-\$130.00
Statutory Change In Net Position	-\$17,184.00	-\$124,326.00	-\$84,711.00	-\$130.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Henning**
Referral Reason: **Decrease In Net Position**
Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Henning ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its fiscal year 2020 audit. The Entity has completed the prior directives of the board. Currently the University of Tennessee's Municipal Technical Advisory Service (MTAS) is finalizing a rate study that is due on July 31, 2023, but this due date should be extended until December 31, 2023.

Staff Recommendation:

The Board should order the following:

1. The Board should amend its prior order to extend the deadline for the Entity to provide a completed rate study and show proof of implementation from July 31, 2023 to December 31, 2023.

Henning

	Category: Water And Sewer		County: Lauderdale	
	2019	2020	2021	2022
Net Assets	\$5,794,403.00	\$6,383,989.00	\$5,942,034.00	\$6,162,252.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$687,355.00	\$980,089.00	\$460,837.00	\$507,864.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$5,107,048.00	\$5,403,900.00	\$5,481,197.00	\$5,654,388.00
Operating Revenues	\$413,279.00	\$403,788.00	\$410,901.00	\$451,788.00
Net Sales	\$402,445.00	\$390,410.00	\$396,415.00	\$425,790.00
Operating Expenses	\$403,487.00	\$407,272.00	\$414,461.00	\$428,001.00
Depreciation Expenses	\$179,840.00	\$180,225.00	\$199,936.00	\$205,899.00
Non Operating Revenues	-\$25,003.00	-\$23,672.00	-\$20,694.00	-\$15,106.00
Capital Contributions	\$935,599.00	\$364,531.00	\$101,550.00	\$164,184.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$878,331.00	\$337,375.00	\$77,296.00	\$172,865.00
Statutory Change In Net Position	-\$57,268.00	-\$27,156.00	-\$24,254.00	\$8,681.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Hollow Rock**
Referral Reason: **Decrease In Net Position**
Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Hollow Rock ("the Entity") was referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress in its fiscal year 2021 Audit. The Entity has completed the prior directives of the board, including completing filing a plan to improve excessive water loss. Currently, the University of Tennessee's Municipal Technical Advisory Service (MTAS) is finalizing a rate study that is due on July 31, 2023, but this due date should be extended until December 31, 2023.

Staff Recommendation:

1. The Board should amend its prior order to extend the deadline for the Entity to submit proof of a completed rate study and implementation thereof from July 31, 2023 to December 31, 2023.

Hollow Rock

	Category: Water And Sewer		County: Carroll	
	2018	2019	2020	2021
Net Assets	\$1,965,503.00	\$1,961,823.00	\$1,951,487.00	\$1,914,072.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$428,685.00	\$423,987.00	\$415,036.00	\$406,457.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$1,536,818.00	\$1,537,836.00	\$1,536,451.00	\$1,507,615.00
Operating Revenues	\$174,856.00	\$183,703.00	\$178,462.00	\$188,220.00
Net Sales	\$174,856.00	\$183,703.00	\$178,462.00	\$188,220.00
Operating Expenses	\$167,053.00	\$167,287.00	\$165,295.00	\$202,902.00
Depreciation Expenses	\$67,078.00	\$67,078.00	\$67,078.00	\$67,078.00
Non Operating Revenues	-\$15,614.00	-\$15,398.00	-\$14,552.00	-\$14,154.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	-\$7,811.00	\$1,018.00	-\$1,385.00	-\$28,836.00
Statutory Change In Net Position	-\$7,811.00	\$1,018.00	-\$1,385.00	-\$28,836.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Hornsby**
Referral Reason: **Decrease In Net Position**
Utility Type Referred: **Water**

Staff Summary:

The Town of Hornsby ("the Entity") has been referred to the Water and Wastewater Financing Board ("the Board") for financial distress since its fiscal year 2021 audit that was submitted to the Comptroller's office in September of 2022. The Entity has had delinquent audits for several years and is currently not up to date with its audit submissions. The Entity has submitted proof of engagement with MTAS to complete a rate study by December 31, 2023. Currently, the Entity is still under Administrative Review by Board staff, and an update will be provided at the next regularly scheduled Board meeting.

Hornsby

	Category: Water		County: Hardeman	
	2018	2019	2020	2021
Net Assets	\$477,569.00	\$527,739.00	\$487,129.00	\$476,157.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$43,844.00	\$5,501.00	\$7,103.00	\$5,557.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$433,725.00	\$522,238.00	\$480,026.00	\$470,600.00
Operating Revenues	\$201,134.00	\$193,045.00	\$193,665.00	\$204,061.00
Net Sales	\$201,134.00	\$193,045.00	\$193,665.00	\$204,061.00
Operating Expenses	\$180,811.00	\$188,312.00	\$236,153.00	\$213,785.00
Depreciation Expenses	\$8,792.00	\$6,428.00	\$11,699.00	\$11,227.00
Non Operating Revenues	\$719.00	\$341.00	\$276.00	\$298.00
Capital Contributions	\$145,167.00	\$83,439.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$166,209.00	\$88,513.00	-\$42,212.00	-\$9,426.00
Statutory Change In Net Position	\$21,042.00	\$5,074.00	-\$42,212.00	-\$9,426.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Rutherford**
Referral Reason: **Decrease In Net Position**
Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Rutherford ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its fiscal year 2021 audit. The Entity has completed the prior directives of the board. Currently the University of Tennessee's Municipal Technical Advisory Service (MTAS) is finalizing a rate study that is due on December 31, 2023.

Rutherford

	Category: Water And Sewer		County: Gibson	
	2019	2020	2021	2022
Net Assets	\$3,096,053.00	\$3,877,801.00	\$3,752,954.00	\$3,654,662.00
Deferred Outflow Resources	\$6,336.00	\$12,980.00	\$11,320.00	\$18,044.00
Net Liabilities	\$401,198.00	\$907,037.00	\$791,091.00	\$768,041.00
Deferred Inflow Resources	\$6,344.00	\$3,758.00	\$5,627.00	\$8,528.00
Total Net Position	\$2,694,847.00	\$2,979,986.00	\$2,967,556.00	\$2,896,137.00
Operating Revenues	\$340,137.00	\$373,157.00	\$384,745.00	\$398,216.00
Net Sales	\$320,824.00	\$325,367.00	\$354,127.00	\$259,827.00
Operating Expenses	\$322,544.00	\$384,034.00	\$409,861.00	\$453,799.00
Depreciation Expenses	\$88,523.00	\$89,341.00	\$118,584.00	\$132,794.00
Non Operating Revenues	\$1,113.00	-\$1,504.00	-\$21,443.00	-\$15,836.00
Capital Contributions	\$88,383.00	\$297,520.00	\$34,129.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$107,089.00	\$285,139.00	-\$12,430.00	-\$71,419.00
Statutory Change In Net Position	\$18,706.00	-\$12,381.00	-\$46,559.00	-\$71,419.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Tennessee Ridge**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Tennessee Ridge ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its fiscal year 2021 audit. The Entity has completed the prior directives of the board. Currently, the Tennessee Association of Utility Districts (TAUD) is finalizing a rate study that is due on July 31, 2023, but this due date should be extended until December 31, 2023.

Staff Recommendation:

The Board should order the following:

1. The Board should amend its prior order to extend the deadline for the Entity to provide a completed rate study and show proof of implementation from July 31, 2023 to December 31, 2023.

Tennessee Ridge

	Category: Water And Sewer		County: Houston; Stewart	
	2019	2020	2021	2022
Net Assets	\$4,224,762.00	\$4,094,049.00	\$4,042,597.00	\$4,416,994.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$621,893.00	\$589,602.00	\$556,270.00	\$930,571.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$3,602,869.00	\$3,504,447.00	\$3,486,327.00	\$3,486,423.00
Operating Revenues	\$581,894.00	\$608,911.00	\$612,038.00	\$667,758.00
Net Sales	\$581,894.00	\$608,911.00	\$612,038.00	\$667,758.00
Operating Expenses	\$615,467.00	\$722,626.00	\$693,721.00	\$684,795.00
Depreciation Expenses	\$182,100.00	\$184,857.00	\$163,577.00	\$155,074.00
Non Operating Revenues	\$54,535.00	\$15,289.00	\$4,235.00	\$4,133.00
Capital Contributions	\$0.00	\$0.00	\$59,328.00	\$13,000.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$20,962.00	-\$98,426.00	-\$18,120.00	\$96.00
Statutory Change In Net Position	\$20,962.00	-\$98,426.00	-\$77,448.00	-\$12,904.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Tiptonville**
Referral Reason: **Decrease In Net Position**
Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Tiptonville ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") (formerly the Water and Wastewater Financing Board) for financial distress since its fiscal year 2020 audit. The Entity has completed the prior directives of the board. Currently, the Tennessee Association of Utility Districts (TAUD) is finalizing a rate study that is due on July 31, 2023, but this due date should be extended until December 31, 2023.

Staff Recommendation:

The Board should order the following:

1. The Board should amend its prior order to extend the deadline for the Entity to provide a completed rate study and show proof of implementation from July 31, 2023 to December 31, 2023.

Tiptonville

	Category: Water And Sewer		County: Lake	
	2019	2020	2021	2022
Net Assets	\$8,565,577.00	\$8,590,123.00	\$9,019,988.00	\$8,792,178.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$2,618.00
Net Liabilities	\$2,540,676.00	\$2,410,058.00	\$2,512,465.00	\$2,100,225.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$6,024,901.00	\$6,180,065.00	\$6,507,523.00	\$6,694,571.00
Operating Revenues	\$1,362,664.00	\$1,406,446.00	\$1,440,727.00	\$1,555,626.00
Net Sales	\$1,327,826.00	\$1,370,983.00	\$1,398,484.00	\$1,500,299.00
Operating Expenses	\$1,343,942.00	\$1,275,160.00	\$1,233,246.00	\$1,393,864.00
Depreciation Expenses	\$267,537.00	\$281,430.00	\$295,814.00	\$303,946.00
Non Operating Revenues	-\$84,946.00	-\$77,714.00	-\$65,251.00	-\$67,348.00
Capital Contributions	\$434,787.00	\$166,626.00	\$252,992.00	\$92,634.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	-\$63,061.00	-\$65,034.00	-\$67,764.00	\$0.00
GAAP Change In Net Position	\$305,502.00	\$155,164.00	\$327,458.00	\$187,048.00
Statutory Change In Net Position	-\$129,285.00	-\$11,462.00	\$74,466.00	\$94,414.00



JASON E. MUMPOWER
Comptroller

2023 Meeting Dates

Board Staff recommends October 26, 2023 to be the next regularly scheduled meeting of the TBOUR.